

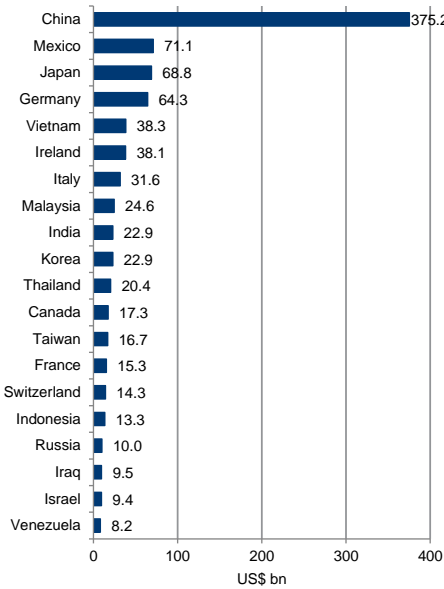
ASEAN

Economics Focus

Trade tensions escalate with tit-for-tat tariffs

- The US proposal of 25% tariffs on 1,333 types of imports from China worth US\$50bn has been met by retaliatory duties from China on 106 products from the US.
- We count more winners than losers in MIST, as exporters are well placed to benefit from displacement of demand for categories in which it competes with China/US.
- Some sectors face supply chain disruptions for intermediate/capital goods that it exports directly or via other countries to China and eventually destined for the US.
- Indonesia is relatively insulated from US-China trade tensions due to low exposure to E&E and machinery exports.
- We expect the near-term impact on MIST to be limited and for a compromise to be reached. However trade tensions may spiral if tit-for-tat US-China tariffs intensify.

US trade deficit with key trade partners



US levies 25% tariffs on US\$50bn of China imports

The US Trade Representative's office (USTR) has proposed a 25% tariff on 1,333 types of imports from China worth US\$50bn – equivalent to 2.1% of total US imports – in retaliation for what it alleges to be the “forced transfer of US technology and intellectual property” by China. The proposal was not a major surprise, as President Trump had ordered remedial action to counter China's trade practices on 22 Mar and subsequently issued threats on twitter to levy tariffs on up to US\$60bn worth of imports from China. Markets are bracing for further sanctions as the US Treasury is due to revert in the coming weeks on 1) measures to address investments by China in ‘sensitive’ industries or technologies, and 2) whether to label China a currency manipulator.

China retaliates with new tariffs on 106 US products worth US\$50bn

Several hours after the USTR's tariff announcement, China unveiled its own retaliatory tariffs of 25% targeting 106 types of US imports totaling US\$50bn (2.7% of China's total imports), including soybeans, automobiles, chemicals and aircraft. Officials indicated that the timing of China's duties will coincide with the implementation of US tariff measures.

Rational end game is a compromise...

The tariffs are unlikely to go into effect until late May at the earliest, as the USTR allows a 30-day period for public comments, and a hearing on the proposal has been scheduled for 15 May. We suspect that, like in previous sanctions against washing machines, solar panels, steel and aluminium, the provisions in this proposal will likely be watered down. Rather, this may be a bargaining chip to negotiate for reduced tariffs and non-tariff trade barriers in China to US exports and improved market access for US companies.

...as no one wins in a trade war

IMF estimates that a 10% rise in import tariffs applied by the US and the rest of the world would depress global trade by 1% and world GDP by 0.5%, i.e. tit-for-tat protectionism is a negative-sum game. Financial markets have reacted adversely to the prospects of escalating trade tensions that may trigger contagion effects, tighten global financial conditions and erode tailwinds from last year's trade-led, synchronised recovery.

Potential winners and losers in ASEAN

If the tariff measures are implemented to the letter, we think exporters, particularly in Malaysia, Singapore and Thailand, are well placed to benefit from the displacement of demand for product categories in which it competes with China/US (E&E, machinery, chemicals, aircraft parts, rubber tyres and medical equipment). However, some sectors will also face disruptions in the supply chain for intermediate/capital goods that it exports directly or via other countries to China and eventually destined for the US (TVs, PCs, HDDs). Among MIST, Indonesia is relatively insulated from US-China trade tensions due to its low exposure to E&E and machinery exports. Meanwhile, Indonesia and Malaysia are well-placed to take advantage of China's proposed tariff on soybean imports from the US (US\$13.8bn in 2016) as the two largest exporters of palm oil, which is a substitute for edible oil.

