



Global Trade Outlook 2022

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Part I: Analysis of Trends in Trade and Supply Chains

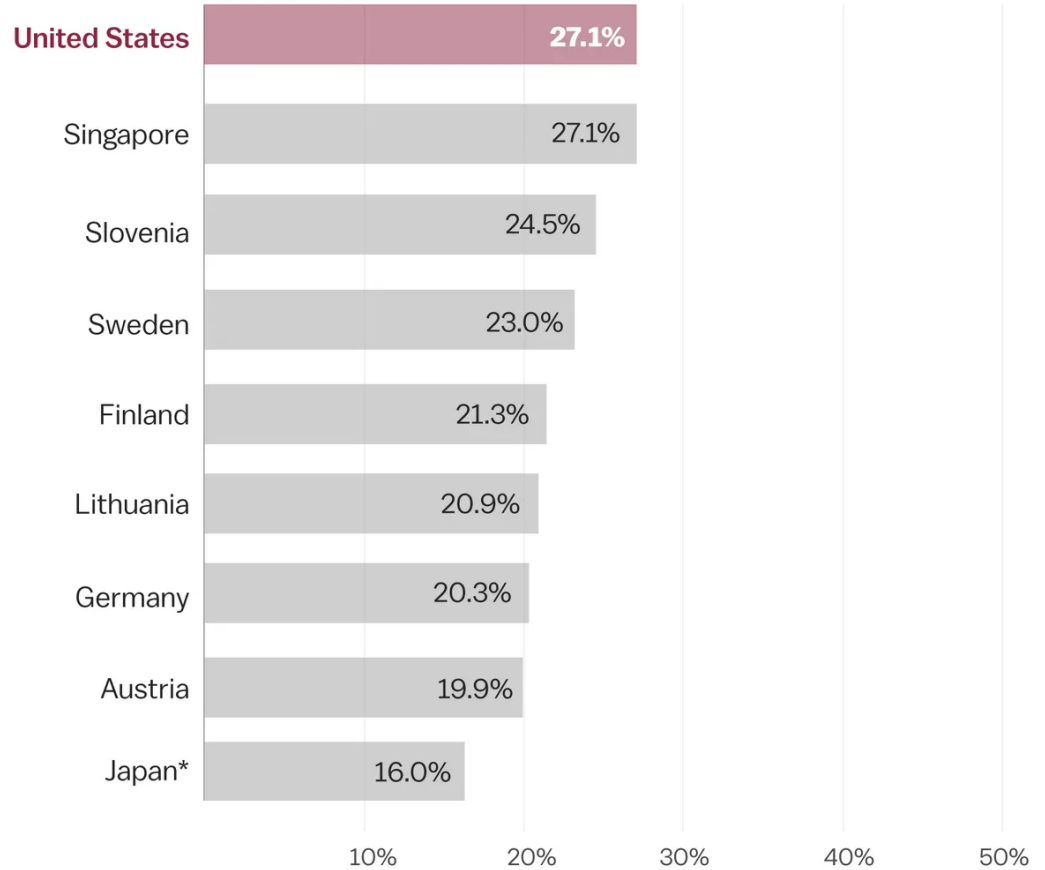
U.S. Chamber of Commerce



US stimulus packages were much larger than those in most countries

Covid-19 fiscal relief as a percentage of GDP

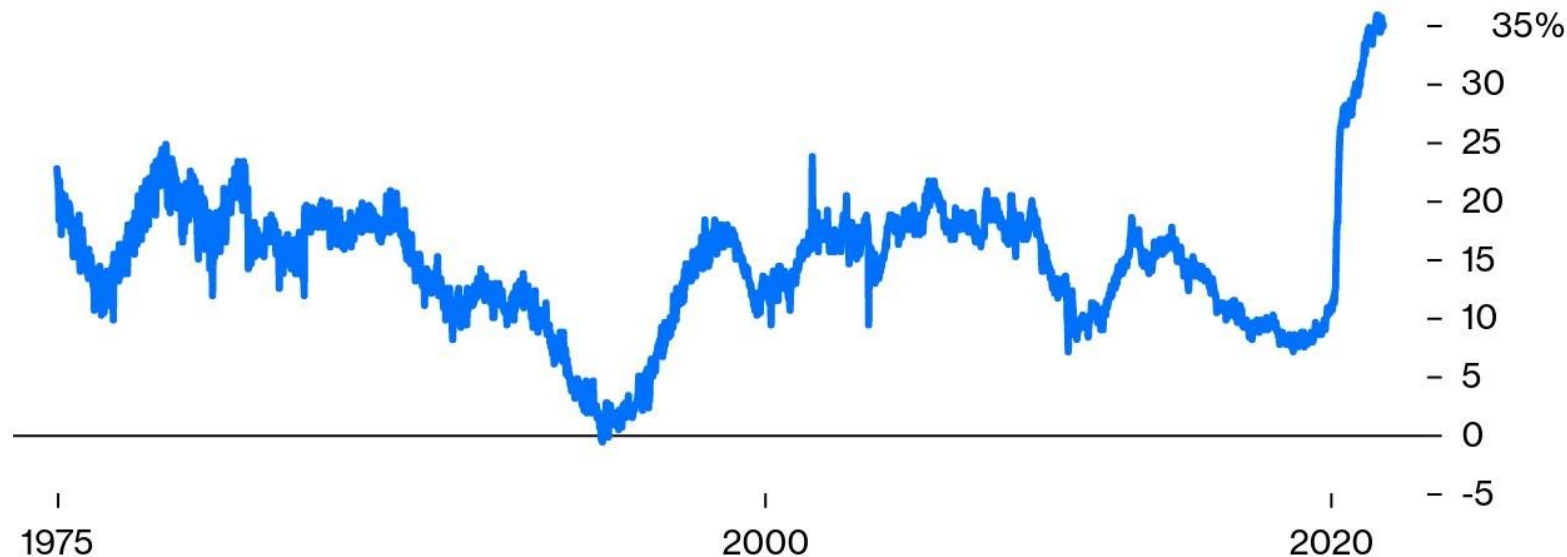
The U.S. fiscal response to the pandemic was very robust



