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ECONOMICS
AUSTRALIA

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**Trump victory
accelerates the changes
to world trade**

Agenda

- Trump's latest tariff threats and what they could mean
- How Australia may be impacted
- A world of slowbalisation

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- Australia's tariff risk
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Run through of the latest tariff details

Initial tariff expectations

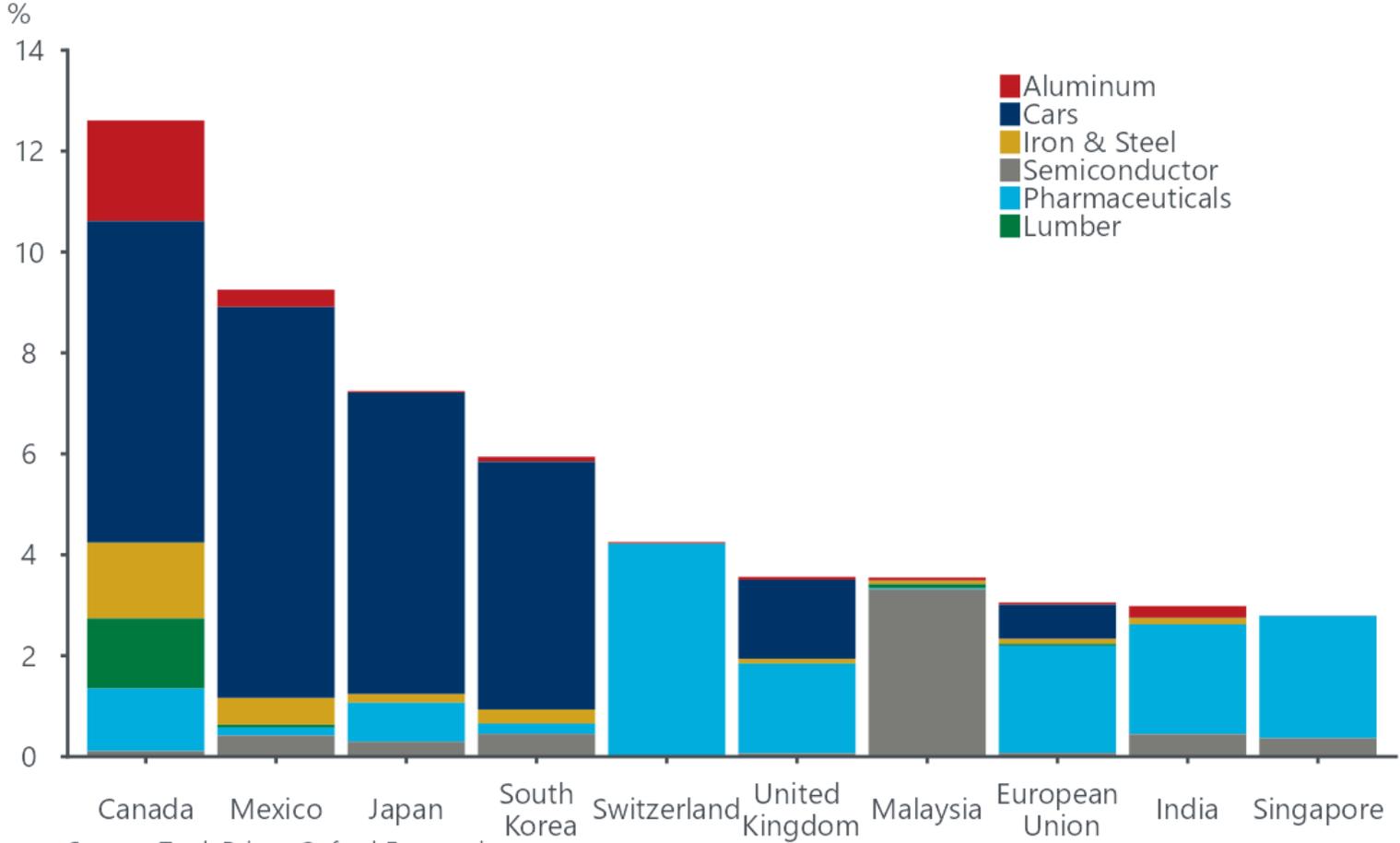
- Blanket 30% tariff on China
- 25% tariff on European cars and base metals
- 10% tariff on Cars and base metals from: Canada, Mexico, Japan, South Korea and Vietnam

Current tariff threats or policy

- Additional 10% blanket tariff on China
- 25% tariffs on Mexico and Canada
- Reciprocal tariffs
- 25% tariffs on all steel, aluminum, pharmaceuticals, cars, semiconductors and lumber

