



Tariffs Bulletin November 2018



Maine Pointe's quick guide on Tariffs: Insights to protect your supply chain

As we approach the end of 2018, we take a look at the latest developments in the global trade war

November has been a relatively peaceful month with no new tariffs coming into play. However, the impact of trade wars, protectionism and an increasingly messy Brexit continues to cause uncertainty and challenges across global supply chains.

Key Events in November

China – With planned talks canceled is G20 summit the last chance saloon?

On November 19, CNN reported a breakdown in talks between China and the US with the postponement of plans for a trade delegation to visit the US from Beijing after the Thanksgiving holiday. This has led to speculation that there will be a showdown between US President Donald Trump and Chinese leader Xi Jinping when they meet at the G20 summit in Argentina later this month. This may be the final opportunity for the two nations to end the economic cold war before tariffs on roughly \$200 billion worth of Chinese imports increase from 10% to 25% on January 1 2019. With Trump pushing ahead with plans to tighten restrictions on technology exports, analysts have reduced the chances of the meeting resulting in a trade deal between the two from 50% to 40%.

USMCA – growing concerns over ratification and signing

Following last month's announcement that negotiations between the USA, Mexico and Canada had reached a conclusion, there is now growing concern about whether the USMCA will be ratified and signed. Mexico has made it clear that it will not sign while steel and aluminum tariffs remain in place and, following the result of the US mid-terms, there is some speculation about the agreement's ability to pass through a Democrat-controlled House.

The European Union – discussions continue amid threats of further tariffs

On November 14, trade officials from the European Union and the US met to take stock of working group discussions on trade and chart a clear way forward. Trade officials from the EU and US are due to submit a report to their respective leaders by year's end. Discussions between Washington and Brussels have bogged down recently as the US threatens tariffs on auto imports and the EU warns of imposing a digital services tax that could hit technology companies from Apple Inc. to Amazon.com Inc. On November 20, Automotive News Europe carried the story that President Trump has invited CEOs of BMW AG, Volkswagen AG and Daimler AG to the White House for discussions following his decision to hold off on imposing auto tariffs for now.

Brexit – Beleaguered British prime minister fights to push through draft agreement

After months of negotiation, the UK and EU have come up with a draft withdrawal agreement. The UK cabinet agreed to the text on November 14 and the terms were approved by the 27 other EU leaders at a summit on November 25.



The agreement has won the backing of many business leaders and The Bank of England, but it still has a long way to go before it's a 'done deal'. Prime Minister Theresa May now has to persuade politicians in the UK Parliament to back the deal despite strong opposition from both sides of the leave/remain debate as well as her political allies in Northern Ireland. Parliament will decide whether to accept or reject the package next month, in a vote which is likely to be on December 12. Until then, uncertainty continues to impact supply chains with many UK companies preparing themselves for a 'no deal' scenario.