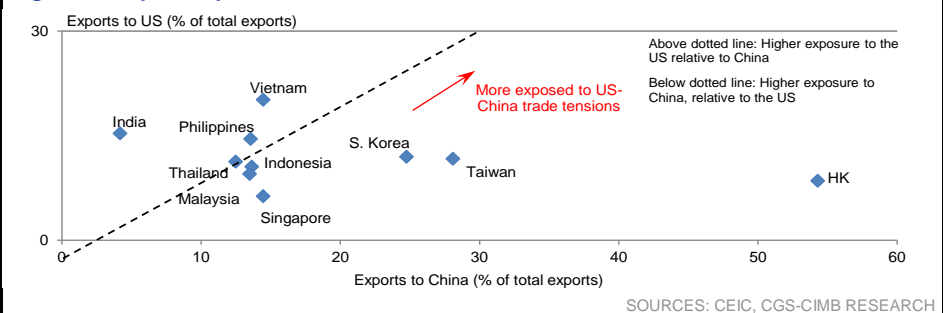
Economist(s)



Michelle CHIA
 T (60) 3 2261 9097
 E michelle.chia@cimb.com

LIM Yee Ping
 T (60) 3 2261 9083
 E yeeping.lim@cimb.com

Figure 1: Export exposure of Asian economies to the US and China



US-China trade tensions

US levies 25% tariffs on US\$50bn of China imports ➤

The US Trade Representative's office (USTR) has proposed a 25% tariff on 1,333 types of imports from China worth US\$50bn "in response to China's policies that coerce American companies into transferring their technology and intellectual property to domestic Chinese enterprises" [\[link to tariff list\]](#). The proposal, which resulted from an investigation under Section 301 of the 1974 US Trade Act [\[link to report\]](#) and [fact sheet](#), is part of a set of recommended remedial actions to address China's 'unfair trade practices':

- **Tariffs.** The USTR will propose additional tariffs on certain products from China with an annual trade value commensurate with the harm caused to the US economy resulting from China's unfair trade practices. After a period of notice and comment, the Trade Representative will publish a final list of products and tariff increases.
- **WTO dispute.** At the direction of the President, pursue a dispute settlement in the World Trade Organization (WTO) to address China's discriminatory technology licensing practices.
- **Investment restrictions.** Address concerns about investment in the US directed or facilitated by China in 'sensitive' industries or technologies deemed important to the US.

Section 301 is a key enforcement tool that allows the US to address a wide variety of unfair acts, policies, and practices of US trading partners. The investigation of China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation addresses four categories of acts, policies, and practices of the Government of China that unfairly result in the transfer of technologies and intellectual property from US companies to China. These policies harm US businesses and workers and threaten the long-term competitiveness of the US.

Figure 2: US tariff measures since Jan 2018 and retaliatory measures

Case	US tariff measures		Target country	Amount (US\$ bn)	Retaliatory tariff measures	Amount (US\$ bn)
1	Solar panels Year 1: 30% Year 2: 25% Year 3: 20% Year 4: 15%	Washers First 1.2m units of finished washers: Year 1: 20% Year 2: 18% Year 3: 16%	ALL. Exemptions granted on a case-by-case basis (see footnote 1)	US\$10.3bn: Solar products (US\$8.5bn), Washers (US\$1.8bn)	-	-
	*First 2.5 gigawatts of imported cells are excluded from the additional tariff	Subsequent units: Year 1: 50% Year 2: 45% Year 3: 40%				
2	Steel: 25% Aluminium: 10%		ALL: Exemption from aluminum and steel tariffs granted to the EU, Argentina, Brazil, Australia, South Korea, Canada, and Mexico (see footnote 2)	US\$46bn: Steel (US\$29bn) and aluminium (US\$17bn)	China: 25% on 128 US products (see footnote 3) EU: 25% on shirts/jeans, textiles, footwear, cosmetics, motorcycles, recreational boats, bourbon whiskey, corn, orange juice (see footnote 4)	China: US\$3.0bn EU: US\$3.5bn
3	Tariffs on 1,333 products from China, including E&E, machinery, optical, scientific & medical, and chemical products		China	US\$50bn	China: 25% on 106 US products including soybeans, automobiles and chemical products (see footnote 5)	US\$50.0bn

Footnote 1: On 14 Feb, USTR issued [exclusions for solar panel imports](#)

Footnote 2: [Exemptions from US tariffs](#), EU: [temporary exemptions](#) until May 1; Canada & Mexico: granted [initial exemptions](#) with an unspecified duration, partly subject to NAFTA negotiations; South Korea: exemptions [subject to quota and FTA negotiations](#); Australia: exemptions made [through an agreement between both countries](#); Argentina & Brazil: exemptions [subject to quota](#)

Footnote 3: China's [tariff imposition of 25%](#) on [128 US products](#)

Footnote 4: The EU's [retaliatory threat](#) to the US following the tariffs on steel and aluminium

Footnote 5: China's additional tariffs of 25% on [106 US products](#)