Countries to be hit with targeted sector tariffs are in the firing line anyway

Top 10 Countries: Shares of Exports to be Targeted by Tariffs

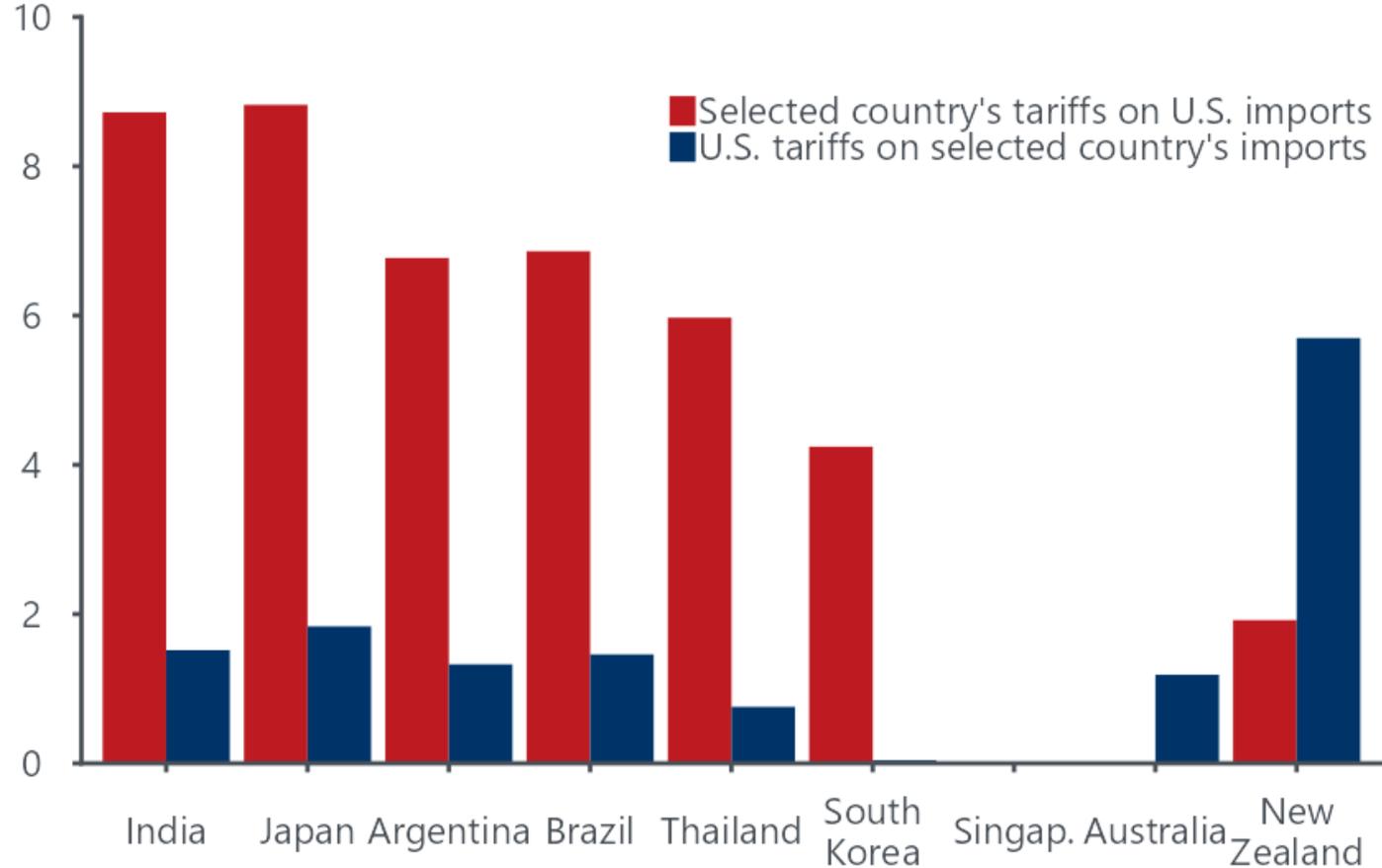


Source: TradePrism, Oxford Economics

Which countries could be most impacted by reciprocal tariffs

Selected Countries: Tariffs with the U.S.

% (weighted average across goods)

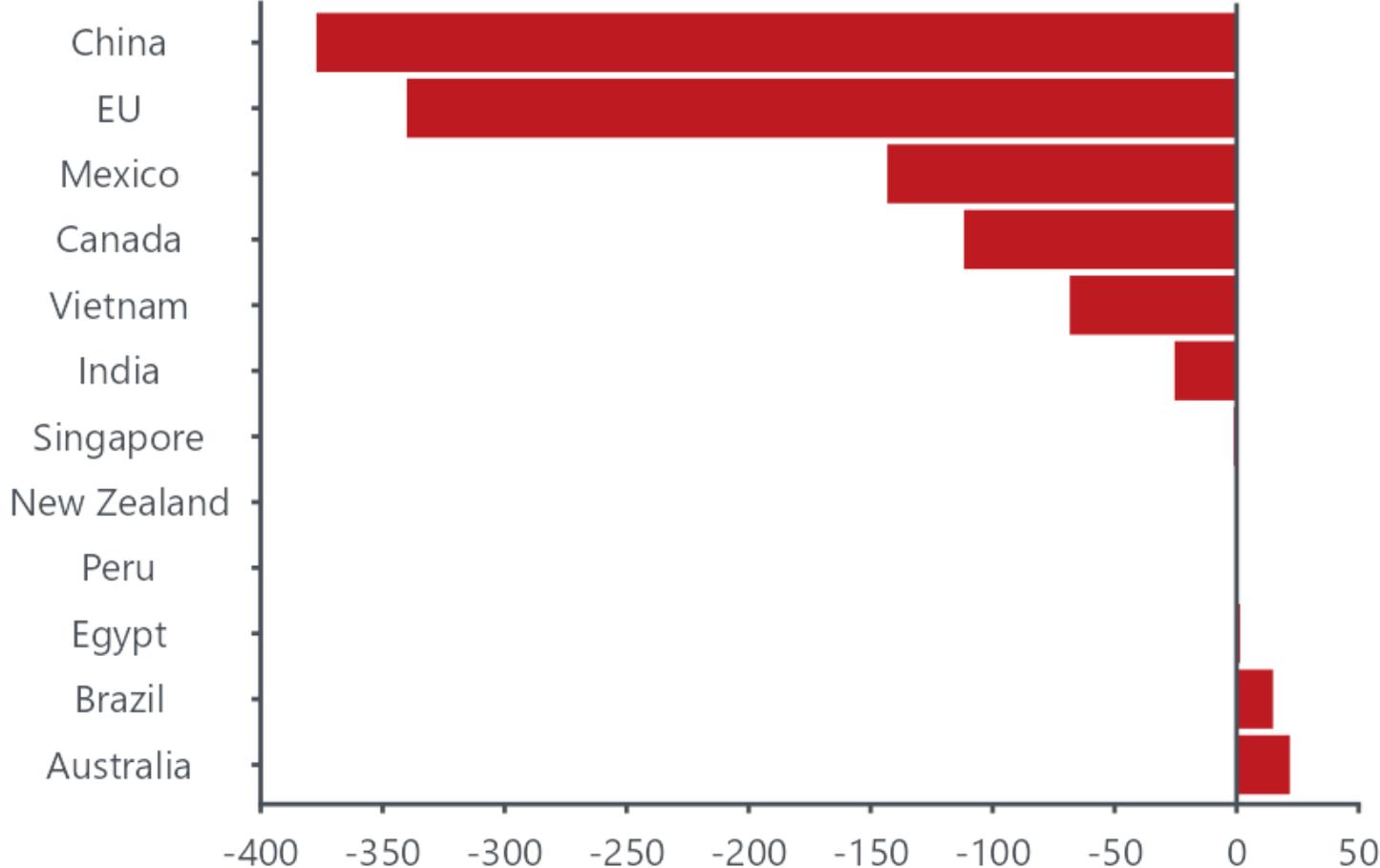


Source: TradePrism, Oxford Economics

Trade balances suggest countries already in the firing line

Selected Countries: Trade Balance with the U.S.

