

Woes with the flows

Trade data and policy tracker

Free to View
Economics - Global

- ◆ Strong demand for semiconductors and consumer goods continues to drive Asia trade...
- ◆ ...but the chip crunch is weighing on Mexican autos exports...
- ◆ ...and vaccine flows from India have largely ground to a halt, impacting rollouts elsewhere

Shanella Rajanayagam
Trade Economist
HSBC Bank plc

World goods trade continues to recover, driven by strong flows out of Asia. However, these positive numbers mask some underlying woes. Container shipping costs keep surging amid ongoing shipping disruption, with freight rates from Asia to the West Coast of North America exceeding USD5,500 for a 40-foot container for the first time in May 2021. Rates to ship an equivalent container from Asia to Europe also remain elevated.

Global autos trade is showing some signs of recovery but the semiconductor crunch continues to weigh on vehicle exports, notably from Mexico, where exports fell nearly 17% y-o-y in Q1 2021 in value terms. Elsewhere, the UK imported more from non-EU markets than from the EU in Q1 2021 – the first time since 2011 – in the wake of Brexit disruption.

Meanwhile, India's exports of COVID-19 vaccines have slowed right down as the country rushes to vaccinate its own population. India's de facto export ban is likely to stymie vaccine rollouts in other developing markets (FT, 18 May 2021).

This comes as the US recently declared its support for waiving COVID-19 vaccine patents at the WTO in a bid to facilitate greater production (and trade) globally. Since then, mainland China has also backed the waiver, while the EU and UK are open to engaging in discussions.

However, don't expect waivers to solve vaccine shortages anytime soon. Vaccine production is complex and waiving patent protection alone is unlikely to be enough to scale up manufacturing. Potential manufacturers also need access to the right expertise, technology, facilities and ingredients. Talks at the WTO may take time to conclude, with developed markets such as Germany and Switzerland remaining critical of the proposal.

In terms of trade deals, the UK and India struck an Enhanced Trade Partnership earlier this month. The new deal is by no means comprehensive, but could pave the way towards a broader agreement. More trade accords are also on the horizon for the UK as it aims to strike an agreement with Australia in early June and intensify talks with New Zealand in the coming months, and upgrade deals with Canada and Mexico – all of which will help support its ambition to join the high-standards CPTPP deal.

This is an abridged version of a report by the same title published on 27-May-21. Please contact your HSBC representative or email AskResearch@hsbc.com for more information.

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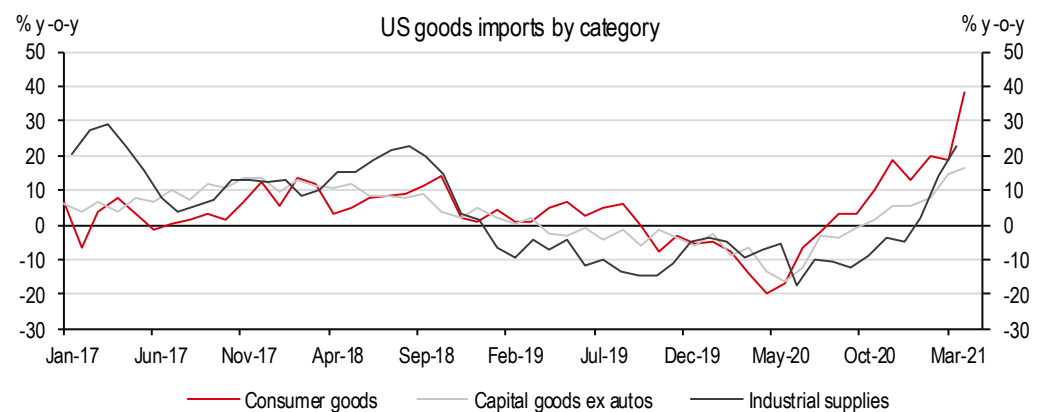
Monthly trade trends

For the complete set of charts, please refer to the full piece on www.research.hsbc.com

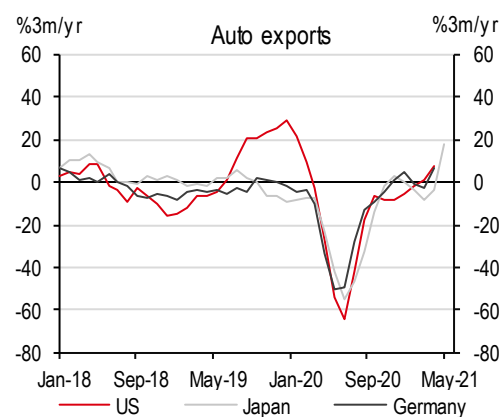
1. The US trade deficit hit an all-time high in March 2021...



