Post Election Trade Fallout

Trade School
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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.
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.