\$bn

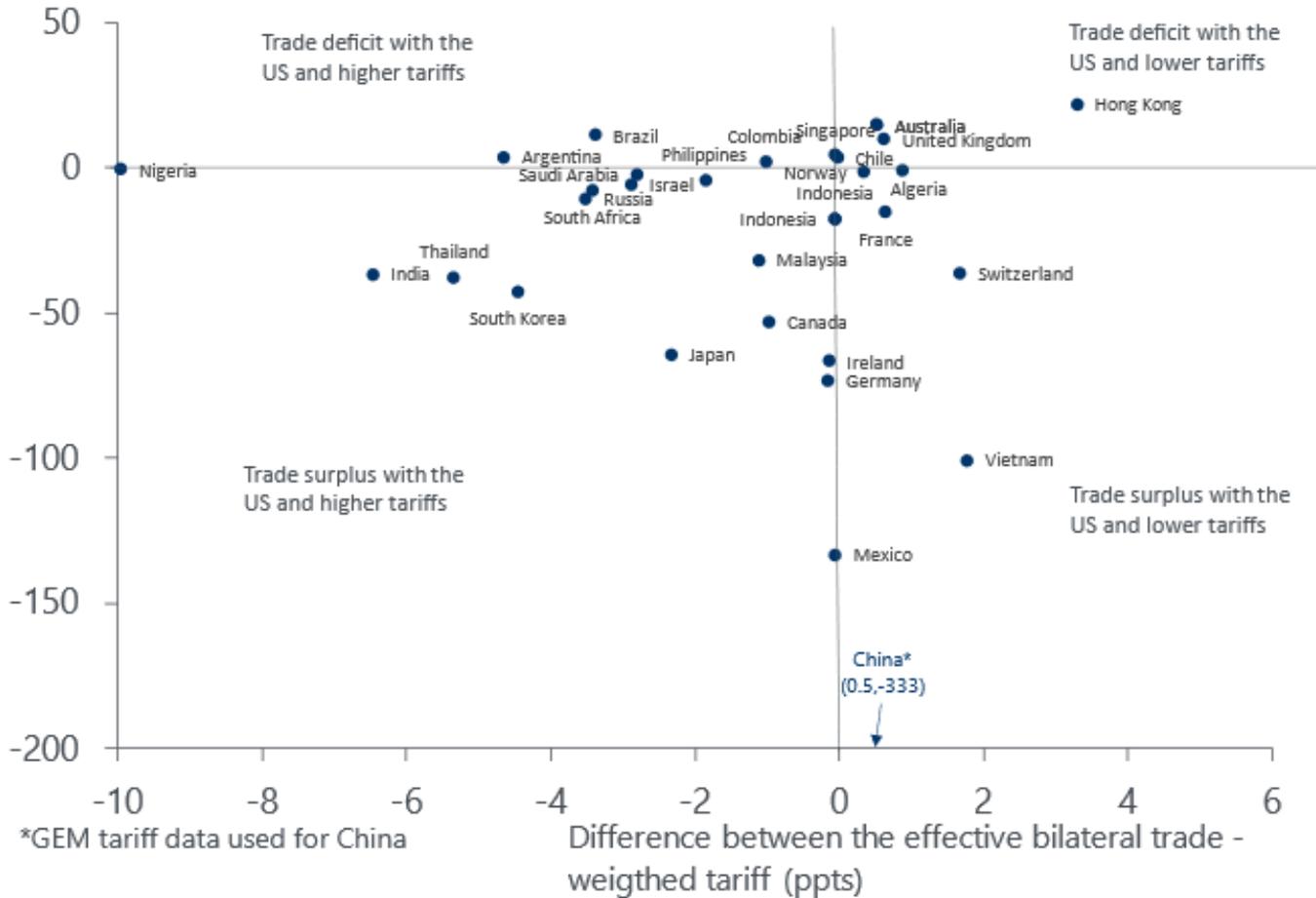


Source: TradePrism, Oxford Economics

Asian economies most vulnerable to reciprocal tariffs

US: Goods trade balance and tariff differences

Goods trade balance with the US (US\$ bns)



