

Major Country Risk Developments August 2025



By Byron Shoulton

Overview

The U.S. raised tariffs in August on imports from trading partners across the world. A 15% tariff with major industrialized economies including the European Union, Japan and South Korea went into effect.

The increases were implemented despite frantic lobbying by foreign capitals to escape the levies driving the U.S. economic agenda. Trade-dependent U.S. companies expressed concern about the administration's tariff increases. Analysts stress that whatever progress that is achieved in recently negotiated trade deals, the new tariff rates will cause price increases to U.S. consumers and possibly lead to an erosion of trust with key U.S. trade partners. According to the National Foreign Trade Council, institutionalizing the highest U.S. duties since

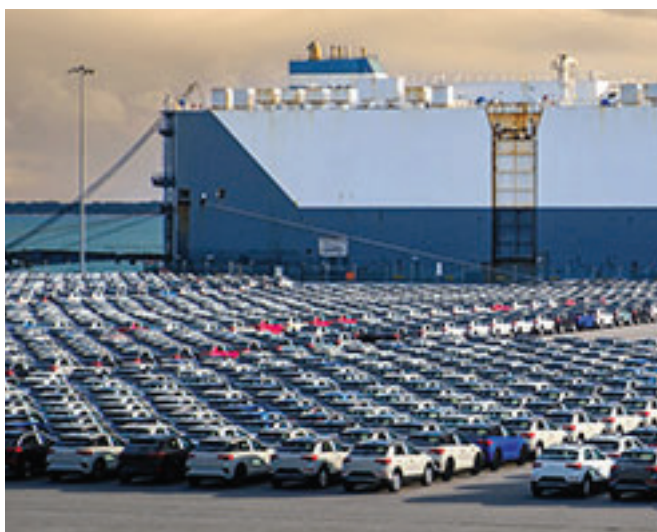
the Great Depression, coupled with ongoing uncertainty, is a recipe for making U.S. businesses less competitive globally and consumers worse off, while harming relationships with close geopolitical allies and trading partners.

Goods from Canada are now subject to 35% tariffs, up from 25%. However, the 35% levy will be applicable only on imports not exempted by the U.S.-Mexico-Canada trade agreement. This means that as much as 80% of Canadian exports to the U.S. will still enjoy duty-free access. Mexico and China received 90-day extensions for further trade negotiations.

With agreements for tariffs of 15% on Japanese and Eu-



European Union (EU) exports, the consensus is that these deals represent a turning point. After months of global trade negotiations with U.S. trade partners, that stoked uncertainty among investors, traders and consumers, the deals with Japan and the EU provides some clarity to businesses. It gives a bit of a breather to the global economy after months of turmoil. The 15% levy on goods represents the highest tariff level on Japan in decades and is higher than the 10% on most U.S. imports that were implemented on April 5th of this year. In a sign of how much expectations have changed; markets seemed to welcome the news – an acknowledgement that the rate isn't as severe as the 25% rate that was initially threatened. Trade negotiations continue with several countries aiming to secure favorable deals with the U.S.



Some businesses held back on major investments and decisions amid U.S. back- and- forth tariffs announcements and uncertainty over whether countries could reach trade deals with the U.S. administration. With these framework agreements, the risk of a more damaging tit-for-tat trade war is being gradually taken off the table. Nonetheless, the higher tariffs are set to push up prices of goods for U.S. consumers. This could weigh on the U.S. economy that has shown remarkable resilience so far, despite President Trump's trade war.

The 15% tariff on Japanese autos represent a reduction from 25% put in place for most car and car parts coming into the U.S. Automakers in the U.S. are hoping that similar tariff reductions will follow for their vehicles and auto parts imported from Canada and Mexico, which currently face 25% tariffs, with exemptions depending on the origins of the components. The U.S. automotive industry criticized the 15% tariffs as giving Japanese automakers an unfair advantage. They argue that any deal that charges a lower tariff for Japanese imports with virtually no U.S. content than the tariff imposed on North American-built vehicles with high U.S. content, is a bad deal for U.S. industry and U.S. auto workers. Autos will be more expensive for U.S. consumers with 15% tariffs.

