

# Christmas is coming

## Trade data and policy tracker

Free to View  
Economics - Global

- ◆ Key ports in China and the US remain congested...
- ◆ ...resulting in lengthy delays for businesses in most sectors...
- ◆ ...and leading consumers to look to start their holiday shopping earlier this year to avoid product shortages

There is less than two months to go until Christmas and supply chains remain stretched. Operations at key ports in China were affected by recent typhoons while containerships are still backed up along the West Coast of the US. According to the Marine Exchange of Southern California, there were 73 containerships waiting offshore at the Ports of Los Angeles and Long Beach and a further 29 at berth as of 25 October 2021.

Although President Joe Biden recently announced that these US ports will extend their operations with the Port of Long Beach also easing restrictions on stacking containers to clear berth space, the timing for moving to 24/7 port operations remains unclear and other choke points remain. Trucking and warehouse capacity is running tight, affecting the pace at which port backlogs can be cleared. In the UK, too, Maersk has diverted vessels away from the Port of Felixstowe amid trucking challenges. Currently, more than 10% of the global container fleet is waiting for berths to become available (Maersk, 25 October 2021).

As a result, businesses continue to face significant delays for key inputs. According to the latest US Census Small Business Pulse survey, 45% of businesses reported delays with domestic suppliers while 26% encountered delays in delivering their goods to customers. In the UK, 60% of trade-oriented businesses recently experienced challenges when importing due in part to Brexit and pandemic-related disruptions.

At the same time, consumer demand remains strong and retail inventories low as we head into the holiday season. Due to concerns over supply chain disruptions, Deloitte survey data suggest that nearly 70% of US consumers are looking to start their holiday shopping earlier this year with shoppers mainly expecting shortages of electronics, toys and homeware.

Meanwhile, the Biden administration recently set out its approach to trade with China following a review of bilateral trade relations. As largely expected, the US will leave existing tariffs of up to 25% on over USD350bn worth of Chinese goods in place but will resume a tariff exclusion process to exempt certain products from duties. The US aims to reengage with China on the Phase One trade deal but is not looking to negotiate a second-stage deal at this stage. The US also agreed to terminate trade investigations into digital taxes imposed by certain EU economies and the UK after 140 economies reached a deal on reforming global corporate taxes this month. It also agreed to drop its plans to impose retaliatory tariffs on goods from these markets.

Elsewhere, the UK and New Zealand agreed a trade deal in principle. Although we expect the deal to be of more economic value to New Zealand than the UK, it should help support the latter's bid to join the high-standards Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) deal.

*This is a Free-to-View version of a report by the same title published on 27-Oct-21. Please contact your HSBC representative or email [AskResearch@hsbc.com](mailto:AskResearch@hsbc.com) for more information.*



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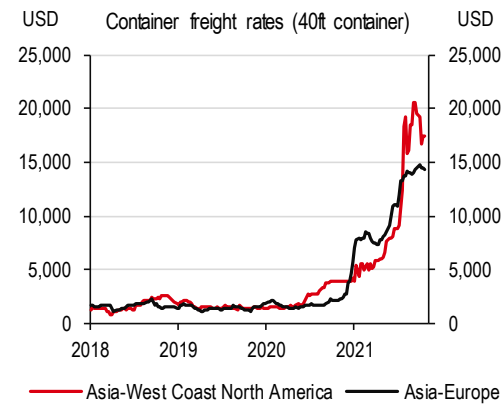
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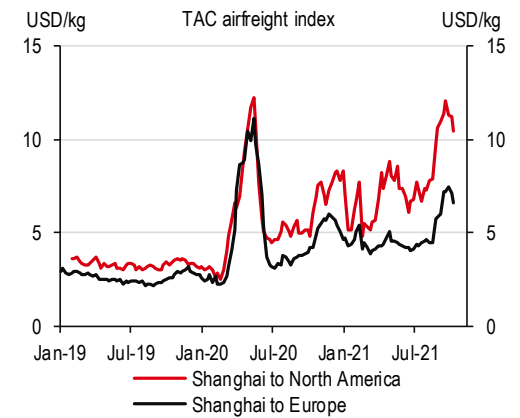
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## Monthly trade trends

