

Key Themes

Another important week on trade;

- Japan and the EU signed a large free trade deal, including specific provisions linked to the Paris Climate Agreement.

“We are sending a strong signal to the world that two of its biggest economies still believe in open trade, opposing both unilateralism and protectionism.”

- Late last week President Trump signalled he is willing to “go to 500”, further escalating the trade dispute with China by imposing tariffs on all Chinese imports.

Fed Chairman Powell provided an optimistic view of the US economy in his Senate Banking Committee testimony. It was seen as further support for two more rate increases this year – Sept and Dec.

US data was good – with continued growth in retail sales and stronger growth in industrial production in June after May was revised even lower. Regional surveys for NY and Philadelphia were a little mixed – current activity still in expansion, but some forward-looking indicators moderating.

UK data; retail sales declined in June but still a stronger Q2 overall, UK employment growth remains stable, but the decline in unemployment is becoming smaller as more workers enter the labour market and CPI growth mostly unchanged, with underlying/core CPI lower. This is amid the deep divisions and debate on the governments’ plan for Brexit. Stripping away the noise, the UK representatives will return to Brussels this week to “negotiate an operative backstop – an “all-weather insurance policy” – to address the issues of Ireland and Northern Ireland”. This will be an important step towards completing a withdrawal agreement (due mid-Oct 2018) to avoid a no-deal Brexit.

Headline CPI data in the Eurozone was influenced by higher energy prices and underlying CPI growth remains little changed +1.3% (annual).

Japanese headline CPI growth was also influenced by higher energy prices; ex food & energy CPI declined in June by -0.1% and the annual rate slowed to +0.2%. The BoJ is planning a special review of causes of enduring weakness in price growth.

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US Data

Retail Sales (June)

Retail sales continued to grow in the latest month, albeit slower than in the previous month, with a large upward revision to May;

Monthly change; June +0.5% versus May +1.3% (May prelim +0.8%)

The upward revision for May retail sales is in line with the much stronger consumer credit data reported for last week for May.

Retail sales growth in June was driven by;

Motor Vehicle and Parts Dealers (37% of the growth in the month)

Health and Personal Care Stores (26% of the growth)

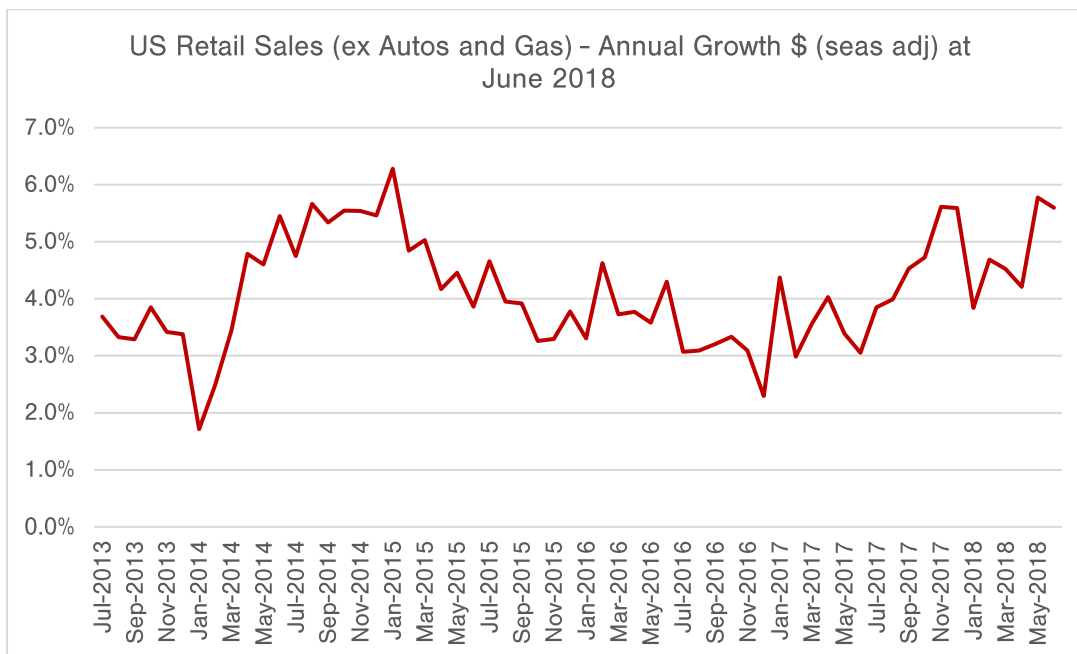
Gasoline Stations (18% of the growth)

Non-Store Retailers (30% of the growth)

Food Services and Drinking Places (37% of the growth)

On the negative side; Food and Beverage Stores, Clothing stores, Sporting Goods and General Merchandise all declined month on month.

The bigger picture context for retail sales ex-Autos and Gas still shows a general upward trend in retail sales growth since the start of 2017;



https://www.census.gov/retail/marts/www/marts_current.pdf

Empire State Manufacturing Survey (July)

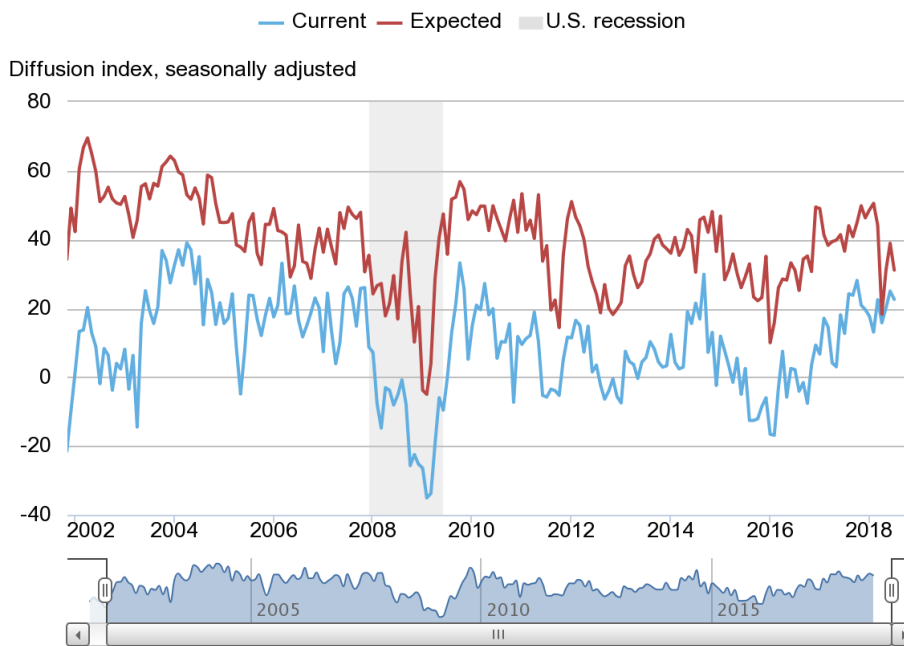
The Manufacturing survey for NY state shows continued expansion in the headline business conditions index, albeit at a slightly slower pace;

July 22.6 versus June 25

The outlook for 6 months ahead fell in the latest month, reversing the gains from the previous month;

July 31.1 versus June 38.9

General Business Conditions



New orders continue to expand but at a slightly slower pace.

Shipments still expanded but slowed by a relatively large number from 23.5 to 14.6 in July (more firms reporting lower shipments and less firms reporting higher shipments).

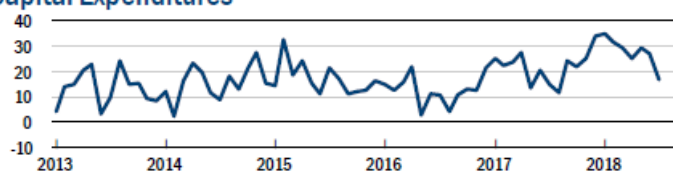
Expansion in unfilled orders slowed in the latest month and is now at a reading of zero – neither expanding nor contracting. Any order pressure/backlogs seem to be abating. Inventories had also been building throughout late 2017 early 2018 but moved into contraction in the latest month.