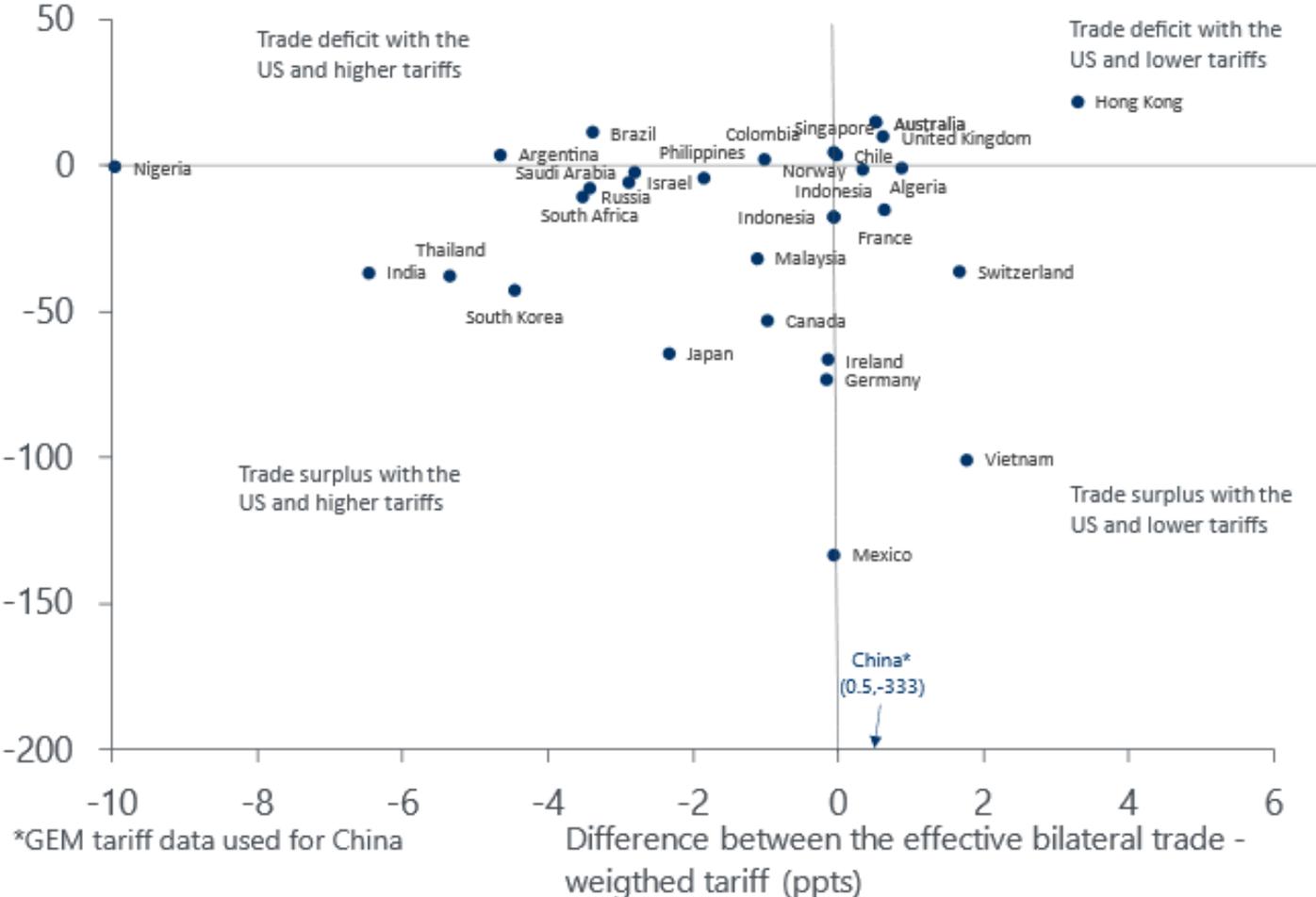
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Australia doesn't need to worry about reciprocal tariffs much

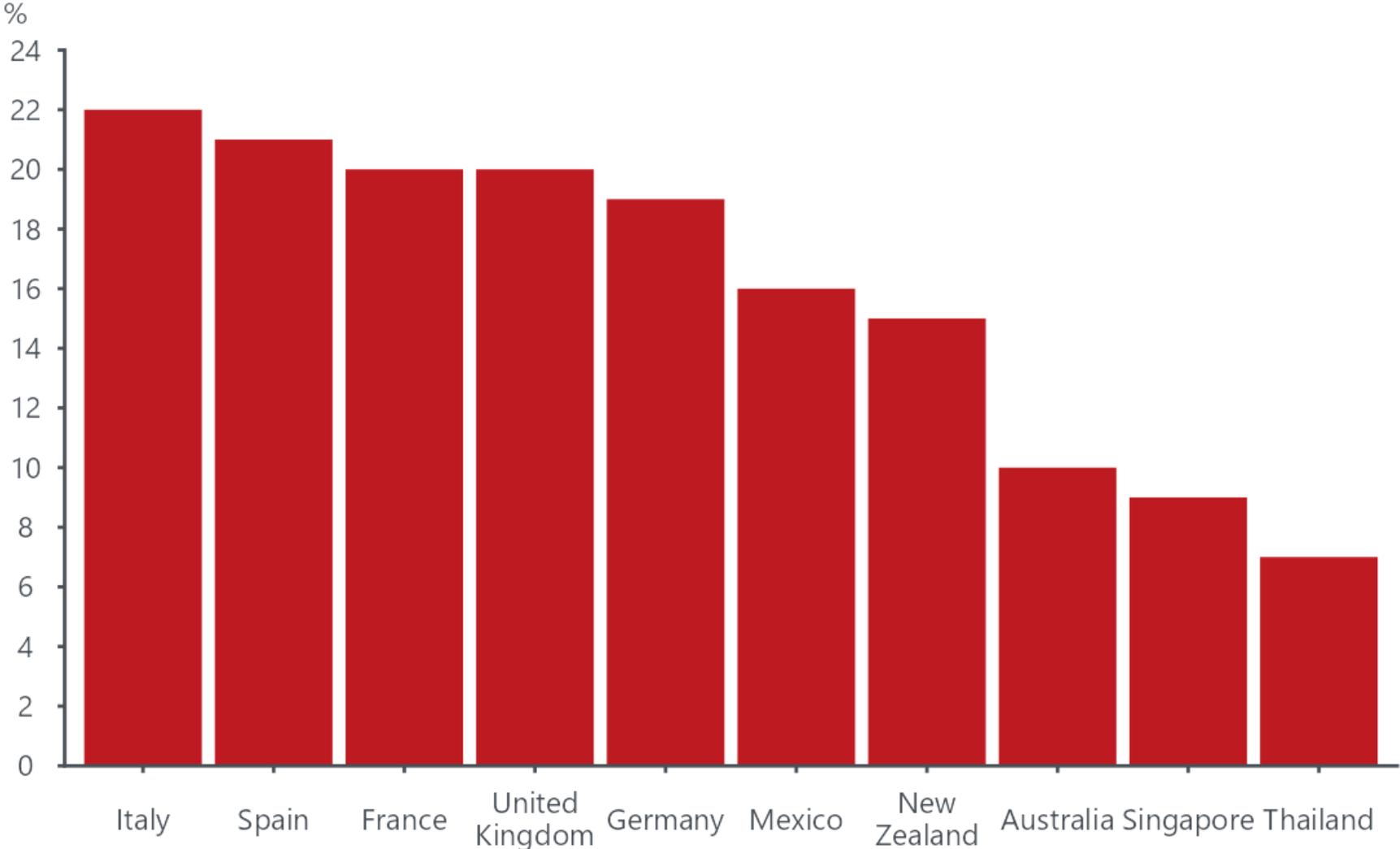
US: Goods trade balance and tariff differences

Goods trade balance with the US (US\$ bns)



What if Trump takes account of GST?