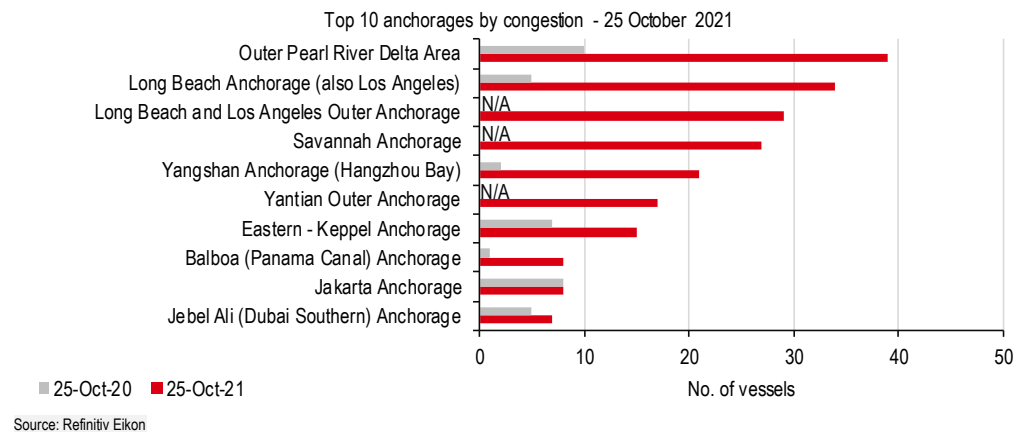
### 1. Container freight rates remain high following seasonal weakness...



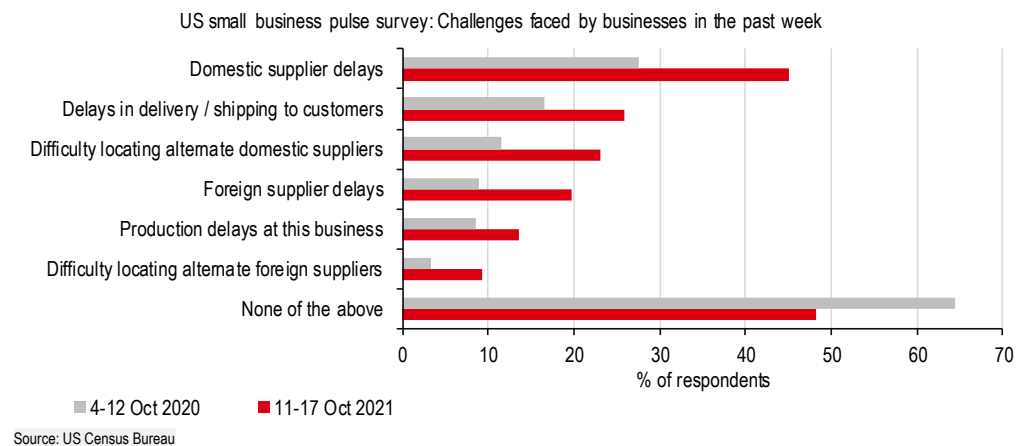
### 2. ...while airfreight rates have cooled in recent weeks but remain elevated



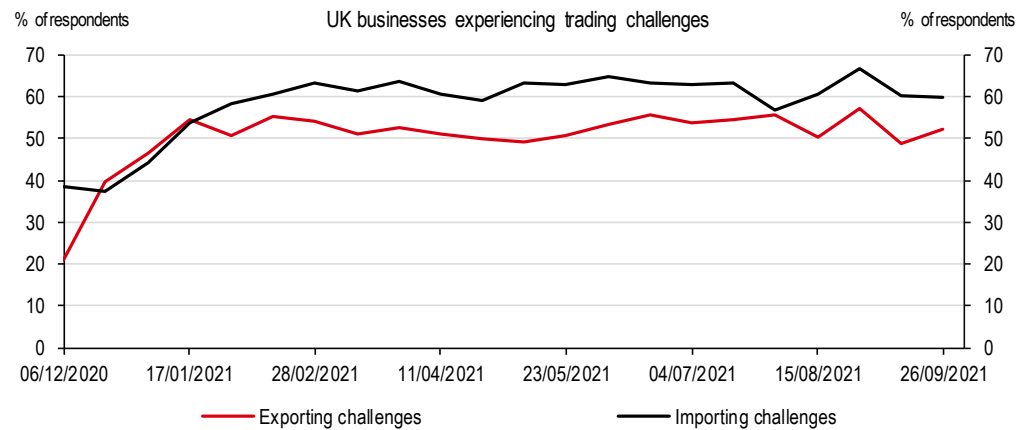
### 3. Key ports in China and the US are congested...



### 4. ...with US businesses facing a range of supply chain disruptions...



## 5. ...while UK businesses are also encountering exporting and importing challenges



Source: ONS.

Note: Proportion of businesses currently trading that are experiencing a challenge in importing or exporting and that had exported or imported in the past 12 months.

## 6. US retail import volumes are expected to remain strong in Q4 2021...



Source: US National Retail Federation.