The fate of the automotive sector has been a sticking point in U.S.-EU trade discussions, with the EU seeking to secure relief from the U.S.'s 25% tariffs imposed on the sector. The U.S. and EU also discussed creating exemptions from the baseline tariff for certain sectors, including aircraft.

The deal agreed with Japan also contains a novel financial commitment that the U.S. says will involve Japanese banks and financial institutions contributing \$550 billion to a fund that the U.S. can then direct to infrastructure projects of its choice. It remains unclear how the investment fund would be structured. According to the Japanese Prime Minister it would consist of loan investments and guarantees.

Switzerland was hit with 39% tariffs, one of the highest among developed nations despite intense negotiations that lasted down to the final hours. Switzerland is an exporter of pharmaceuticals, precious metals and watches. The new tariff regime, which involves so-called reciprocal levies on almost all foreign imports, will profoundly reshape an international trading system developed over decades that was predicated on open trade, and the removal of protectionists trade barriers. The U.S. also reached agreements with the Philippines and a trade pact with Indonesia. U.S. trading partners are now bracing

ing themselves for enforcement of the new regime, amid uncertainty over whether the U.S. is open to negotiating deals to soften the levies.

USA

U.S. inflation held steady in July at 2.7%. Nonetheless, small businesses are significantly raising prices in response to the new tariff regime. This will likely fuel inflation going forward. It has been six months since tariffs arrived on the scene. June was the first month that they finally made some impact, driving prices higher in import-heavy categories including home furnishings, apparel and toys. We are just now on the doorstep of seeing pass-through effects. Still, consumers are feeling a bit more upbeat than they had been earlier this year. Expectations of inflation in the coming year fell for the second-straight month in July, according to the University of Michigan's survey of consumer sentiment, though they remain above where they were last year.

A business survey conducted by the Financial Times in the Mid-Western U.S. found suppliers have increased prices for a broad range of products in recent weeks, sometimes by as much as 30%, leaving little choice but to pass the additional costs to customers. Companies have stockpiled products priced at the pre-tariff level before the levies came into force but have since run these stocks down. The expectation is that inflation will increase as each item that was in inventory is replaced by a new one. New products are being marked up. Surveys found that a bike that sold for \$730 before the tariffs were announced was now retailing for \$800. A small business optimism index released in July by the National Federation of Independent Business showed 32% of companies planning to increase prices, the highest reading in eighteen months. A Census Bureau survey in late July had a similar result, with 34% of businesses expecting increased prices in the next six months, up from 29% in mid-July.

The policy moves on tariffs have triggered deep uncertainty about where prices are headed in the U.S., and the

Federal Reserve faces fierce attacks over the direction of U.S. monetary policy. At its last meeting in July, the Fed's main policymaking body held interest rates steady, while awaiting more clarity on how tariffs will feed through to consumer prices. The Fed said the higher tariffs had begun to show more clearly in prices of some goods, while stressing that the overall effects on economic activity and inflation remained uncertain.



Despite this, the Fed could end up cutting rates in September amid signs of a slowdown in the jobs market. Only 73,000 jobs were added in July, the weakest monthly gain in over two years. The government insists the tariffs, which it says are designed to reduce U.S. trade deficits with its partners and encourage manufacturers to move their production to the U.S., will have only a limited effect on prices. It has urged the Fed to immediately cut rates to bolster the economy and lower government borrowing costs.

So far, inflation readings have been lower than many expected. The reasons cited are that companies used the various delays and deferrals by the administration to pull in stock from their suppliers at pre-tariff prices. Some of this inventory remains in the supply chain and is being gradually depleted. It is when replenishing these supplies that the effects will begin to be felt in higher prices. Small

and medium-sized enterprises are predicted to feel it the most. That potentially could have broad implications for the rest of the economy. Small businesses employ 46% of U.S. workers, or about 59 million people, and account for 44% of U.S. GDP.

