



CPB Netherlands Bureau for Economic
Policy Analysis

World Trade outlook 2019

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AIECE Autumn meeting
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Policy Analysis

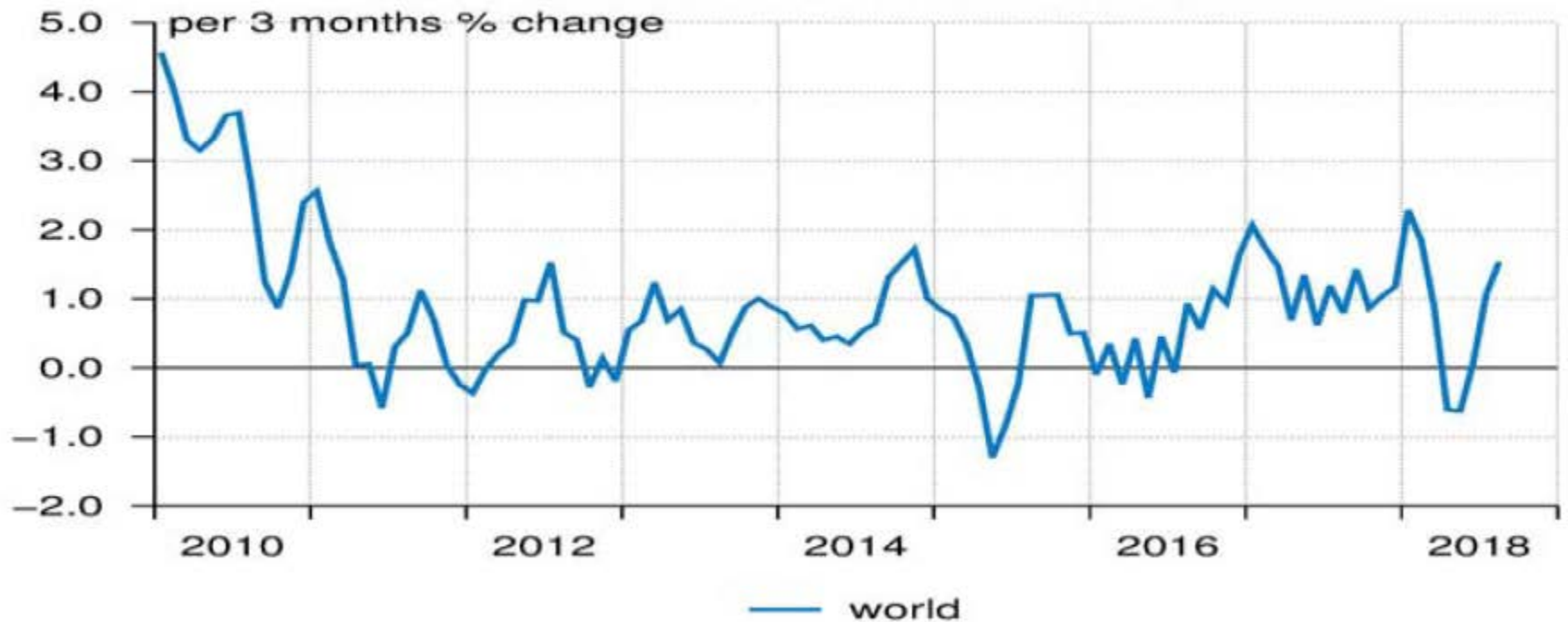


- WTM and leading indicators
- Trade conflicts



High world trade volume growth last months

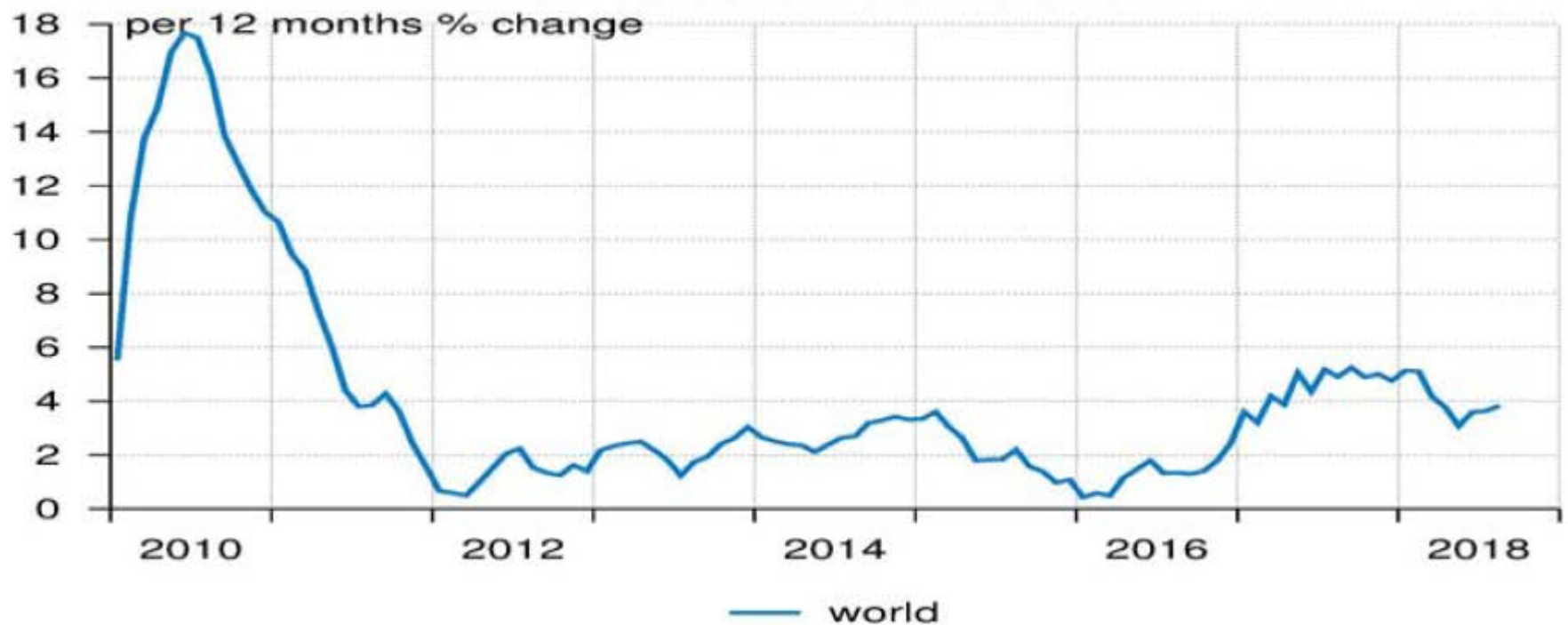