This left Americans flush with cash to spend

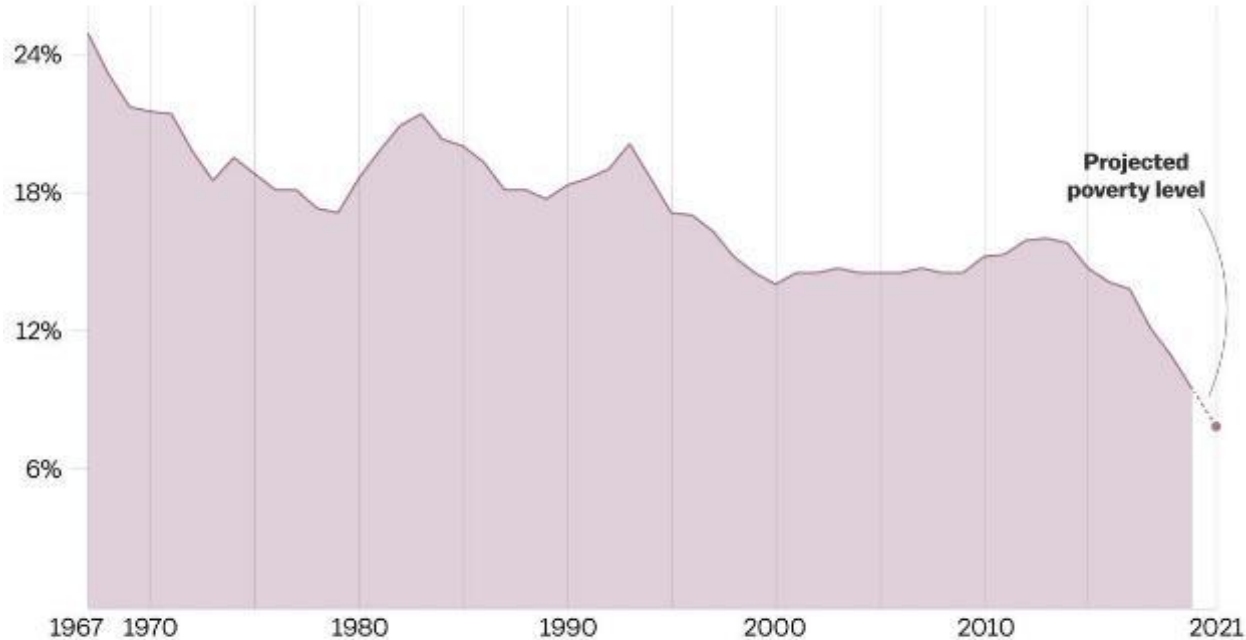
Americans' Cash in the Bank Has Never Grown This Fast Before

Two-year percentage growth in U.S. commercial banks' deposits



Poverty even declined

The 2021 US poverty rate is projected to fall to a new low



Note: Poverty data for 2020 was not available.
Source: Columbia Center on Poverty and Social Policy; Census Bureau

Consumer spending recovered within months

Percent change in consumer spending in 2020, by consumer ZIP code income level



#PIIECharts

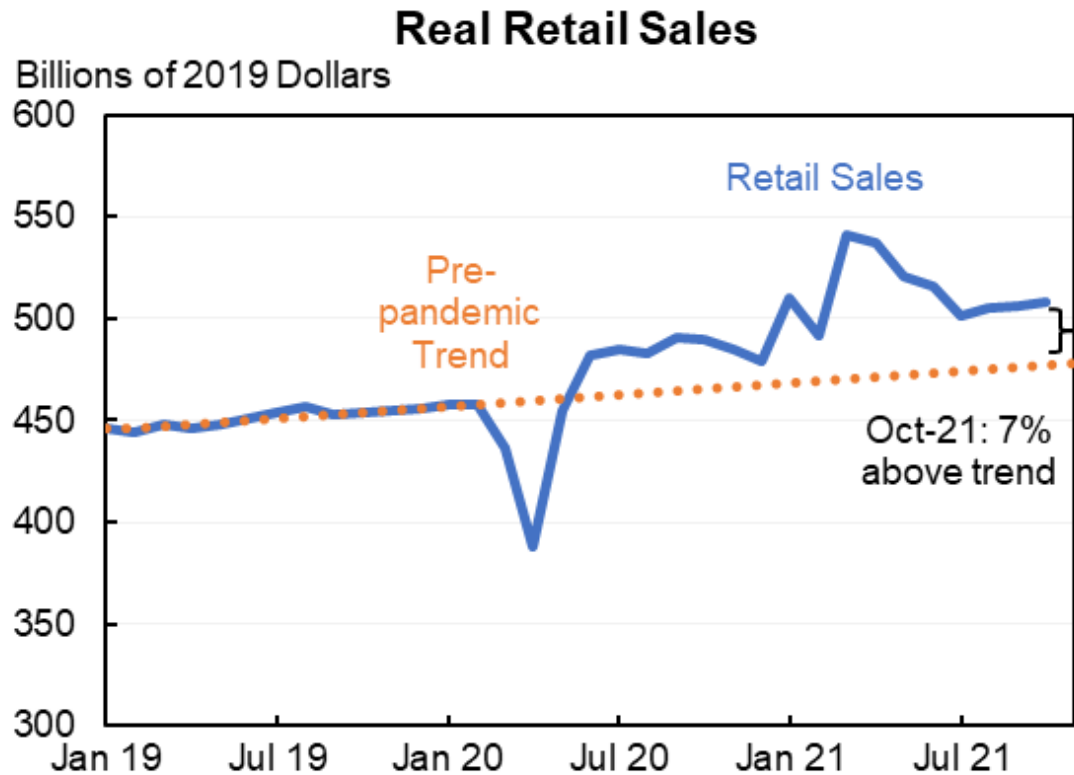
Learn more at piie.com/research/piie-charts



Note: Data are 7-day moving averages relative to January 4-31, 2020.

Source: Opportunity Insights.

Retail sales surged — well above trend



Note: Nominal values deflated by CPI for commodities.

Source: U.S. Census Bureau; Bureau of Labor Statistics; Macrobond; author's calculations.