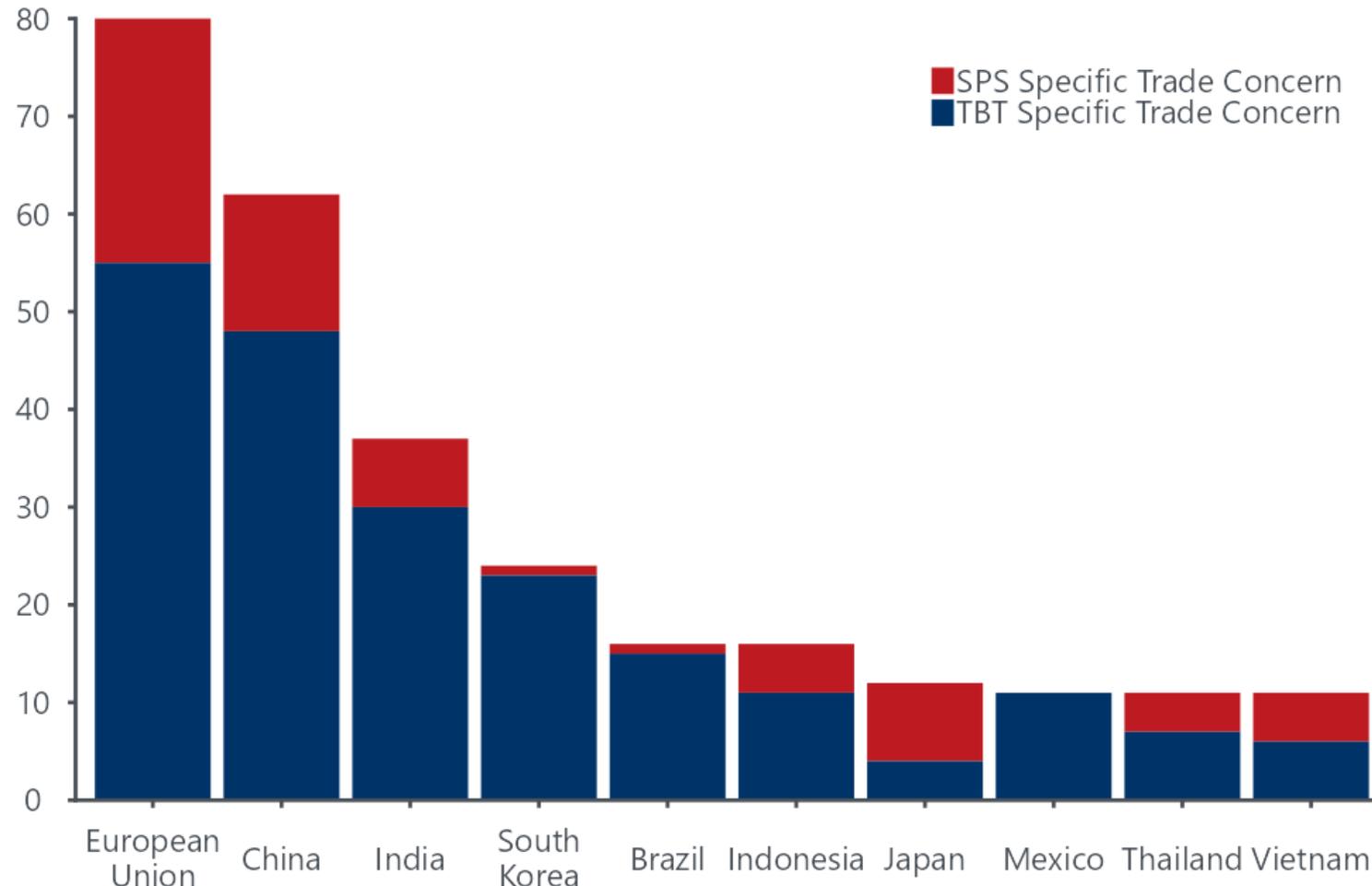
10 Selected Countries: Standard VAT/GST Rates



US has relatively few trade issues with Australia

Top 10 Countries: STC raised by the U.S.