Last 3 months on preceding 3 months





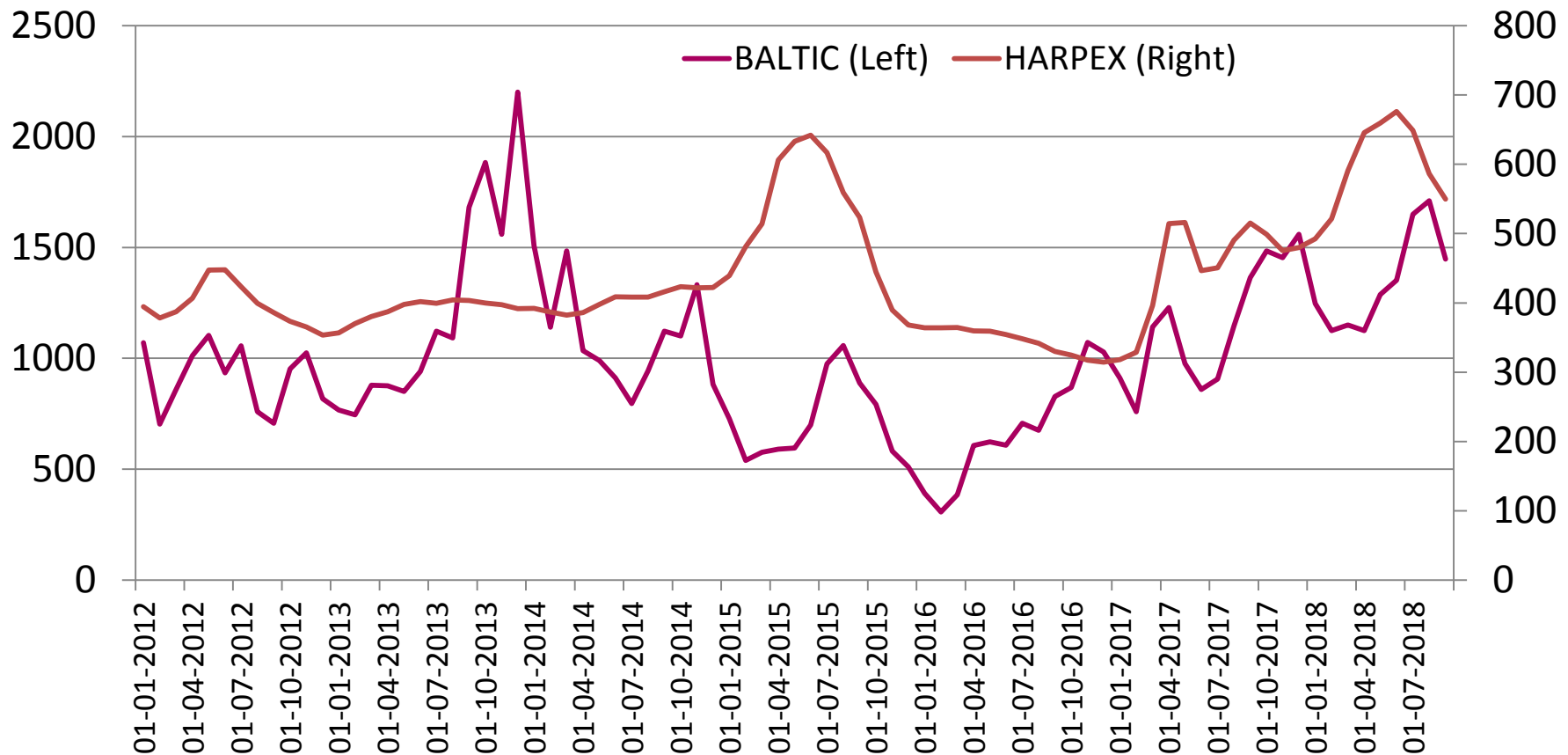
Acceleration is slowing down

Last 3 months one year ago





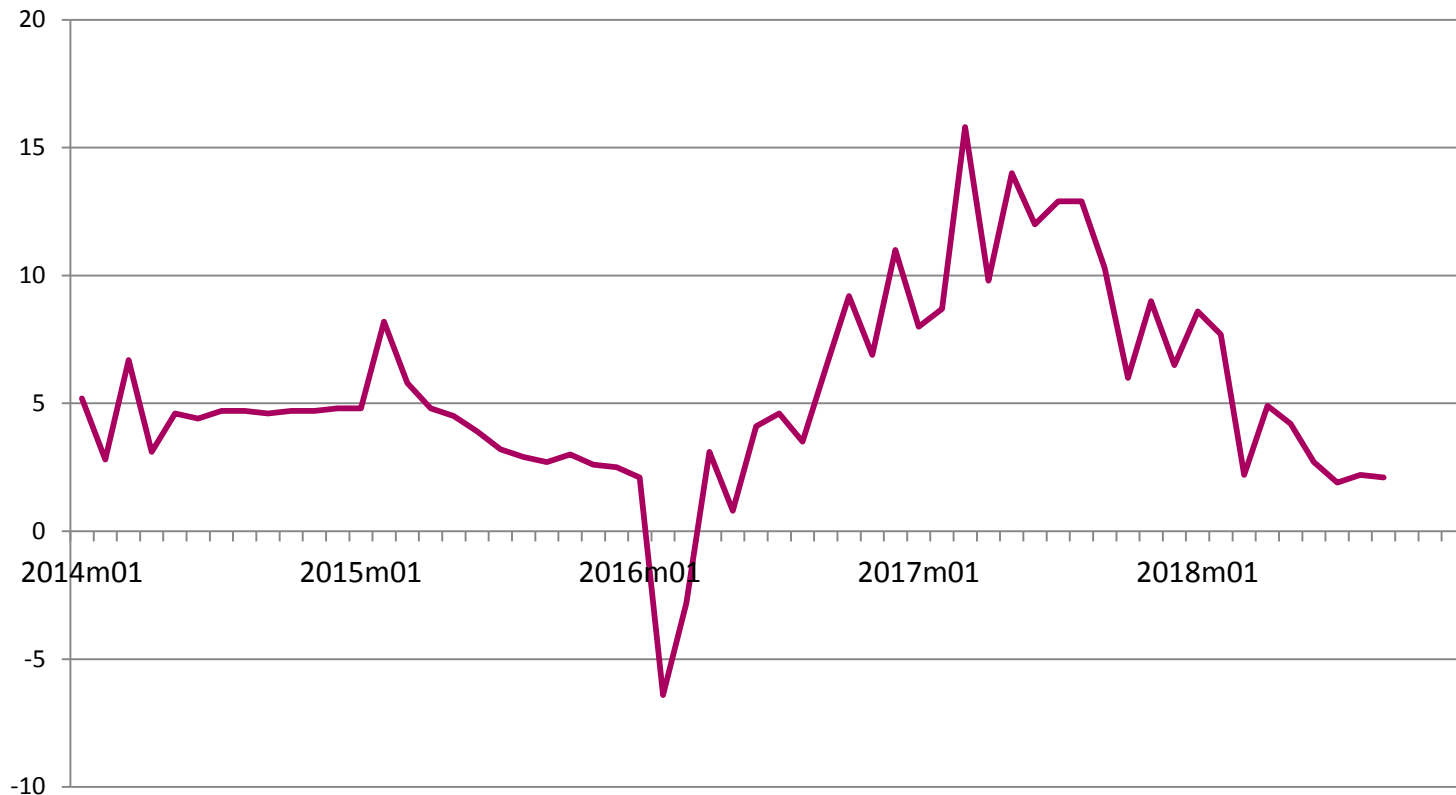
Leading indicators: still high, but decreasing





Air freight volume growth slows down

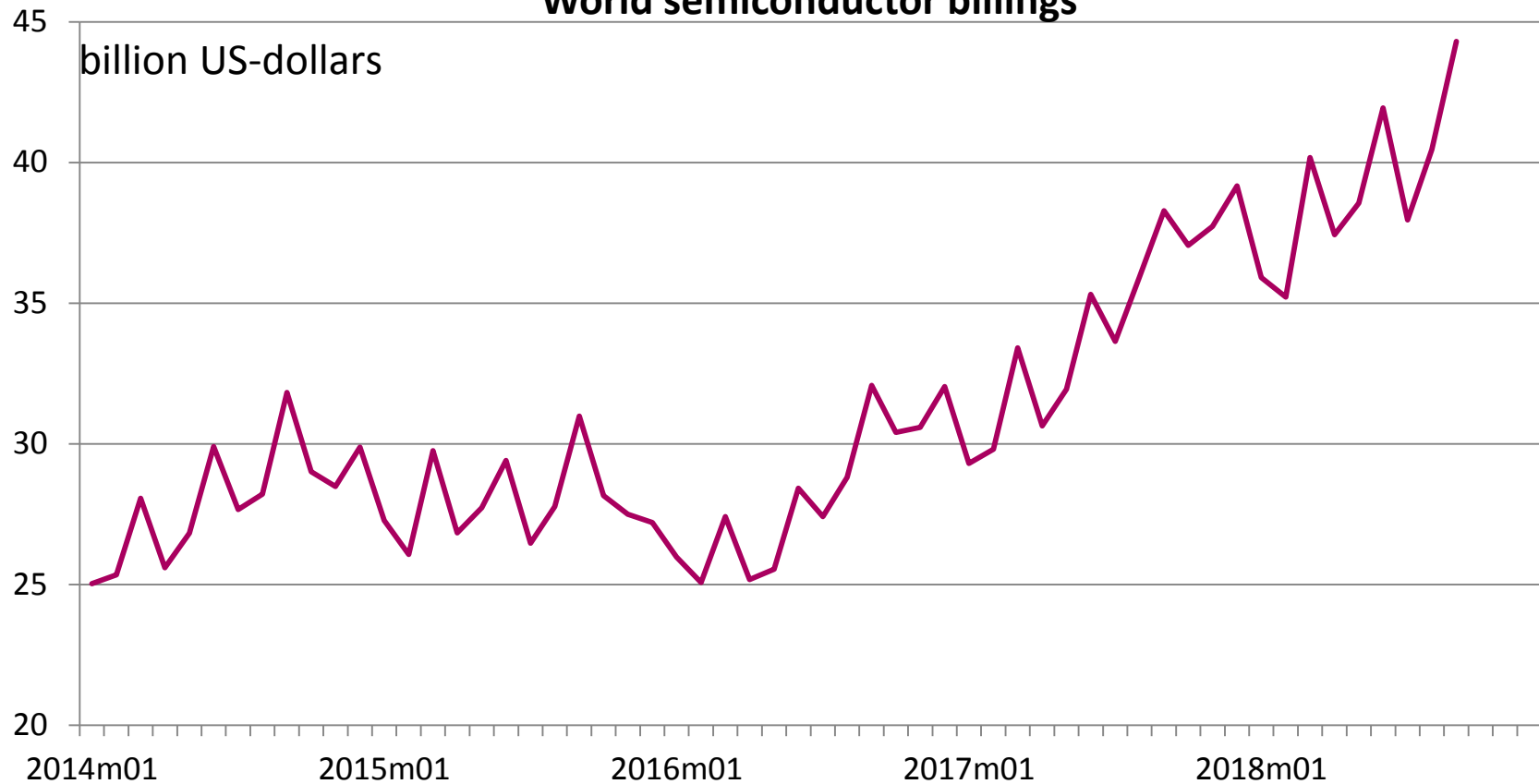
IATA world freight trade (FTK) y-o-y changes %