The acceleration in prices paid has slowed (but still growing) and prices received, whilst still expanding is flat-lining.

Expansion in the number of employees was little changed, but average employee work week expanded at a slower pace, well off recent highs.

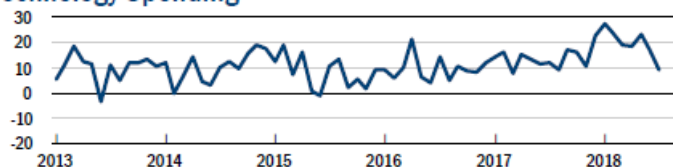
The forward-looking indicators; continued expansion of new orders, although still off recent highs. The readings for expected growth in capex and tech spending show both still in expansion, but that the clear upward trend/acceleration has been broken;

Capital Expenditures



	Percent Reporting		Index
	Higher	Lower	
Jun	33.3	6.2	27.1
Jul	29.9	12.8	17.1
Change			-10.0

Technology Spending



	Percent Reporting		Index
	Higher	Lower	
Jun	21.7	4.7	17.1
Jul	17.9	8.5	9.4
Change			-7.7

https://www.newyorkfed.org/medialibrary/media/survey/empire/empire2018/esms_2018_7_survey.pdf?la=en

Industrial Production (Prelim - June)

Industrial production in the US continued to grow in the latest month, with the prior month revised down;

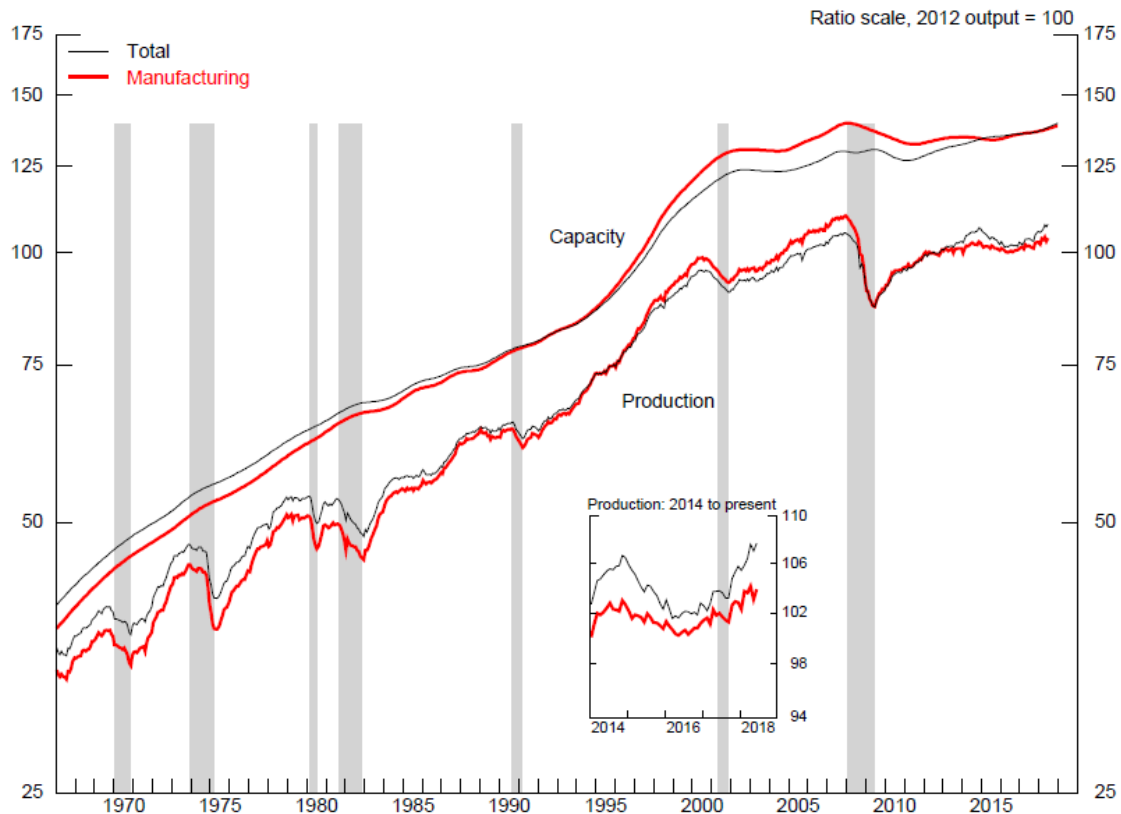
June +0.6% versus May -0.5% (May revised down from -0.1%)

Over the year, industrial production has grown by 3.8%

By industry group, the annual growth in industrial production has been driven by Mining and Utilities, with Manufacturing growth lagging;

Industrial production	2012=100							June '17 to June '18
	2018							
	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[p]		
Total index	-0.3	0.4	0.5	1.1	-0.5	0.6	3.8	
<i>Previous estimates</i>	-0.3	0.4	0.5	0.9	-0.1			
Major industry groups								
Manufacturing (see note below)	-0.5	1.4	-0.1	0.5	-1	0.8	1.9	
<i>Previous estimates</i>	-0.5	1.4	-0.1	0.6	-0.7			
Mining	-1	2.8	1.4	0.7	2.2	1.2	12.9	
Utilities	2.1	-9.6	4.2	5.7	-0.7	-1.5	5	

1. Industrial production, capacity, and utilization



The Q2 run rate for industrial production (+6% annualised) accelerated versus Q1 (+2.4% annualised) which should have a positive impact on GDP. By industry group, annualised; in Q2 manufacturing grew at roughly the same pace as in Q1 (1.9% v 1.7% Q2 v Q1), Mining continued to accelerate 19% versus 11% and Utilities +17% versus -4%.

<https://www.federalreserve.gov/releases/g17/current/>

Fed Chairman Powell – Semi-annual monetary policy testimony to the US Senate Banking Committee

US Fed Chairman Powell continues to deliver a consistent message – raising rates too slowly may cause inflation pressure or ‘excesses’ elsewhere and raising rates too quickly may result in a sudden tightening of financial conditions.

Outlook – economy positive overall, acknowledging the effects of higher energy prices on current inflation reads, but core measures are now around the target inflation rate of 2%, employment growth has been stronger, financial system stronger than before the crisis.

Outlook risks ‘balanced’ – uncertainty/difficulty predicting the effects arising from the outcomes of trade policy and the economic effects of the recent changes in fiscal policy.

Forward looking statements – appropriate to continue to gradually raise the FFR.

<https://www.federalreserve.gov/newsevents/testimony/powell20180717a.htm>

Philadelphia Fed Manufacturing Outlook Survey (July)

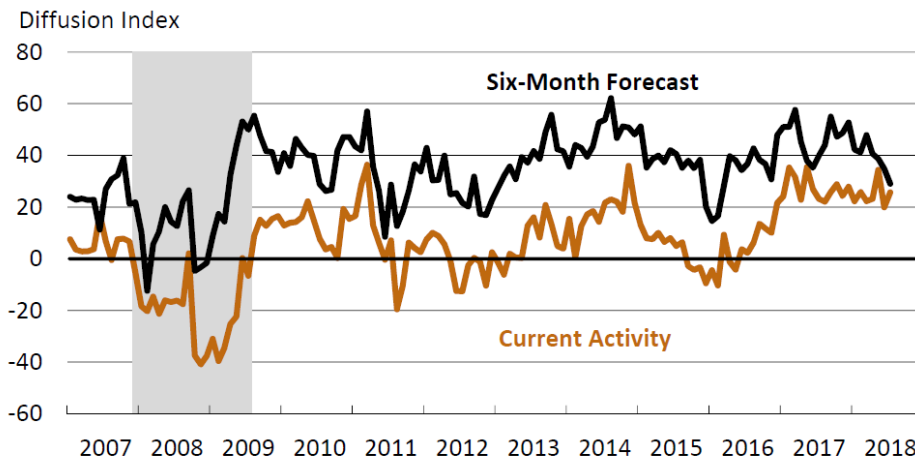
A more solid expansion in July after falls recorded in June;

General activity index; July 25.7 versus June 19.9 (May 34.4)

The six-month business activity expectations continued to moderate; July 29 versus June 34.8 (May 38.7)

Chart 1. Current and Future General Activity Indexes

January 2007 to July 2018



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Looking at the break down for the 6-mth expectations – there was no change in the number of firms expecting a decrease (remained at 13% between July and June), but fewer firms expected an increase in business activity and instead shifted into the ‘no change’ column.

