

# KPMG Trade Remedies

## Navigating the Challenges of Global Trade



### Rising Inflation, Supply Chain Disruptions, and Geopolitical Tensions

In today's complex global environment, companies face numerous challenges such as rising inflation, ongoing supply chain disruptions, and geopolitical tensions. The increasing threat of a recession has led to a rise in protectionist measures, creating volatility and uncertainty across industries. As Chinese companies expand globally, their exposure to trade remedies risks also grows.



### The Impact of Global Trade Uncertainty

Regardless of size, all companies rely on certainty to move products and grow their businesses. When trade activities become exposed to trade remedies, perceived risks increase, leading to a trickle-down effect that can disrupt operations.



### Planning Amid Trade Uncertainty

Companies typically plan and budget for the current year. However, trade uncertainty, especially during times of geopolitical tensions and rising protectionism, poses significant challenges to making informed strategic decisions with a long-term perspective.

### Key Trade Remedies Risks



**Pricing of Export Goods:** Companies face risks related to how they price their goods for export.



**Government Grants and Subsidies:** Receiving government grants and subsidies can pose risks.



**Tariffs from Trade Wars:** Tariffs applied due to trade wars add another layer of complexity.



**Section 301 Tariffs:** The U.S. has imposed tariffs on a wide range of Chinese imports under Section 301, impacting costs and supply chain operations.



**Supply Chain Due Diligence:** Evaluating and analyzing supply chains to ensure they are socially responsible and sustainable, managing risks related to human rights, environmental impacts, and ethical practices.



### Competition and Trade Remedies

Competition between imported and local products has existed even before the WTO was established. Governments previously used tariffs to protect local industries against import competition. However, due to multilateral, regional, or bilateral commitments, governments now have limited policy space to protect domestic industries by increasing ordinary import duties.



### Understanding Trade Remedies

Trade remedies are additional tariff instruments used to protect domestic industries from unfair competition. These measures are applied in three specific cases of perceived abuses in international trade in goods:

#### 01 Anti-Dumping Measures

Applied when an exporter sells goods in a foreign market below the price for "like products" in their domestic market.

#### 02 Countervailing Duties

Imposed to counteract the effects of trade-distorting subsidies by governments.

#### 03 Safeguard Measures

Temporary restrictions on imports to protect domestic industries from sudden surges in imports.

### Implications of Trade Remedies Duties

Trade remedies duties can significantly impact exporters and importers involved in international trade:

- **Importers:** Increased costs of imported goods and limited sourcing options.
- **Exporters:** Challenges in maintaining market access and competing in foreign markets with imposed trade measure duties.



### Mitigation Strategies for Volatility and Uncertainty

In such a volatile global environment, companies must understand their risks and develop effective mitigation strategies to survive and thrive in the event of a worst-case scenario.





## Key Services Offered



### 1. Antidumping/Countervailing Duty Investigations

Assistance in responding to antidumping investigations, including developing transaction-specific sales and product-specific cost data for submission to relevant authorities. Helping to provide necessary documentation and evidence to defend against allegations of unfair subsidies.



### 2. Safeguard Measures

Guidance on safeguard measures, which are temporary restrictions on imports to protect domestic industries from sudden surges in imports.



### 3. Compliance Strategies

Developing compliance strategies to ensure businesses adhere to trade regulations and avoid penalties.



### 4. Risk Assessment

Conducting risk assessments to identify potential trade remedy actions that could impact business operations and advising on mitigation strategies.



### 5. Strategic Focus

Provide strategic guidance on international trade policies, regulations, and market entry strategies. To help businesses navigate complex trade environments and optimize their global trade operations.



### 6. Comprehensive Solutions

End-to-end solutions, including market research, risk assessment, compliance strategies, and trade policy analysis. To help businesses understand and leverage trade agreements, tariffs, and export controls.



### 7. Proactive Approach

A proactive approach to help businesses anticipate and respond to changes in the trade landscape. This includes advising on diversification strategies, supply chain resilience, and mitigating risks associated with trade policies.



## Benefits

#### Expert Guidance

Access to experienced professionals with in-depth knowledge of trade laws and regulations.

#### Strategic Planning

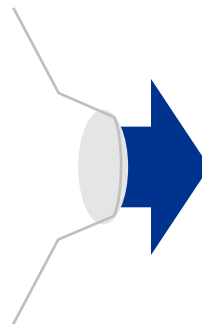
Proactive planning and preparation to address potential trade remedy actions.

#### Cost Savings

Identifying opportunities to reduce duties and tariffs through effective compliance and mitigation strategies.

#### Risk Mitigation

Minimizing the impact of trade remedies on business operations through strategic advice and support.



Trade remedies advisory services are essential for businesses engaged in international trade, helping them navigate complex trade disputes and ensure compliance with trade regulations.

## Contact Us

For more information on how KPMG can help you navigate trade remedies and develop effective strategies, please contact our Trade Remedies Advisory Services team.



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