Taiwan

Taiwan's failure to secure a trade deal with the U.S. before the August 1 deadline has deepened fears that Washington could water down security support for Taiwan, to smooth relations with China.

Taiwan is set to face 20% U.S. tariffs but plans to keep negotiating with the U.S. to bring this down further. The 20% rate, while lower than the existing 32%, is considered by the Taiwanese as being still too high. Taiwanese officials are looking for a more reasonable rate and for favorable treatment. Taiwan is among the U.S.'s largest semiconductor exporters. The U.S. trade deficit with Taiwan was \$74 billion in 2024. It is the world's most important chip manufacturer and the seventh-largest

U.S. trading partner; and was one of the first countries to commence talks with the U.S. after the unveiling of "liberation day" tariffs in April. Taiwan expected some leniency from the U.S. administration.

The U.S. cancelled its meeting with Taiwan's defense minister in June, deepening concerns that President Trump is wary of supporting the country in ways that could anger China. Taiwan's Defense Minister had been scheduled to visit Washington for talks at the Pentagon, but at the last minute the meeting was called off. The U.S. explained that the timing was bad. Some U.S. officials were concerned that allowing the Taiwanese defense minister to visit would undermine U.S.-China trade negotiations and damage efforts by the U.S. administration to secure a summit between Presidents Trump and Xi Jinping.

The cancellation came at a tough time for Taiwan's president who was denied permission to visit New York en route to Central America, after the Chinese embassy in the U.S. raised concerns. The U.S.'s decision to cancel the meetings will further hurt the Taiwanese president's



standing at home, on the heels of a major political defeat that has shaken the unity of the ruling party and has emboldened the opposition. This is against a backdrop of growing unease in Taiwan about a perception that President Trump is seeking to lower tensions with China to smooth a path towards his expected meeting with the Chinese leader in the fall. Some believe the U.S. slight of the sitting Taiwanese leadership weakens deterrence of China, unnerves the Taiwanese and undermines their resolve to stand up to Chinese bullying. The Trump administration is also considering a downgrade to bilateral defense talks, which it postponed in June. Observers in Taiwan and in the U.S. are concerned that those steps reflect a broader shift in Washington's Taiwan policy, as the U.S. pursues a deal with China.

Taiwan in responding to strong pressure from the U.S. and is seeking to step up its arms procurement to become more capable of defending itself against a potential Chinese invasion. In July Taiwan started the process of applying for U.S. permission to buy \$20 billion of U.S. munitions and weapons. The plan is for those sales to go ahead in 2026. However, that timeline could be jeopardized by U.S. efforts to avoid disrupting talks with China. While the latest tariff rate on Taiwanese goods is lower than the previous 32%, this falls short of Taipei's goal of securing a level playing field with Japan and South Korea, its closest export competitors. Both countries secured a 15% rate.

Taiwan's opposition party, the Kuomintang (KMT), immediately focused on this gap in its criticism of the government's handling of trade talks. It said this disparity may weaken the competitiveness of Taiwanese products in the U.S. market, particularly impacting export-oriented industries. Meanwhile, government officials downplayed the risks of the tariff rate on Taiwan's economy. Electronics, which make up the lion's share of Taiwan's exports to the U.S., are exempt from the "reciprocal" rate and will be covered by separate sectoral tariffs Washington is preparing.

Under national security reviews of various sectors known as section 232 investigations, the U.S. Government aims to tax imports of semiconductors, tools and components for their production as well as a wide range of downstream electronics products that contain chips. Taiwan wants to tie this issue into its next round of negotiations with the U.S.



