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US Kicks in Tariffs, China Retaliates

The Trump Administration has followed through on its promise by imposing 25 percent tariffs on 34 billion USD's worth of Chinese goods. The new tariff regime went into effect at 12:01am Eastern Standard Time (11:01am Bangkok time) on 6 July 2018.

In May 2018, the White House announced plans to impose tariffs on China's exports to the US worth an estimated 50 billion USD. Designed as a penalty against China's allegedly unfair practice in matters related to technology and intellectual property, the move primarily targets China's aerospace, robotics, manufacturing, and automotive industries. According to an analysis by Peterson Institute for International Economics, the vast majority of items included are intermediate and capital goods. The schedule of implementation was split into two phases. With the first phase having already taken effect, the remaining 16 billion USD worth of goods will be hit by the tariffs within two weeks, according to a statement made on 5 July 2018, by US President Donald Trump.

This radical move has unsurprisingly been met with an immediate counter response from China. Beginning on 12.01pm Beijing time (1.01pm Bangkok time) on the same day, China imposed its own tariffs on a range of goods of comparable size and scope with those affected by the US move. The affected US goods include agriculture and food products, and transport vehicles, among other things.

Prior to this latest tit-for-tat move, the US has recently engaged in various trade disputes with several other nations, including some of its major allies such as Canada and the European Union. However, the US-China conflict is of particular concern for many due to the fact that the two countries are the world's largest and second-largest economies. The fear is that the effect of these tariffs may ripple and expand beyond the borders, effectively disrupting the global supply chain.

Thailand shows improvement in digital competitiveness

On 19 June 2018, the IMD World Digital Competitiveness Ranking 2018 was released. In this edition, Thailand has moved up two positions from 41st to 39th place. The country is the 3rd highest ranked in ASEAN, behind only Singapore and Malaysia and ahead of the Philippines and Indonesia. It is interesting to note that Thailand is the only ASEAN country that has moved upward in the ranking.

The IMD World Digital Competitiveness Ranking assesses economies based on their capacity and readiness to adopt digital technologies. IN so doing, 50 indicators are used to evaluate the competitiveness of 63 economies. Such indicators are grouped into three categories; Technology, Knowledge and Further Readiness. Looking into details, it is seen that Thailand also recorded strong ranking in several sub-categories such as mobile broadband subscribers, percentage of high-tech exports, employee training, and female researchers.

The country's progress has been supported by several government-led initiatives such as the Thailand 4.0 model, Digital Thailand, and the Eastern Economic Corridor (EEC) Development. These initiatives have emerged as a supportive framework with the intention of transforming the existing economy into a value-based economy driven by the utilization of innovation and digital technologies.

Stay informed with latest development in trade negotiations and changes in trade laws/regulations. Get an insight of how the latest news will affect your market and regulatory environment from our “Trade Digest”.

If you have any comments or questions regarding Trade Digest or any matters discussed herein, or if you are interested in finding out more about Bolliger & Company (Thailand) services, please contact any of the persons below:

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