

Post Election Trade Fallout

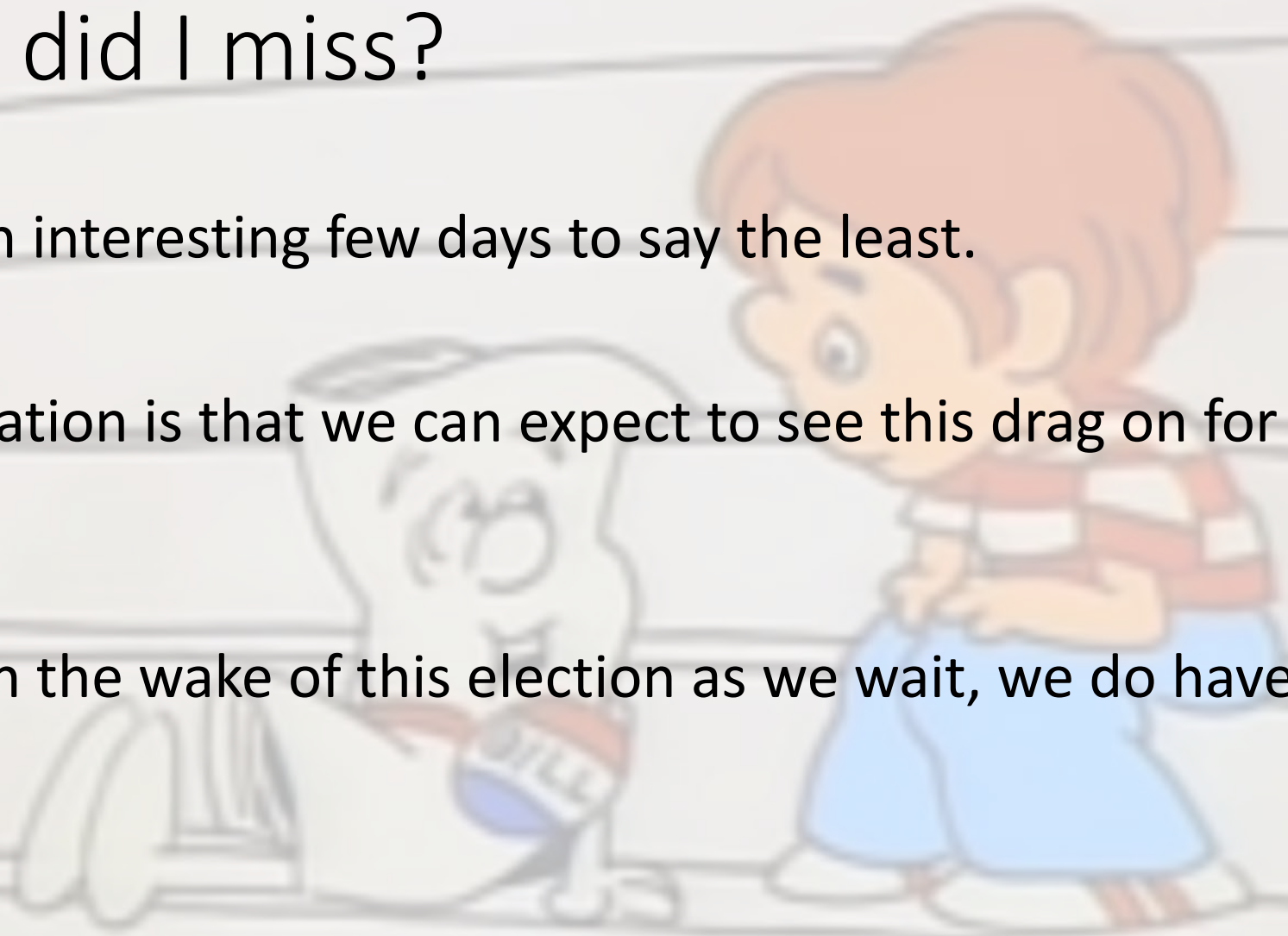
Trade School
Friday November 6th, 2020
Pete Mento
Mento LLC

11	MA
4	RI
7	CT
14	NJ
3	DE
10	MD
3	DC

270
WIN

So what did I miss?

- It's been an interesting few days to say the least.
- Every indication is that we can expect to see this drag on for some time.
- However, in the wake of this election as we wait, we do have insights already.