Another outstanding issue is how much additional investment the U.S. government will extract from Taiwan. A deal was delayed as the U.S. is demanding that Taiwan's government and big technology companies promise huge additional investments in the U.S. along the lines of commitments made by Japan and South Korea. Taiwan Semiconductor Manufacturing Co (TSMC), the world's largest chipmaker, announced plans earlier this year to step up investment in the U.S. from \$65 billion to \$165 billion, which Taipei had hoped would fend off some of the pressure. The opposition KMT suggested that TSMC's pledge amounted to giving away one of Taiwan's key bargaining chips. Future negotiations involving strategic industries should be approached with greater caution, it warned. Industry insiders also noted that "buying down" Taiwan's tariff rate by promising hundreds of billions of dollars more in investment did not serve Taiwan's economic interests.

While Taiwan wants desperately to reach a tariff deal with the U.S. to avoid the 32% rate, the U.S. is more focused on trying to secure a deal with China. In addition, Taiwan probably has less allies within the sitting U.S. administration than it had in the past.

India

The U.S. will impose stiff tariffs of 50% on Indian goods because of its massive purchases of Russian oil, which the U.S. asserts help fund the Russian war machine against Ukraine. This marks an escalation in tensions between Washington and New Delhi after India failed to secure lower tariffs on its exports, unlike other top trading partners.

Prior to the war on Ukraine, Russia supplied a negligible 0.2% of India's oil imports. Since then, Russia has become India's biggest supplier, providing between 35% and 40% of crude imports.

Much of India's 1.4 million barrels of refined oil per day exported from India to destinations including Europe is produced by private Indian companies including Reliance Industries. The U.S. has threatened to crack down more aggressively on Russia's ability to finance its war in Ukraine as it struggles to broker a settlement of that conflict.

The U.S. is demanding that India stop buying Russian oil or face punishing 50% tariffs. For India's Prime Minister Modi there may be no easy way to accomplish this. After years during which India binged on cheap Russian crude, the Prime Minister faces a geopolitical dilemma as well as a practical challenge should he seek to re-engineer the energy supply mix of the world's third-biggest oil importer.

India's buys 90% of its crude from overseas and has been the biggest market for Russian seaborne crude since 2023. India imports 5 million barrels of crude per day, of



which 2 million comes from Russia. Where would India find two million barrels a day of crude just like that? It could pivot more towards non-Russian barrels. But India is unlikely to stop buying Russian oil, especially given the steep discounts it has enjoyed (30%). India's foreign minister has defended his country's purchases of cheap Russian oil following Moscow's full-scale invasion of Ukraine, insisting it was India's moral duty to secure the best deal for its citizens.

In February this year, President Trump and PM Modi agreed to increase U.S. energy exports to India. Yet the distance between the countries-compared with much shorter shipping routes from Russia and the Middle East- and the technical challenge for Indian refineries of switching between different types of crude have limited the practicality of that option. Replacing Russian barrels in full will not be easy. Crude from Gulf countries comes with pricing rigidity, African grades add freight volatility, while Latin American flows face availability constraints. India faces a difficult set of options; swallow the U.S. tariffs, shift from Russian oil to other suppliers, or try to find a compromise with the U.S. That might include India curtailing Russian crude purchases without ceasing altogether. Most doubt that India will decide to wean itself completely off Russian crude, because PM Modi is reluctant to upend his cordial relations Moscow, or face criticism at home for appearing to capitulate under U.S. pressure. PM Modi's strongman image has reportedly been damaged domestically over the U.S. claim to be the mediator of a ceasefire in the recent brief conflict between India and Pakistan in May.

Months-long negotiations between India and the U.S. towards a mini-deal have resulted in just a percentage point off the original threat of 26% tariffs on Indian exports to the U.S.

The U.S. is India's biggest trading partner, and the two countries traded goods worth more than \$129 billion in 2024. President hinted in July that a trade agreement with India was imminent as the latter tried to stave off 'liberation day' tariffs of 26%. India's trade minister ex-

pressed confidence that both countries would negotiate a "robust agreement".

Economic assessments of the fallout from new U.S. tariffs on India are shaky. One leading Indian bank estimate that they may weaken economic growth by a mere 0.2 percentage points in 2026- though the Indian economy would still expand at around 6.5%. Some believe the ultimate effects are being understated.