Figure 3: Timeline of US trade measures and retaliatory action by trade partners

Date	Events
1Q17	
20-Jan-17	Donald Trump sworn in as US President
23-Jan-17	Trump signed an executive order to withdraw the US from the Trans-Pacific Partnership (TPP).
1-Mar-17	The US Trade Representative Office (USTR) released the 2017 Trade Policy Agenda, which outlines Trump's trade priorities.
31-Mar-17	Trump issued an executive order aimed at preventing foreign trade abuses.
2Q17	
20-Apr-17	Trump signed a memorandum directing the Department of Commerce to investigate on whether steel imports are a threat to US national security.
24-Apr-17	Trump slapped tariffs of 20.8% on the imported softwood lumber from Canada.
29-Apr-17	Trump issued an executive order addressing trade agreement violations and abuses.
18-May-17	US Trade Representative, Robert Lighthizer notified Congress that Trump intends to renegotiate North America Free Trade Agreement (NAFTA).
3Q17	
14-Aug-17	Trump authorized an inquiry into China's alleged theft of intellectual property.
4Q17	
14-Aug-17	and was going too easy on wealthier developing countries such as China.
1Q18	
19-Jan-18	Trump threatens to slap tariffs on imported solar panels.
22-Jan-18	Trump approves tariffs of 30% and 50% on imported solar cells and washing machines respectively.
25-Jan-18	South Korea filed a challenge and demanded for compensation at the WTO following the US tariffs on solar panels and washers
15-Feb-18	The US Commerce Department recommended that the US impose tariffs or quotas on imports of aluminum and steel.
17-Feb-18	China said proposed US tariffs on imported steel and aluminum products are groundless and that it reserves the right to retaliate if they are imposed.
20-Feb-18	subsidy and anti-dumping duties.
26-Feb-18	Trump said that he would consider rejoining the TPP if the US could negotiate more favourable terms.
28-Feb-18	The USTR released the 2018 Trade Policy Agenda, outlining Trump's trade priorities.
28-Feb-18	Mexico plans to impose retaliatory tariffs on US goods if Trump includes it on a list of nations that would face steel tariffs.
1-Mar-18	Trump said the US would impose tariffs of 25% on steel imports and 10% on imported aluminum
2-Mar-18	Canada vows to retaliate if the US imposes tariffs on Canadian steel and aluminum products.
2-Mar-18	Brazil expressed its concern about the proposed US tariffs and underscored that Brazil may take "multilateral or bilateral" action to protect its interests .
3-Mar-18	The European Union (EU) considers applying 25% tariffs on US\$3.5bn of US imports if the US applies duties on steel and aluminum imports
4-Mar-18	Trump states that he is not considering any exemptions to the planned tariff hikes on steel and aluminum
5-Mar-18	China threatens to retaliate to the US' proposed tariffs on steel and aluminium.
5-Mar-18	Trump has threatened European automakers with a tax on imports if the EU retaliates against his plan to slap tariffs on aluminum and steel.
8-Mar-18	Trump imposed tariffs of 25% and 10% respectively on imported steel and aluminum, while excluding Canada and Mexico.
14-Mar-18	Trump is seeking to impose tariffs on up to US\$60bn of Chinese imports and will target the technology and telecommunications sectors.
16-Mar-18	The EU threatened that it will retaliate with tariffs of 25% on a range of US products including rice to orange juice, make-up, motorcycles and others.
16-Mar-18	The Trump administration is pressing China to cut its trade surplus with the US by US\$100bn.
18-Mar-18	The US Commerce Department said it will begin accepting requests on Mar 19 for product exclusions from the new steel and aluminum import tariffs.
20-Mar-18	The Trump administration is pressing countries to ally with the US in pushing back against Chinese trade policies in exchange for relief from tariffs.
22-Mar-18	Trump instructed US Trade Representative, Robert Lighthizer to levy tariffs on at least US\$50bn in Chinese imports.
22-Mar-18	Trump announces exemption from steel and aluminum tariffs until May 1 for the EU, Canada, Mexico, Australia, Argentina, Brazil and South Korea.
23-Mar-18	China unveiled tariffs on US\$3bn of US imports in response to US steel and aluminum duties
28-Mar-18	The US and South Korea agreed to revise their trade deal as condition for South Korea exemption from US steel tariffs
29-Mar-18	Trump said he may hold up the trade pact that was announced with South Korea until a deal is reached with North Korea on its nuclear program.
2Q18	
2-Apr-18	China imposed tariffs of up to 25% on 128 US products worth US\$3bn a year, including fruits and pork.
2-Apr-18	Trump threatened to pull out of the NAFTA if Mexico doesn't stop people and drugs from flowing into the US from Central America.
2-Apr-18	The Trump administration will unveil a list of advanced technology Chinese imports targeted for US tariffs this week.
4-Apr-18	The Trump administration announced tariffs of 25% on 1,333 industrial technology, transport and medical products from China.
4-Apr-18	China retaliates with tariffs on 106 types of US products totalling US\$50bn, conditional upon timing of US tariffs

SOURCES: VARIOUS NEWS SOURCES, CGS-CIMB RESEARCH

China retaliates with new tariffs on 106 US products ►

The US proposal was met with resistance by China, with its embassy in the US stating that: *"The Chinese side strongly condemns and firmly opposes the unfounded Section 301 investigation and the proposed list of products and tariff increases based on the investigation. As the Chinese saying goes, it is only polite to reciprocate. The Chinese side will resort to the WTO dispute settlement mechanism and take corresponding measures of equal scale and strength against U.S. products in accordance with Chinese law."*

Several hours after the USTR's tariff announcement, China unveiled its own counter tariffs of 25% targeting 106 types of US imports totaling US\$50bn, including soybeans, automobiles, chemicals and aircraft. Officials indicated that the timing of China's duties will coincide with the US implementing its set of tariffs. The latest salvo follows an earlier implementation of duties by China's government on imports from the US totaling US\$3bn effective 2 Apr 2018, covering 1) pork products and aluminium scrap (tariffs of 25%) and 2) fresh fruit, dried fruit and nut products; wine; modified ethanol; ginseng; and seamless steel pipe (tariffs of 15%).

