

Trade Policy Trends

Succeeding in an Environment of Change

Trade policy is on the move. Tariff discourse is evolving into action, non-tariff measures are spiking, and the number of trade agreements has risen to record levels. In this environment of change, it can be challenging to pinpoint trends and assess how trade policy shifts might impact business and products at the Harmonized System (HS) level.

Covering trade policy developments by the numbers, regional highlights, and trends over time, this digest presents high-level patterns at-a-glance, and why it's essential to deploy intelligent, data-driven solutions that can keep pace with change.

Global Tariffs Are On the Move

Trade Agreements Trending Up

Rapidly Changing Trade Policy

Non-Tariff Measures Are On the Rise

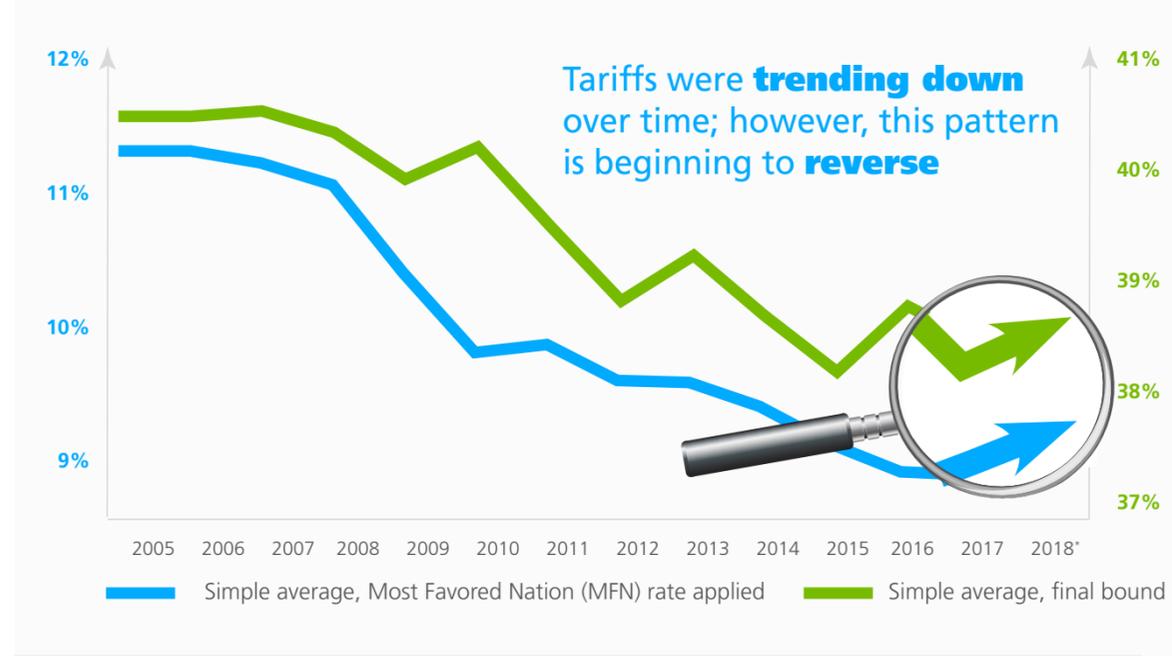
Conclusion

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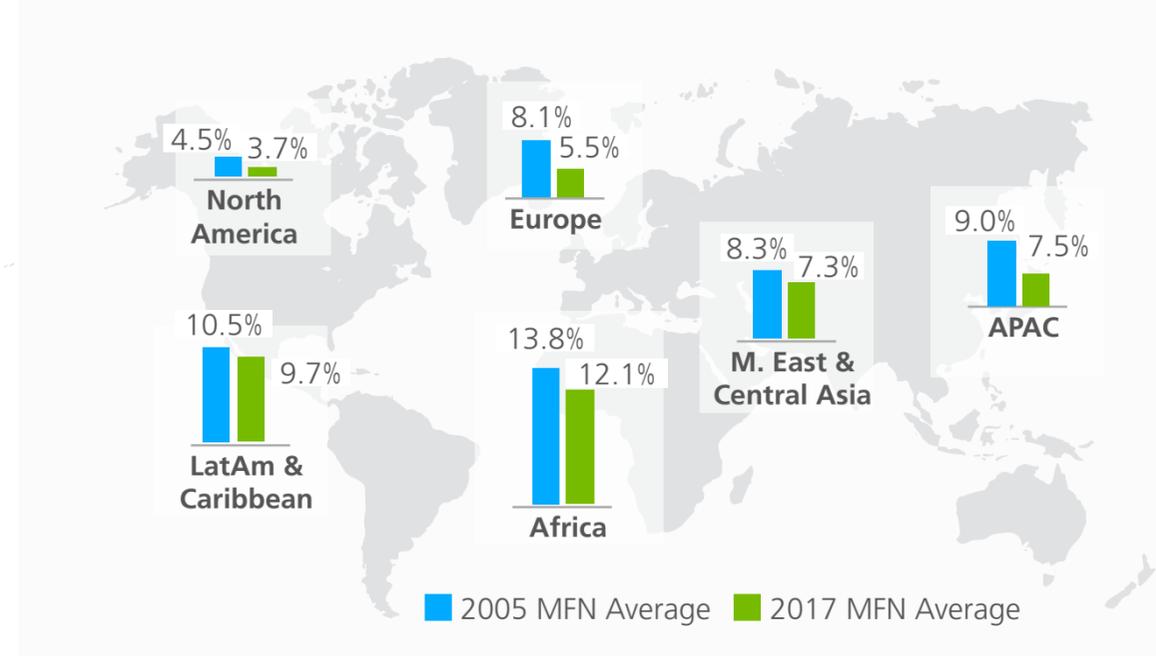
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Global Tariffs Are On the Move

▶ GLOBAL TARIFFS OVER TIME



