



Tariffs Bulletin December 2019



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

For many business leaders, 2019 has been characterized by a mix of opportunity, uncertainty and frustration. But, as the year draws to a close, there is some light on the horizon. As we look forward to the new year, here is our roundup of the last month's events along with some practical advice to help turn your supply chain into a competitive weapon in 2020.

US-China

December 13, President Trump signed off on a phase one deal to pause the protracted US-China trade war. As a result, the tranche 4B tariffs on \$150bn worth of Chinese exports slated for December 15 have been suspended indefinitely. In addition, the US has agreed to reduce the tranche 4A tariffs, which came into effect in September, from 15% to 7.5%. In return, China has promised to make "substantial additional purchases of U.S. goods and services in the coming years". The US Trade Representative (USTR) confirmed the deal in a press release but has not yet provided details of the quantities or types of goods involved. President Trump has suggested they will include agriculture, manufacturing, energy and some protections for US intellectual property. The president has also said that phase two negotiations will begin immediately.

Further reading:

[What's in the US-China Phase One Trade Deal – and What's Not, Fortune](#)
[US-China Agreement Fact Sheet, USTR](#)

US-Mexico-Canada

After more than a year of negotiations between the Trump administration and House Democrats, a deal has finally been reached on the modified USMCA trade agreement. The aim of the agreement, as stated by the United States Trade Representative is to "modernize the 24-year old NAFTA into a 21st Century, high- standard agreement." Representatives from the US, Canada and Mexico signed off the revised agreement on December 11 in Mexico City. The US business community has welcomed the news and is urging Congress to bring the bill to a vote quickly. The agreement will also need to be approved by Canada and Mexico.

Details of the revised agreement can be found in the United States Trade Representative's [USMCA factsheet](#).



United Kingdom

A decisive victory for the Conservative party in the December 12 general election has paved the way for Prime Minister, Boris Johnson to formally take Britain out of the European Union on January 31. A period of intense negotiations will follow the withdrawal, as the UK looks to secure a trade deal with the EU without extending the transition period beyond the end of 2020. At the same time, Prime Minister Johnson will be eager to meet President Trump and strike the “massive” post Brexit trade deal the president has pledged.

Further reading:

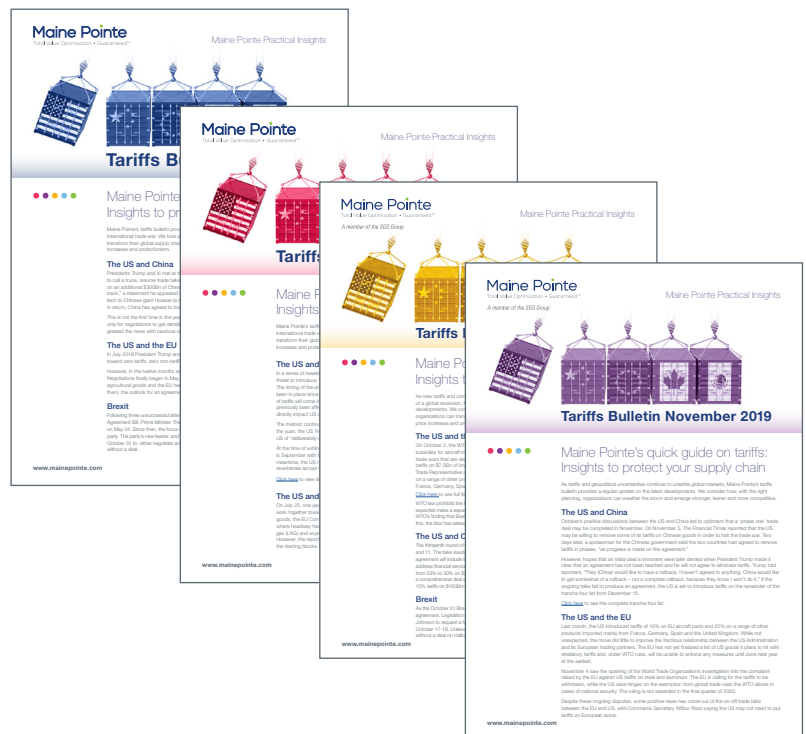
[Brexit: What Happens Now? BBC News.](#)

The year ahead for supply chains

As we enter 2020, there is reason for cautious optimism. We may soon see the partial resolution of three of the biggest supply chain uncertainties of the last two years but the global outlook remains unstable, with the IMF warning that the global economy is in “synchronized slowdown”. Volatility, uncertainty, complexity and ambiguity (VUCA) in the supply chain are here to stay and, as the pace of change across every sector of every industry continues to accelerate, businesses need to be able to continuously improve, transform and constantly reinvent themselves to remain competitive. In this fast-paced environment, it is imperative that all business pursue a digital supply chain transformation strategy that delivers visibility and reduces ambiguity. At the heart of this strategy is optionality from a supplier and manufacturing footprint perspective so, when uncertainty occurs, you have the agility to move from one solution to another. The question for executives going into 2020 is clear. How prepared is your supply chain for the challenges and opportunities that lie ahead?

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



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

We launched Maine Pointe's tariffs bulletin in August 2018 to provide a concise monthly overview of the latest news on tariffs, trade agreements and Brexit negotiations. For 2020, we are moving to a quarterly bulletin which, while still keeping you informed of the latest news and views, will include targeted updates for your specific industry.

About Maine Pointe

Maine Pointe, a member of the SGS Group, is a global supply chain and operations consulting firm trusted by many chief executives and private equity firms to drive compelling economic returns for their companies. We achieve this by delivering accelerated, sustainable improvements in EBITDA, cash and growth across their procurement, logistics, operations and data analytics. Our hands-on implementation experts work with executives and their teams to rapidly break through functional silos and transform the buy-make-move-fulfill digital supply chain to deliver the greatest value to customers and stakeholders at the lowest cost to business. We call this Total Value Optimization (TVO)™.

Maine Pointe's engagements are results-driven and deliver between 4:1-8:1 ROI. We are so confident in our work and our processes that we provide a unique 100% guarantee of engagement fees based on annualized savings. www.maine pointe.com