... which in turn spurred a much faster recovery in trade than after the Global Financial Crisis

...and is now above pre-Covid-19 levels

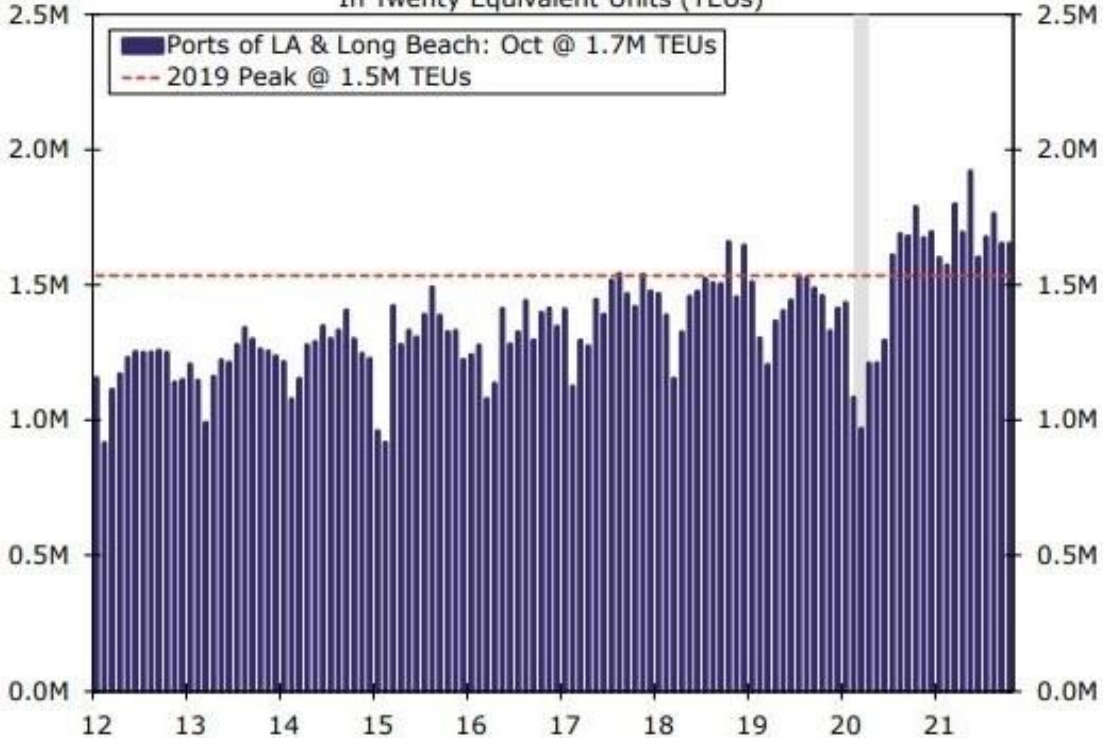
Posted on
DailyShot.com
20-Jan-2021
@SoberLook



U.S. trade was hitting new records by late 2020

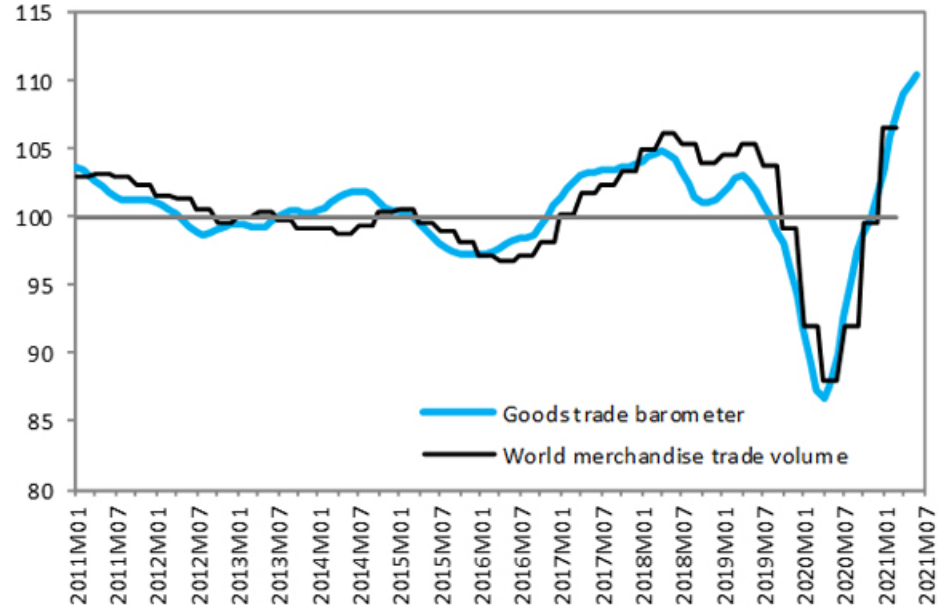
Ports Are Busier Than Ever in 2021

Combined In-Bound and Out-Bound Traffic,
In Twenty Equivalent Units (TEUs)