▶ A REGIONAL PERSPECTIVE



- The above chart illustrates the average tariff over time across WTO and non-WTO countries worldwide¹
- The findings reveal that the average of global MFN rates has fallen by 14%, or by 1.5 percentage points, since 2005
- However, following actions such as U.S. Sections 232 and 301, world average tariffs are anticipated to trend up with an overall rise estimated for 2018

- North America and Europe clock in with the lowest average MFN tariff rates worldwide, with Africa levying the highest tariffs
- Europe has seen the greatest decline in tariffs over time with a 2.6% decrease since 2005
- The Asia-Pacific region assesses lower tariffs, which may be due, in part, to the large number of trade agreements in the region

Each tariff change means that businesses must continuously revisit and adjust supply chain strategies over time to stay competitive.

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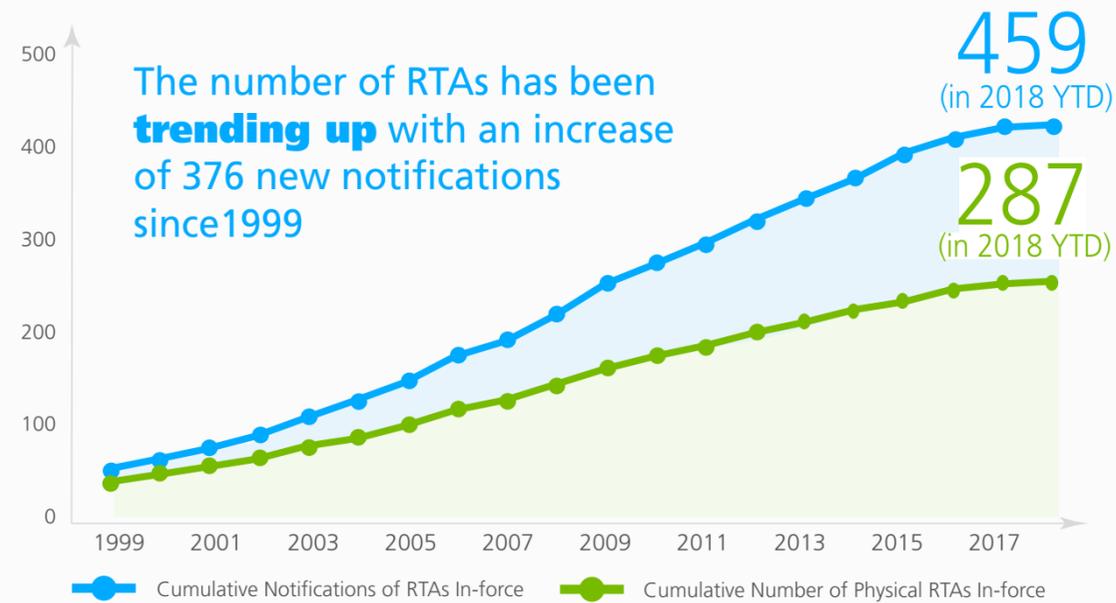
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* Estimated