Indian jewelry and textile exports will be among the sectors hardest hit according to private banking projections. Existing tariff exemptions for pharmaceuticals and electronics seem to have survived. As India is the world's largest generic-drugs exporter, this will be an important relief.

India is also experiencing an electronics-export boom. Trade experts assume that Apple will keep making most of its U.S.-sold iPhones in India. However, companies may be wooed by lower tariffs elsewhere. India's big competitors -such as Indonesia, Malaysia and Vietnam-all ended up facing U.S. tariffs of 19% to 20%. The landscape may be shifting for India.



The 50% U.S. tariffs -if implemented- would be a painful setback for India, which had come close to securing a phased trade deal and had been anticipating significant trade and investment benefits from being seen as a

geopolitical ally of the U.S. Now, India is reportedly concerned if the U.S. can be trusted to stick to any deal that gets signed. The country is seeking assurances that the U.S. administration is not going to introduce more tariffs later. It wants to ensure that any deal that is agreed now can be immediately renegotiated if that happens.

Imports of discounted Russian crude since 2022 have created windfall gains for Indian oil refiners, led by Reliance Industries (which operates the world's largest refining complex in the western Indian city of Jamnagar), as well as for the Indian government. One estimate by independent consultancy Energy Aspects, reported that Indian refiners have gained \$16 billion in extra profits from importing discounted Russian crude, with \$6 billion going to Reliance. Indian government data shows it has bought discounted Russian oil worth \$140 billion since the Russian invasion of Ukraine, which have been processed into petrol and diesel for sale in both domestic and international markets. In other words, India enabled Russia to bypass sanctions and sell its crude without restrictions. Washington previously made no objection to the trade, as long as purchases were priced below the \$60-per barrel G7 price cap intended to limit Russian revenues while keeping oil flowing into the global market.

India is one of the largest buyers of crude oil in the world including large amounts from the Middle East and a small flow from the U.S. More than a quarter of these imports are refined for export to the international market (including the EU). The Indian government has mainly used access to cheap Russian crude to limit the fiscal costs of fuel subsidies and sustain the profitability of refineries.

Brazil

The U.S. imposed 50% tariffs on Brazil, among the highest applied on any country thus far in the current trade war. Except in Brazil's case the U.S. runs a trade surplus with the country.



The U.S. is using the tax on its trade with Brazil to make political demands. The U.S. wants Brazil to drop charges against former president Jair Bolsonaro, who is accused of plotting a coup after losing the 2022 election. Brazil's current president, Luiz Lula de Silva, is accusing the U.S. of infringing on his country's sovereignty. Despite the escalating tension Brazilian assets are barely flinching. Brazil's currency, the real, is still up nearly 13% against the dollar this year. The country's benchmark Ibovespa stock index, home to oil major Petrobras and mining company Vale, is hanging on to an 11% gain.

The muted response underscores the relatively closed nature of Latin America's largest economy. Exports account for less than 20% of Brazil's GDP, according to the World Bank. Of this, 12% of Brazil's exports went to the U.S. last year, compared to 82% of Mexico's exports going to the U.S. Analysts reckon in the worse-case scenario, a blanket 50% levy on all of Brazil's exports to the U.S. would shave off between 0.3% and 0.5% off Brazil's GDP over three years.

In any case, it turns out the U.S. tariffs announced on Brazil are not as dire as they may appear. Nearly 700 products will be exempt from the tariffs. These include oil products, iron ore, wood pulp, fertilizer, natural gas, airplanes and aircraft parts. Taken together, this means almost half of Brazil's exports to the U.S. would be exempt from the new tariffs. As a result, the actual hit to GDP should be smaller than what was initially estimated.



Some sectors will feel more pain than others. Aside from fresh orange juice, most agricultural products are not exempt from the new tariffs. Even there, Brazil is not shackled to the U.S. market. It can find other buyers for key agricultural commodities such as soybeans, beef and coffee.