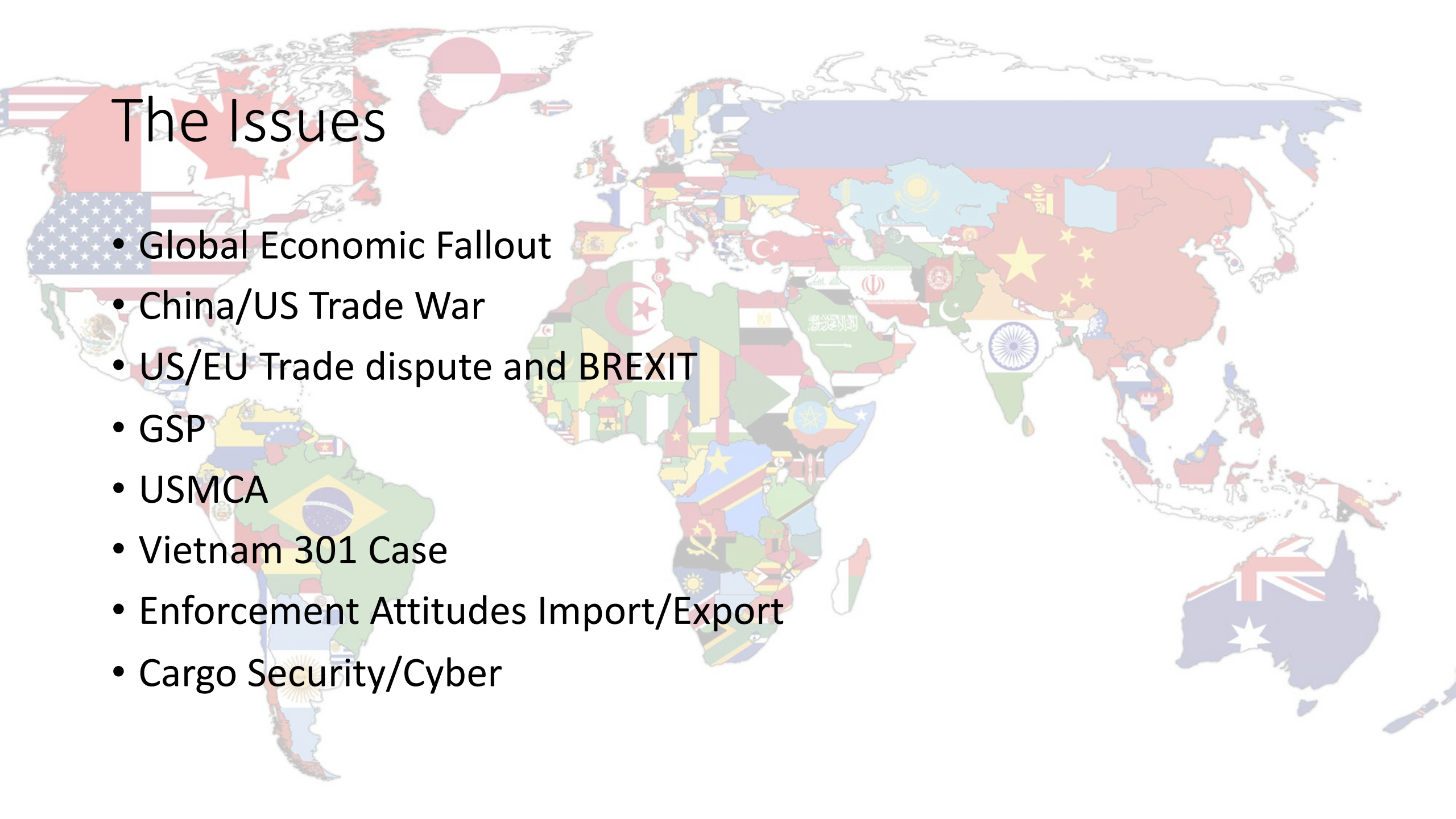


So let's game this out

- Why don't we spend some time considering if both sides were to win?
- And then apply these wins to the major questions of the day.
- Fortunately, we have some very recent insights into the administration's attitudes.

The Issues

- Global Economic Fallout
- China/US Trade War
- US/EU Trade dispute and BREXIT
- GSP
- USMCA
- Vietnam 301 Case
- Enforcement Attitudes Import/Export
- Cargo Security/Cyber



Global Economic Fallout

- There was plenty of volatility as the race went back and forth.
- However, there seems to be some credence to the idea that a Biden Presidency will equate to more stimulus, and more stimulus means more consumption – which means more imports.
- Likewise, US Markets are reacting to a possible return to “stability” but not predictability.
- Global Tax Issues and US Tax issues are getting a LOT of attention.
- The RMB took a nose dive on Tuesday night.....