End game is a compromise as no one wins in a trade war ➤

An [IMF working paper](#) estimates that a 10% increase in import tariffs in both the US and the rest of the world would result in a 1% decline in global trade and a 0.5% fall in world GDP i.e. tit-for-tat protectionism is a negative-sum game. The sensitivities estimated by the IMF assume that other countries do not raise tariffs vis-à-vis each other. Hence, if US vs. rest of world tensions spill over to other trade relationships, the drag on global trade activity and GDP growth would be larger.

The Trump administration is clearly cognisant of the negative implications on the US economy from import tariffs, having chosen product categories that exerted pressure on China exports, but limited the damage to US consumers. This resulted in a US tariff list that skewed towards capital and intermediate goods but excludes retail mainstays such as shoes, clothing, mobile phones and furniture. Nonetheless, higher costs of industrial inputs may still result in producers passing on costs to consumers or create disruptions in the US supply chain, given China's dominant position in segments like consumer electronics and semiconductors. Likewise, China has played hardball by directing its trade riposte to important US export segments and key Trump support bases (soybeans, raw cotton, beef, motor vehicle and aircraft exports) but in turn these tariffs may increase consumer and producer price inflation, especially as soybean, which is a key ingredient for cooking oil and animal feed.

There is still time to avert the escalating trade confrontation between the US and China. The proposed US tariffs are unlikely to go into effect for several weeks, as the USTR allows a 30-day period for public comments and a hearing on the proposed tariffs has been scheduled for 15 May. After the completion of this process, USTR will issue a final determination on the products that will be subject to additional tariffs.

Likewise, China officials have indicated that its implementation of retaliatory tariffs will depend on when the US enacts its trade tariffs after a period of public consultation. We suspect that, like in previous US sanctions against washing machines, solar panels, steel and aluminium, the provisions in this proposal will likely be watered down. Rather, this may be a 'Trumpian' negotiation tactic to reduce tariff and non-tariff trade barriers to US exports and improve market access for US companies. We expect near-term impact to MIST to be limited and a compromise to be reached. However the willingness of the US and China to engage in tit-for-tat tariffs raises the risks of escalating trade tensions. Markets are bracing for further sanctions as the US Treasury is due to revert in the coming weeks on 1) measures to address investments by China in 'sensitive' industries or technologies, and 2) whether to label China a currency manipulator.

Potential winners and losers in MIST

If the tariff measures are implemented to the letter, due to complex trade linkages, it is unclear at this juncture whether, on an aggregate basis, Malaysia, Indonesia, Singapore and Thailand may:

- Benefit from the displacement of demand for product categories in which it competes with China/US (electric and electronics products, machinery, chemicals, aircraft parts, rubber tyres and medical equipment), or
- Face disruptions in the supply chain for intermediate products that it exports directly or via other countries to China and eventually destined for the US (TVs, PCs, hard-disk drives and storage).

Nonetheless, we think there are sectors that stand to gain more than others under certain conditions. We classify **potential winners** as sectors that meet the following conditions:

- 1) China exports to the US market are sizeable (large market share for grab), and
- 2) MIST's exports to the US market by components are high (strong position to win market share), and
- 3) MIST's indirect exports to the US via China are low (low exposure to China supply chain/independent trade ecosystem).

We classify **potential losers** as sectors that meet the following conditions:

- 1) China exports to the US market are sizeable (vulnerable to market share erosion), and
- 2) MIST's exports to the US market by components are low (weak position to win market share or not an exporter of the finished good to the US), and
- 3) MIST's indirect exports to the US via China are high (high exposure to China supply chain/dependent trade ecosystem).

Based on a study of each country exposures to key export categories affected by the US tariffs, we count more winners than losers in MIST, as exporters are diversified, competitive and well placed to capitalise on the potential re-routing of trade resulting from the US and China tariffs. Among the MIST countries, we think Indonesia is the most insulated from US-China trade tensions due to its low exposure to E&E and machinery exports.

Malaysia ➤

Potential winners are:

Malaysia exporters that compete directly with China for the US export market including semiconductors (HS code 8541), printers (8443), measurement instruments (9030), HDDs and storage (8523), medical equipment (9018), and electrical apparatus (8536), which cumulatively total US\$4.9bn and account for 25.2% of Malaysia's total exports to the US. Malaysia's well-developed auto industry may also benefit from China's tariffs on US motor vehicles and parts.

