

Snap | 18 September 2018

## 2.5% of world trade impacted by Trump tariffs

As President Trump pulled the trigger on 10% additional tariffs on imports from China last night, the percentage of world trade affected by it all just went up to 2.5%. If the US acts on further tariff threats, this could go up to 4%



The new measures will cover USD 200bn worth of US imports from China, including jet engines, electronics, and fish. These tariffs, which were announced in June, are a reaction to the tariffs imposed by China in August, which in themselves were retaliatory measures.

Given that, China's ministry of commerce has already pledged it will 'guard its interests' and has announced retaliatory tariffs earlier in the year, we don't expect a deal anytime soon and instead expect further elevation in 2019.

We expect the US to impose further tariffs on the remaining imports from China (USD 267 bn) and China to retaliate further.

Until today, the percentage of world trade directly affected by the entire US trade war was roughly 1%. Today this gone up to 2.5%, and if the US carries out its threat to impose tariffs

on the remainder of its imports from China, this will equal approximately 4% of world trade.

Although this percentage may seem small, the tariffs will disrupt Sino-American supply chains, and may, therefore, triple the effects on world trade.

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