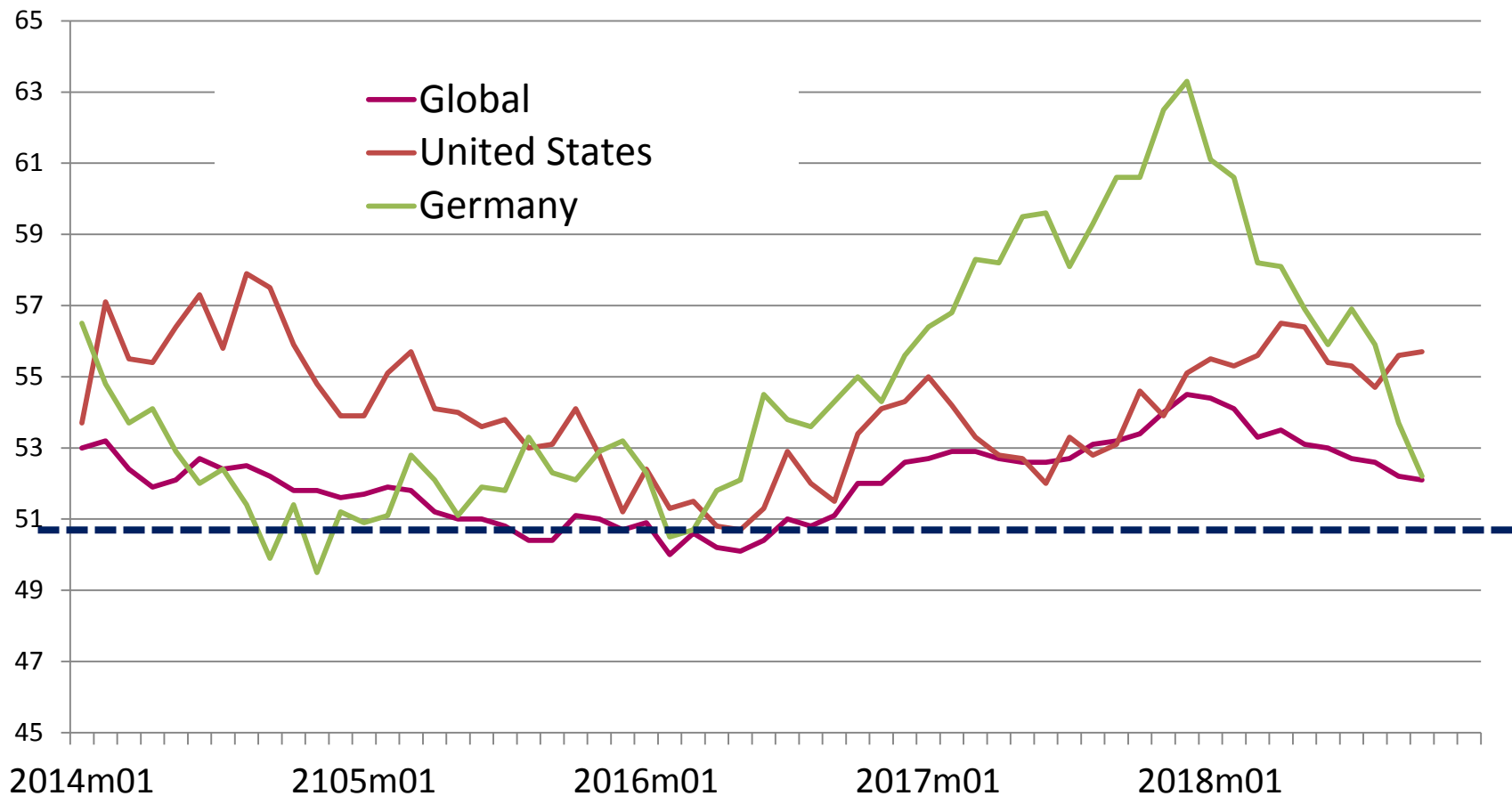
While semiconductor growth stays high

World semiconductor billings



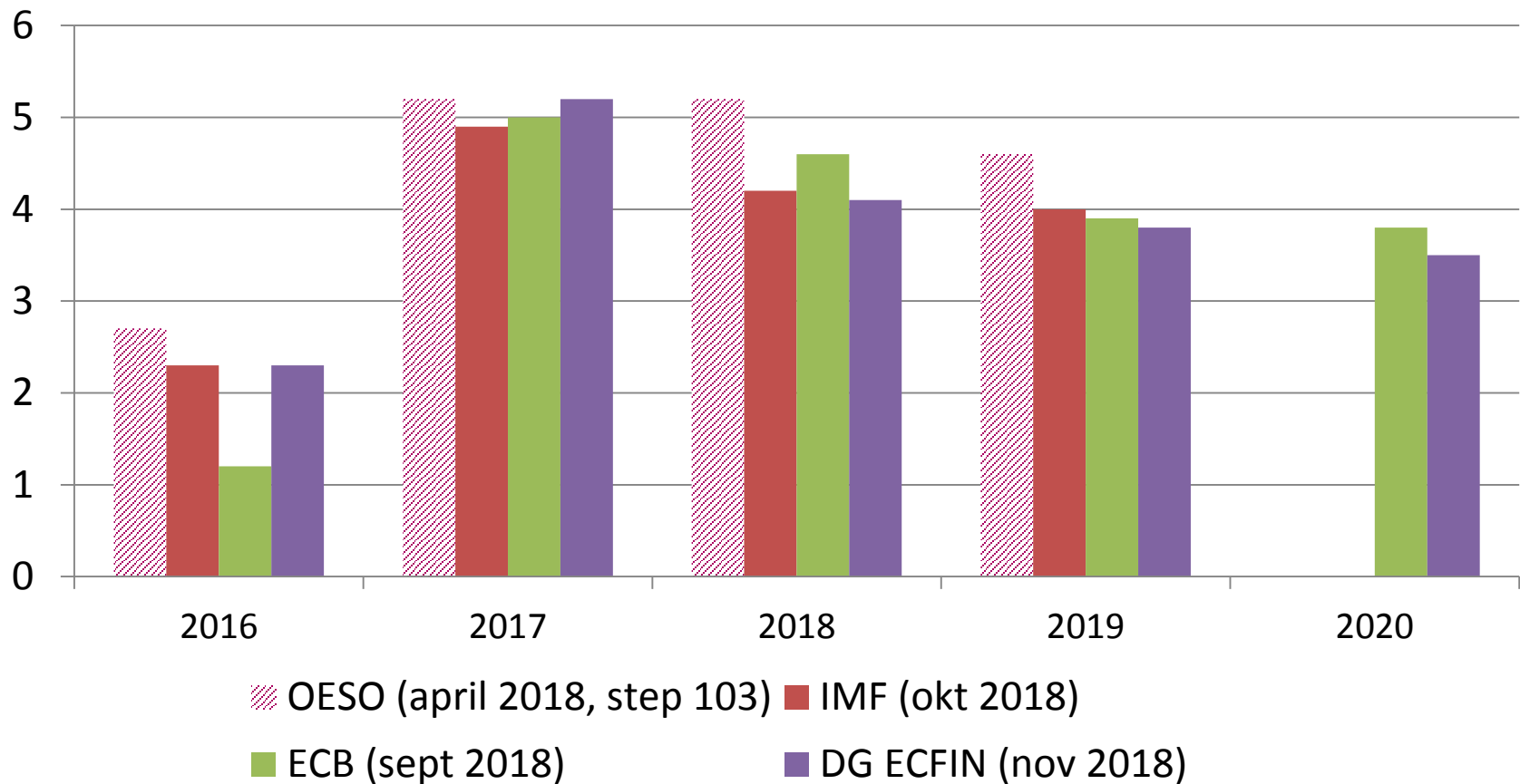


PMI's (global, Ger) signal relative slowdown (US?)