counts



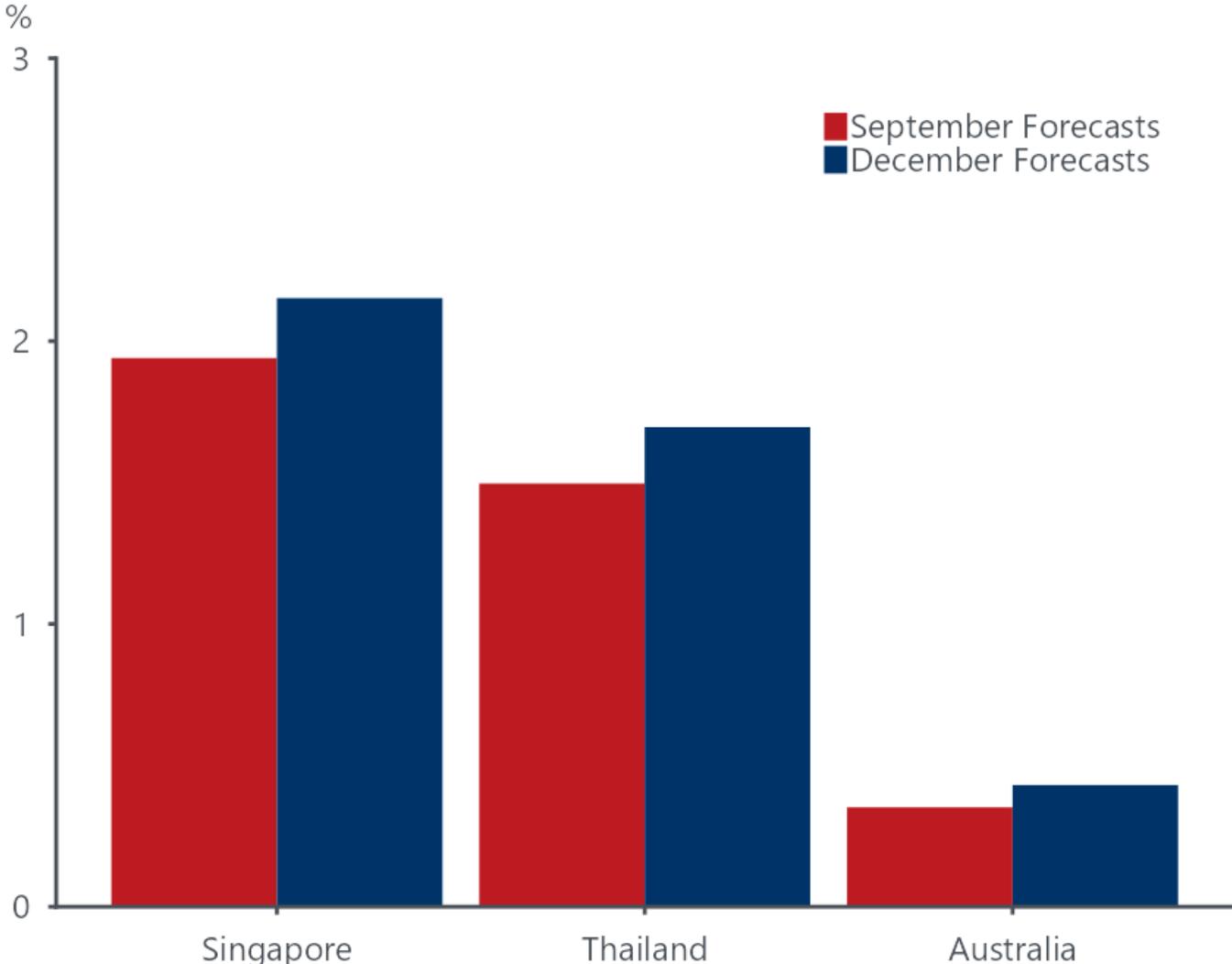
Source: World Trade Organisation, Oxford Economics

Are Australian exports to the US risk?

- Exports in the sectors Trump has announced global tariffs on are small
- Australia imposes no tariffs on the US
- Australia has a trade surplus with the US
- Australia imposes little has a lower rate of GST than most of the US's trading partners
- Australia has relatively few trade disputes with the US