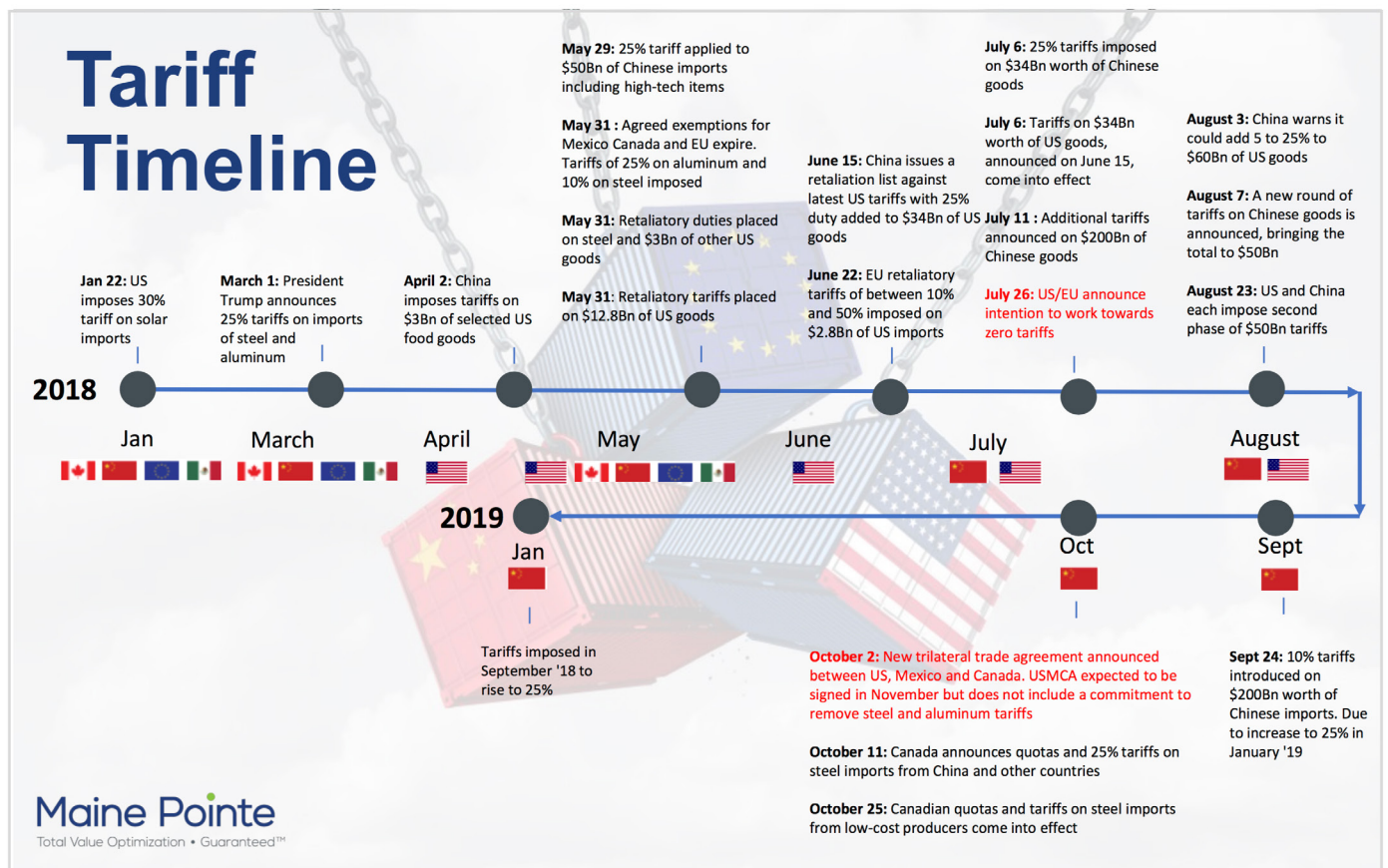
Impact on supply chains

Earlier this month, American banking group Citi polled 64 of its largest trade clients from within Asia, Europe, the Middle East and Americas. Half of the companies polled said they have already been affected by tariffs, while the remainder expected to see some impact in 2019.

The survey found that more than half of those companies have plans to adjust their supply chains. The plans include shifting manufacturing sites or investing in new ones to circumvent additional tariffs that the US and its trading partners have imposed on each other.

Forward-looking companies are already acting proactively to adjust to an era of tariffs, protectionism and Brexit. The question has to be asked: **How prepared is your supply chain and operations to respond to challenges and capitalize on opportunities in 2019?**

Further Reading



[US Holds Off On Trump's Car Tariffs After Trade Meeting, Sources Say](#), Bloomberg November 13

[War of Words: Trump and Xi spar over trade ahead of Argentina Meeting](#), CNN November 19

[With Brexit Vote in Doubt, UK Firms Get Ready for No Deal](#), Reuters November 20

[President Moves Forward With Plans to Tighten US High-Tech Exports](#), Industry Week November 20

[Brexit: Back My Deal Or Risk More Division, May Tells MPs](#), BBC News November 26

About Maine Pointe

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