2. ...as US consumers spend on foreign goods



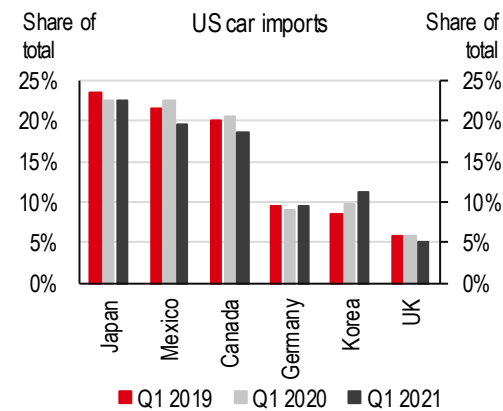
3. Global autos trade is recovering...



4. ...but supply chain disruptions continue to weigh on Mexican car exports...

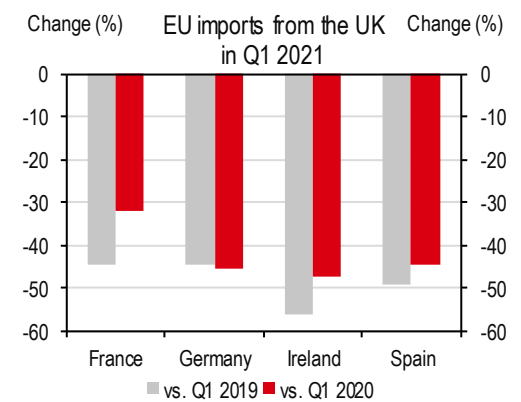


5. ...impacting Mexico's autos market share in the US



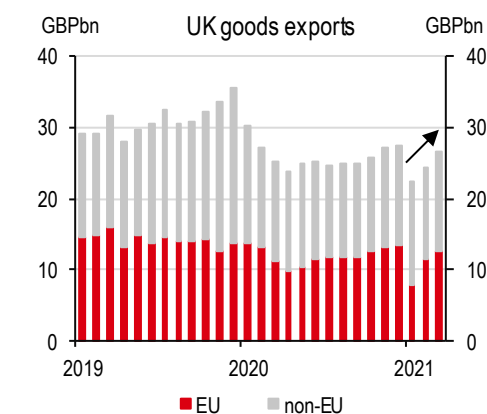
Source: USA Trade Online, HSBC

6. EU imports from the UK remain well down on pre-pandemic levels...



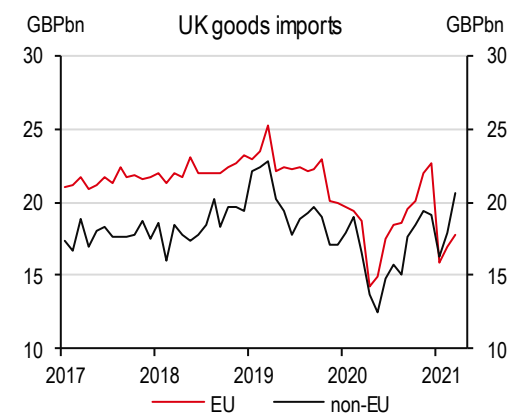
Source: Eurostat, HSBC

7. ...although UK exports are showing signs of recovery since January



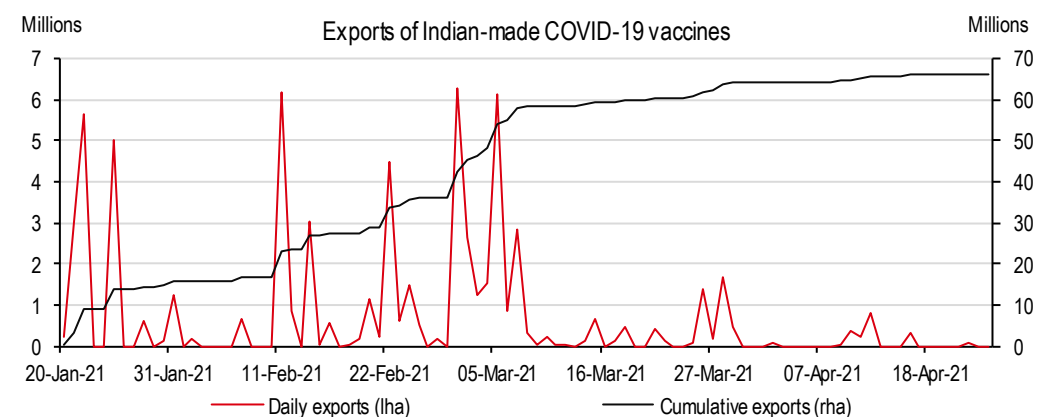
Source: ONS. Note: Seasonally adjusted.

