World Trade outlook 2019

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AIECE Autumn meeting
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• WTM and leading indicators
• Trade conflicts
High world trade volume growth last months

Last 3 months on preceding 3 months

CPB Netherlands Bureau for Economic Policy Analysis
Acceleration is slowing down

Last 3 months one year ago
Leading indicators: still high, but decreasing

- BALTIC (Left)
- HARPEX (Right)
Air freight volume growth slows down

IATA world freight trade (FTK) y-o-y changes %
While semiconductor growth stays high

World semiconductor billings

billion US-dollars
PMI’s (global, Ger) signal relative slowdown (US?)

- Global
- United States
- Germany

Dates: 2014m01, 2015m01, 2016m01, 2017m01, 2018m01

CPIB Netherlands Bureau for Economic Policy Analysis
International forecasts: World trade growth (%)

- OESO (April 2018, step 103)
- IMF (Okt 2018)
- ECB (Sept 2018)
- DG ECFIN (Nov 2018)
World trade volume per region: US
World trade volume per region: Eurozone

![Chart showing world trade volume per region: Eurozone with data points for exports and imports.](chart.png)
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**
- Value of imports from China (2017)
- Proposed tariffs if China retaliates
- Tariffs announced September 18th
- Tariffs applied so far in 2018

**China**
- Value of imports from US (2017)
- Proposed new tariffs
- Potential response
- Tariffs applied to far
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
Scenario 2
Scenario 3
Scenario 4
Scenario 1: Unilateral steel and aluminum tariffs by the US

Changes in production in 2030 (in billion US$)

Europe
-0.1% GDP

China
0.0% GDP

United States
0.0% GDP
Scenario 2: + retaliatory tariffs by China, the EU, Canada and Mexico

Changes in production in 2030 (in billion US$)

- Europe: +0.2% GDP
- China: +0.2% GDP
- United States: -0.4% GDP
Scenario 3: + US-China trade war

Changes in production in 2030 (in billion US$)

Europe
+0.4% GDP

China
-1.2% GDP

United States
-0.3% GDP
Scenario 4: + 25% US tariff increase on motor vehicles imports from the EU

Changes in production in 2030 (in billion US$)

- **Europe**: +0.2% gdp
- **China**: -1.3% gdp
- **United States**: -0.3% gdp