Edible oil substitutes. Malaysia is well-placed to take advantage of China's proposed tariff on US soybean imports as the second largest producer of palm oil, which is a substitute edible oil.

Potential losers are:

Malaysia exporters of intermediate and capital goods to China destined for the US market including automatic data processors (8471) and machinery parts (8473), which cumulatively total US\$1.3bn and account for 6.5% of Malaysia's total exports to the US.

Figure 4: Malaysia's export components

HS code Product	Malaysia's exports		Malaysia's exports to US			Malaysia's exports to China			China's exports to US			Malaysia's indirect exports to US via China*		
	US\$ m	% of exports	US\$ m	% of component exports	% of exports to US	US\$ m	% of component exports	% of exports to China	US\$ m	% of component exports	% of exports to US	US\$ m	% of Malaysia's component exports	% of Malaysia's total export
Total Total	189,414	100.0	19,354	10.2	100.0	23,753	12.5	100.0	385,678	18.4	100.0	4,367	2.3	2.3
8541 Diodes, transistors, similar semiconductor devices; including photovoltaic cells assembled or not in modules, panels, light emitting mounted piezo-electric crystals	8,267	4.4	2,211	26.7	11.4	549	6.6	2.3	2,103	7.9	0.5	43	0.5	0.0
8471 Automatic data processing machines and units thereof, magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included	7,252	3.8	983	13.5	5.1	1,366	18.8	5.8	39,119	31.3	10.1	427	5.9	0.2
8473 Machinery; parts and accessories (not covers, carrying cases and the like) suitable for use solely or principally with machines of heading no. 8469 to 8472	3,113	1.6	283	9.1	1.5	328	10.5	1.4	6,519	25.2	1.7	83	2.7	0.0
8443 Printing machinery, parts and accessories	2,412	1.3	1,043	43.3	5.4	92	3.8	0.4	4,306	23.0	1.1	21	0.9	0.0
9030 Instruments, apparatus for measuring, checking electrical quantities not meters of heading no. 9028; instruments, apparatus for measuring or detecting alpha, beta, gamma, x-ray, cosmic and other radiations	2,386	1.3	569	23.9	2.9	380	15.9	1.6	267	21.8	0.1	83	3.5	0.0
8523 Discs, tapes, solid-state non-volatile storage devices, smart cards and other media for the recording of sound or of other phenomena, whether or not recorded, including matrices and masters for the production of discs, excluding products of Chapter 37	2,261	1.2	510	22.6	2.6	186	8.2	0.8	557	10.5	0.1	20	0.9	0.0
8528 Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus	1,982	1.0	5	0.2	0.0	16	0.8	0.1	8,715	30.9	2.3	5	0.3	0.0
7601 Aluminium - unwrought	1,637	0.9	53	3.2	0.3	122	7.5	0.5	4	0.4	0.0	1	0.0	0.0
8536 Electrical apparatus for switching, protecting electrical circuits, for making connections to or in electrical circuits, for a voltage not exceeding 1000 volts; connectors for optical fibres, optical fibre bundles or cables	1,487	0.8	211	14.2	1.1	108	7.3	0.5	1,971	14.2	0.5	15	1.0	0.0
9018 Instruments and appliances used in medical, surgical, dental or veterinary sciences, including scintigraphic apparatus, other electro-medical apparatus and sight testing instruments	1,414	0.7	323	22.8	1.7	50	3.6	0.2	1,299	23.6	0.3	12	0.8	0.0

*Malaysia's indirect exports to the US via China is calculated by multiplying Malaysia's export values to the China with the share of China's component exports to the US. We assume that Malaysia's export to China will be redirected to the US by the same proportion as the China's exports to the US.
Note: The Harmonized System (HS) code is a six-digit standard, called a subheading, for classifying globally traded products. It is a universal classification tool - many governments add additional digits to the HS number to further distinguish products in certain categories. The Harmonized Tariff Schedule code (HTS) is a 10-digit import classification system that is specific to the US. An HTS code takes the same form as an HS code for the first six digits, and then has four differing last digits.
The data above are taken from four-digit HS code published by the UN Comtrade, which may contain more six-digit subheadings than the lists proposed by the USTR [Docket No. USTR-2018-0005].

Indonesia ➤

Potential winners are:

Indonesian exporters that compete directly with China for US export market including pneumatic tyres (HS code 4011), printers (8443), monitors and projectors (8528), seats (9401), and wires and cables (8544), which cumulatively total US\$1.8bn and account for 11.2% of Indonesia's total exports to the US.

Edible oil substitutes. Indonesia is well-placed to take advantage of China's proposed tariff on US soybean imports as the largest producer of palm oil, which is a substitute edible oil.

Potential losers are:

Indonesian exporters that export intermediate and capital goods to China destined for the US market are relatively limited due to its low exposure to E&E and machinery exports.