In July;

The new orders index rebounded; July 34.3 versus Jun 17.9 (May 40.6)

The expansion in shipments pulled back slightly, but unfilled orders started to increase again.

Prices paid jumped in July; 62.9 versus 51.8 June and continues to out-perform prices received – that said, there were zero firms that recorded a decrease in prices paid or received in July.

Employment growth looks to be slowing;

Number of employees; July 16.8 versus June 30.4. The break down reveals that more firms recorded a decline in number of employees and less firms recorded an increase in employees. There was also a small increase in firms recording ‘no change’

The average employee workweek also slowed; July 24.2 versus June 34.4. The breakdown of the change reveals more firms recorded a decrease in the work week and less firms recorded an increase in the work week.

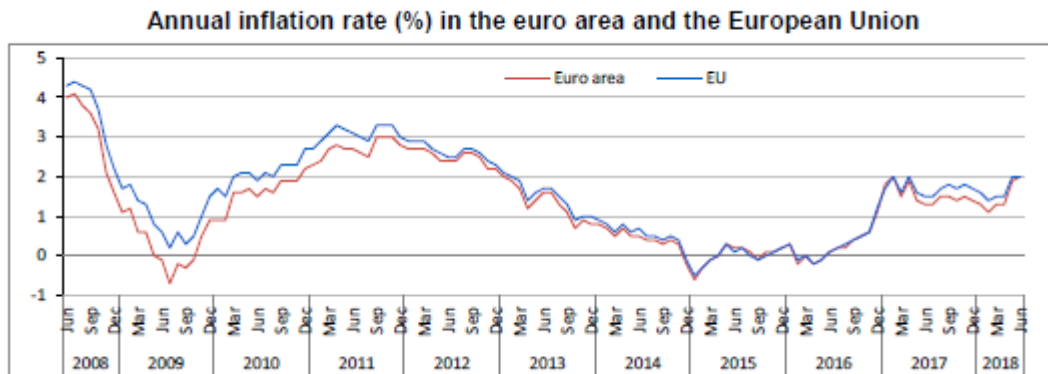
<https://www.philadelphiafed.org/research-and-data/regional-economy/business-outlook-survey/2018/bos0718>

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Europe

Eurozone CPI (June)

Headline CPI growth; June +2% versus May +1.9% (June 17 +1.3%)



As previously noted, energy price increases are having an impact on headline CPI growth;

CPI ex energy June +1.3% versus May +1.4% and versus June 2017 +1.2%

The contribution of energy price increases jumped in the latest month; June +0.76% points versus +0.58%pts in May and only +0.18%pts a year ago in June 2017.

The contribution of Food, alcohol and tobacco has doubled since last year; Jun +0.53% pts versus +0.5%pts May and +0.27%pts in June 2017. The main contributor is the growth in unprocessed food prices.

<http://ec.europa.eu/eurostat/documents/2995521/9083143/2-18072018-AP-EN.pdf/f40c2316-3e09-48cf-80dc-5a52341953d7>

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Japan

CPI (June)

There was little change in annual headline inflation in Japan in the latest month;

Headline CPI (All Items) grew by +0.1% in June and the annual rate remained at +0.7% (May +0.7%)

But core CPI ex Fresh Food and Energy continued to fall in June -0.1% and the annual rate also slowed to +0.2% (the annual rate in May was +0.3%)

CPI Index for Goods -0.1% in June and +1.1% annual rate

CPI Index for Services -0.1% in June and +0.3% annual rate

Table Japan, June 2018

	Weights	Index	Annual Change (%)	Monthly Change (%) (Seasonally adjusted)
All items	10000	100.9	0.7	0.1
All items, less fresh food	9586	101.0	0.8	0.1
All items, less fresh food and energy	8802	100.9	0.2	-0.1
(10 Major Group Index)	Weights	Index	Annual Change (%)	Monthly Change (%)
Food	2623	102.4	0.4	-0.4
Housing	2087	99.6	-0.1	0.0
Fuel, light and water charges	745	99.3	3.3	0.5
Furniture and household utensils	348	98.0	-1.0	0.1
Clothes and footwear	412	103.0	0.0	-0.5

Medical care	430	103.3	2.0	0.1
Transportation and communication	1476	99.6	1.4	0.1
Education	316	102.8	0.5	-0.1
Culture and recreation	989	101.7	0.8	-0.1
Miscellaneous	574	101.2	0.4	-0.1

<http://www.stat.go.jp/english/data/cpi/1581-z.html>

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United Kingdom

Brexit

PM May won her series of votes in the UK parliament last week after making concessions to Brexit supporters. So far, despite the media frenzy, the division and the backlash from all sides of the debate, PM May's plan remains in place. The speculation now is whether the EU will approve the details of the whitepaper.

PM May needs a withdrawal agreement in order to avoid a no-deal Brexit.

From the statement made on Friday by Michel Barnier (head of the EC Brexit Taskforce);

“Let me recall that the Withdrawal Agreement is the prerequisite for an orderly withdrawal, for the transition period, and for creating the trust that we need to build a solid partnership for the future.

This requires in particular a legally operative backstop – an "all-weather insurance policy" – to address the issues of Ireland and Northern Ireland. All 27 Member States insist on this.”

“And I made clear to Dominic Raab yesterday that we are not asking for a border between Northern Ireland and the rest of the UK. What we need is checks on goods because the UK wants to leave the Single Market, the Customs Union and our common commercial policy.

We cannot afford to lose time on this issue. And this is why we have invited the UK to work on the backstop next week.

We are open to any solutions as long as they are workable and can be transformed into a legally operative text in time for the Withdrawal Agreement.”

The UK government will return to Brussels for talks this week (Thursday).

http://europa.eu/rapid/press-release_STATEMENT-18-4626_en.htm

Recommended; <https://www.irishtimes.com/news/world/uk/brexit-what-is-the-backstop-agreement-and-why-does-it-matter-1.3571135>

