

# Still going strong

## Trade data and policy tracker

- ◆ Asian export flows remain strong despite shipping disruption...
- ◆ ...although there are signs that the best of the global goods trade rebound is behind us
- ◆ Brexit uncertainty, high freight rates, and long lead times pose ongoing challenges for traders

Despite ongoing disruption, trade is still going strong. Key Asian exporters continued to record double digit export growth in June (although base effects play a role), with mainland Chinese and Taiwan exports up 32% and 35% y-o-y respectively. Japan's exports also grew over 48% y-o-y in June, while recent data show that South Korean exports expanded by more than 32% y-o-y in the first 20 days of July.

But these numbers are not just due to a low base either. Levels are well above what they were in 2019, indicating that shipments are holding up despite the resurgence of COVID-19 cases in the region and recent shipping disruption in Shenzhen.

But in a sign that we may have already seen the best of the global trade rebound – global goods trade volumes fell m-o-m for the second consecutive month in May 2021. Overall volumes, however, remain up 3.7% on pre-pandemic levels.

Looking ahead, the US National Retail Federation (NRF) expects containerised retail import volumes to grow by 16.7% this year compared to 2020 volumes of 22m TEU (or twenty-foot equivalent units). However, momentum could slow in the second half of this year, with the NRF forecasting a decline of 3.7% y-o-y in containerised retail import volumes in October 2021 – the first annual decline since July 2020.

On the trade policy front, it has been over three years since the US first levied punitive tariffs on mainland Chinese products and, as at July 2021, the US had collected nearly USD100bn in tariffs on goods from the economy. Although tit-for-tat tariff actions have subsided, there is still no word on the Biden administration's review of US-China trade relations. Meanwhile, the US is reportedly considering a digital trade deal with Asian economies excluding mainland China but details are yet to be revealed (Bloomberg, 13 July 2021).

Elsewhere, deep differences remain between the UK and EU over the Northern Ireland Protocol. The UK recently put forward a proposal to rewrite aspects of the agreement despite the EU being unwilling to renegotiate the deal. UK traders risk facing further disruption at the end of September, when various temporary customs facilitations and grace periods governing trade within the UK and UK imports from the EU are set to end.

On a more positive note, Peru became the eighth member to ratify the high-standards CPTPP deal in July 2021, while the US recently announced that it will not impose tariffs on Vietnamese imports over concerns around the economy's currency practices, following an agreement between the US Treasury and Vietnam's central bank.

*This is an abridged version of a report of the same title published on 29 July 2021. Please contact your HSBC representative or email [AskResearch@hsbc.com](mailto:AskResearch@hsbc.com) for more information.*

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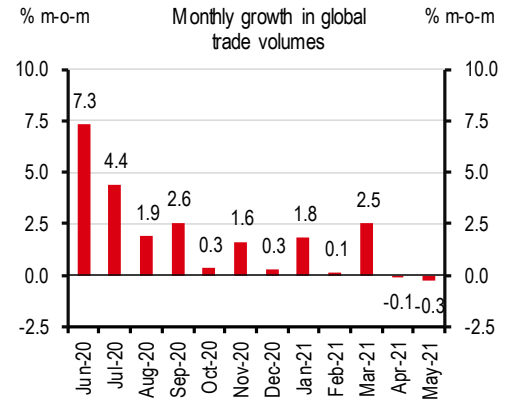
## Monthly trade trends

### 1. Global trade volumes remain elevated...



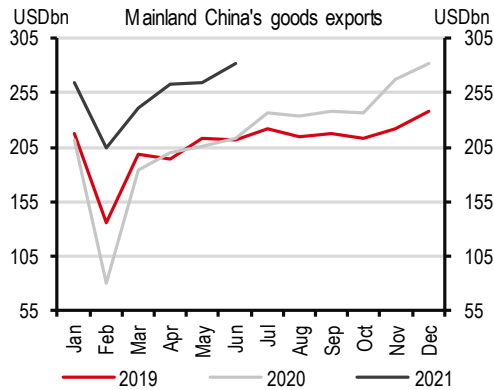
Source: CPB. Note: Latest data point for May 2021.

