



Tariffs Bulletin November 2019



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

As tariffs and geopolitical uncertainties continue to unsettle global markets, Maine Pointe's tariffs bulletin provides a regular update on the latest developments. We consider how, with the right planning, organizations can weather the storm and emerge stronger, leaner and more competitive.

The US and China

October's positive discussions between the US and China led to optimism that a 'phase one' trade deal may be completed in November. On November 5, The Financial Times reported that the US may be willing to remove some of its tariffs on Chinese goods in order to halt the trade war. Two days later, a spokesman for the Chinese government said the two countries had agreed to remove tariffs in phases, "as progress is made on the agreement."

However, hopes that an initial deal is imminent were later dented when President Trump made it clear that an agreement has not been reached and he will not agree to eliminate tariffs. Trump told reporters, "They (China) would like to have a rollback, I haven't agreed to anything. China would like to get somewhat of a rollback – not a complete rollback, because they know I won't do it." If the ongoing talks fail to produce an agreement, the US is set to introduce tariffs on the remainder of the tranche four list from December 15.

[Click here](#) to see the complete tranche four list.

The US and the EU

Last month, the US introduced tariffs of 10% on EU aircraft parts and 25% on a range of other products imported mainly from France, Germany, Spain and the United Kingdom. While not unexpected, the move did little to improve the fractious relationship between the US Administration and its European trading partners. The EU has not yet finalized a list of US goods it plans to hit with retaliatory tariffs and, under WTO rules, will be unable to enforce any measures until June next year at the earliest.

November 4 saw the opening of the World Trade Organization's investigation into the complaint raised by the EU against US tariffs on steel and aluminum. The EU is calling for the tariffs to be withdrawn, while the US case hinges on the exemption from global trade rules the WTO allows in cases of national security. The ruling is not expected in the final quarter of 2020.

Despite these ongoing disputes, some positive news has come out of the on-off trade talks between the EU and US, with Commerce Secretary Wilbur Ross saying the US may not need to put tariffs on European autos.



Brexit

Last month, as the UK Parliament's Brexit gridlock continued, Prime Minister Boris Johnson was forced to abandon the "do or die" October 31 deadline for the UK's departure from the European Union and ask the European Union for a further extension. A weary UK electorate now faces its third general election in less than five years on December 13. Johnson is hoping to secure the majority he needs to push through his withdrawal agreement before the new January 31 deadline while opposition parties are touting plans ranging from leaving the EU without a deal to holding a second referendum to cancelling Brexit altogether. The election has been broadly welcomed by UK businesses who hope that, whatever the result, it will bring an end to the disruption and uncertainty that have dominated the business environment for the last three-and-a-half years.

The US, Mexico and Canada

Positive statements from the White House and House Democrats have led to speculation that the United States, Mexico, Canada Agreement (USMCA) is close to being passed by Congress. This optimism was fueled by President Trump's economic advisor, Larry Kudlow, who told CNBC, "I think it (USMCA) will pass before Thanksgiving."

US Trade Representative, Robert Lighthizer is continuing his meetings with House Democrats to address their concerns the deal doesn't offer strong enough protections for labor, the environment and drug patents and that its enforcement mechanism is weak. However, the outlook seems positive with House Majority Leader Steny Hoyer saying Democrats are, "working hard to get to yes."

Optimize your supply chain

It appears there may finally be a glimmer of light on the geopolitical horizon but, if the vagaries of the last year have taught business leaders anything, it's that uncertainty is here to stay. While there's nothing wrong with hoping for the best, it makes sense to plan for the worst. A well-documented end-to-end supply chain strategy is critical to growth, profitability and corporate survival. If you don't have a documented supply chain continuity and contingency plan, you need to develop one fast. If you have one, you need to test it now.

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

- [US Considers Dropping Some Tariffs on China](#), Financial Times
- [China Insists Trump Give Up His Favorite Trade Weapon – Tariffs](#), Bloomberg
- [EU Argues Against Trump's Metal Tariffs at WTO](#), Reuters
- [EU Argues Against Trump's Metal Tariffs at WTO](#), Reuters

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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