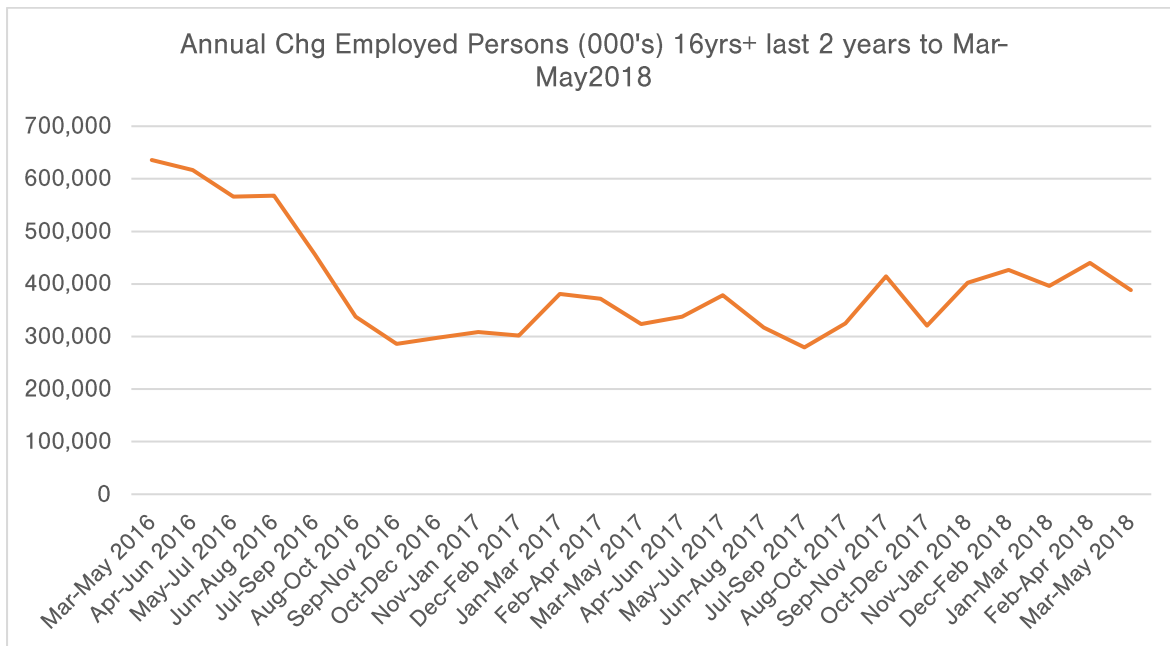
UK Labour Market (Mar-May)

The headline numbers for UK employment remain positive. Employment growth has remained steady (slightly accelerating) but the recent changes in participation (more people coming back into the labour force) has resulted in a slow-down in the decline of total unemployed persons. In other words, employment growth needs to accelerate from its current level if it is to continue to absorb the increased labour force participation and, at the same time, continue to reduce unemployment.

Employment growth in the latest 3month period;

May-Mar +137k persons versus the prior 3mth Dec-Feb +55k persons.

On an annual basis, employment growth has remained stable since late 2016, but still well below the peaks from 2014. Current annual employment growth +388k persons versus +427k in Dec-Feb2018.

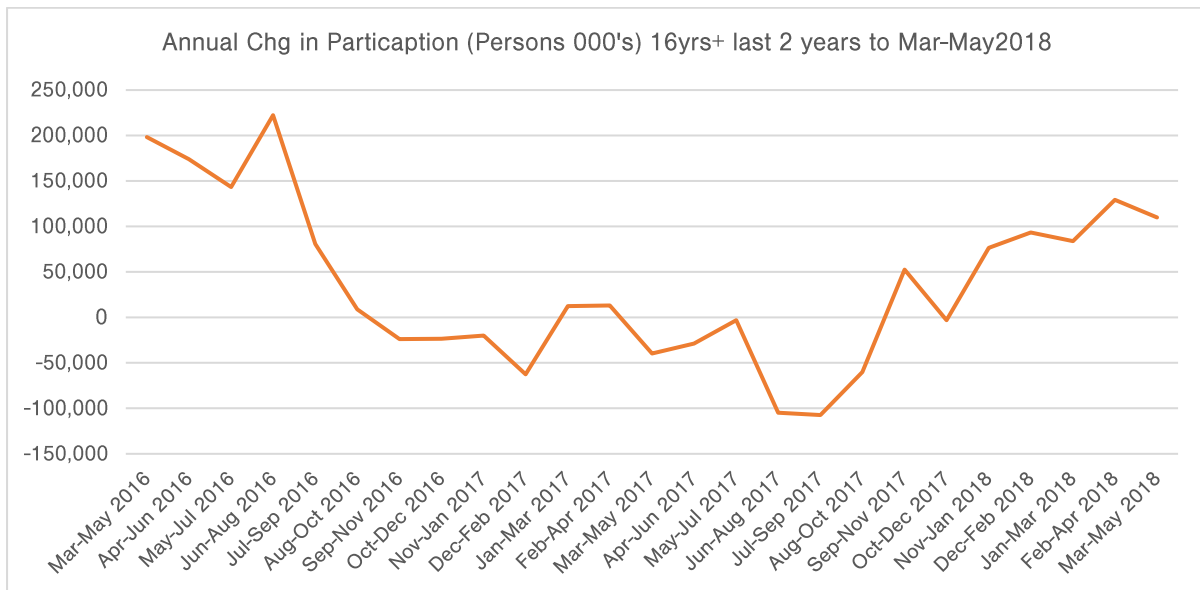


(each annual chg calculation is based on the same qtr year ago)

Total unemployed persons also continued to fall. In the latest 3mths Mar-May -12k persons (versus -16k persons Dec-Feb). On an annual basis, total unemployed persons declined by -84k persons. The trend is important here. Since the Jun-Aug 2017 qtr, the rate of decline in unemployed persons has been getting smaller;



A large part of the reason for this appears to be the increase in participation. The decline in participation bottomed in Jul-Sept 2017 qtr and participation growth has been increasing since then;



In order for unemployment to keep declining, given increasing participation, employment growth needs to accelerate.

Average weekly earnings continued to grow at a slow pace and in real terms is still below that of 2008.

Annual regular pay for employees in the UK, in real terms/price adjusted grew by +0.4%

Annual total pay for employees, in real terms grew by +0.2%

Figure 9: Great Britain average weekly earnings at constant 2015 prices, seasonally adjusted

January 2005 to May 2018

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January 2005 to May 2018



<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/july2018#things-you-need-to-know-about-this-release>

UK – CPI (June)

Headline CPI (incl owner occupier housing costs) was unchanged in June; +2.3% versus May +2.3%

The CPI overall index grew by 2.4%. Goods grew by +2.6% and services +2.3% over the last year.

CPI excluding Energy, Food, Alcohol & Tobacco grew by +1.9% for the year – highlighting that underlying price growth remains lower.

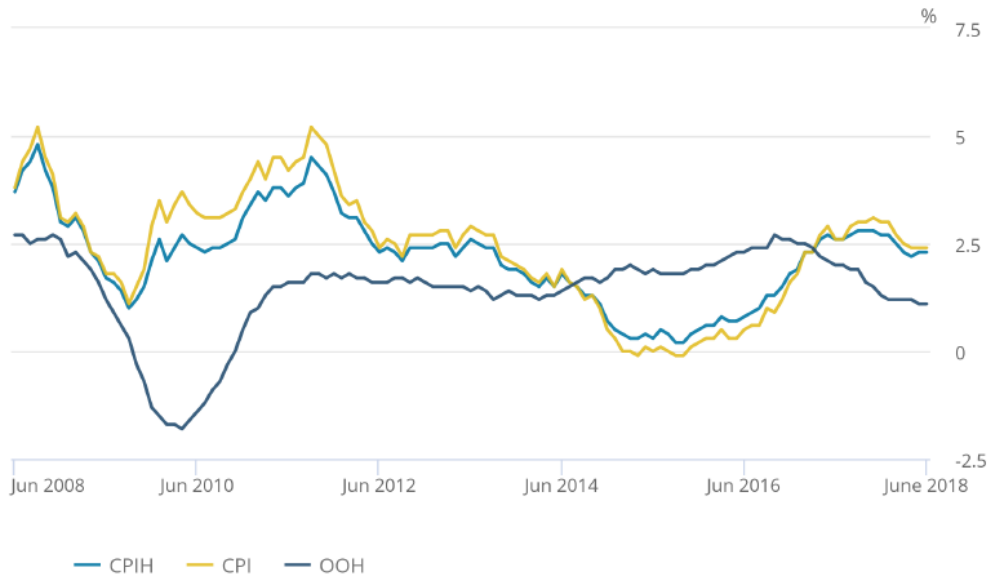
CPI growth has continued to slow from its peak in late 2017;

Figure 1: CPIH, OOH component and CPI 12-month rates for the last 10 years: June 2008 to June 2018

UK

Figure 1: CPIH, OOH component and CPI 12-month rates for the last 10 years: June 2008 to June 2018

UK



Over the last 12 months, two categories have continued to make the largest contribution to CPI growth;

Transport contributing +0.67%pts to the headline growth (versus +0.44%pts a year ago), within transport, motor fuels prices grew by 11.6%.