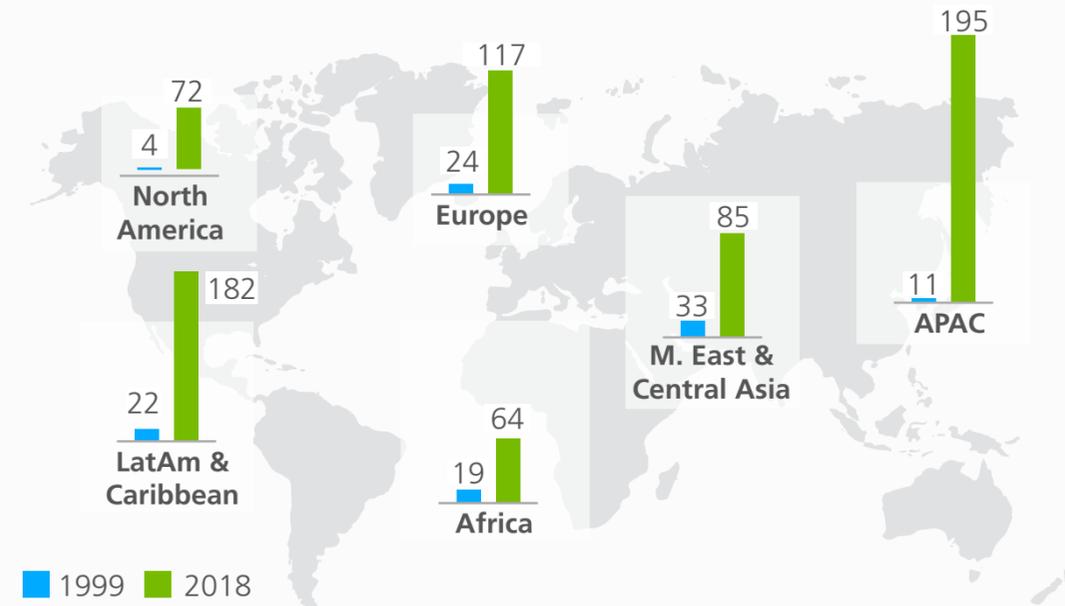
Trade Agreements Trending Up

▶ REGIONAL TRADE AGREEMENTS (RTAs)



- The proliferation of total RTAs is clear with current numbers reaching record levels²
- As of August 2018, the WTO counts 287 active RTAs under which two or more countries have agreed to formalize trade
- The nature of many recent agreements has changed with new generation multilateral trade agreements growing more common

▶ A REGIONAL PERSPECTIVE



- At a regional level, trade agreements have substantially risen for all locations since 1999
- The Asia-Pacific region tops the list with the largest number of agreements, with the landmark Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) inked in March
- Many newer trade agreements not only touch upon the issue of tariffs, but also set out increasingly complex rules

In an environment of proliferating trade agreements, it is critical to quickly locate and search for applicable RTAs at the HS level.

