



Tariffs Bulletin

April 2019



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

Maine Pointe's April tariffs bulletin provides a brief update on how recent developments in tariffs, trade agreements and negotiations are transforming the political landscape and causing many businesses to reconfigure their global supply chain.

The US and China

Trade talks held in Beijing at the end of March were described by US Treasury Secretary Steven Mnuchin as, "constructive." Mnuchin and Trade Representative Robert Lighthizer are planning to return to China this month in the hope of reaching a deal that Presidents Trump and Xi can sign in May.

The US and the EU

Until now, trade talks between the EU and US have been progressing, albeit slowly, towards an agreement on zero tariffs. However, recent developments in the 15-year battle between the US and Europe over illegal subsidies to Airbus and Boeing have led to much saber rattling this month. Almost a year after ruling that the EU was providing illegal subsidies to Airbus, the World Trade Organization has now ruled that the US has failed to comply with an order to stop tax breaks to Boeing. This has paved the way for both sides to request the right to impose tariffs on each other's goods. President Trump has threatened to introduce tariffs on \$11Bn of EU imports to the US including cheese, wine, olive oil and aircraft parts. The EU has responded by announcing its own retaliatory plan to impose tariffs on \$20Bn of US imports including hazelnuts, orange juice and a range of good products. In addition, the US has renewed its threat to introduce tariffs on EU car imports if the Bloc doesn't open up its markets to US agriculture.

The EU and UK

The UK's departure from the European Union was originally scheduled for March 28. However, Parliament's inability to pass the Withdrawal Agreement forced Prime Minister, Theresa May, to request an extension from the EU 27. This was granted, with the new date initially set as April 12. However, with no sign of a break in the Parliamentary deadlock, a further 'flexextension' has been agreed. MPs now have until October 31 to reach an agreement on Britain's future relationship with its nearest neighbors.



The US, Mexico and Canada

The United States, Mexico, Canada Agreement (USMCA), which was signed in November 2018, is still awaiting ratification. President Trump is hoping to push the agreement through Congress in the summer but faces some skepticism from both Democrats and some Republican Senators. Meanwhile, lawmakers in Canada and Mexico have signaled that US tariffs on aluminum and steel will need to be lifted before the agreement can be approved.

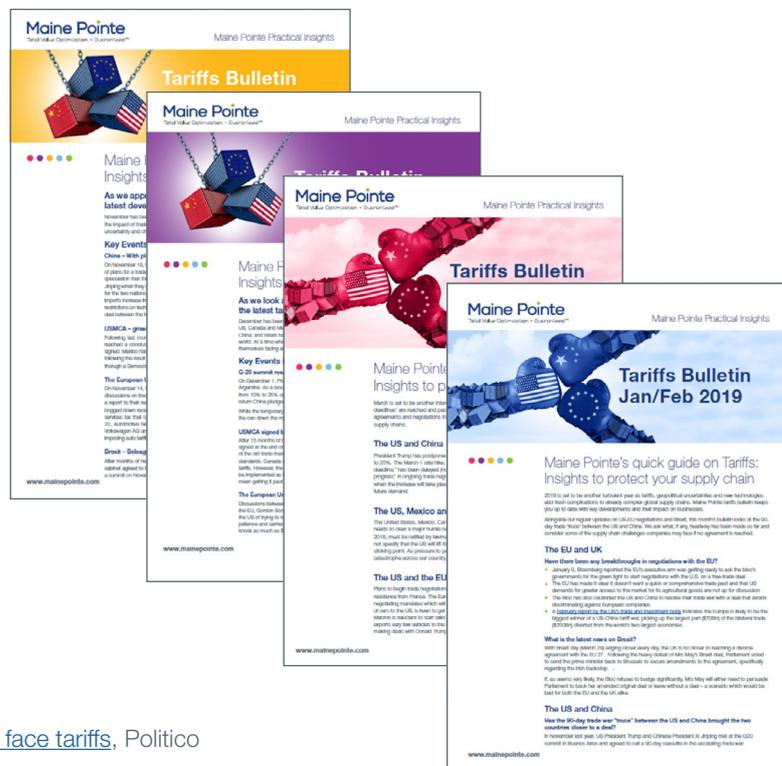
The Outlook

Optimism that the US and China may soon resolve their differences has given way to new concerns over the future trade relationship between the US and EU. The International Monetary Fund's (IMF) April Outlook urged caution, pointing to Brexit and vulnerable global growth as ongoing risk factors. As uncertainty continues, it remains critical to create optionality in global supply chains to protect continuity and reduce risk.

“The only way for a business to operate is to assume things could get worse before they get better,”
Steve Bowen, Chairman & CEO, Maine Pointe

Get the latest tariffs insights from Maine Pointe

You can find previous issues of this bulletin as well as updates on the latest tariffs news, views and insights in the **tariffs quick guide** on our website.



Further Reading

- [Trump to EU: Include agriculture in US trade talks or face tariffs, Politico](#)
- [Trump threatens tariffs on \\$11Bn of EU imports such as food and wine, The Guardian UK](#)
- [How the US-China trade war has reached a turning point, Fortune](#)
- [IMF World Economic Outlook, April 2019](#)
- [EU proposes tariffs on \\$20Bn of US imports, Supply Chain Dive](#)

If you would like to talk about any points raised in this bulletin, contact us for a no-obligation discussion email: info@maine pointe.com

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