Source: Bloomberg LP and Wells Fargo Securities

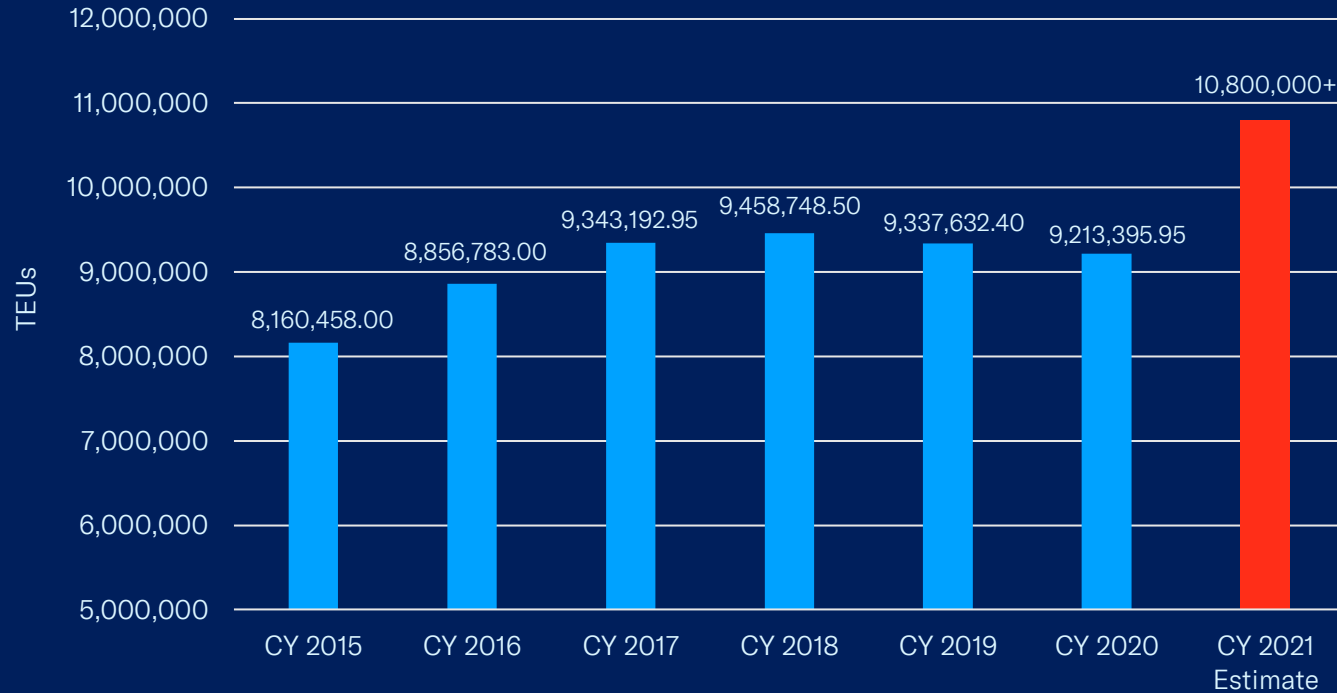
Global trade is also reaching new record levels



WTO Goods Trade Barometer

U.S. containerized imports soared

Annual Container Statistics

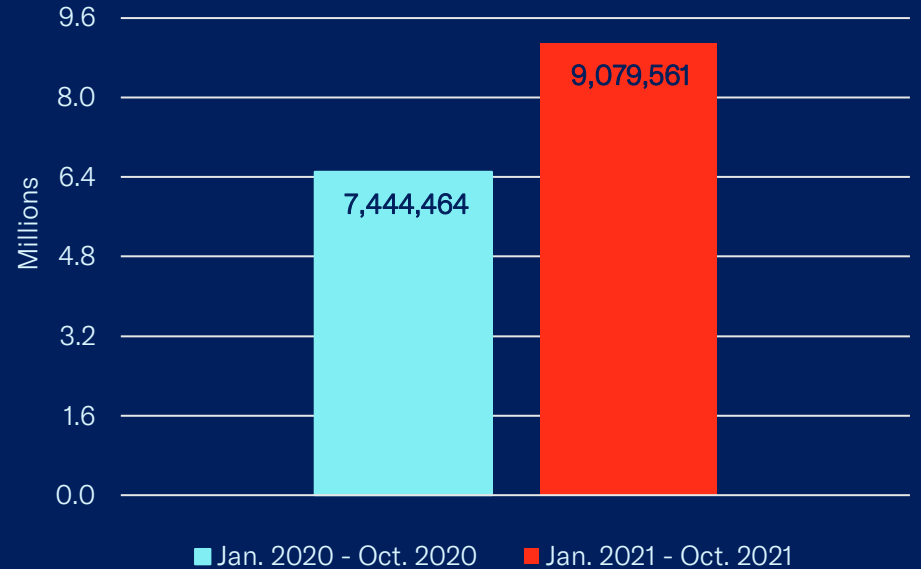
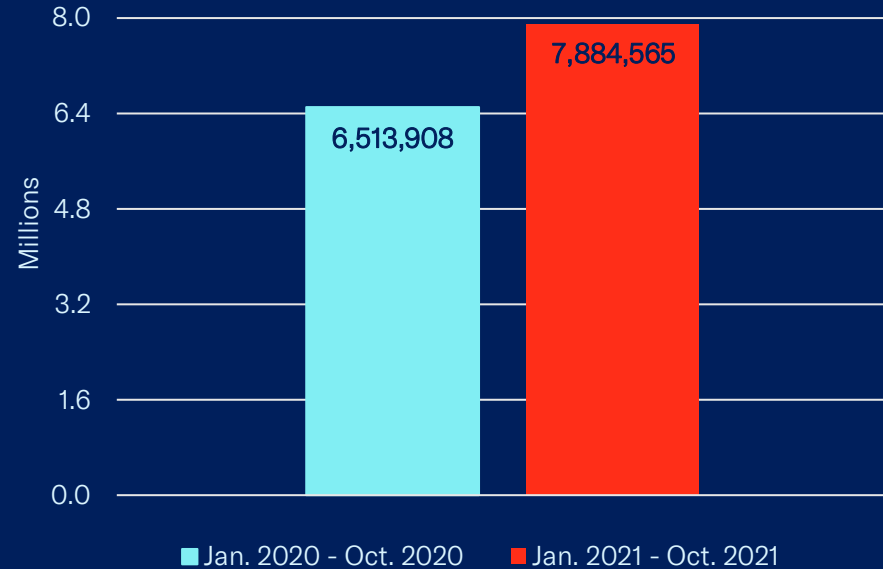