### 2. ...but the pace of monthly growth has slowed



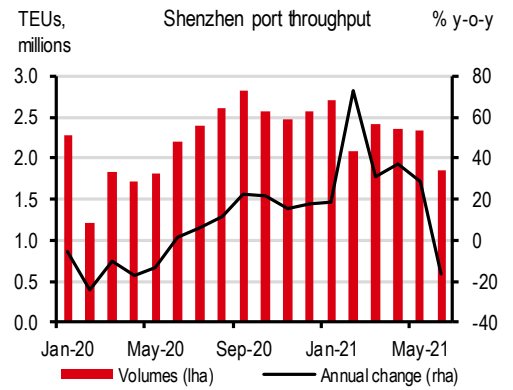
Source: CPB, HSBC. Note: Latest data point for May 2021.

### 3. Mainland Chinese exports continue to surge...



Source: Refinitiv Datastream. Note: Latest data point for June 2021.

### 4. ...despite recent COVID-19 disruption at Yantian port in Shenzhen



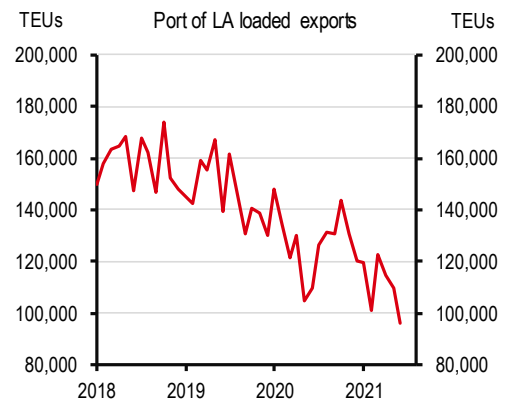
Source: Refinitiv Datastream. Note: Latest data point for June 2021.

### 5. Port congestion along the US West Coast has picked up again



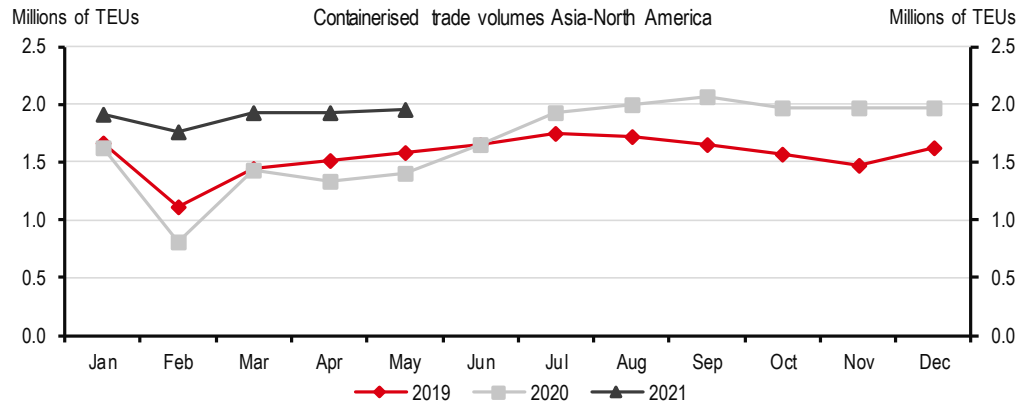
Source: Bloomberg, HSBC. Note: Data are 7 day moving average. Latest data point for 27 July 2021.

### 6. Loaded export volumes from the Port of LA have declined markedly



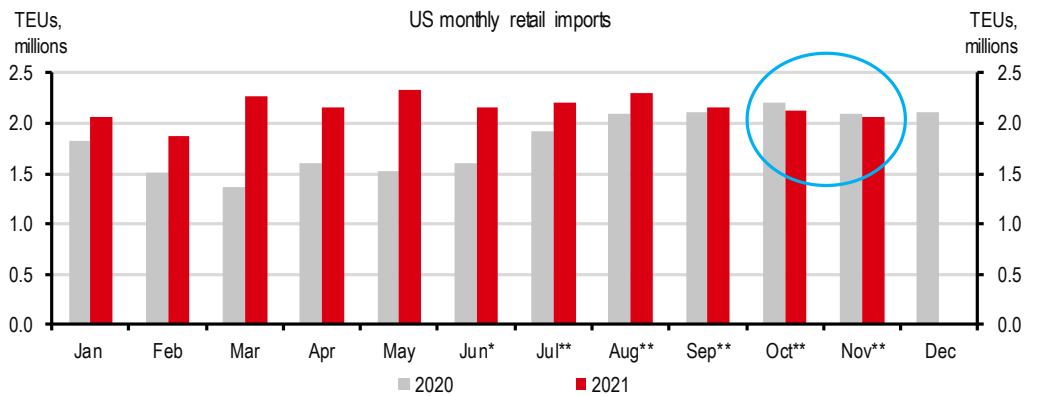
Source: Bloomberg. Note: Latest data point for June 2021.