Figure 5: Indonesia's export components

HS code	Product	Indonesia's exports		Indonesia's exports to US			Indonesia's exports to China			China's exports to US			Indonesia's indirect exports to US via China*		
		US\$ m	% of exports	US\$ m	% of component exports	% of exports to US	US\$ m	component exports	% of exports to China	US\$ m	component exports	% of exports to US	US\$ m	Indonesia's component exports	% of Indonesia's total exports
Total	Total	144,490	100.0	16,171	11.2	100.0	16,786	11.6	100.0	385,678	18.4	100.0	3,086	2.1	2.1
8703	Motor cars and other motor vehicles; principally designed for the transport of persons (other than those of heading no. 8702), including station wagons and racing cars	2,566	1.8	0	0.0	0.0	0	0.0	0.0	1,373	27.9	0.4	0	0.0	0.0
4011	New pneumatic tyres, of rubber	1,605	1.1	747	46.5	4.6	3	0.2	0.0	2,117	16.4	0.5	1	0.0	0.0
8443	Printing machinery; used for printing by means of plates, cylinders and other printing components of heading 84.42; other printers, copying machines and facsimile machines, whether or not combined; parts and accessories thereof	1,358	0.9	418	30.8	2.6	39	2.9	0.2	4,306	23.0	1.1	9	0.7	0.0
8544	Insulated wire, cable and other electric conductors, connector fitted or not; with electric conductors or fitted with connectors	1,129	0.8	160	14.2	1.0	17	1.5	0.1	3,671	17.6	1.0	3	0.3	0.0
8528	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus	976	0.7	315	32.3	2.0	2	0.2	0.0	8,715	30.9	2.3	1	0.1	0.0
8536	Electrical apparatus for switching, protecting electrical circuits, for making connections to or in electrical circuits, for a voltage not exceeding 1000 volts; connectors for optical fibres, optical fibre bundles or cables	520	0.4	47	9.1	0.3	45	8.6	0.3	1,971	14.2	0.5	6	1.2	0.0
9401	Seats (not those of heading no. 9402), whether or not convertible into beds and parts thereof	506	0.4	166	32.8	1.0	14	2.7	0.1	7,911	36.2	2.1	5	1.0	0.0
8714	Vehicles; parts and accessories of heading no. 8711 to 8713	501	0.3	8	1.7	0.1	12	2.5	0.1	299	5.6	0.1	1	0.1	0.0
8532	Electrical capacitors; fixed, variable or adjustable (pre-set)	497	0.3	15	3.0	0.1	48	9.7	0.3	182	4.5	0.0	2	0.4	0.0
8711	Motorcycles (including mopeds) and cycles; fitted with an auxiliary motor, with or without side-cars; side-cars	468	0.3	12	2.6	0.1	1	0.2	0.0	358	6.0	0.1	0	0.0	0.0

*Indonesia's indirect exports to the US via China is calculated by multiplying Indonesia's export values to the China with the share of China's component exports to the US. We assume that Indonesia's export to China will be redirected to the US by the same proportion as the China's exports to the US.
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SOURCES: UN COMTRADE, CGS-CIMB RESEARCH

Singapore ➤

Potential winners are:

Singapore exporters that compete directly with China for US export market including automatic data processors (HS code 8471), aircraft parts (8803), turbo-jets, propellers and other gas turbines (8411), printing machinery (8443), and medicaments (3004), which cumulatively total US\$5.7bn and account for 25% of Singapore's total exports to the US.

Potential losers are:

Singapore exporters of intermediate and capital goods to China destined for the US market including semiconductors (8541), HDDs and storage (8523), and machinery parts (8473), which cumulatively total US\$1.8bn and account for 8.0% of Singapore's total exports to the US.