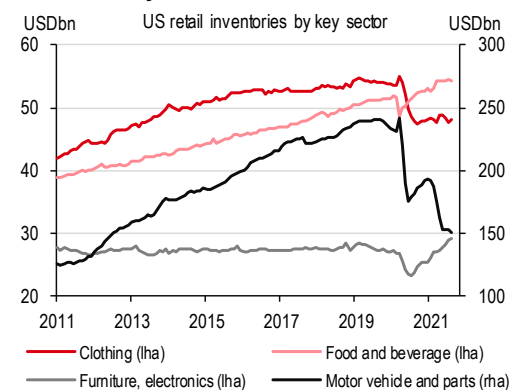
## 7. ...but retail inventories remain low...



Source: Refinitiv Datastream.

Note: Seasonally adjusted. Manufacturing and trade.

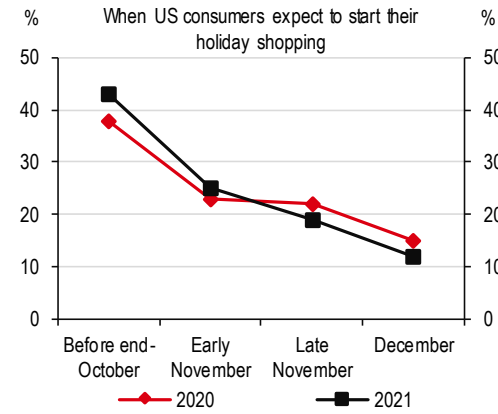
## 8. ...and are still below pre-pandemic levels in key sectors



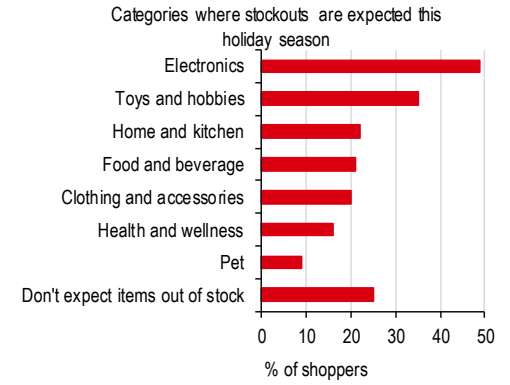
Source: Refinitiv Datastream.

Note: Seasonally adjusted.

### 9. US consumers are looking to start holiday shopping earlier this year...



### 10. ...and are expecting shortages across a range of goods



## Trade policy calendar

### 11. Key upcoming trade events

● Deadline ● Event ● Report

Date	Type	Details
w/c 25 October 2021	●	High level EU-UK talks on the Northern Ireland Protocol resume
26 October 2021	●	Confirmation hearing for new US ambassador to the WTO
26 to 28 October 2021	●	38th and 39th ASEAN Summits
30 to 31 October 2021	●	G20 Leaders' Summit
November 2021	●	UK and India to potentially launch bilateral trade negotiations this month
01 November 2021	●	Target deadline for UK and Australia to finalise bilateral trade deal
	●	EU and US aim to resolve dispute over US steel and aluminium tariffs
w/c 08 November 2021	●	APEC ministerial meeting
30 November-3 December 2021	●	12th WTO Ministerial Conference (MC12) to take place
01 December 2021	●	EU set to raise retaliatory tariffs on US products over US steel and aluminium tariffs if a truce is not reached – delayed from 1 June 2021
31 December 2021	●	End of purchase commitment requirements under the US-China Phase One deal
	●	US public consultation period on China tariff exclusions closes
01 January 2022	●	Regional Comprehensive Economic Partnership (RCEP) expected to take effect
	●	Pre-notification requirements of sanitary and phytosanitary goods from the EU to UK take effect – delayed from 1 October 2021.
	●	Full customs declarations required on goods from EU to the UK
14 January 2022	●	UK consultations on a trade deal with the Gulf Cooperation Council closes
24 February 2022	●	One-year review of US supply chains in six key sectors (defence, public health, ICT, energy, transportation, food) due
01 July 2022	●	Target deadline for UK-Australia trade deal to take effect
	●	Export Health Certificates required for goods from the EU to the UK. Delayed from 1 October 2021.
	●	Phytosanitary Certificates and physical checks on certain goods from the EU to the UK to be introduced. Delayed from 1 January 2022.
	●	Safety and Security declarations on goods from the EU to the UK required. Delayed from 1 January 2022.
01 January 2023	●	Certain goods sold in Great Britain will now require the UKCA (UK Conformity Assessed) marking as the EU's marking (the CE mark) will no longer be accepted. Delayed by one year from 1 January 2022.
TBC	●	Grace periods for customs formalities on certain GB exports to NI were suspended indefinitely in September 2021.
	●	President Biden to hold virtual meeting with President Xi Jinping by end of 2021

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

# Disclosure appendix

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