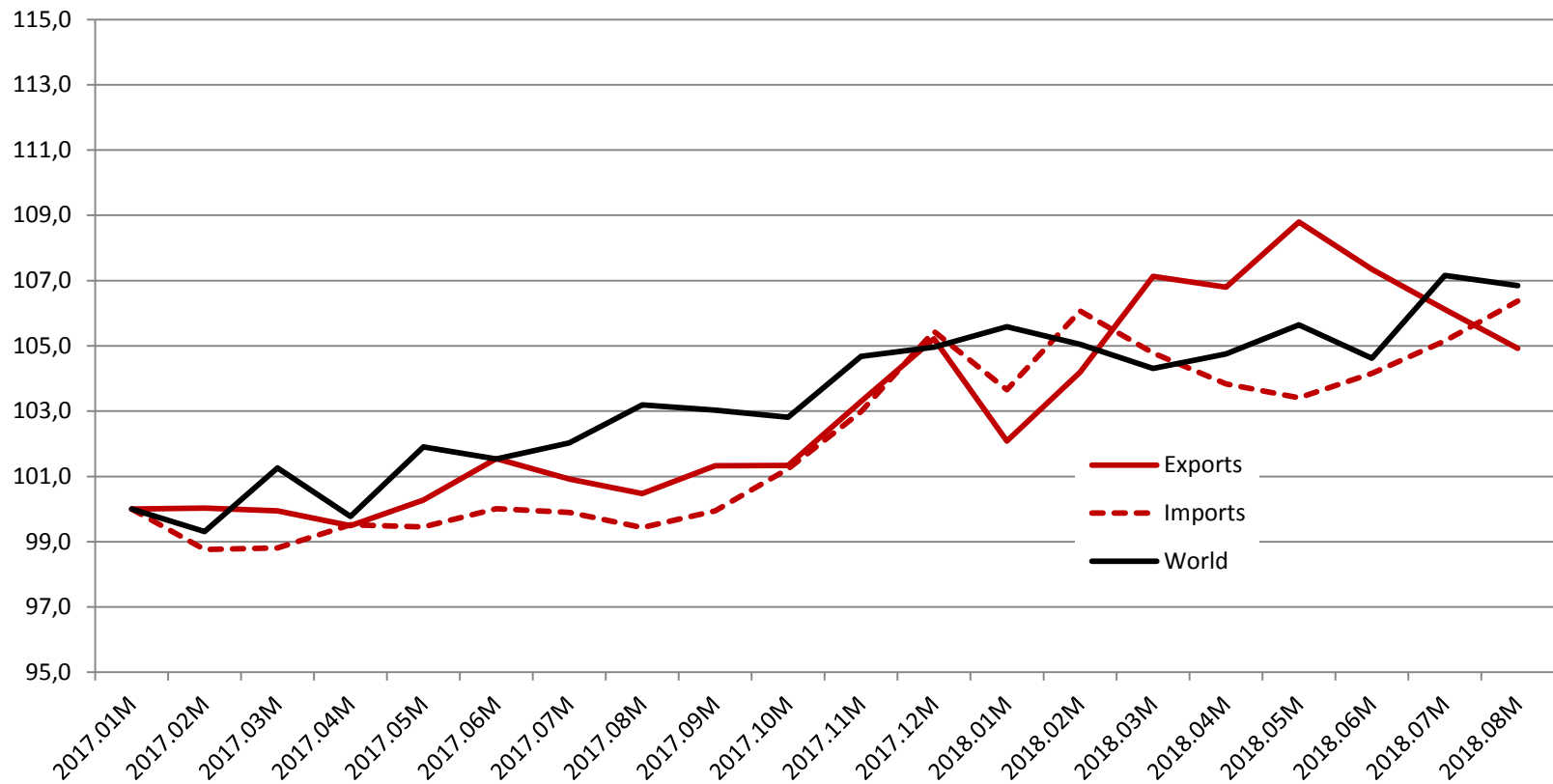


International forecasts: World trade growth (%)