China/US Trade War

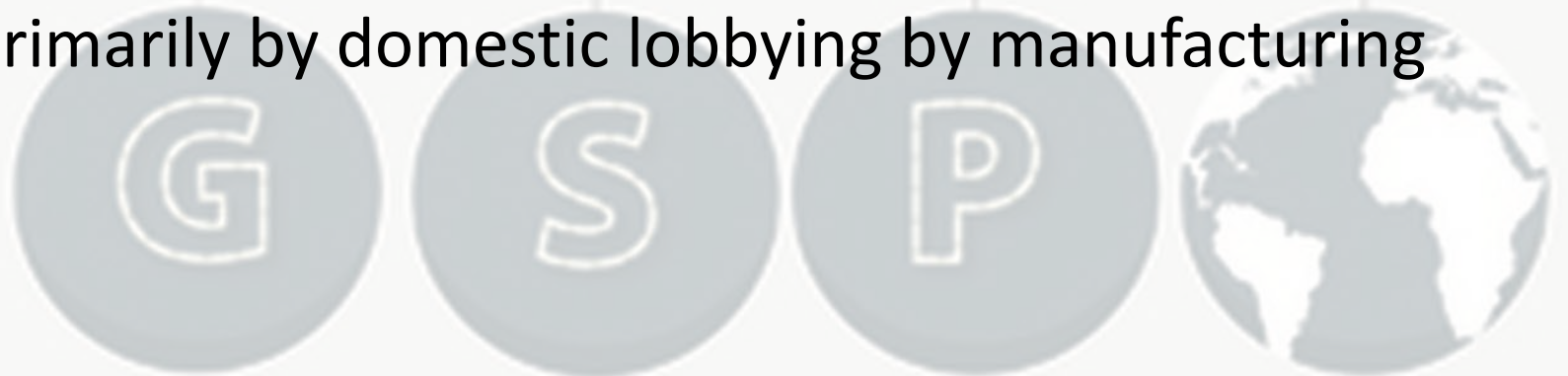
- Clearly the news Trump may win sent a shock through Chinese currency markets and global currency markets.
- Biden “slip up” on tariffs?
- Moves in Congress and the Senate could strengthen a close to all this.
- US Firms and the consumer do not seem to suffer any fatigue about this issue, and a new President will note that and use it for leverage.
- 301 Tariffs aren’t going away quickly.

US/EU Trade Dispute and BREXIT

- EU markets are patiently waiting to see what happens, but there is so much going on there, they aren't focused on us.
- The more elections seem to be stable, the better these markets react.
- The more absurd the situation here appears, the more volatile global markets will become.
- US response to BREXIT is dependent on the outcome.

GSP

- Revoking GSP in places like Thailand and India has a significant impact on the critical manufacturing sectors of these economies.
- India is looking for an expansive agreement, Biden will abandon any expansion of our relationship as a condition of Chinese reconciliation.
- There remains a great deal of animosity in Congress over this program. Fueled primarily by domestic lobbying by manufacturing concerns.



USMCA

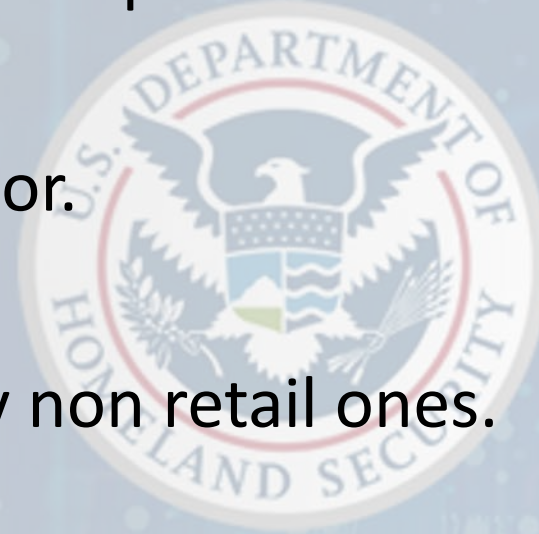
- Canadian hopes are firmly on a Biden win – period, end, stop.
- Energy and US exports of it are highly critical to the expansion of the Canadian Economy.
- Mexico wins either way really.
- However, they win even more with a Trump victory.

Vietnam 301

- Finally, an easy one.
- It is unlikely that you will see any follow through on this issue under a Biden Administration.
- Trump, however, needs more leverage for China, he finds it here.

Enforcement Attitudes – Import/Export

- This continues either way down the same path.
- Stepped up enforcement of forced labor.
- More eyes on counterfeits – especially non retail ones.
- Export controls are about to become supremely important.



U.S. Customs
Border Protection

CBP TRADE

Cargo Security/C-TPAT

- As the election continues, we hear more about cyber incursions.
- The money continues to pour into this area of security and with good reason.
- China has not agreed to curb cyber theft of IP.
- C-TPAT may have additional segments added in the coming years.

TradeGeek Podcast

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