Major developing countries-a group that includes Brazil, Russia, India, China and South Africa-have been working to make it easier to trade with one another in response to U.S. tariffs.

With the Ibovespa stock index trading at about eight times forward earnings, below the 10-year average of 10 times, this could be an attractive entry point for investors looking for diverse ways to explore this market. Meanwhile, Former president Bolsonaro's son, a Brazilian congressman, has predicted that the U.S. is likely to step up the dispute with Brazil by imposing fresh sanctions on Brazilian justices who refuse to end Bolsonaro's trial. The congressman has been leading a lobbying campaign in Washington for more U.S. measures against Brazil's top court to save his father from a jail sentence if found guilty of conspiring to overthrow democracy.

The two largest democracies in the Americas are locked in their worst confrontation in two centuries, with the

U.S. raising tariffs to 50% and the State Department banning eight Brazilian supreme court judges from travelling to the U.S. over the Bolsonaro trial, the court's regulation of U.S. social media companies and trade issues. President Lula da Silva has responded defiantly, rejecting what he terms "unacceptable" U.S. pressure, while Brazil's legal system (the courts) vowing to press ahead with the trial. Bolsonaro, a hard-right former army captain, stands accused of plotting to stay in power with the help of the military after losing the 2022 election to Lula. President Trump has called the trial a witch hunt and demanded that Brazil halt it immediately.

Far from folding under pressure, the judge has ordered stronger measures against Bolsonaro as his trial enters its final stages. After being sanctioned by the U.S., the presiding judge in the case ordered the former president-who was already subject to a curfew- to be placed under house arrest on the grounds that he had breached a previous social media ban. The restrictions -which include a ban on communication between father and son- were imposed after the judge ruled that the two Bolsonaros has courted U.S. intervention to obstruct the rule of Brazilian law in this case.



The judge has divided opinion in Brazil. His defenders praise him for protecting Brazil's democracy against a tide of disinformation and attacks on the electronic vot-

ing system by Bolsonaro and his supporters. But critics say the judge unfairly targets conservatives and has exceeded his constitutional powers.

Separately, British Petroleum (BP) has made its biggest oil and gas discovery in 25 years after drilling a successful well in a field off the coast of Brazil, in a boost to the energy group as it refocuses on fossil fuels. BP shares rose as much as 1.7% on the announcement. The find was BP's biggest since the 1999 discovery of Shah Deniz, a giant gasfield in the Caspian Sea that holds about 35 trillion cubic feet of gas.

The Brazilian government has been pushing for more exploration to address its expected decline in production after 2031. Oil industry analysts opined that the potential of the new find remained to be proven, but the discovery would be good news for Brazil if it is as big as BP projects. The Santos Basin where the find is located has produced more than seven billion barrels of oil and gas in the past 14 years, helping turn Brazil into a major oil power. BP holds 100% of the licensing rights for the field, having been the sole bidder in a 2022 auction. The terms are commercially favorable: BP will pay 5.9% of the profits to the Brazilian government after recovering costs.

China

Chinese exporters are reconsidering investment in offshore factories as U.S. tariffs on alternative hubs and new restrictions on "transshipment" force a sweeping rethink of supply chains in Asia.

Manufacturers have poured billions of dollars into south-east Asia in recent years as part of a "China plus one" strategy to minimize their exposure to U.S. tariffs in the wake of the U.S. trade war with China. The U.S. has slashed additional duties on Chinese goods to 30% amid trade talks with Beijing and imposed tariffs ranging from 10% to 40% on other countries in the region.

For the most part, tariffs on south-east Asian countries

remain lower than the average levies on Chinese goods, including pre-existing duties and product-specific tariffs. The current tariff barrage has reoriented the regions' commercial landscape, eating into manufacturers' margins and undercutting their incentives to invest in moving production away from China.