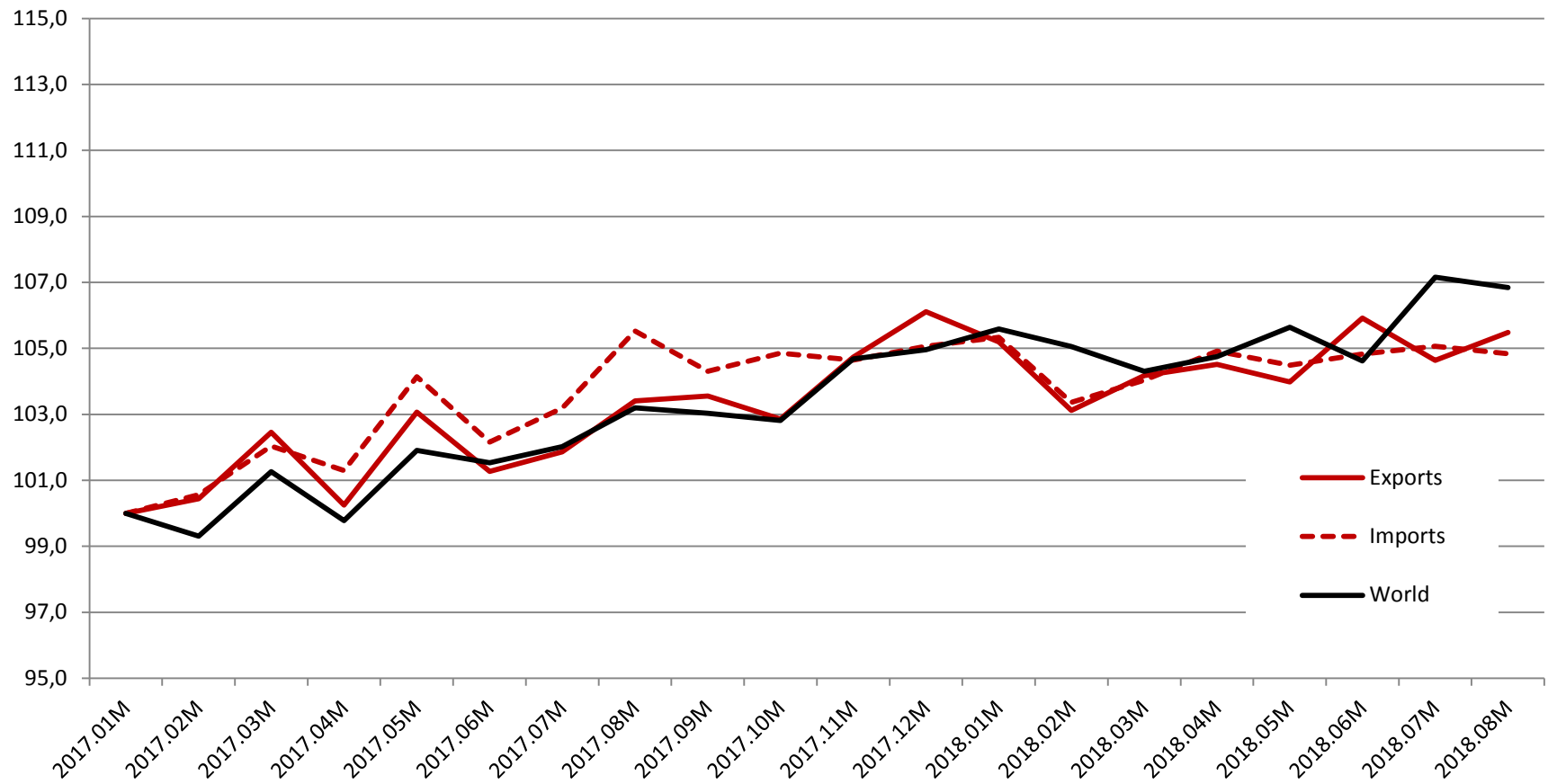


World trade volume per region: US



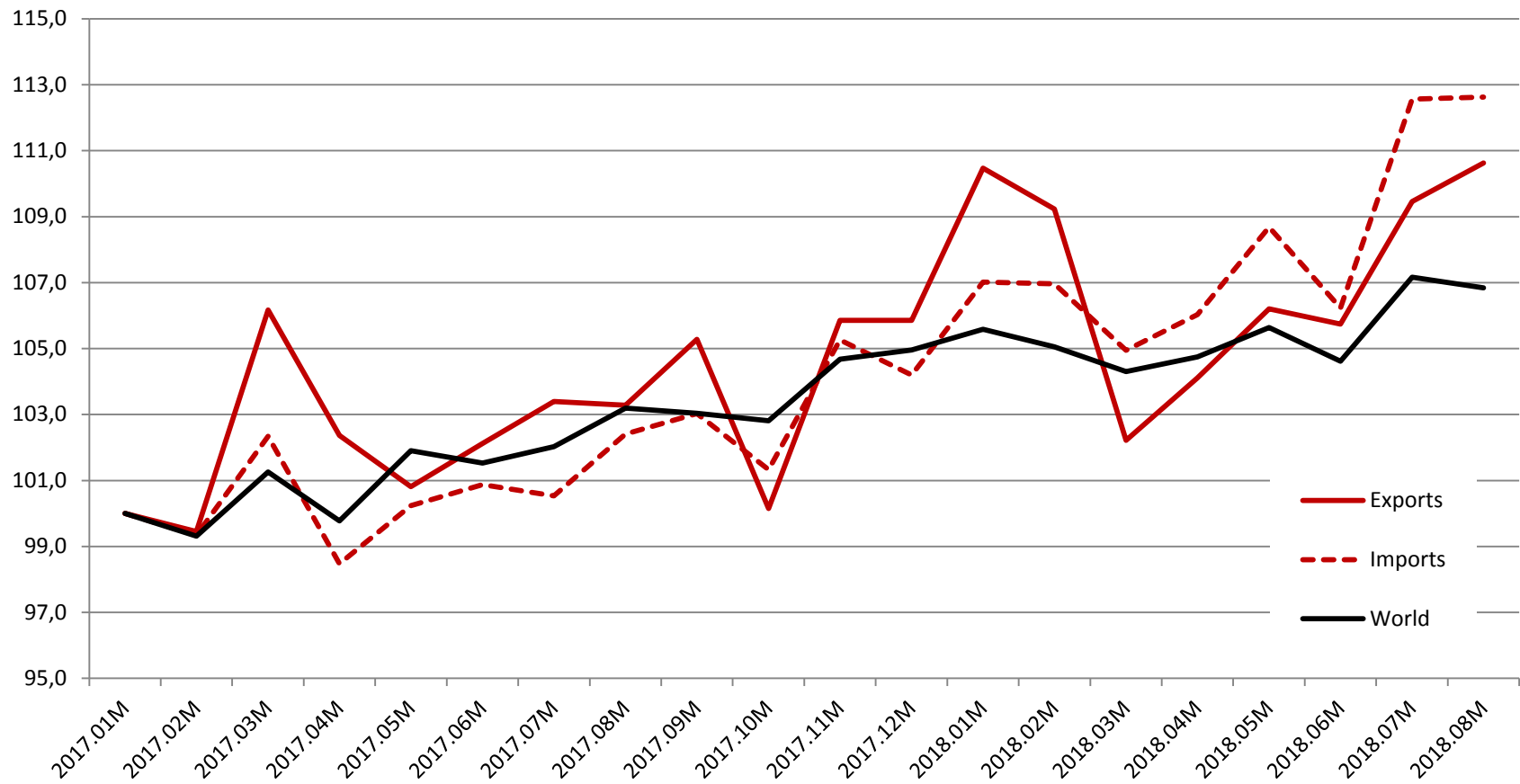


World trade volume per region: Eurozone



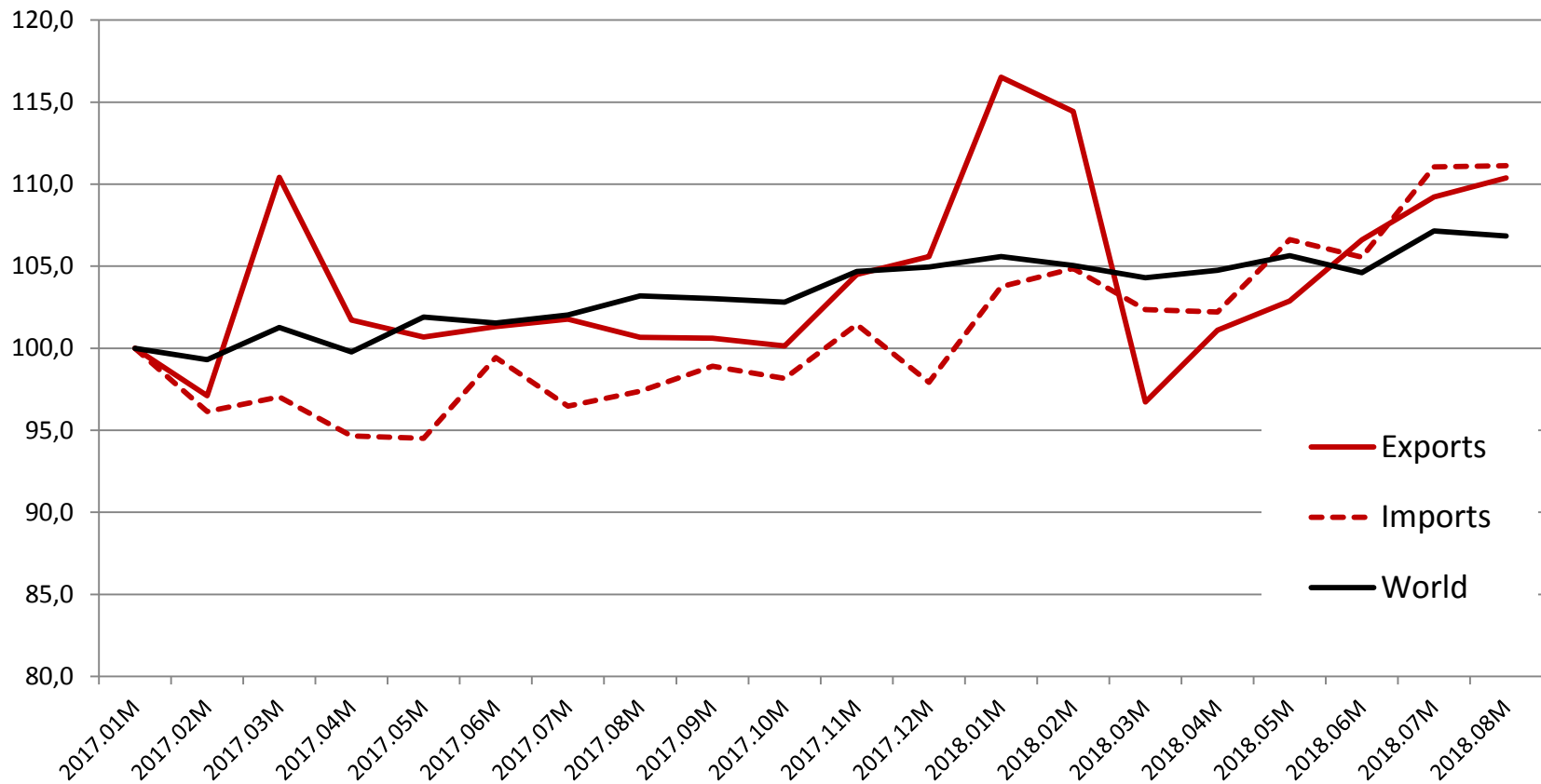


World trade volume per region: Emerging Asia



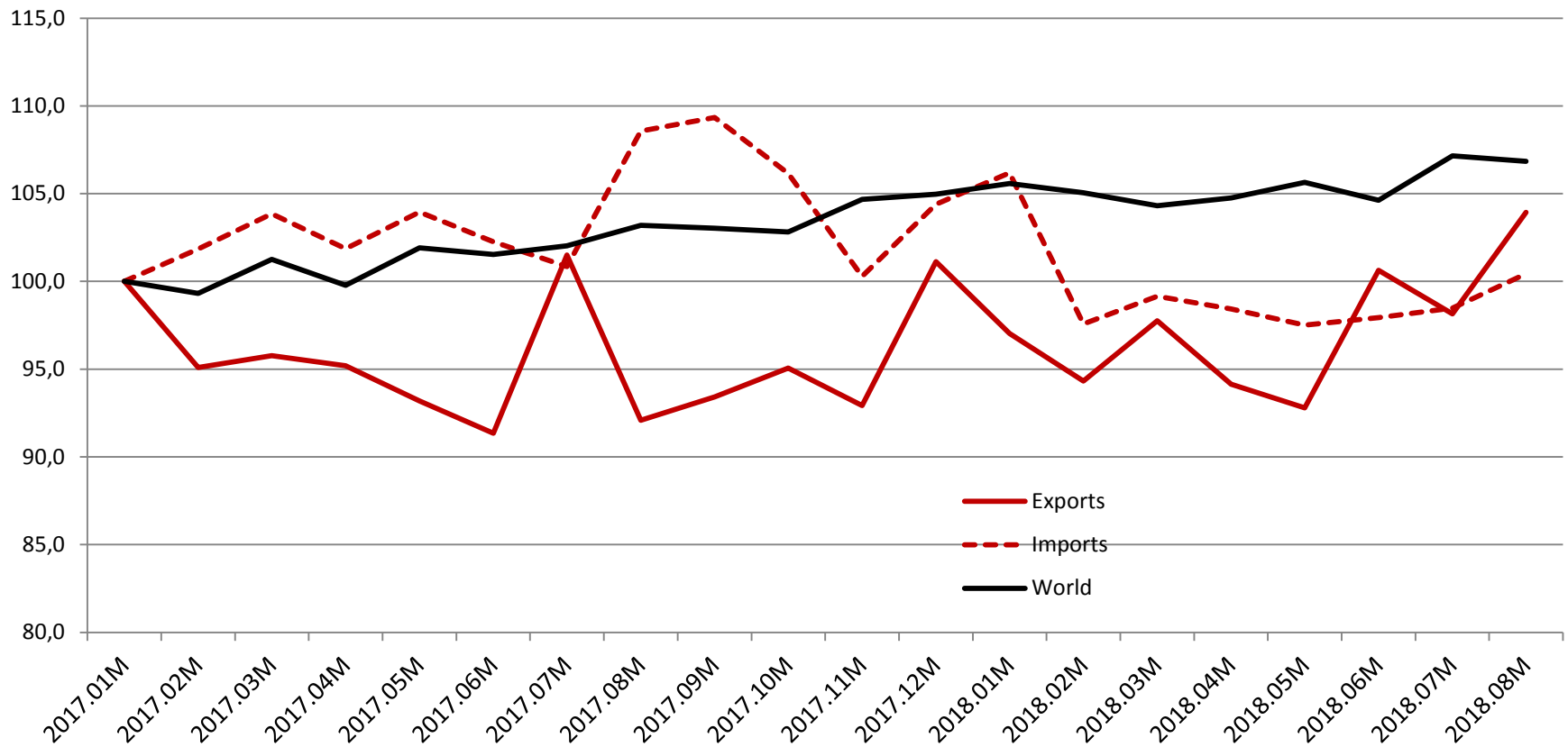


China: no effect (yet) of US tariffs?





UK: Brexit is starting to bite?





Various trade conflicts in 2018

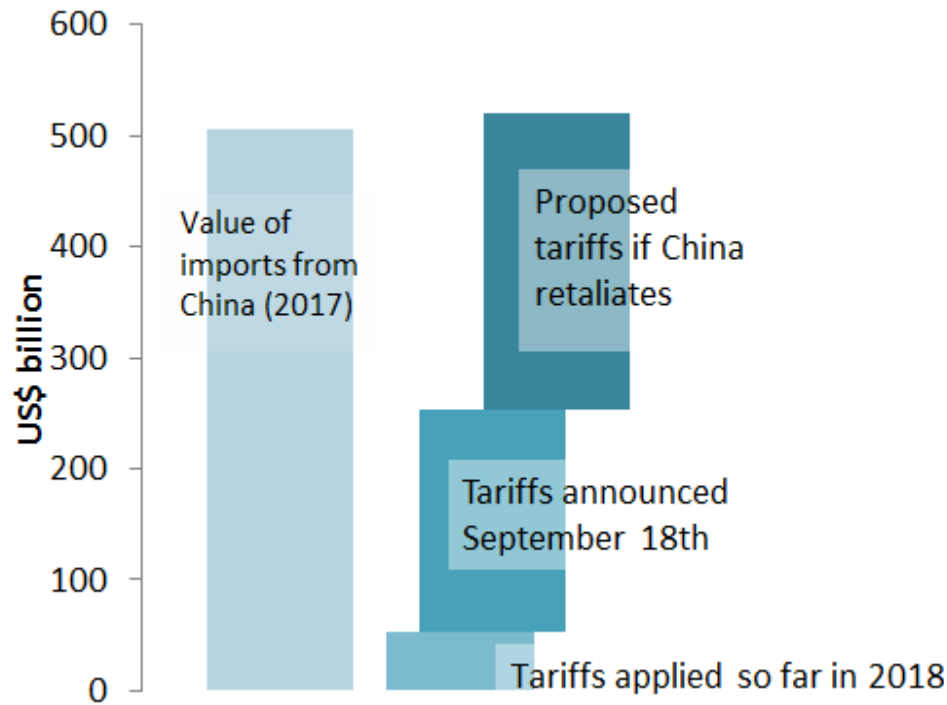
1. Tariffs on solar panel (\$8.5 billion) and washing machine (\$1.8 billion) imports
2. US implements tariffs on steel (25%) and aluminum (10%) (national security threat)