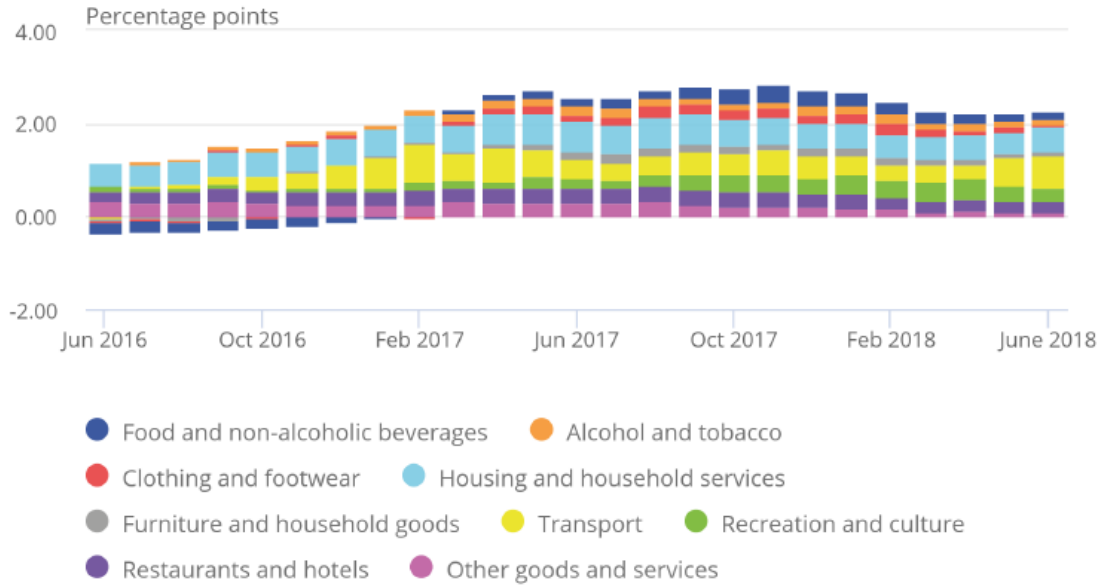
Housing and Household Services adding +0.53%pts to headline growth (slowing slightly from a year ago +0.63%pts)

Figure 3: Contributions to the CPIH 12-month rate: June 2016 to June 2018

UK

Figure 3: Contributions to the CPIH 12-month rate: June 2016 to June 2018

UK



Source: Office for National Statistics

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/june2018>

UK Retail Sales (First estimate - June)

A weaker result for June, but a strong Q2 overall

The prelim June retail sales result was softer with retail sales (volume) declining by -0.5% in June versus May +1.3% (All retailers incl Fuel Business Index).

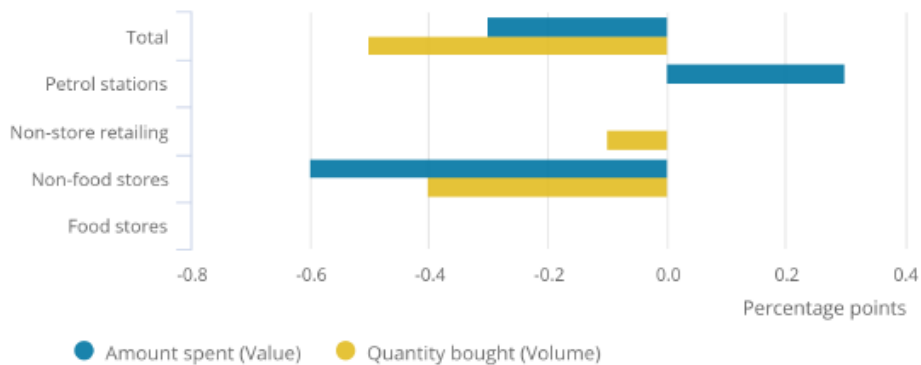
All categories contributed to the decline in the month (volume);

Figure 2: Contributions to month-on-month growth in the quantity bought and amount spent in the four main retail sectors

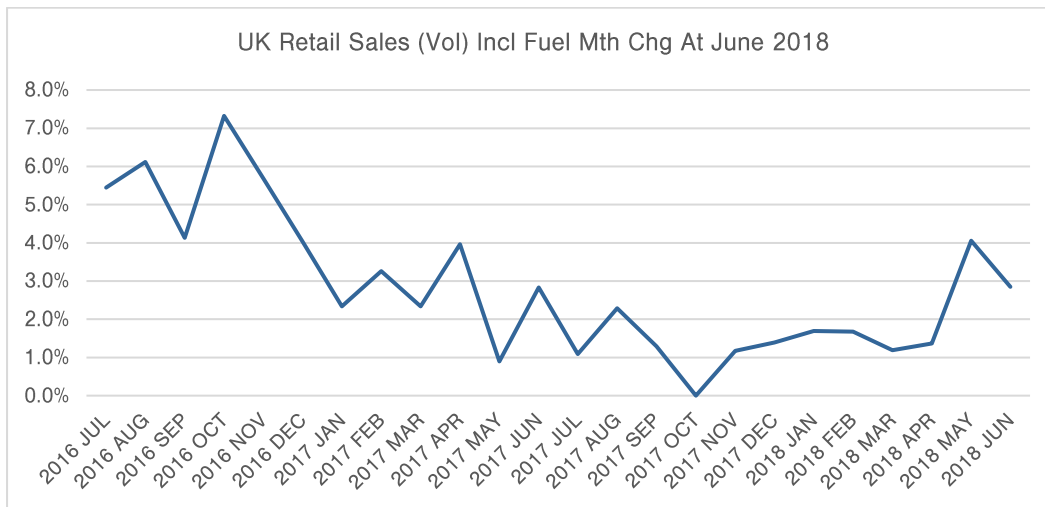
Great Britain (June 2018 compared with May 2018)

Figure 2: Contributions to month-on-month growth in the quantity bought and amount spent in the four main retail sectors

Great Britain (June 2018 compared with May 2018)