The increase was huge in the top two U.S. ports

Long Beach  21%

Los Angeles  22%

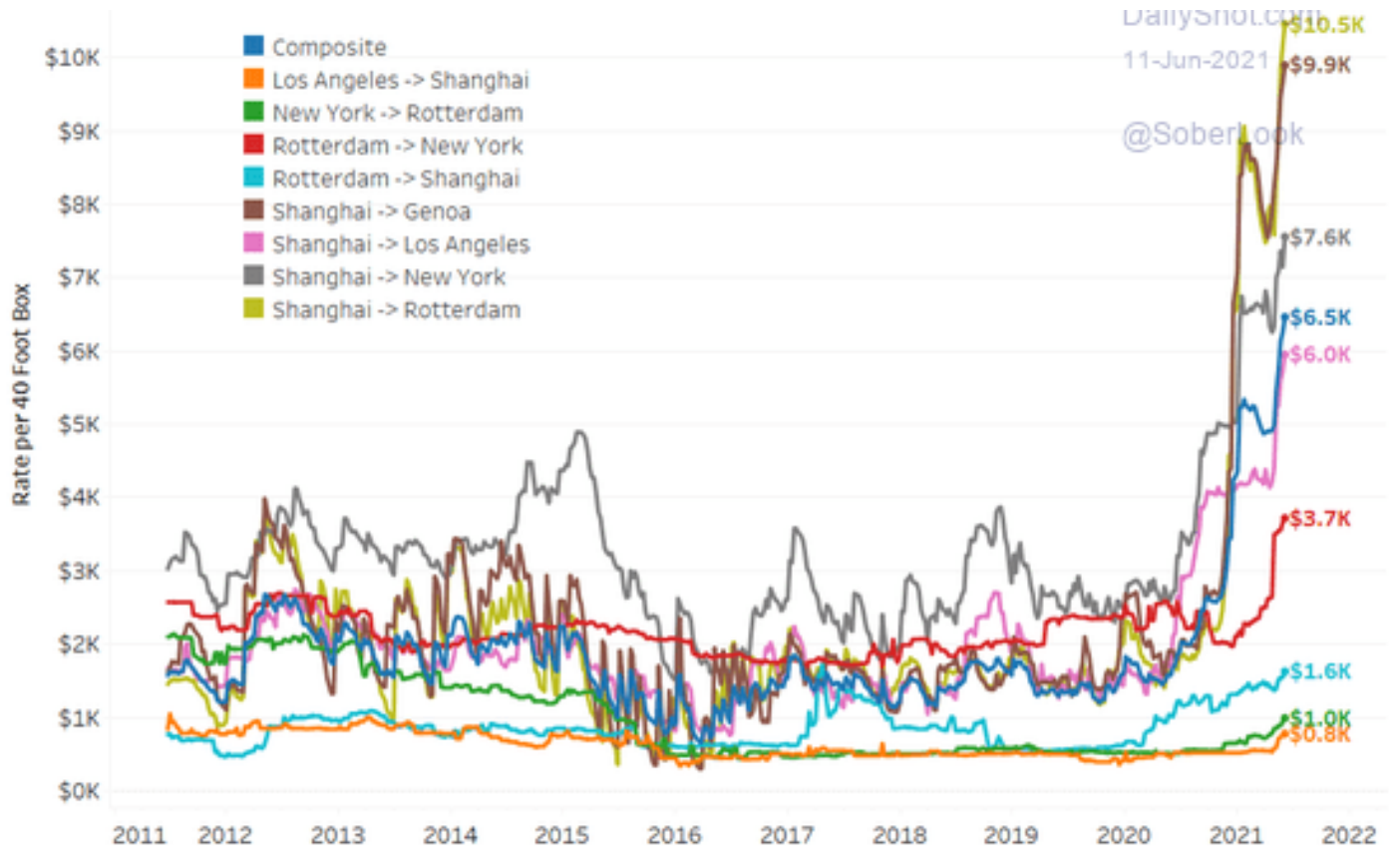
Total TEUs (Twenty-foot Equivalent Unit)