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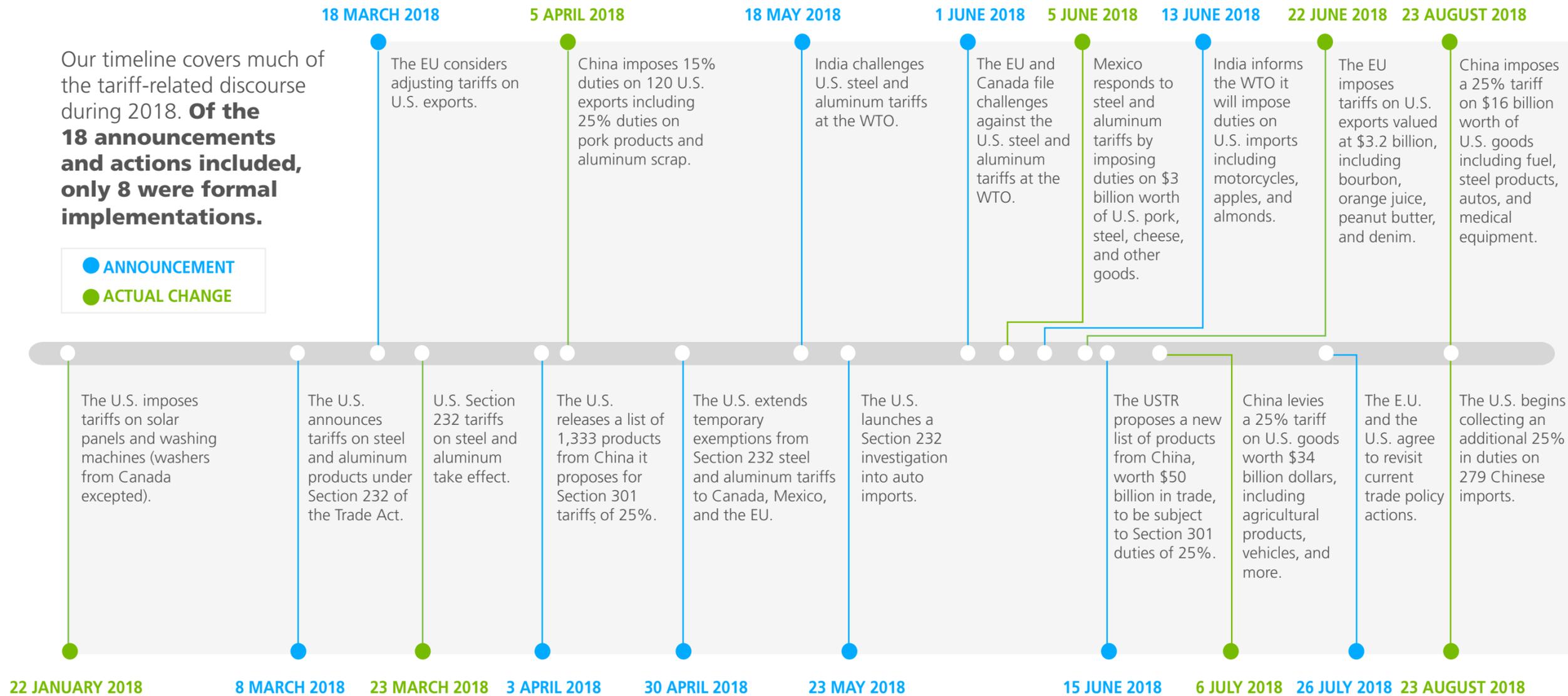
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Our timeline covers much of the tariff-related discourse during 2018. **Of the 18 announcements and actions included, only 8 were formal implementations.**