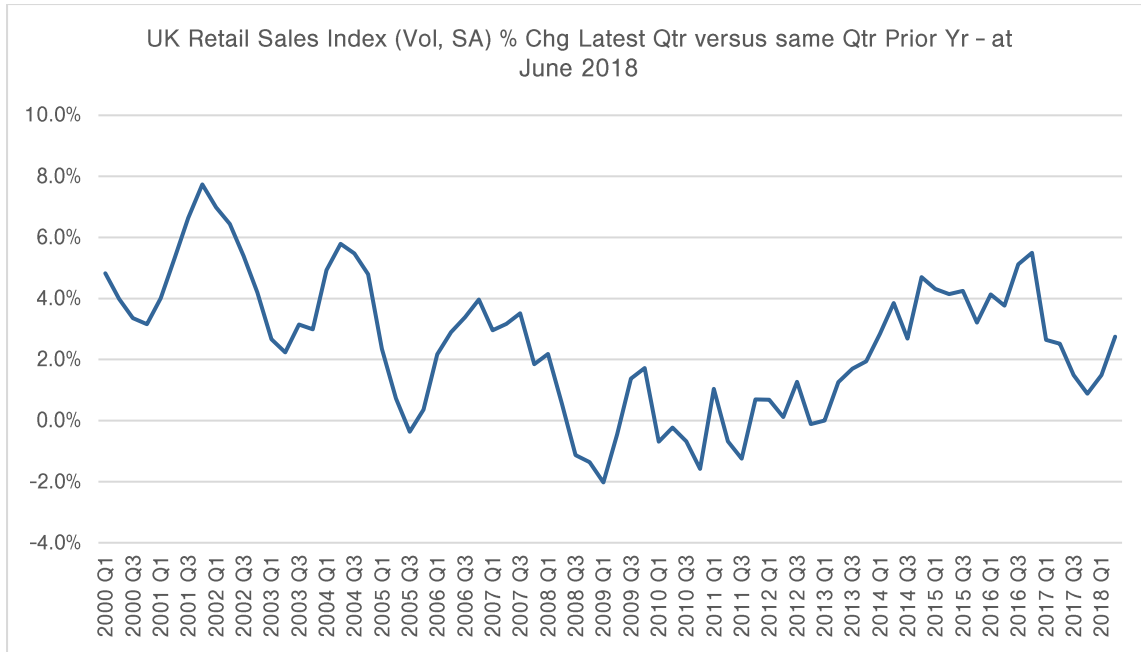


On an annual basis, retail sales grew by +2.9 in June versus +4.1% in May (which was partly a base effect). The trend for retail sales has been accelerating since late 2017 and is still well off the highs in terms of growth rate;



For the full three months to June 2018, retail sales (volume) grew by +2.1% versus the prior quarter, after stronger results in April and May.

The annual growth rate in Q2 also accelerated to 2.8% (versus Q2 2017) from 1.5% in Q1 (versus Q1 2017) and should help GDP growth. Current retail growth is still well below post GFC highs, but there is at least a change in trend throughout 2018;



<https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/june2018>

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Australia

RBA Meeting Minutes - July

Australian official cash rate (OCR) on hold. The minutes still paint an optimistic view of the next move in rates – most likely to be up. This is despite increasing global risks, slowing pace of Australian employment and high household debt.

For the moment, it was appropriate to hold rates steady to ensure continued growth (the trend of GDP growth in Q1 was in line with bank forecasts) in order to reduce the spare capacity that remains in the Australian labour force. This is seen as a gradual process, so “no strong case for a near-term adjustment in monetary policy”.

“it would be appropriate to hold the cash rate steady and for the Bank to be a source of stability and confidence while this progress unfolds”

Of note in this meeting was a “detailed discussion of the high level of household debt in Australia, informed by a special paper prepared for this meeting”. At least there was some reference to the distribution of outstanding debt;

“much of Australian household debt is owed by higher-income and middle-aged people, who tend to have more stable employment and often larger savings buffers. However, members recognised that a material share of household debt is held by lower-income households, which generally have higher debt relative to their income”

But this quickly gives way to a more aggregate view, which in my opinion, is misleading;

“Household assets in aggregate are valued at around five times the value of household debt and total assets exceed the value of debt for most households”

Looking at debt and assets in aggregate is misleading because the distribution of debt and assets across households/life stage types varies significantly. For example, the larger superannuation balances will be held by the older/established households, the majority of whom also own their home outright (Source: ABS).

“Members noted, however, that most household assets are housing and superannuation, and that both of these are illiquid”

Also, very little time was spent looking at the rising funding pressure faced by banks in Australia. The minutes briefly noted that rising funding pressures were consistent with quarter end, “uncertain how persistent these pressures would be”. Noted how funding costs had risen over 2018 but were low relative to history.

<https://www.rba.gov.au/monetary-policy/rba-board-minutes/2018/2018-07-03.html>

Australia – Labour Market (June)

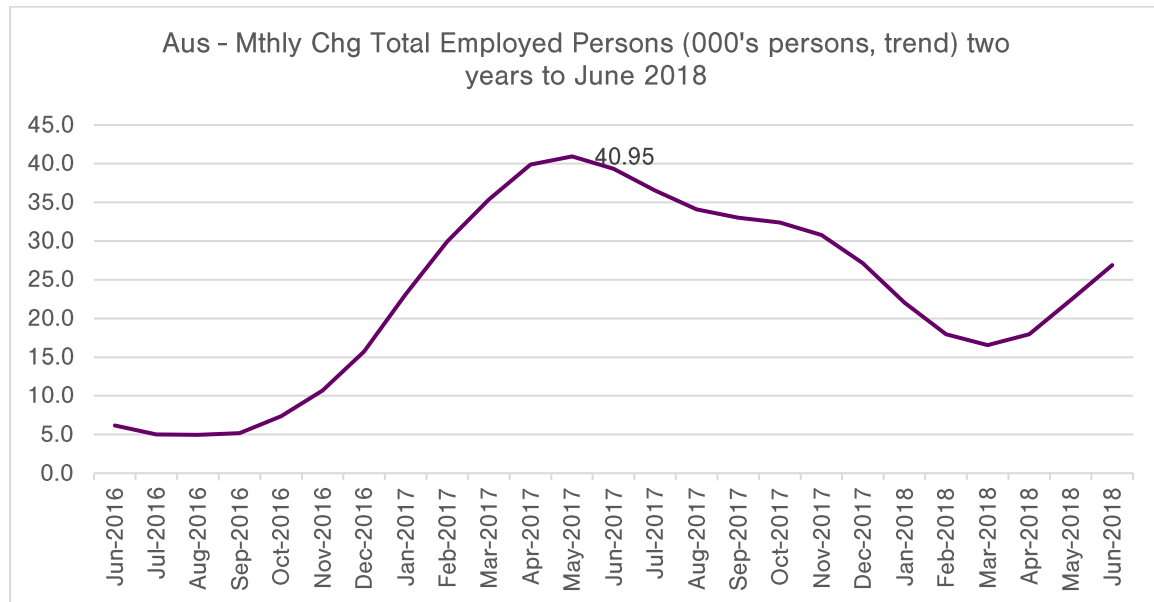
The headline growth for employed persons appears to be turning up again (trend data);

Monthly change in employed persons June +26.9k persons versus May +22k

Growth in the month was split evenly between FT and PT employment growth.

Australian employment is just coming off record high levels of growth recorded in the last 2 years, but it hasn't been high enough to further reduce unemployment during that time.

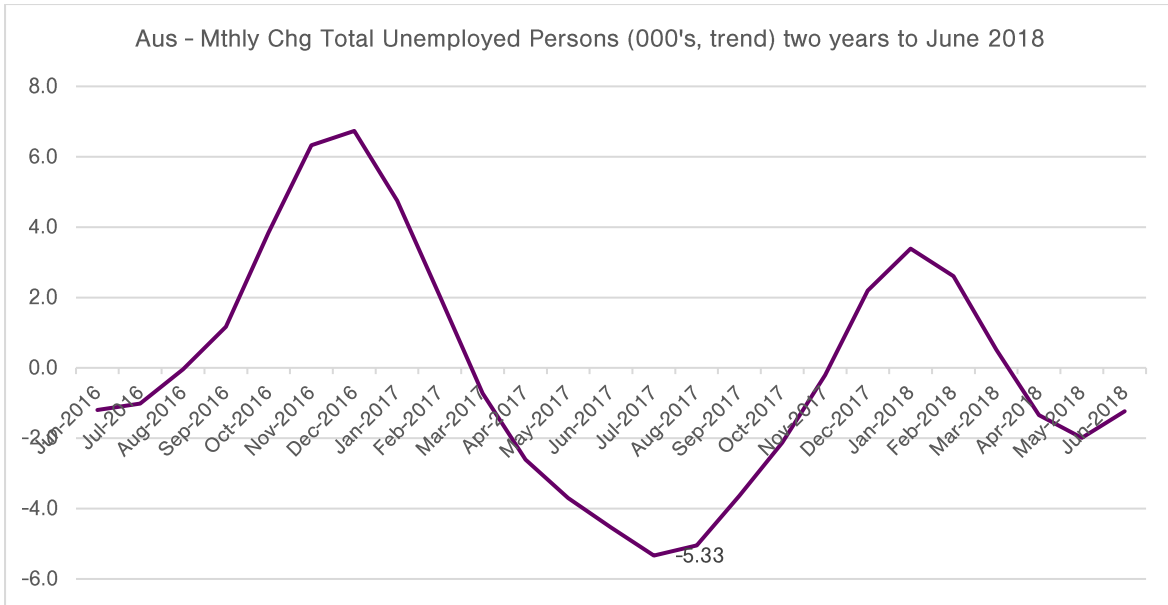
Employment growth; The peak in the chart below, May 2017, was the second highest monthly growth in employment on record. The year to Dec 2017 was the highest level of employment growth in Australia on record. Between June 2016 and June 2018, total employed persons grew by 575k persons.