Australia may be able to increase trade to the US

Selected Winners: Shares of US Imports in 2030



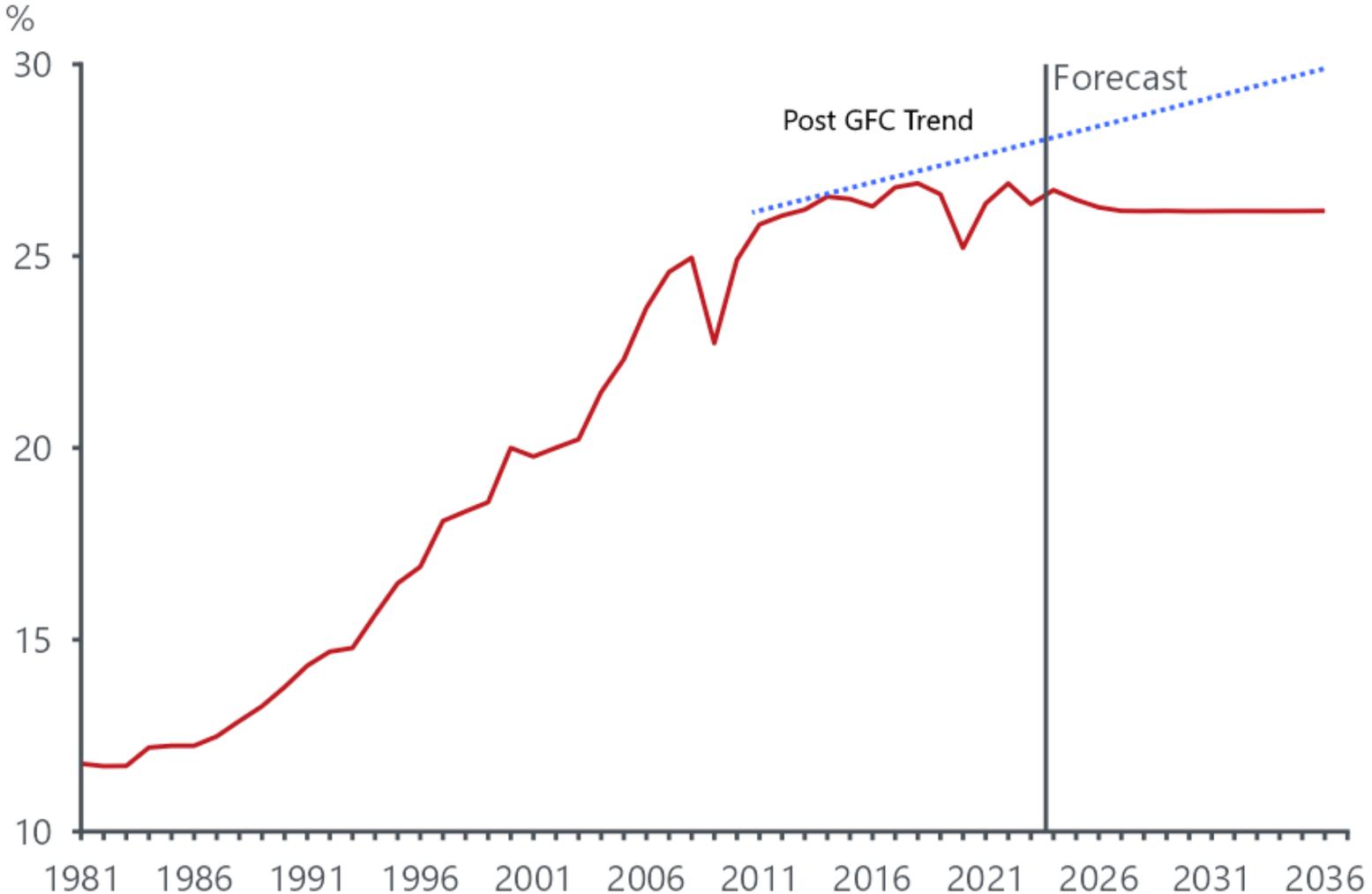
Source: TradePrism, Oxford Economics

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Trade set to flat line

World: Trade as a share of GDP

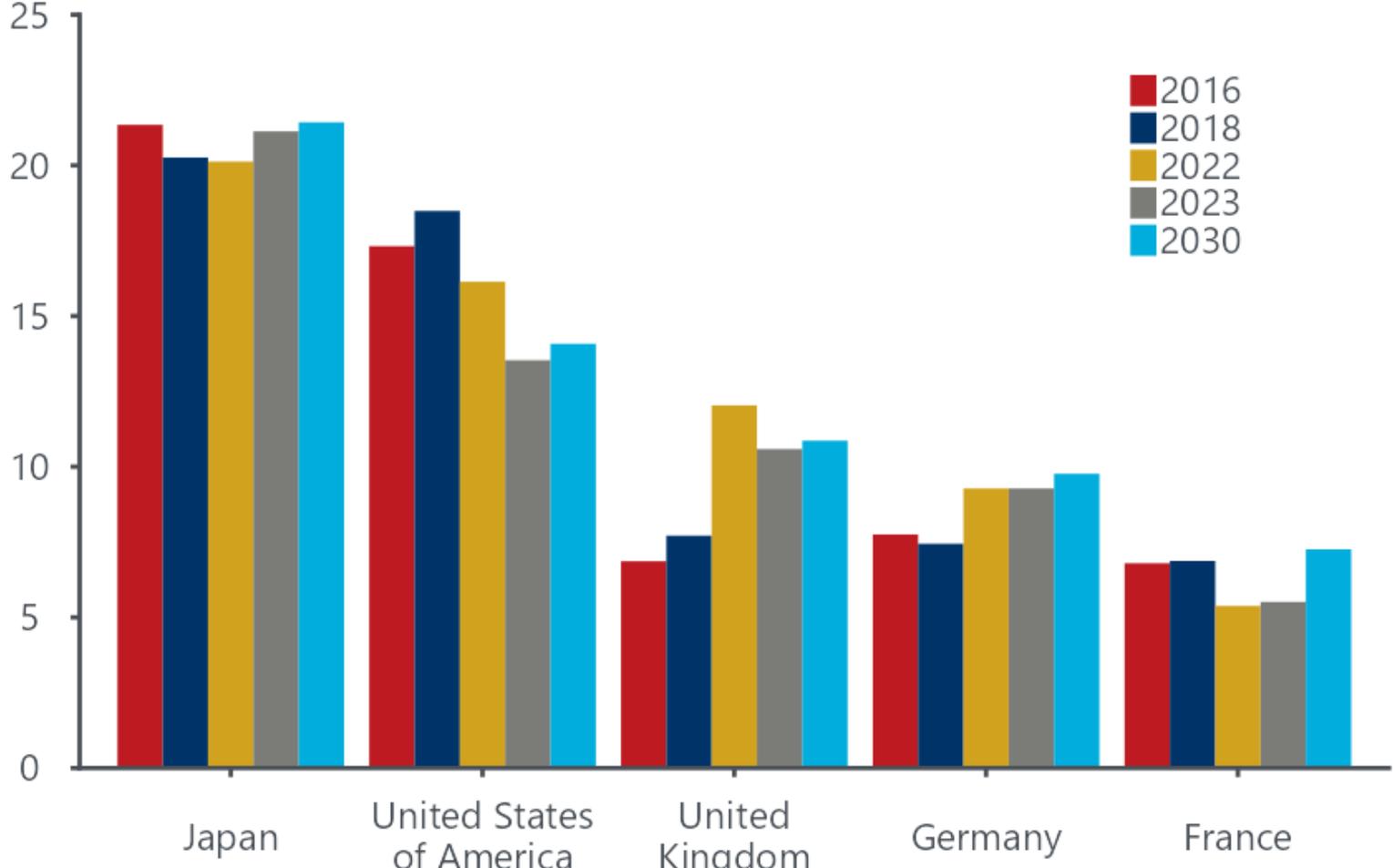


Source: Oxford Economics

Our forecasts suggest decoupling from China has run its course

Selected Economies: Imports from China

% share in total imports