 - China, EU & Canada retaliate
3. Unfair trade practices for technology, intellectual property
4. Automobiles as national security threat

Source: Peterson Institute for International Economics

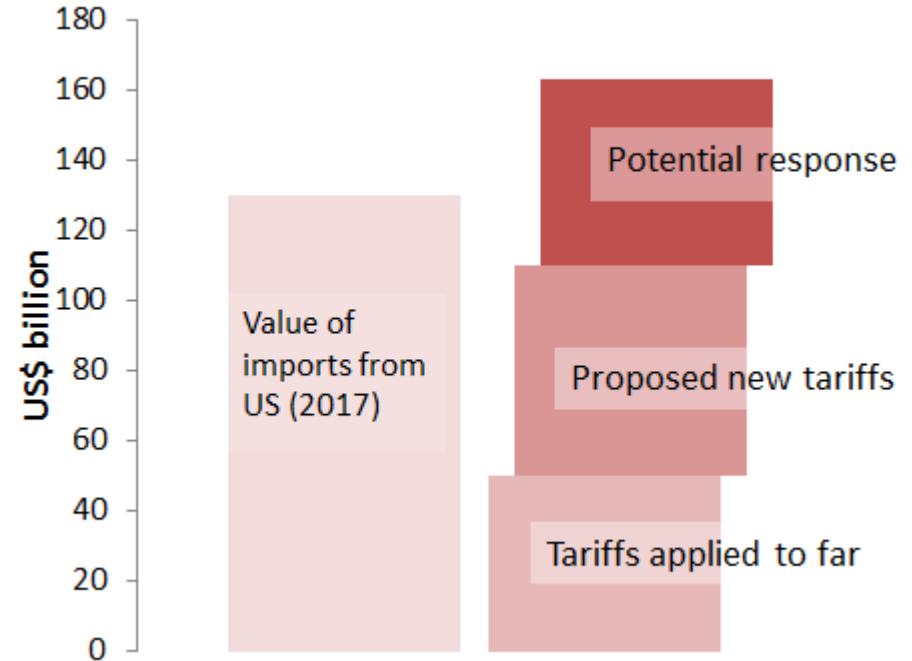


3. Unfair trade practices for technology, intellectual property

US



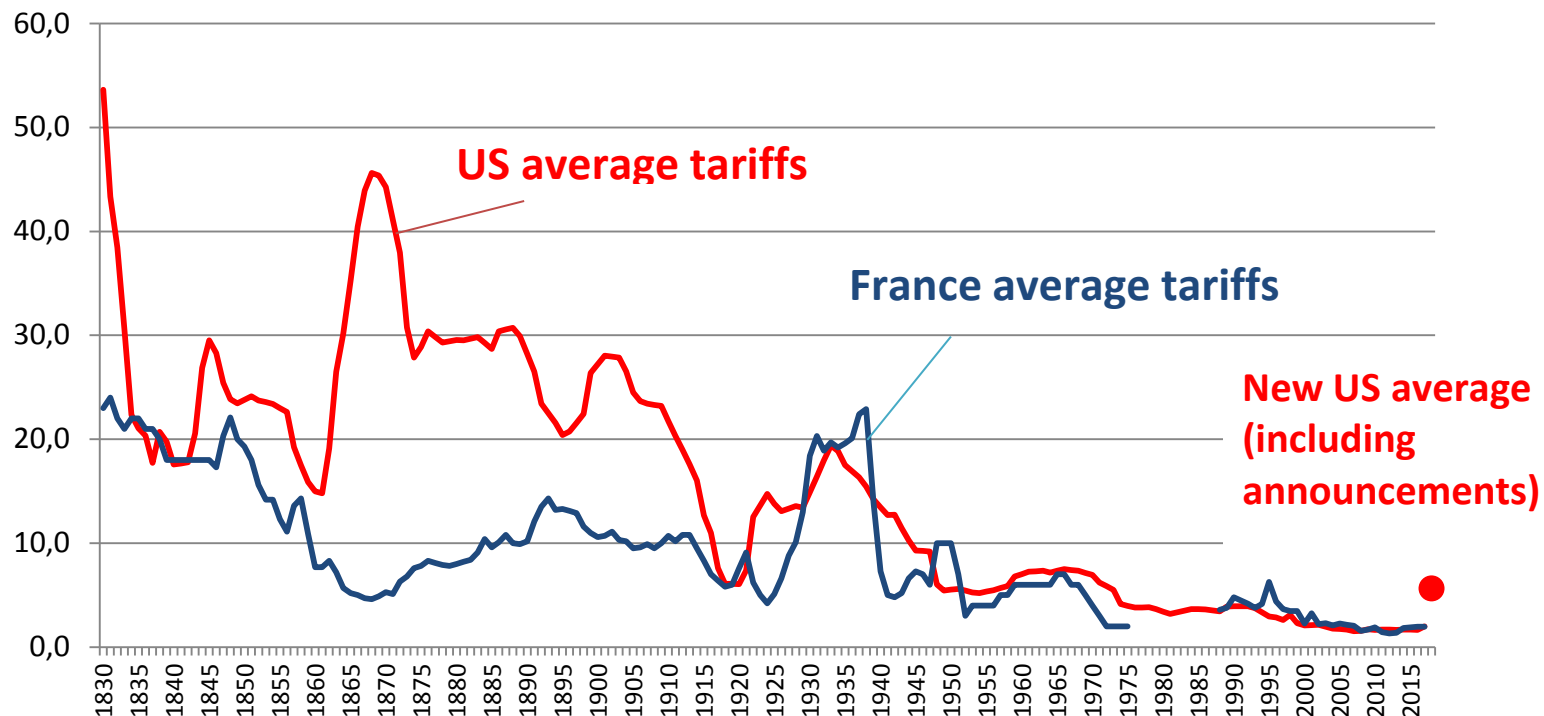
China





Historical high

- The United States now has tariffs on 12 percent of its total imports during 2018, while the combined trading partner retaliation covers 8 percent of total US exports