Figure 6: Singapore's export components

HS code	Product	Singapore's exports		Singapore's exports to US			Singapore's exports to China			China's exports to US			Singapore's indirect exports to US via China*		
		US\$ m	% of exports	US\$ m	% of component exports	% of exports to US	US\$ m	% of component exports	% of exports to China	US\$ m	% of component exports	% of exports to US	US\$ m	% of Singapore's component exports	% of Singapore's total exports
Total	Total	329,871	100.0	22,641	6.9	100.0	42,859	13.0	100.0	385,678	18.4	100.0	7,880	2.4	2.4
8471	Automatic data processing machines and units thereof, magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included	9,081	2.8	720	7.9	3.2	580	6.4	1.4	39,119	31.3	10.1	181	2.0	0.1
8541	Diodes, transistors, similar semiconductor devices; including photovoltaic cells assembled or not in modules, panels, light emitting mounted piezo-electric crystals	8,988	2.7	745	8.3	3.3	937	10.4	2.2	2,103	7.9	0.5	74	0.8	0.0
8803	Aircraft; parts of heading no. 8801 or 8802	6,358	1.9	961	15.1	4.2	879	13.8	2.1	535	34.5	0.1	303	4.8	0.1
8411	Turbo-jets, turbo-propellers and other gas turbines	5,938	1.8	2,163	36.4	9.6	370	6.2	0.9	944	24.5	0.2	91	1.5	0.0
8443	Printing machinery; used for printing by means of plates, cylinders and other printing components of heading 84.42; other printers, copying machines and facsimile machines, whether or not combined; parts and accessories thereof	4,960	1.5	710	14.3	3.1	459	9.2	1.1	4,306	23.0	1.1	106	2.1	0.0
8523	Discs, tapes, solid-state non-volatile storage devices, smart cards and other media for the recording of sound or of other phenomena, whether or not recorded, including matrices and masters for the production of discs, excluding products of Chapter 37	4,851	1.5	686	14.1	3.0	1,013	20.9	2.4	557	10.5	0.1	107	2.2	0.0
8473	Machinery; parts and accessories (not covers, carrying cases and the like) suitable for use solely or principally with machines of heading no. 8469 to 8472	4,376	1.3	381	8.7	1.7	466	10.7	1.1	6,519	25.2	1.7	118	2.7	0.0
3004	Medicaments; (not goods of heading no. 3002, 3005 or 3006) consisting of mixed or unmixed products for therapeutic or prophylactic use, put up in measured doses (incl. those in the form of transdermal admin. systems) or packed for retail sale	3,854	1.2	450	11.7	2.0	139	3.6	0.3	234	8.4	0.1	12	0.3	0.0
2922	Oxygen-function amino-compounds	3,659	1.1	80	2.2	0.4	1	0.0	0.0	239	8.4	0.1	0	0.0	0.0
8543	Electrical machines and apparatus; having individual functions, not specified or included elsewhere in this chapter	3,517	1.1	220	6.2	1.0	272	7.7	0.6	2,168	24.0	0.6	65	1.9	0.0

*Singapore's indirect exports to the US via China is calculated by multiplying Singapore's export values to the China with the share of China's component exports to the US. We assume that Singapore's export to China will be redirected to the US by the same proportion as the China's exports to the US.
 Note: The Harmonized System (HS) code is a six-digit standard, called a subheading, for classifying globally traded products. It is a universal classification tool - many governments add additional digits to the HS number to further distinguish products in certain categories. The Harmonized Tariff Schedule code (HTS) is a 10-digit import classification system that is specific to the US. An HTS code takes the same form as an HS code for the first six digits, and then has four differing last digits. The data above are taken from four-digit HS code published by the UN Comtrade, which may contain more six-digit subheadings than the lists proposed by the USTR [Docket No. USTR-2018-0005].

SOURCES: UN COMTRADE, CGS-CIMB RESEARCH

Thailand ➤

Potential winners are:

Thailand's exporters that compete directly with China for US export market including automatic data processors (HS code 8471), air conditioning machines (8415), pneumatic rubber tyres (4011), and printing machinery (8443), which cumulatively total US\$5.8bn and account for 23.8% of Thailand's total exports to the US.

Potential losers are:

Thailand's exporters of intermediate and capital goods to China destined for the US market including liquid crystal devices (9013), machinery parts (8473), motor vehicles (8703) and air or vacuum pumps/fans/compressors (8414) which cumulatively total US\$1.1bn and account for 4.3% of Thailand's total exports to the US.

Figure 7: Thailand's export components

HS code	Product	Thailand's exports		Thailand's exports to US			Thailand's exports to China			China's exports to US			Thailand's indirect exports to US via China*		
		US\$ m	% of exports	US\$ m	% of component exports	% of exports to US	US\$ m	% of component exports	% of exports to China	US\$ m	% of component exports	% of exports to US	US\$ m	% of Thailand's component exports	% of Thailand's total export
Total	Total	213,593	100.0	24,381	11.4	100.0	23,572	11.0	100.0	385,678	18.4	100.0	4,334	2.0	2.0
8703	Motor cars and other motor vehicles; principally designed for the transport of persons (other than those of heading no. 8702), including station wagons and racing cars	11,623	5.4	283	2.4	1.2	367	3.2	1.6	1,373	27.9	0.4	102	0.9	0.0
8471	Automatic data processing machines and units thereof, magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included	10,467	4.9	3,247	31.0	13.3	875	8.4	3.7	39,119	31.3	10.1	274	2.6	0.1
8704	Vehicles; for the transport of goods	6,459	3.0	4	0.1	0.0	1	0.0	0.0	3	0.1	0.0	0	0.0	0.0
8415	Air conditioning machines; comprising a motor driven fan and elements for changing the temperature and humidity, including those machines in which the humidity cannot be separately regulated	4,845	2.3	303	6.2	1.2	72	1.5	0.3	2,034	15.5	0.5	11	0.2	0.0
4011	New pneumatic tyres, of rubber	3,556	1.7	1,325	37.3	5.4	126	3.5	0.5	2,117	16.4	0.5	21	0.6	0.0
8473	Machinery; parts and accessories (not covers, carrying cases and the like) suitable for use solely or principally with machines of heading no. 8469 to 8472	3,158	1.5	512	16.2	2.1	667	21.1	2.8	6,519	25.2	1.7	168	5.3	0.1
8443	Printing machinery; used for printing by means of plates, cylinders and other printing components of heading 84.42; other printers, copying machines and facsimile machines, whether or not combined; parts and accessories thereof	2,952	1.4	924	31.3	3.8	145	4.9	0.6	4,306	23.0	1.1	33	1.1	0.0
8414	Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan whether or not fitted with filters	2,167	1.0	257	11.9	1.1	321	14.8	1.4	2,481	19.6	0.6	63	2.9	0.0
8418	Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps other than air conditioning machines of heading no. 8415	1,872	0.9	41	2.2	0.2	12	0.6	0.0	1,493	18.9	0.4	2	0.1	0.0
9013	Liquid crystal devices not constituting articles provided for more specifically in other headings; lasers, not laser diodes; other optical appliances and instruments n.e.c. in this chapter	1,650	0.8	9	0.6	0.0	1,380	83.6	5.9	1,951	6.8	0.5	94	5.7	0.0