Container ships are backlogged



Shipping rates hit records

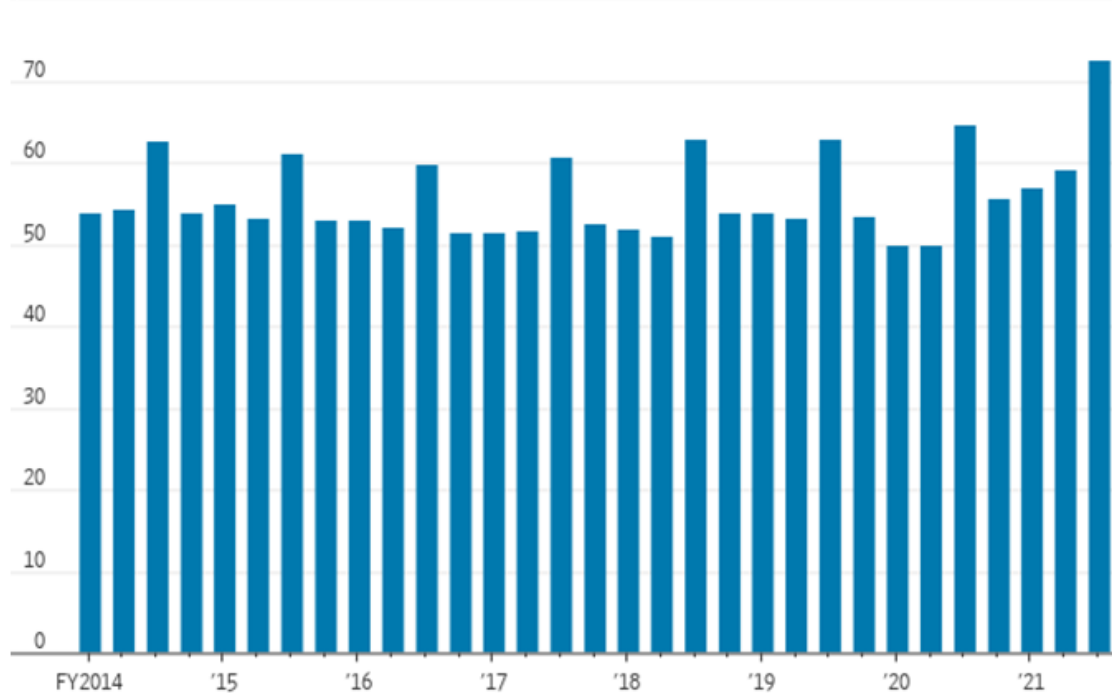


Despite congestion, retailers' inventories are up

Fully Stocked

Combined inventories, Walmart and Target

\$80 billion



Note: 3Q ended Oct. 30 for Target and Oct. 31 for Walmart

Source: FactSet, the companies

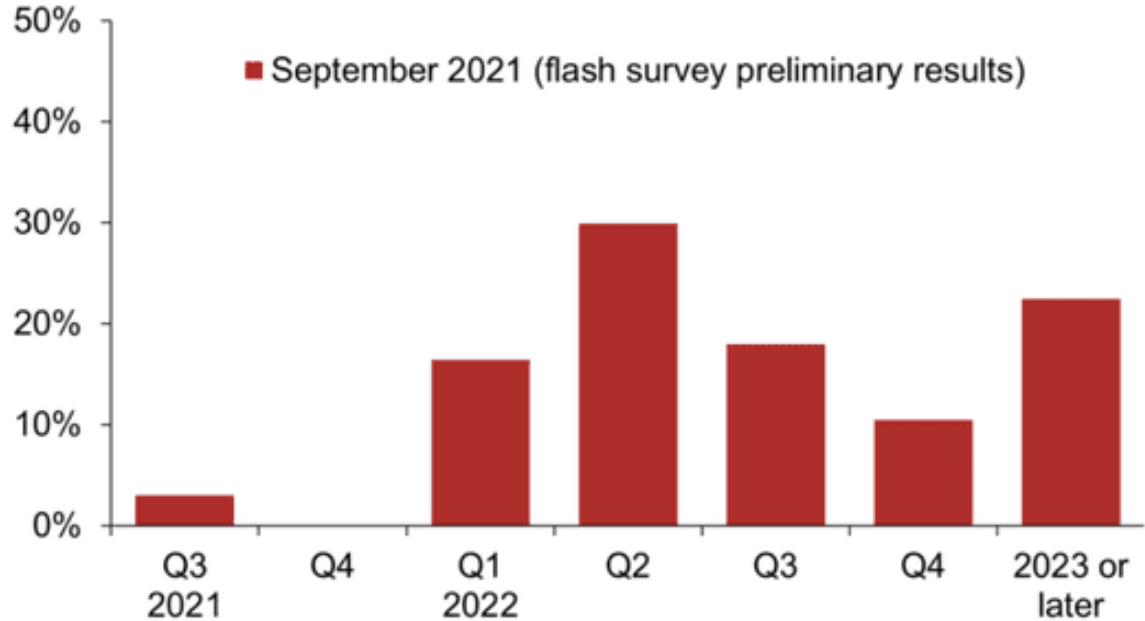
But major relief from supply chain woes remains months away

When do you expect supply-chain disruption to end for your business?

The Daily Shot
24-Sep-2021

@SoberLook

% of respondents affected by disruption



Source : Oxford Economics Global Risk Survey

Source: [Oxford Economics](#)

Summary

- U.S. fiscal response produced consumption boom
- → Surge in global trade, especially U.S. imports
- Ports, transport straining under record volumes



Part II: Trends in Trade Policy

U.S. Chamber of Commerce



Change and Continuity in U.S. Trade

- OUT: Policymaking by tweet; threats to quit trade agreements
- IN: Caution, review, and ... gridlock?

**UK
Kenya**



China



Other nations
are moving ahead
with trade
agreements

Change and Continuity in U.S. Trade

- OUT: Trump's tariffs
- IN: Biden's tariffs (they're still there)

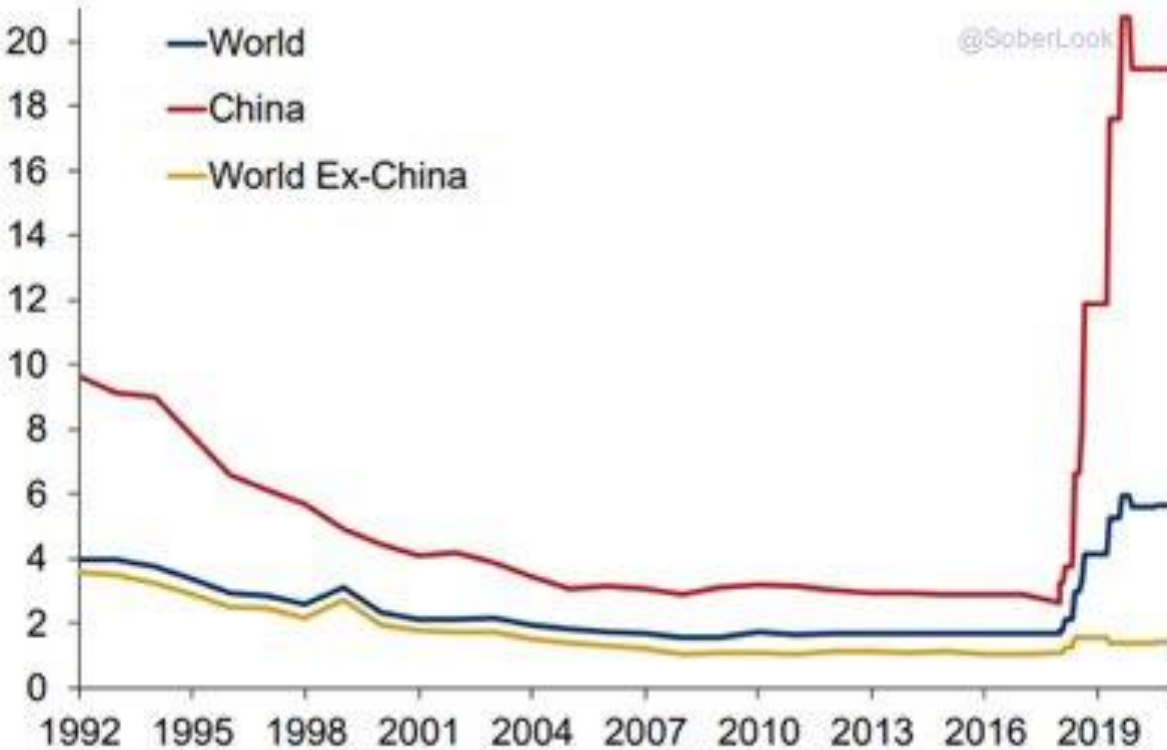
US: Average tariff rates for the world & China