- ANNOUNCEMENT
- ACTUAL CHANGE



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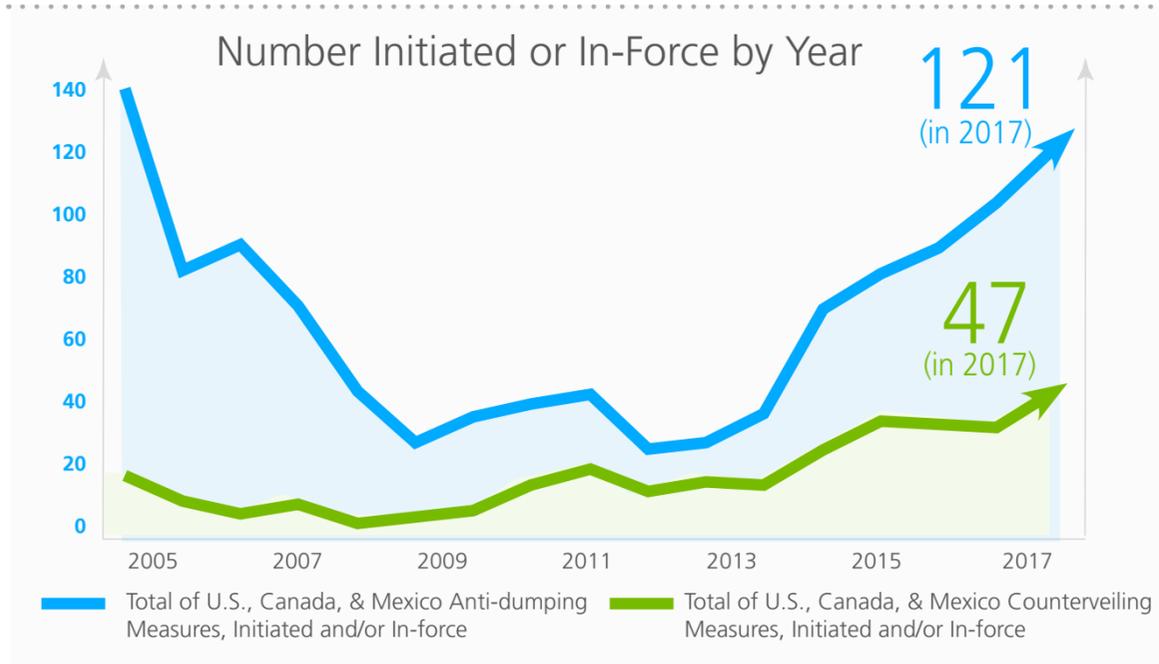
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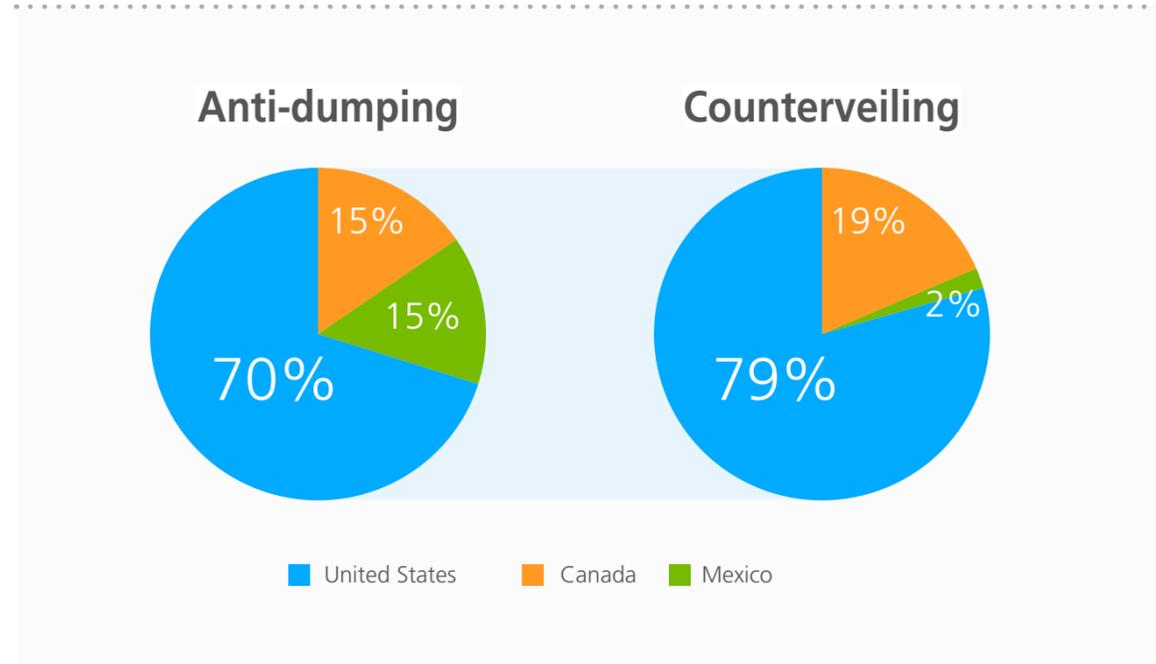
With frequent tariff-related discourse, it can be challenging to **cut through the noise**. The pace of rhetoric underscores the need for technology that can monitor actual change.