The latest salvo was the imposition of a blanket 40% tariff on goods "transshipped" from China to the U.S. via third countries, casting further doubt on the viability of Chinese investment abroad. The "China plus one" strategy is now coming under tremendous stress. Some companies will seek new manufacturing bases further afield, while many would likely return to China. The upfront cost to move to new markets is expected to be very high.

Many Chinese companies, which had increased overseas investment when the U.S. imposed 145% tariffs on the country's goods, now say they have second thoughts due to increased rates imposed on south-east Asia. Due to the impact of the latest U.S. tariffs, customers are reportedly hesitant to place orders for new factories in Cam-



bodia and elsewhere in South-East Asia. After a period of “panic” from U.S. companies seeking new suppliers in South-East Asia the interest has subsided, and many companies have chosen to continue buying from China until the dust settles.

Companies are closely watching how negotiations between Washington and Beijing and other trade partners would affect the tariff differential between China and alternative hubs. If it turns out that China is at 30% and Mexico is at 20%, there is no incentive to move. The benefits of moving out of China, or establishing a factory in another country are eroding.

The U.S. has extended a temporary 25% “reciprocal tariff” against Mexico for another 90 days. The U.S. and China also held recent trade talks in Stockholm, Sweden

which both sides called “constructive”.

In South-East Asia, the U.S. imposed a range of “reciprocal” levies ranging from as low as 10% in Singapore to as high as 40% for Myanmar and Laos. Cambodia, Indonesia, Malaysia, Thailand and the Philippines were subject to 19% levies. Tariffs in Vietnam, one of the largest beneficiaries of China plus one investment, were set at 20%. In industries such as high-end fabrics and textiles, additional duties will have little effect on China’s dominance, as few countries can match its technological capabilities. According to people familiar with the situation the additional burden of tariffs on low-cost Chinese goods are minimal and have not dented demand from U.S. buyers. Since the start of the second phase of the trade war, U.S. farmers have feared they would bear the brunt of increased tensions with China. China’s retaliatory mea-

asures have targeted U.S. soyabeans and beef as well as pork, seafood, cotton, chicken and corn- in what analysts believe is a bid to hit the Administration's political supporters in farm states and rural areas.

Soyabeans from the U.S. have been hit with additional 20% tariffs this year on top of existing tariffs. China imports about 20% of its soyabeans from the U.S.-about half of the level in 2016 before the initial phase of President Trump's trade war during his fort term. But China still accounts for nearly half of U.S soyabean exports. In the first half of 2025 China's imports fell by 39% year on year in volume terms, according to the U.S Department of Agriculture.



Meanwhile, China wants the U.S. to ease export controls on a critical component for artificial intelligence chips as part of a trade deal ahead of a possible summit between Presidents Trump and Xi Jinping. The recent focus on export controls has been on H20 chip Nvidia designed for the Chinese market after the U.S. banned the export of more advanced chips. The U.S. has now approved H20 export licenses for exports to China.

Beijing has been frustrated at U.S. export controls since 2022 when the U.S unveiled measures to damage China's efforts to buy or make advanced AI chips. In 2024 the

U.S. banned HBM (high bandwidth memory) exports to China to hamper Huawei and Semiconductor Manufacturing International Corporation (SMIC), a Chinese chipmaker. China is reportedly more worried about HBM controls because they seriously constrain the ability of Chinese companies, including Huawei, to develop their own AI chips.

The Chinese push is raising alarm bells in Washington because of signs that the administration appears willing to relax controls to get a summit with President Xi Jinping. As concerns mount in Washington that the administration may relax export controls to get a trade deal, Nvidia is facing fresh scrutiny for selling gaming chips in China that some groups are marketing for AI applications.

If the U.S. and China fail to reach an agreement in the ongoing trade talks, they risk reimposing on each other a wall of tariffs that would amount to an embargo. Both sides have been locked in negotiations since May when they agreed to a 90-day extension. The two sides met in June and again in July and agreed to yet another 90-day extension.

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Trade Credit & Political Risk



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