

## EULER HERMES: US-CHINA TRADE UNCERTAINTY IMPACTING GLOBAL ECONOMY MORE THAN TARIFFS THEMSELVES

**London, 7 May 2019** – The ongoing uncertainty over trade relations between the US and China has caused more disruption to the global economy than the actual tariffs imposed since 2017, according to Euler Hermes, the world's leading trade credit insurer.

In its latest paper on the dispute, the insurer estimates that the lack of clarity cut global trade growth by 0.5pp last year, compared to 0.3pp from the impact of tariffs. It attributes this to investment, production and consumer spending levels all falling as a result of the uncertainty.

Euler Hermes forecasts that a further 0.1pp will be cut from global trade growth for every two months the uncertainty persists, while GDP will fall by the same figure every four months.

**Alexis Garatti, head of macroeconomic research at Euler Hermes**, said: "While it is the tariffs imposed on trade that has made the headlines, it is the intangible impact of the febrile atmosphere between the world's two largest economies that has had the biggest impact and continues to cast a shadow over global trade.

"While the global economy is suitably equipped to deal with these economic shocks in the short-term, the impact will be felt more acutely as global supply chains and export-driven economies face a growing inventory glut that will push prices down.

"But we still expect global trade growth to slow to 3% in 2019 and 2.7% next year even if an agreement is reached this quarter as the world's economy continues to decelerate."

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