Non-Tariff Measures Are On the Rise

▶ NAFTA NON-TARIFF MEASURES OVER TIME



▶ TOTAL NON-TARIFF MEASURES PER NAFTA MEMBER



- The above analysis tracks combined NAFTA member Anti-dumping (AD) measures geared toward perceived lower priced goods, and Counterveiling (CV) measures aimed toward goods perceived to be subsidized³ over time
- After a previous drop, the number of AD measures initiated or in-force by year has risen to near post-recession levels
- Counterveiling measures among NAFTA members have reached an all time high with 121 actions initiated or in-force in 2017

- With 120 total measures underway or in-force, the U.S. leads the way in Counterveiling instances among NAFTA members
- The U.S. also issues the majority of Anti-dumping cases with a total of 378 actions introduced or currently effective
- Base metals and articles of metal comprise the majority of total Anti-dumping and Counterveiling actions for all three countries due to the importance of these products to manufacturing

While much focus falls on tariffs, a rising number of complex non-tariff measures remain a substantial hurdle for supply chain professionals.

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As shown in the example to the right, a tariff change on even a few HS codes can have a substantial impact on supply chain trends. Magnify this change across a growing number of policy shifts, add-in a rising number of trade agreements, non-tariff measures, and the complexity rises.

Market leaders need knowledge and automated methods to pinpoint change. They require current duty rates, accurate bilateral or multilateral trade agreements data down to the HS level, methods to identify which products have been targeted with what anti-dumping or countervailing measure, and more. Best-in-class businesses also need methods to track import and export trends as supply chains adjust in parallel to trade policy fluctuations.

In addition, many companies need to stream fully vetted trade data into existing Enterprise Resource Planning (ERP) platforms and other systems to further analyze potential and highlight risk.

Today's trade policy landscape calls for leading technology that can help identify opportunities for growth, boost productivity, enable compliance, and more. Actionable intelligence must first begin with accurate, up-to-date trade information.

▶ EFFECTS: U.S. TARIFFS ON CHINESE ALUMINUM



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About Descartes

About Descartes' Solutions

Descartes can help business thrive amid complex and changing trade policy changes. Our solutions provide world-class business intelligence by monitoring and consolidating duty, tax, tariff changes, and more into the largest global trade database available.

Our solutions help to enable better decision-making, and reduce the need to track complex trade policy changes. Descartes' solutions are flexible and can adapt to the needs of a given niche or market. From a web-based interface through to integration and automated data streaming, it's easy to find the right match to mirror technology requirements.

Descartes' solutions can also manage item compliance down to the SKU, part or item level, reduce duty spend, enable better HS classification; fuel ERP and Global Trade Management (GTM) systems with trade content, and more.

With a sizable database of over 6 million reference documents, Descartes helps to unite businesses with the broadest range of global trade information available.

Descartes Global Trade Content includes:

95%

of Worldwide Trade Data

152

Countries' & Territories'
Duties & Taxes

220

Countries' & Territories'
Trade Regulations

250

Preferential Trade Programs
& Much More

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Descartes can help business thrive amid complex and changing trade policy shifts. Our solutions provide world-class insight by monitoring and consolidating trade data.



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Descartes (Nasdaq:DSGX) (TSX:DSG) is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses.

Customers use our modular, software-as-a-service solutions to route, schedule, track and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community.

Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more at www.descartes.com, and connect with us on [LinkedIn](#) and [Twitter](#).



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