% tariff, import weighted

DailyShot.com

08-Feb-2021

@SoberLook



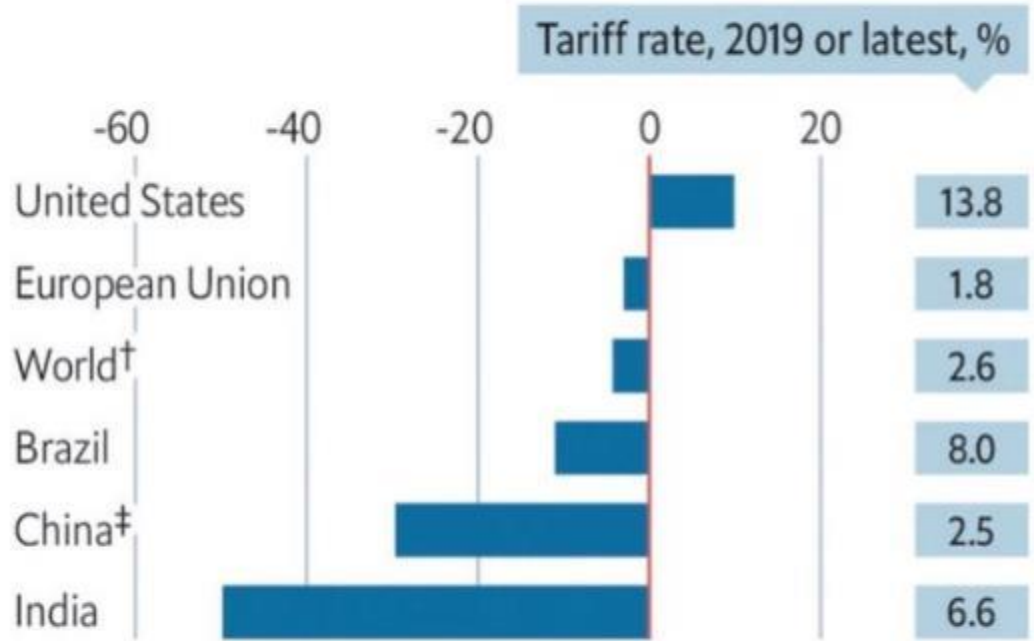
Source : Oxford Economics/Haver Analytics/World Bank WITS

Contact: James Watson | jwatson@oxfordeconomics.com

U.S. tariffs
doubled
(mostly on goods
from China)

U.S. tariffs
are now the
highest among
the major world
economies

Trade-weighted average tariff rate 1990-2019, percentage-point change



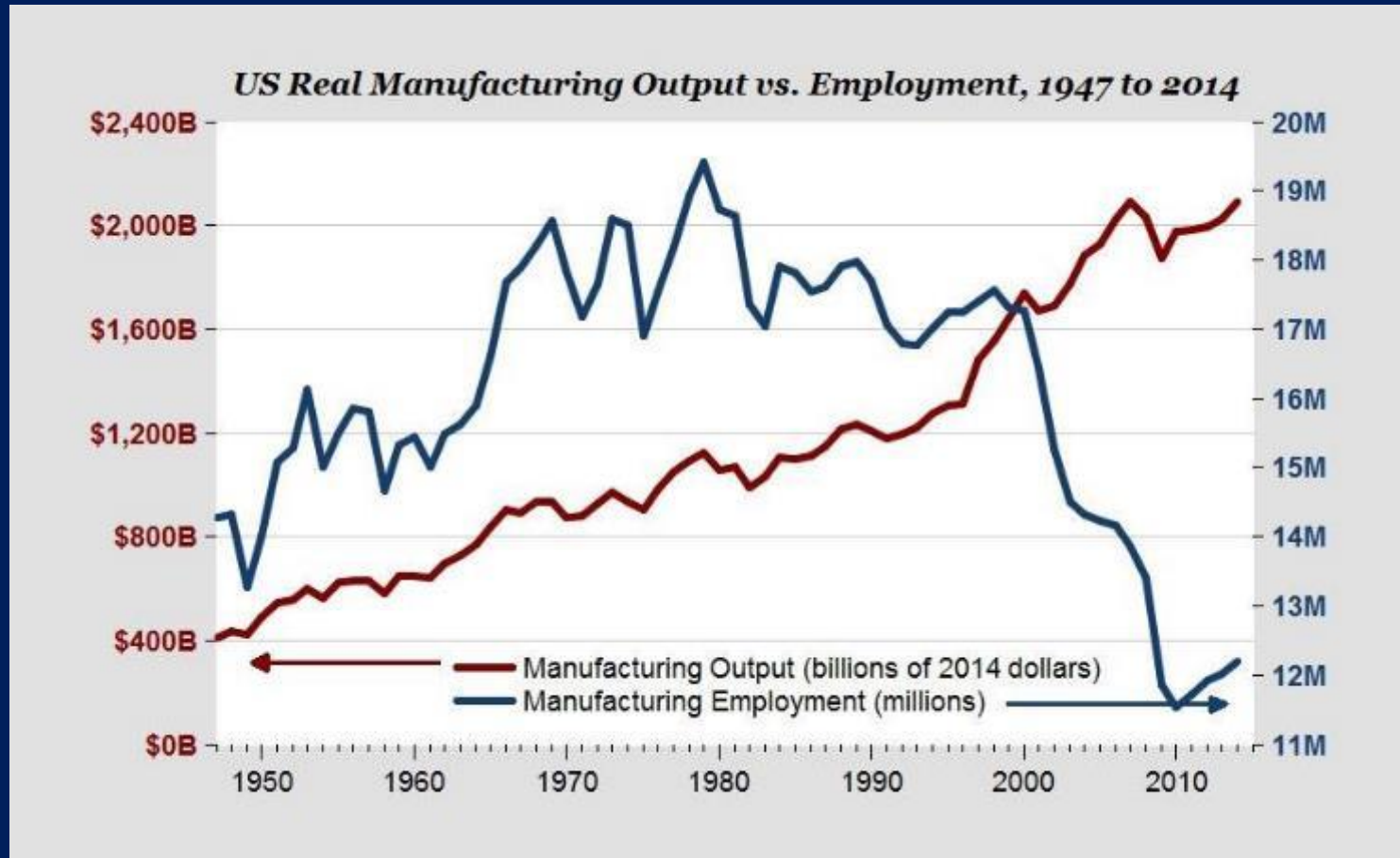
*New series †1990-2017 ‡1992-2019

Sources: "Two Centuries of Bilateral Trade and Gravity Data: 1827-2014",
by M. Fouquin and J. Hugot (2016); Our World in Data; World Bank