Unemployment; Despite the record growth in employment, total unemployment has remained stubbornly high during the same time. In June 2016, there were 719k unemployed persons and in June 2018 there were...719k unemployed persons.

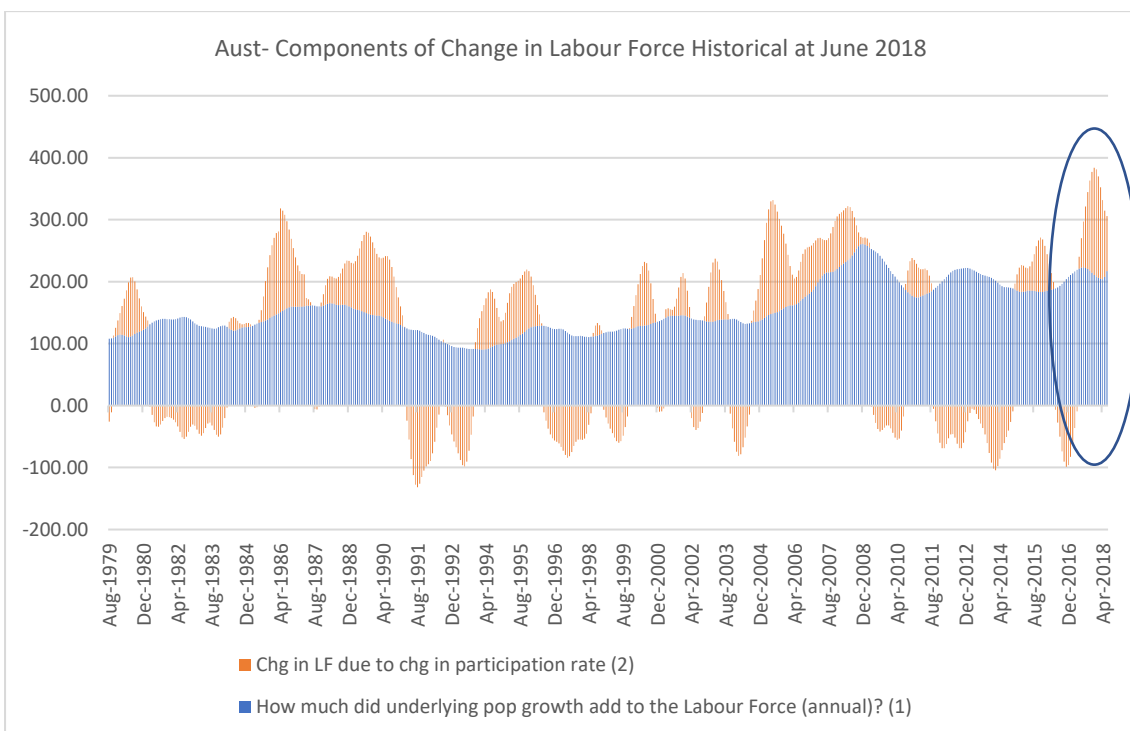
During the record high growth in employment, the decline in unemployed persons reached a peak of only -5.3k persons in July 2017. In fact, over the last 2 years, there are almost equal number of months where unemployment rose versus when it declined, and the levels are almost identical (14 mths where unemployment declined -33.55k persons versus 10 months where unemployment increased adding 33.57k unemployed persons).

In the latest month, unemployed persons declined by 1.2k persons and that trend also seems to be turning back up (not a positive trend);



Yet the unemployment rate has dropped from 5.7% to 5.4%.

It all comes down to the growth in Australian labour force. Population growth and increases in participation have been adding workers back into the labour force.



The record high employment growth has been high enough to absorb the higher population growth and increased participation, but it has not reduced the level of unemployed persons in Australia (during the last 2-year period). The unemployment rate has declined because of the larger labour force denominator.

There has been a clear gender split in labour market performance over the last 2 years:

Females have driven the higher levels of participation; females +116k versus males +18k

Female employment growth of 333k has been fast enough to 1) absorb population growth 2) higher participation (+116k females) and 3) reduce female unemployment by -8k.

Employment growth for men of 241k has lagged the (low) growth in male participation (+18k) plus the underlying population growth and resulted in an increase of 8k more unemployed males!

The decline in male participation is a recent phenomenon - male participation peaked at 72.77% in May 2008 and reached an all-time low of 70.3% in Dec 2016. It has only edged up to 70.8% at June 2018.

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/3AE3C968A8A9CC98CA2582CE00152220?OpenDocument>

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Canada

Retail Sales (May)

Retail sales grew in May after a decline in April;

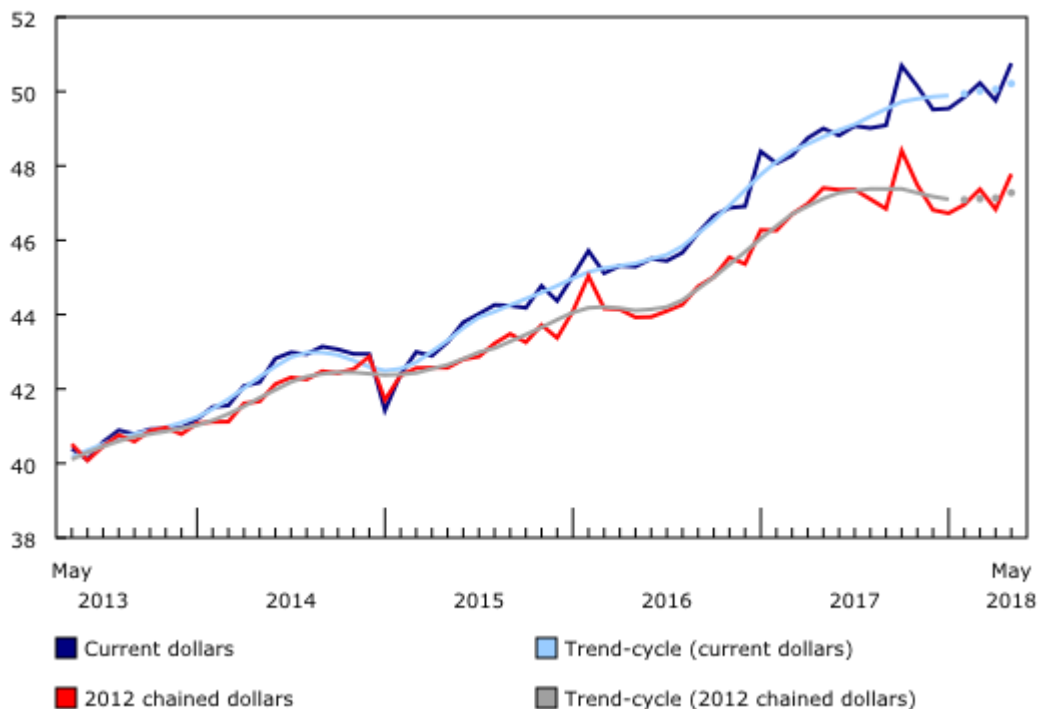
Monthly growth (\$ value); May +2% versus April -0.9% (revised up from -1.2%)

Annual growth (\$ value); May +3.6%

In volume terms, retail sales increased by 2% in May and +0.8% versus May 2017

Higher sales at motor vehicle and parts dealers and at gasoline stations were the main contributors to the gain in May (current dollars). Excluding these two subsectors, retail sales were up 0.9% for the month (and +2.15 versus May 2017)

billions of dollars



<https://www150.statcan.gc.ca/n1/daily-quotidien/180720/dq180720b-eng.htm?indid=3660-1&indgeo=0>

CPI (June)

Headline CPI in Canada was unchanged in the latest month; June +0.1% versus May +0.1%

The annual headline rate increased to +2.5% in June from +2.2% in May.