*Thailand's indirect exports to the US via China is calculated by multiplying Thailand's export values to the China with the share of China's component exports to the US. We assume that Thailand's export to China will be redirected to the US by the same proportion as the China's exports to the US.
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SOURCES: UN COMTRADE, CGS-CIMB RESEARCH

APPENDIX – Top 10 export items in MIST

Figure 8: Malaysia's top 10 key exports (2016)

HS Code	Product	US\$ m	% of total exports
Total	Total	189,414	100.0
8542	Electronic integrated circuits	26,577	14.0
2710	Petroleum oils and oils from bituminous minerals (not crude)	11,100	5.9
1511	Palm oil	9,064	4.8
2711	Petroleum gases and other gaseous hydrocarbons	8,292	4.4
8541	Diodes, transistors, similar semiconductor devices	8,267	4.4
8471	Automatic data processing machines and units	7,252	3.8
2709	Crude petroleum oils	5,653	3.0
8517	Telephone sets, including telephones for cellular networks or for other wireless networks	3,863	2.0
4015	Articles of apparel and clothing accessories	3,209	1.7
8473	Machinery, parts and accessories	3,113	1.6

SOURCES: UN COMTRADE, CGS-CIMB RESEARCH

Figure 9: Indonesia's top 10 key exports (2016)

HS Code	Product	US\$ m	% of total exports
Total	Total exports	144,490	100.0
1511	Palm oil	14,365	9.9
2701	Coal	12,899	8.9
2711	Petroleum gases and other gaseous hydrocarbons	7,037	4.9
2709	Crude petroleum oils	5,197	3.6
7113	Jewellery	4,079	2.8
2603	Copper ores and concentrates	3,482	2.4
4001	Natural rubber	3,372	2.3
1513	Coconut (copra), palm kernel or babassu oil and their fractions	2,727	1.9
8703	Motor cars and other motor vehicles	2,566	1.8
3823	Industrial monocarboxylic fatty acids; acid oils from refining; industrial fatty alcohols	2,328	1.6

SOURCES: UN COMTRADE, CGS-CIMB RESEARCH

Figure 10: Singapore's top 10 key exports (2016)

HS Code	Product	US\$ m	% of total exports
Total	Total	329,871	100.0
8542	Electronic integrated circuits	71,816	21.8
2710	Petroleum oils and oils from bituminous minerals (not crude)	36,119	10.9
8517	Telephone sets	9,757	3.0
8471	Automatic data processing machines and units	9,081	2.8
8541	Diodes, transistors, similar semiconductor devices	8,988	2.7
8803	Aircraft	6,358	1.9
8411	Turbo-jets, turbo-propellers and other gas turbines	5,938	1.8
8486	Machines and apparatus of a kind used solely or principally for the manufacture of semiconductor boules or wafers, semiconductor devices, electronic integrated circuits or flat panel displays	5,738	1.7
3901	Polymers of ethylene, in primary forms	5,062	1.5
8443	Printing machinery; used for printing by means of plates, cylinders and other printing components of heading 84.42	4,960	1.5

SOURCES: UN COMTRADE, CGS-CIMB RESEARCH

Figure 11: Thailand's top 10 key exports (2016)

HS Code	Product	US\$ m	% of total exports
Total	Total	213,593	100.0
8703	Motor cars and other motor vehicles	11,623	5.4
8471	Automatic data processing machines and units	10,467	4.9
8542	Electronic integrated circuits	7,663	3.6
7108	Gold (including gold plated with platinum)	7,276	3.4
8708	Motor vehicles, parts and accessories	6,922	3.2
8704	Vehicles for the transport of goods	6,459	3.0
8415	Air conditioning machines	4,845	2.3
2710	Petroleum oils and oils from bituminous minerals (not crude)	4,800	2.2
4001	Natural rubber	4,415	2.1
1006	Rice	4,378	2.0

SOURCES: UN COMTRADE, CGS-CIMB RESEARCH

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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