CPB Long term trade conflict scenario' s

Scenario 1: Unilateral steel (25%) and aluminium (10%) tariffs by the US

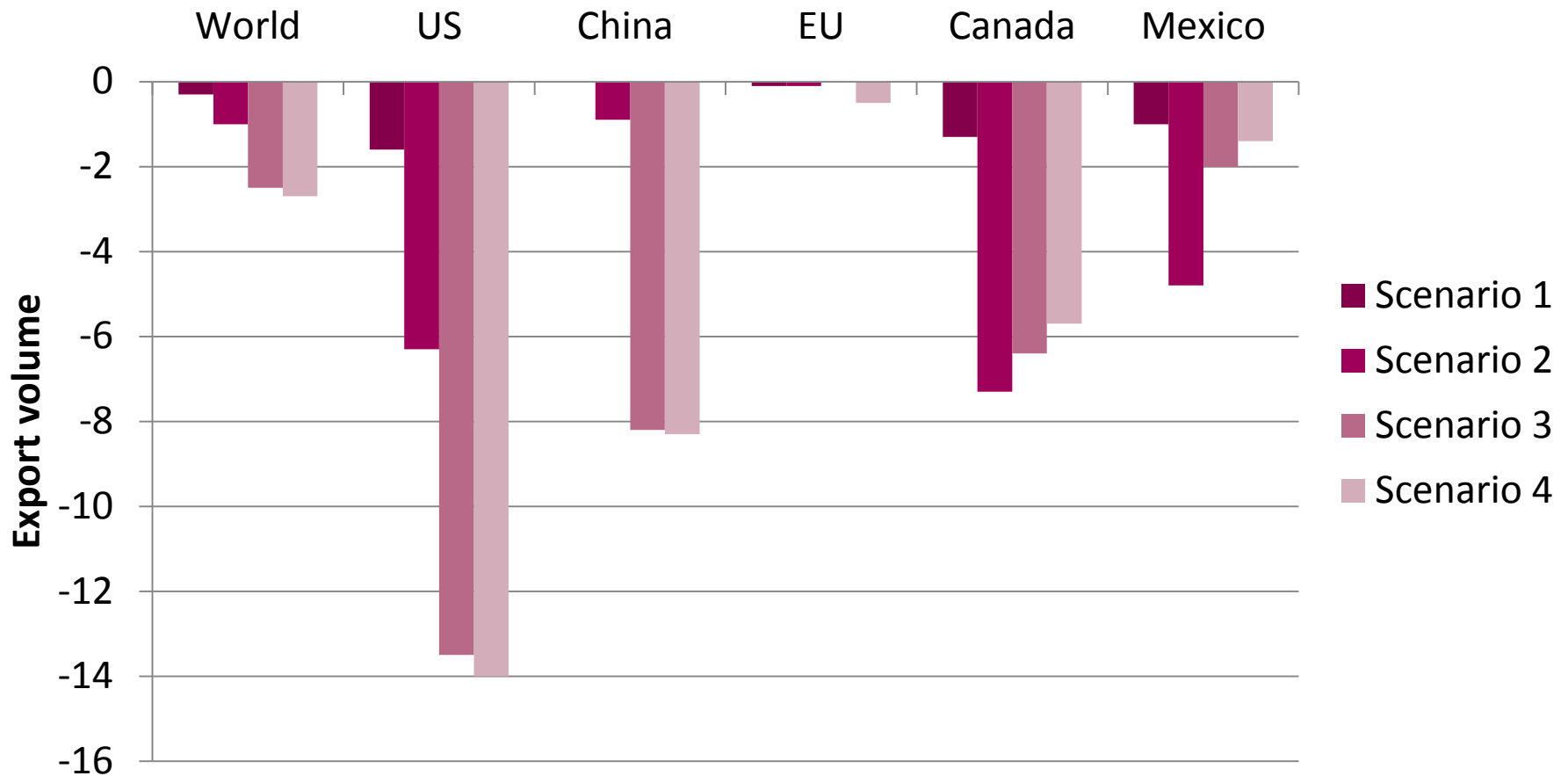
Scenario 2: + retaliatory tariffs by China, the EU, Canada and Mexico
– (\$2.7- \$4.4)