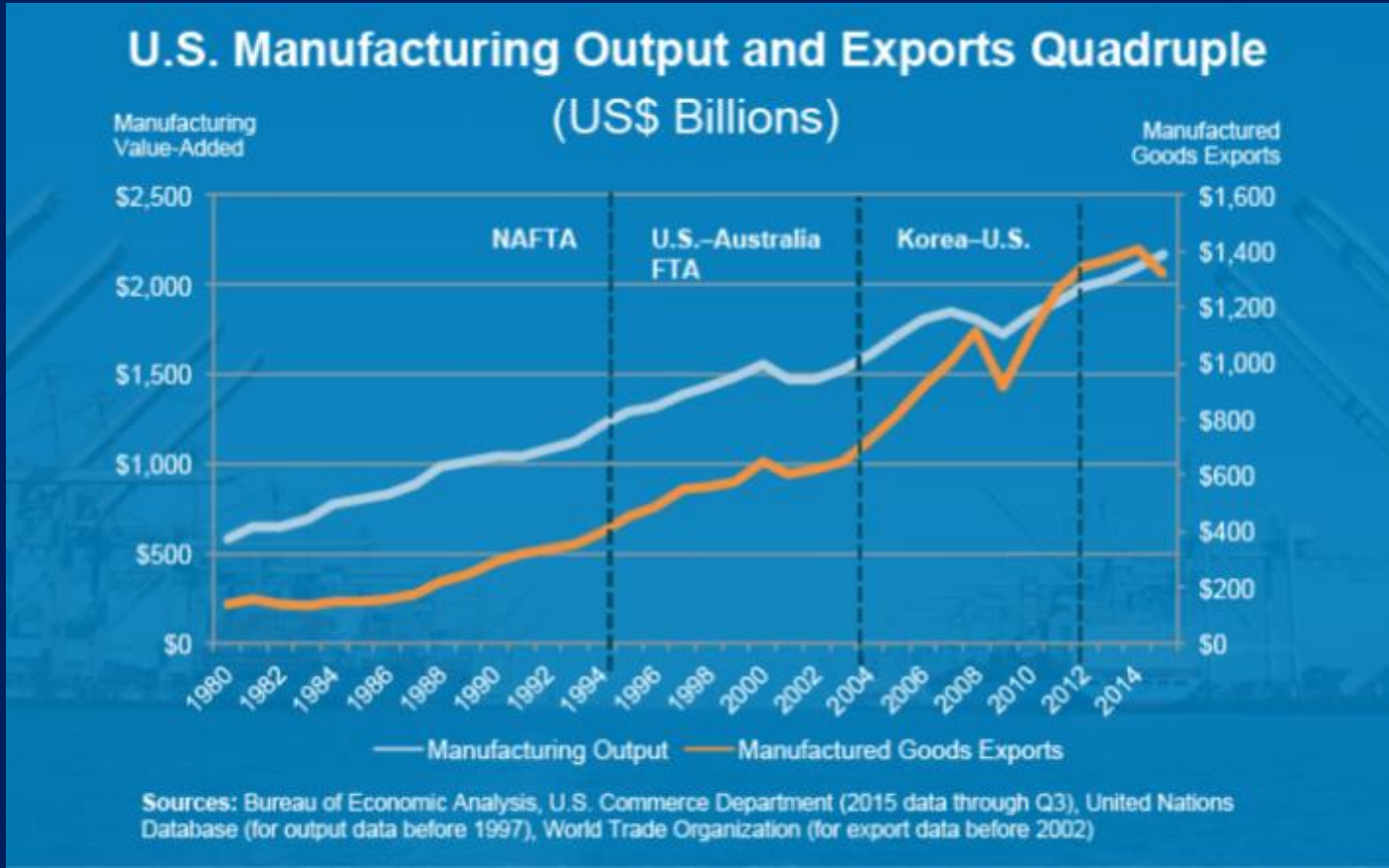
A “Worker-Centric” Trade Policy

- Right to organize in Mexico
- Forced labor in China
- Forced labor on fishing vessels

Trump & Biden: Manufacturing Concerns



... but Manufacturing Opportunity



Source:
NAM

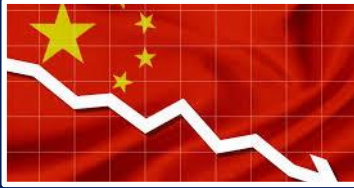
U.S.-China Trade Tensions



Biden View of U.S.-China Relations

- Sees China as (1) a systemic rival and (2) a catalyst for domestic policy change
- Three C's: Competition, Confrontation, Cooperation
- How to win a race: Run faster? Trip rival?
- One key tactic: Work with allies

2022 Outlook



- Omicron threat; slowing economy; property bubble
- Internal focus through Fall Party Congress



- Ds and Rs to “out-tough” each other
- More sanctions; national security focus



Business objectives:

- Build on Phase I deal; tariff exclusion process
- Bar excessive export controls, outbound investment



U.S.-EU Trade Ties

U.S.-EU Trade: Big Benefits, Big Irritants

16 million jobs, \$6.2 trillion in sales

- ✓ Boeing /Airbus trade disputes settled
- ✓ Tariffs on steel, aluminum partly resolved
- ✓ Digital Services Taxes shelved
- ✓ Privacy Shield (digital trade) talks continue
- ✓ U.S.-EU Trade and Tech Council launched

Tariffs on Steel, Aluminum



Tariffs on Steel and Aluminum

- 25% on steel, 10% on aluminum
 - ✓ Canada and Mexico dropped in April 2019
- Steel prices up ~40%, then down again
- Aluminum prices volatile
- Foreign retaliation
- Biden: “Tariff-rate quotas” with EU

Steel Prices



6

The image features three national flags: the Canadian flag on the left, the Mexican flag in the center, and the United States flag on the right. The Mexican flag is the most prominent, showing the national coat of arms with an eagle perched on a cactus, holding a snake. The text 'USMCA' is written in large, white, bold, sans-serif capital letters across the center of the Mexican flag. A small number '6' is visible in the top-left corner.

USMCA

USMCA at 18 Months

Preserve U.S. Trade Ties to Canada and Mexico

- Supports 12 million American jobs
- Tops the next 11 largest markets for manufactures
- Accounts for one-third of all U.S. agricultural exports
- Services exports have tripled in 25 years

Strengthen North American Trade

- New rules on digital trade, intellectual property, etc.

USMCA: All About Enforcement

- Mexican energy sector, IP, ag/biotech
- Auto sector scuffles continue
- Canadian dairy market access
- Labor cases

Questions?