Energy prices have influenced headline annual growth;

CPI ex energy; May +0.2% (higher than the headline CPI growth for the month), and lower annual growth +1.6%

Energy price index in Canada grew by +12.4% annual at June but declined by 1.3% month on month June versus May.

The Bank of Canada preferred core CPI measures show little change in the annual underlying price growth over the last four months;

	March 2018	April 2018	May 2018	June 2018
	% change	% change	% change	% change
CPI-common{3}{,}{5}	1.9	1.9	1.9	1.9
CPI-median{4}{,}{6}	2	2	2	2
CPI-trim{4}{,}{7}	2	2.1	1.9	2

<https://www150.statcan.gc.ca/n1/daily-quotidien/180720/t004a-eng.htm>

<https://www150.statcan.gc.ca/n1/daily-quotidien/180720/dq180720a-eng.htm>

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Other

China – GDP Q2

The Q2 data is not updated on the National Bureau of Statistics of China website at this stage. The latest data on the NBS site is up to Q1 2018.

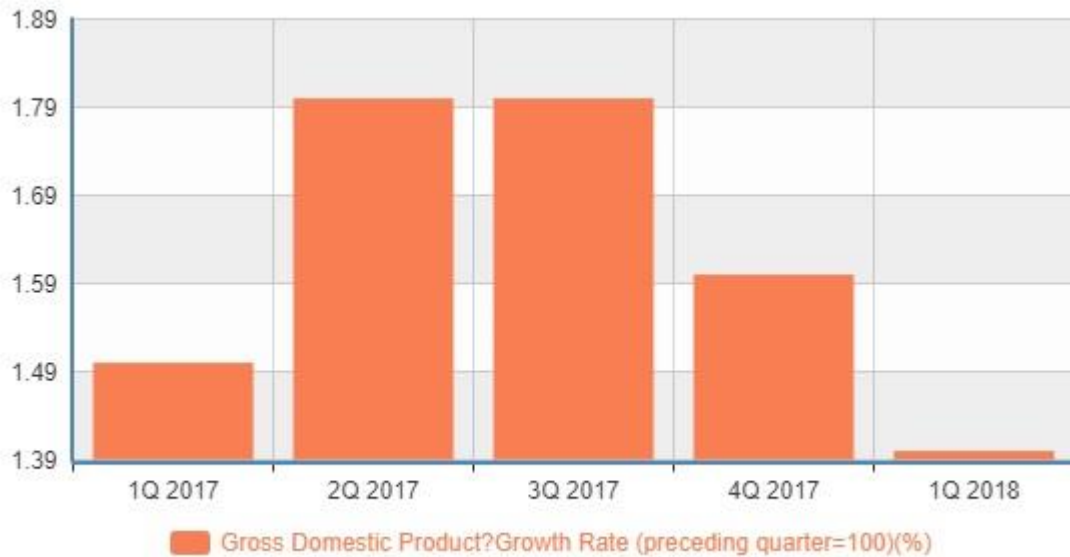
Much of what has been reported is the slow-down in the annual GDP growth rate from 6.8% to 6.7% in Q2;



<https://www.reuters.com/article/china-economy-gdp/china-q2-gdp-growth-slows-to-67-pct-y-y-in-line-with-expectations-idUSL4N1U92TK>

In the latest quarter Q2 though, GDP growth accelerated slightly, growing by +1.8% versus +1.4% in Q1. The chart below highlights that the slow-down in the quarterly growth rate from Q3 2017 to Q1 2018, which now looks to have reversed in the latest quarter (note; the latest quarter data is not included)

Chart; China – Quarterly GDP Growth Rate to Q1 2018



Below is the quarterly trend over the last five quarters to compare the relative contribution of consumption expenditure, investment and net exports to headline GDP growth in China. As mentioned, data is only available at this stage to Q1 2018.

Chart: China – Contribution of the three components of GDP to GDP Growth by Qtr to Q1 2018



The NBS also released its half yearly economic overview;

“the national economy sustained the momentum of steady and sound development with restructuring deepened, drivers of growth replaced, and the quality and efficiency improved steadily, signifying a good start for national economy to move toward high-quality development”

http://www.stats.gov.cn/english/PressRelease/201807/t20180716_1609894.html

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Trade

US-China Trade Negotiations

In an interview on Friday, President Trump threatened tariffs on all \$500b of Chinese imports.

Public hearings proposed for 20-23 August for a further investigation and proposal for additional 10% tariff on \$200b in trade value with China (announced 10 July).

NAFTA

Efforts are underway to restart stalled NAFTA negotiations, albeit via separate meetings.

Canadian Minister for Foreign Affairs will meet with outgoing Mexican President Enrique Pena Nieto as well as president-elect Andres Manuel Lopez Obrador this week on 25 July.

Meanwhile, Mexico's Economy Secretary and chief trade negotiator Ildefonso Guarjardo is scheduled to meet in Washington, D.C., on July 25 with U.S. Trade Representative Robert Lighthizer.

US-Japan Trade Talks

By all accounts “Japanese Economy Minister Toshimitsu Motegi and U.S. Trade Representative Robert Lighthizer are expected to sit down for bilateral trade discussions later this month” – although its late July and there appears no firm plans for talks in place.

But the Japanese Government has signalled that it would prefer that the US rejoin the TPP (rather than negotiate a bilateral trade deal), which they claim is in the best interests of both countries.

<https://www.bloomberg.com/news/articles/2018-07-22/abe-s-lieutenant-pours-cold-water-on-bilateral-japan-u-s-fta>

At the same time, Japan has signed a historic trade deal with the EU, cutting or eliminating tariffs on nearly all goods.

“In remarks on Tuesday, European Council president Donald Tusk said: “We are putting in place the largest bilateral trade deal ever. This is an act of enormous strategic importance for the rules-based international order, at a time when some are questioning this order.”

Cooperation between Japan and the EU would extend beyond trade to other areas, said Tusk, including climate change.

Malmström said: “We are sending a strong signal to the world that two of its biggest economies still believe in open trade, opposing both unilateralism and protectionism.”

<https://www.euractiv.com/section/climate-environment/news/eu-japan-trade-deal-first-to-carry-paris-climate-clause/>

Section 232 – Car and Truck Imports

Public hearing last week 19 July on proposed tariffs. Awaiting the outcome of the public hearings.

A sample of the comments from the German Association of the Automotive Industry, representing more than 620 companies - manufacturers of cars, vans, trucks, trailers, and automobile parts:

<https://www.vda.de/de/presse/Pressemeldungen/20180719-VDA-President-Bernhard-Mattes-at-the-Public-Hearing-of-the-U.S.-Department-of-Commerce-on-the-Section-232-National-Security-Investigation-of-Imports-of-Automobiles-and-Automotive-Parts-0.html>

This week, President Trump is meeting with European Commissioner Jean-Claude Juncker in Washington to continue trade talks, including import tariffs on European automakers.

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