

# Global Economic & Trade Risks in 2020

- **Global Trade Challenges**
- **Govt Policies Impacting**
- **Risk Management**
- **Supply Chain & Logistics Risk Mgmt**

**Global Risk Mitigation Foundation**

December 2019

\*GRMF is a US based, 501(c)(3) nonprofit organization. The views expressed here are those of the Foundation and are not those of any government entity or affiliate



# **The Current Trade picture is more complex than it has ever been**

- **Multiple pending free trade agreements and tariffs**
- **Interplay of trade with foreign policy, geopolitics, and national security**
- **Related areas and issues that affect trade options of IEAT's members:**
  - **emerging markets**
  - **sanctions and export controls**
  - **trade finance**
  - **supply chain management.**



# U.S. CHINA - BIG PICTURE CONTEXT

1. How did we get here?
2. China - Where is it in its developmental stage and why does this matter? The Belt & Road fits where?
3. China - 3 key questions to understand potential risk
4. U.S. – what is the “Pearl Harbor Syndrome”? Who cares?



# Taiwan Allies International Protection and Enhancement Initiative (TAIPEI) Act of 2019 - *Shifts in U.S. – Taiwan relations*

- SEC. 5. Sense of Congress on trade negotiations with Taiwan.

“It is the sense of Congress that the United States should engage in bilateral trade negotiations with Taiwan...”

- Department of State to periodically report to Congress on U.S. actions to affirm and strengthen Taiwan's international alliances around the world.
- Authorizes the State Department to take various actions in response to nations acting to undermine Taiwan
  - Adjusting U.S. diplomatic presence
  - Adjusting the level of U.S. assistance in such countries



# China's Belt & Road Initiative (BRI) 2019 - 2020



*The 'Golden Bridge on Silk Road' built for the 1st Belt & Road Summit in Beijing*



# What does China's Belt & Road Initiative (BRI) look like?



# Pacific Island nations that have joined the BRI



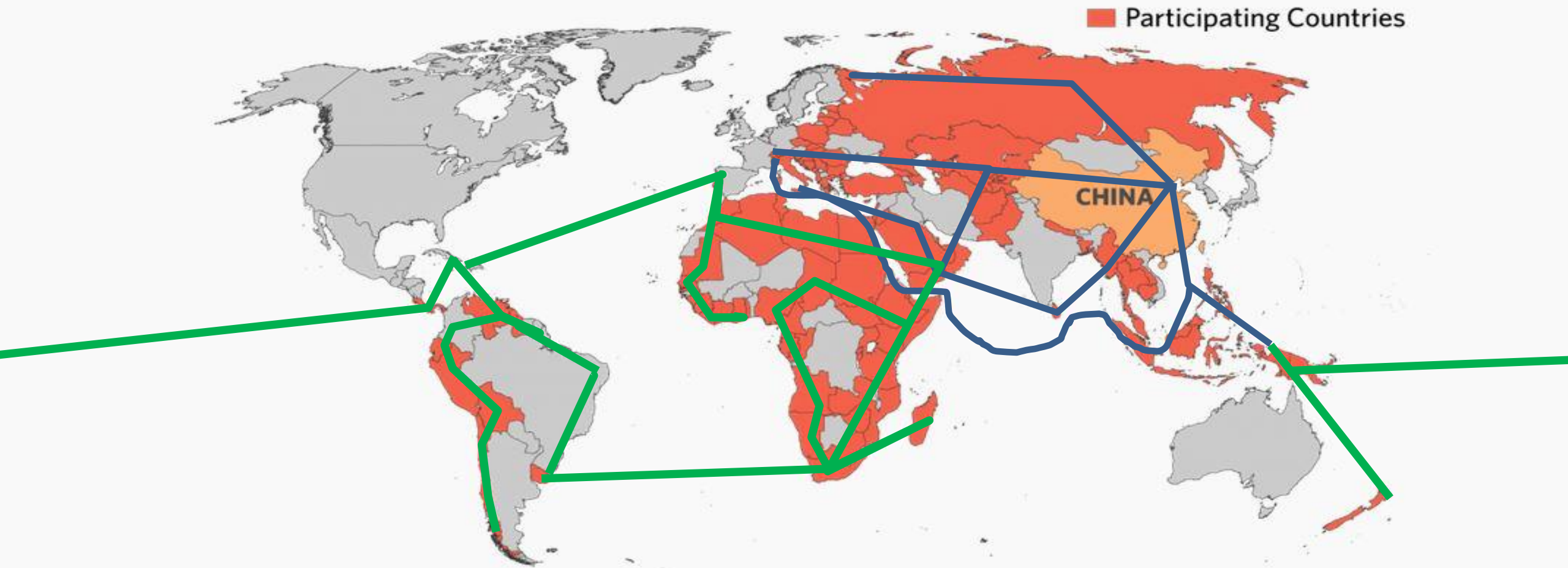
# Latin American BRI Countries





This is what the BRI actually looks like...

## China's Belt and Road Initiative



# GOVERNMENT POLICIES IMPACTING TRADE

1. Political/military strategies
  1. New Southbound Policy
  2. US Indo-Pacific Strategy
2. Dealing with Trade Wars
3. Free Trade Agreements



## Here are the issues impacting your company...

- The big picture impacting trade policy, foreign policy, and national security: China's Belt & Road Initiative (BRI)
- USMCA Ratification – Where is it?
- The New IDFC & EximBank's Reauthorization
- U.S. China Trade Negotiations
- Brexit & the U.K. & EU FTAs
- U.S. Japan Trade Agreement
- FTA between the U.S. and Taiwan?
- Additional?

The Hong Kong Human Rights and Democracy Act of 2019

A bill to prohibit the commercial export of covered munitions items to the Hong Kong Police Force. S. 2710



# **RISK MANAGEMENT: HOLISTIC APPROACHES**

- 1. Traditional approach**
- 2. Comprehensive risk mgmt & training programs**
- 3. The Project's  
“Coordinator/Auditor”**



# SUPPLY CHAIN & LOGISTICS RISK MGMT

## 1. Creative Supply chain alternatives



# Supply Chains

(Typical Mfg Side)

Manufacturer

Component A – Country A

Component B – Country B

Sub-component C – Country C

(Service Side)

Supplier

Supplier X – Country X

Supplier Y – Country Y

Sub-supplier Z – Country Z



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# Discussion: What does mean for your business?

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