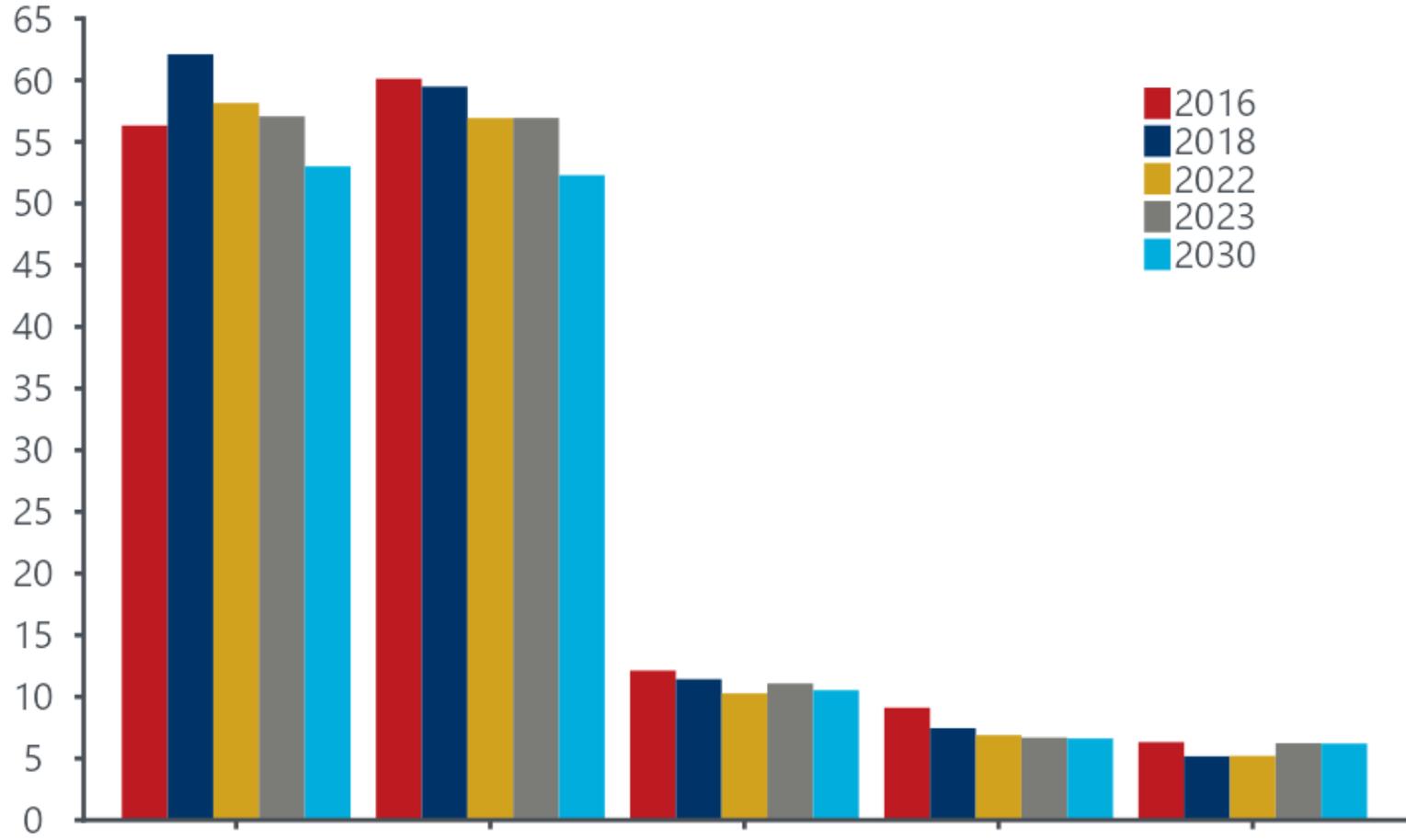


Source: TradePrism, Oxford Economics

But the US is a different story

Selected Economies: Imports from the U.S.

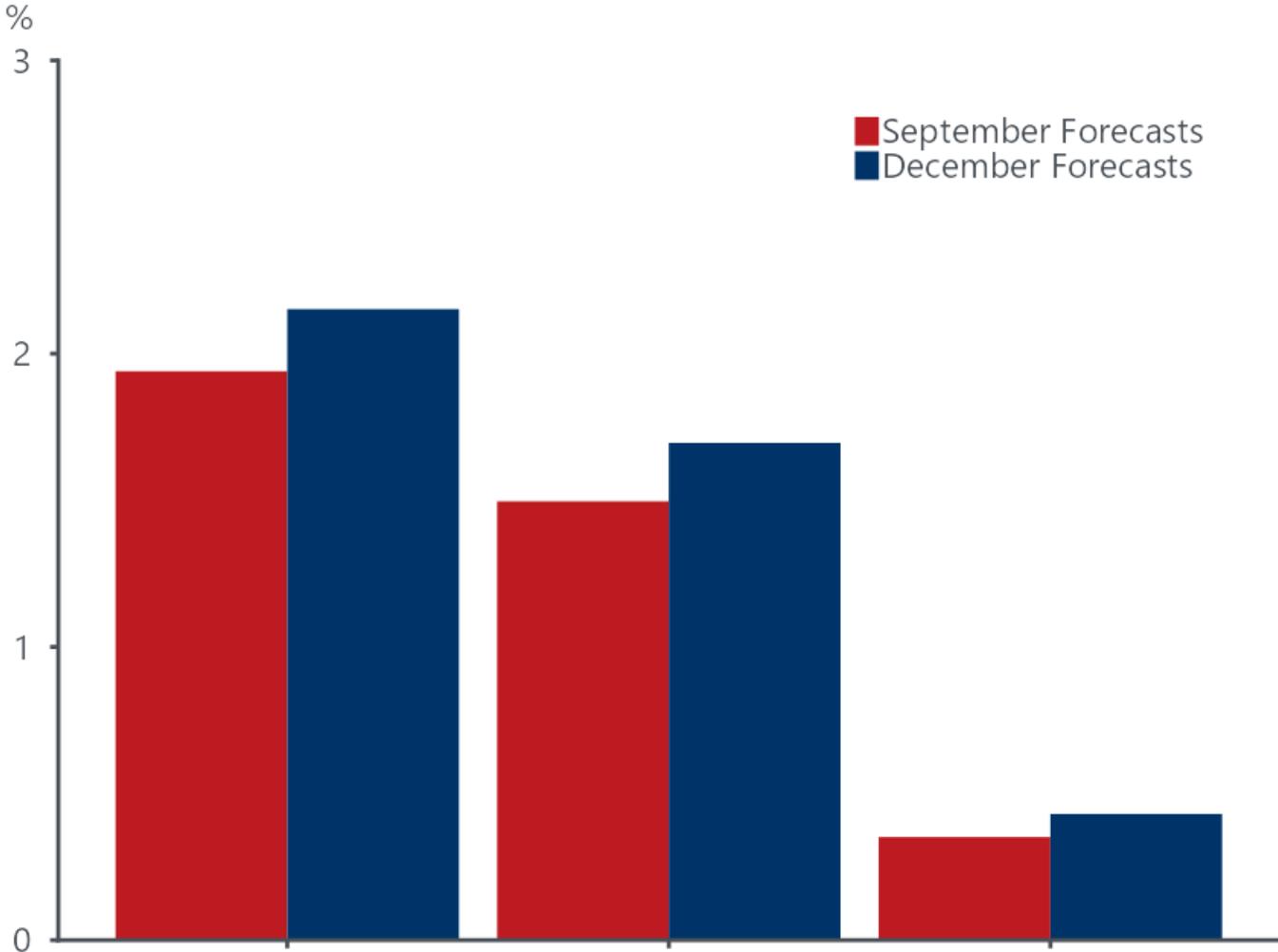
% share in total imports



Source: TradePrism, Oxford Economics

However, there are some opportunities

Selected Winners: Shares of US Imports in 2030



Source: TradePrism, Oxford Economics



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Thank You



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