8. The UK imported more from non-EU markets than from the EU in Q1 2021



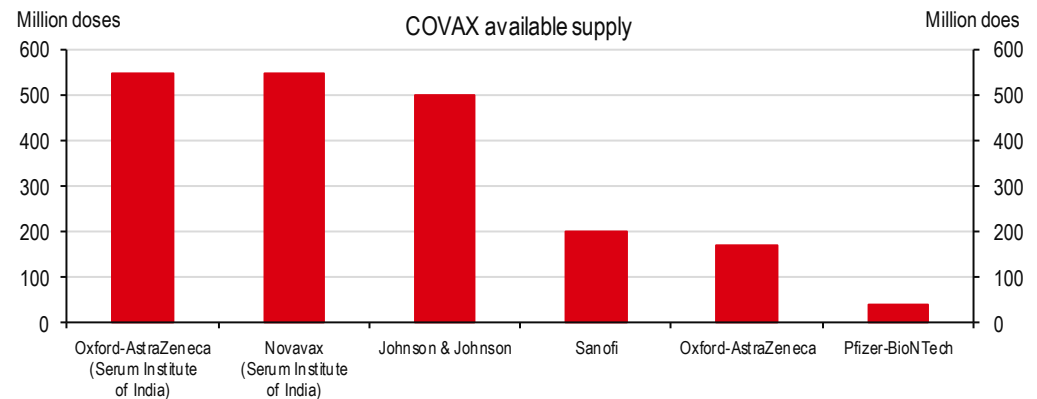
Source: ONS. Note: Seasonally adjusted.

9. India has temporarily halted vaccine exports amid its latest COVID-19 wave...



Source: India Ministry of External Affairs, HSBC. Note: Data accessed on 25 May 2021.

10. ...impacting COVAX supplies and vaccine rollouts in developing markets



Source: GAVI, 7 April 2021. Note: Data includes committed and optional doses. Based on secured volumes from legally binding and non-binding agreements.

Trade policy calendar

11. Key upcoming trade events

● Deadline ● Event ● Report

Date	Type	Details
June 2021	Event	UK-Australia set to agree trade deal in principle
04 June 2021	Report	US review into supply chains for semiconductors, advanced batteries, critical minerals and pharmaceuticals due
05 June 2021	Event	APEC Trade Ministers' meeting
11 to 13 June 2021	Event	G7 summit in the UK
mid-June 2021	Event	President Biden to participate in a US-EU summit in Brussels that will focus on trade, among other issues
01 July 2021	Deadline	US Trade Promotion Authority expires
03 July 2021	Deadline	Four-month suspension of US tariffs on UK exports over aircraft subsidies due to expire
05 July 2021	Deadline	UK consultation on punitive tariffs on US exports ends
09 to 10 July 2021	Deadline	G20 Finance Ministers' meeting, deadline to reach global solution on digital services taxes
10 July 2021	Deadline	Four month suspension of EU-US tariffs over aircraft subsidies due to expire
12 July 2021	Deadline	UK consultation on upgrading trade deals with Canada and Mexico ends
16 September 2021	Event	WTO workshop on the Information Technology Agreement (ITA)
	Deadline	Grace period for customs formalities on certain GB food exports to NI due to expire. Extended from 1 April 2021.
01 October 2021	Deadline	Waiver on customs declarations for parcel deliveries from GB to NI due to expire. Extended from 1 April 2021.
	Deadline	Grace period for some customs formalities on EU exports of animal origin to the UK ends; these goods will require pre-notification and relevant health documentation. Extended from 1 April 2021.
05 October 2021	Event	G20 Trade Ministers' Meeting
15 October 2021	Report	US semi-annual report on the currency practices of key trading partners due
26 to 28 October 2021	Event	38th and 39th ASEAN Summits
30 to 31 October 2021	Event	G20 Leaders' Summit
w/c 08 November 2021	Event	APEC ministerial meeting
30 November to 3 December 2021	Event	12th WTO Ministerial Conference (MC12) to take place
	Deadline	Certain goods sold in GB will now require the UKCA (UK Conformity Assessed) marking; the EU's marking (the CE mark) will no longer be accepted
01 January 2022	Deadline	Grace period for customs formalities on all remaining EU exports to the UK ends; nearly all EU goods will be subject to full import requirements in the UK. Extended from 1 July 2021.
	Event	Regional Comprehensive Economic Partnership (RCEP) expected to take effect
01 March 2022	Deadline	Checks on live animals and low-risk plant products from the EU to GB take effect

Source: HSBC, Inside US Trade, Politico, USTR, OECD, WTO, The Economic Times, Institute for Government, UK Government

Disclosure appendix

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Issuer of report

HSBC Bank plc
 8 Canada Square, London
 E14 5HQ, United Kingdom
 Telephone: +44 20 7991 8888
 Fax: +44 20 7992 4880
 Website: www.research.hsbc.com

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