Scenario 3: + US-China trade war
– US: \$50 bn; China: \$50 bn

Scenario 4: + 25% US tariff increase on motor vehicles imports from the EU



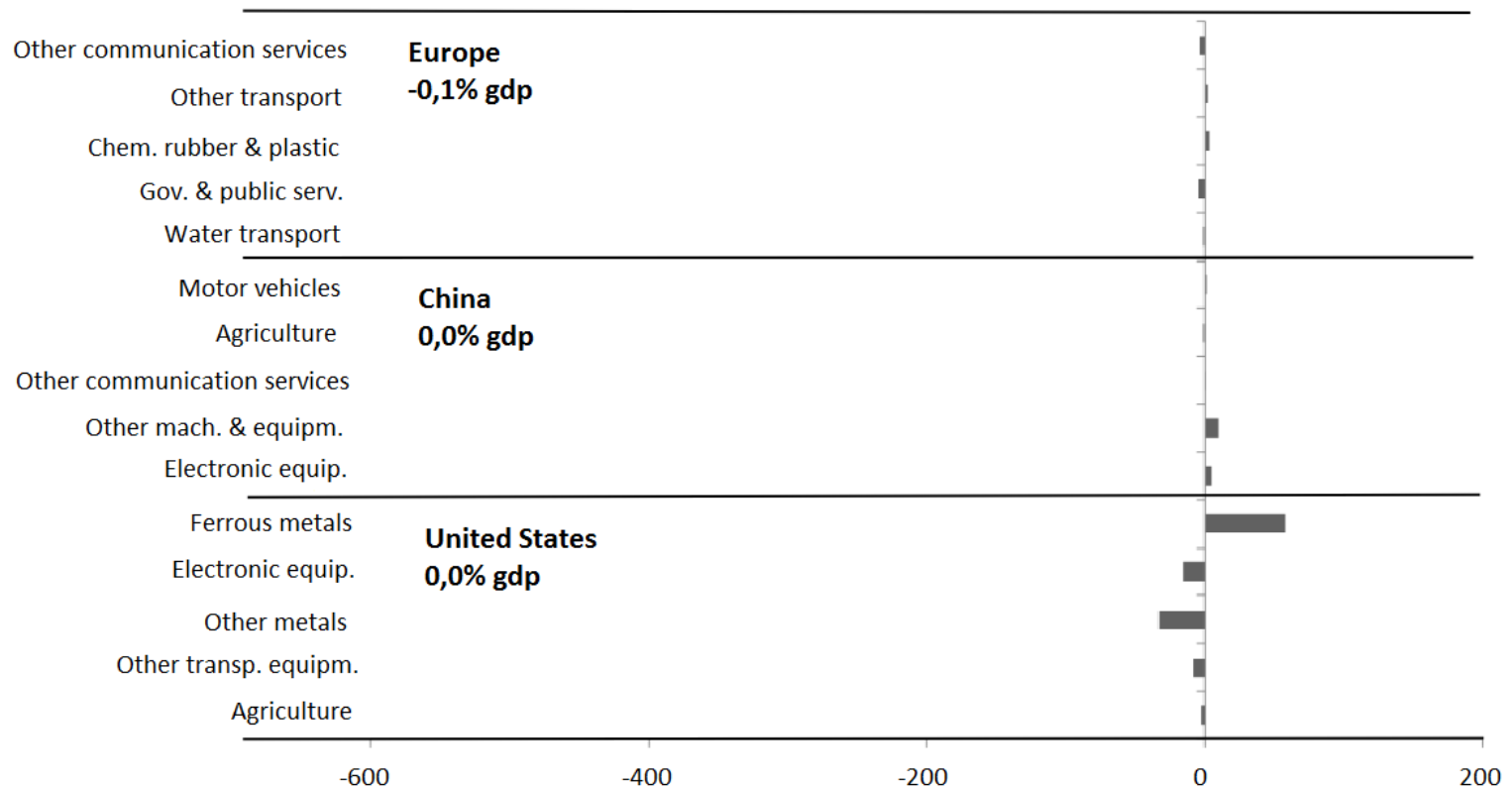
Trade conflicts hurt world trade





Scenario 1: Unilateral steel and aluminum tariffs by the US

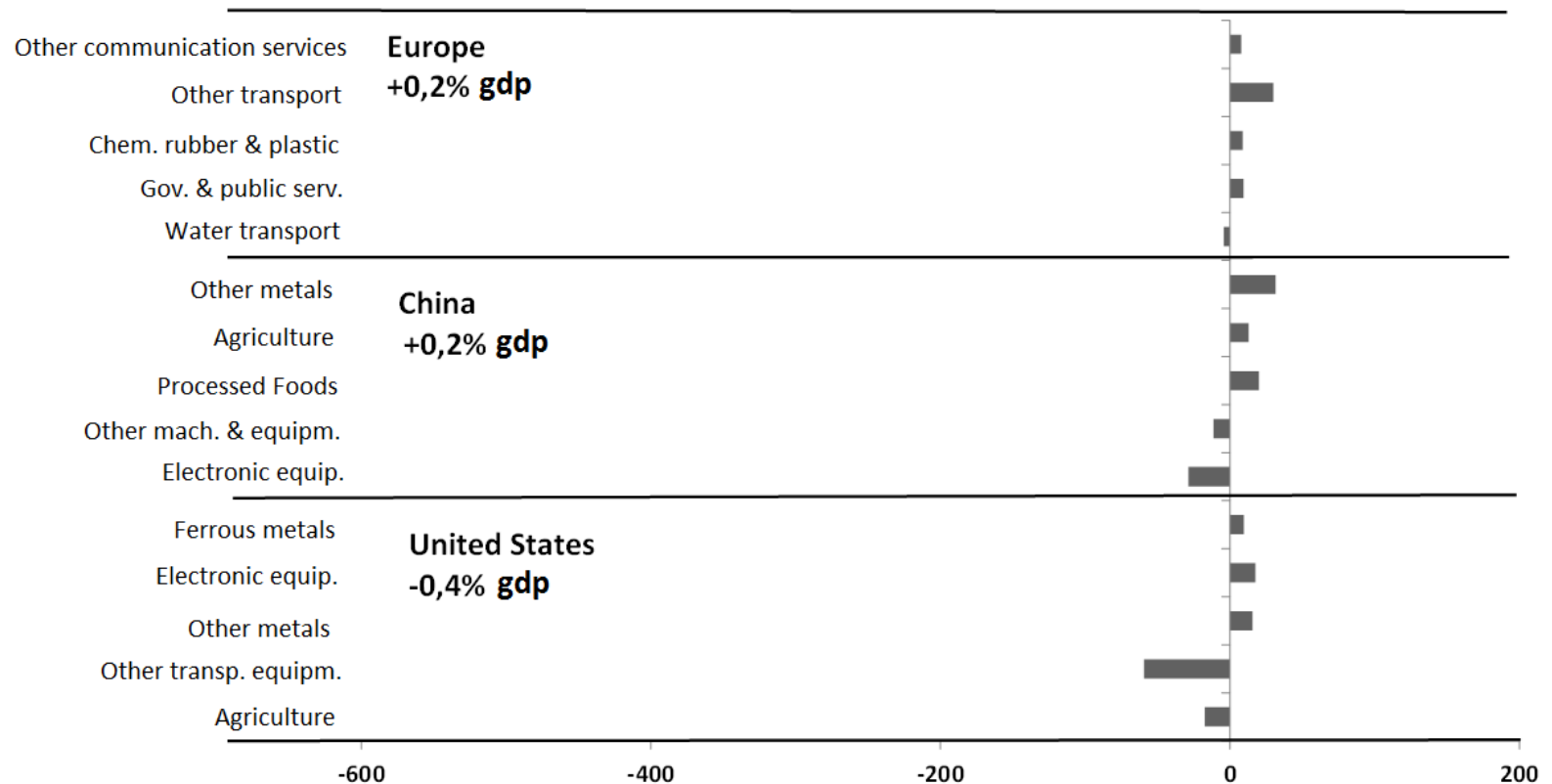
Changes in production in 2030 (in billion US\$)





Scenario 2: + retaliatory tariffs by China, the EU, Canada and Mexico

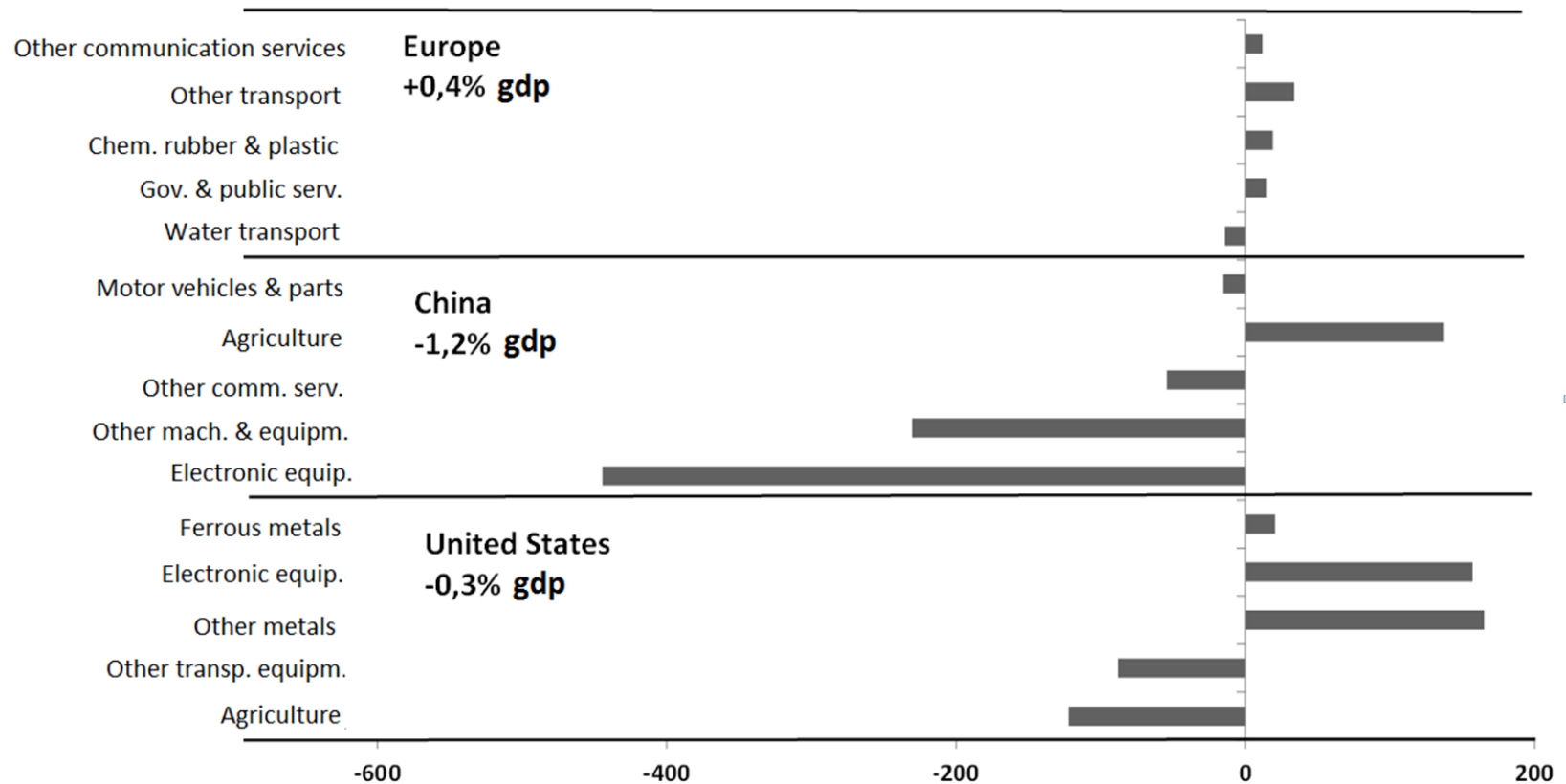
Changes in production in 2030 (in billion US\$)





Scenario 3: + US-China trade war

Changes in production in 2030 (in billion US\$)





Scenario 4: + 25% US tariff increase on motor vehicles imports from the EU

Changes in production in 2030 (in billion US\$)