### 7. Trade volumes between Asia and North America remain above pre-pandemic levels



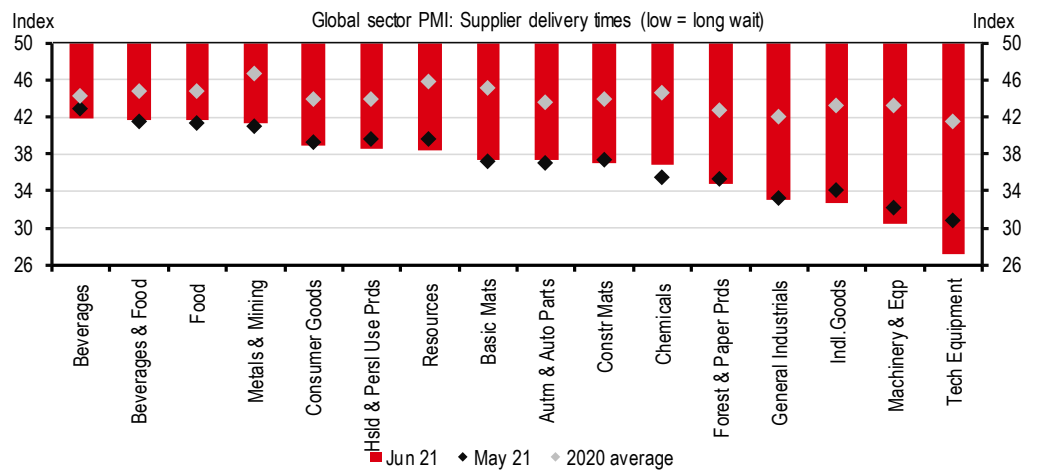
Source: Bloomberg

### 8. US retail cargo imports are forecast to start declining y-o-y from October 2021



Source: US National Retail Federation. Note: \*estimate, \*\*forecasts. TEU = twenty-foot equivalent unit.

### 9. But delivery times for the tech sector remain extended amid ongoing disruption



Source: IHS Markit. Note: This sub index is only available for some sectors.

## Trade policy calendar

### 21. Key upcoming trade events

● Deadline ● Event ● Report

Date	Type	Details
August 2021	●	UK and New Zealand expected to agree trade deal in principle
31 August 2021	●	UK consultation on trade deal with India ends
16 September 2021	●	WTO workshop on the Information Technology Agreement (ITA)
01 October 2021	●	Grace period for customs formalities on certain GB food exports to NI due to expire. Extended from 1 July 2021.
	●	Grace period for customs requirements on chilled meat moving from GB to NI due to expire unless extended
	●	Waiver on customs declarations for parcel deliveries from GB to NI due to expire. Extended from 1 April 2021.
	●	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	●	G20 Trade Ministers' Meeting
15 October 2021	●	US semi-annual report on the currency practices of key trading partners due
15 to 16 October 2021	●	G20 Finance Ministers' meeting, deadline to finalise global negotiations on corporate taxes
26 to 28 October 2021	●	38th and 39th ASEAN Summits
30 to 31 October 2021	●	G20 Leaders' Summit
01 November 2021	●	Target deadline for UK and Australia to finalise trade deal
w/c 08 November 2021	●	APEC ministerial meeting
30 November to 3 December 2021	●	12th WTO Ministerial Conference (MC12) to take place
01 January 2022	●	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
	●	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.
	●	Regional Comprehensive Economic Partnership (RCEP) expected to take effect
24 February 2022	●	One-year review of US supply chains in six key sectors (defence, public health, ICT, energy, transportation, food) due
01 March 2022	●	Checks on live animals and low-risk plant products from the EU to GB take effect
01 July 2022	●	Target deadline for UK-Australia trade deal to take effect

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

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