

Trade at War

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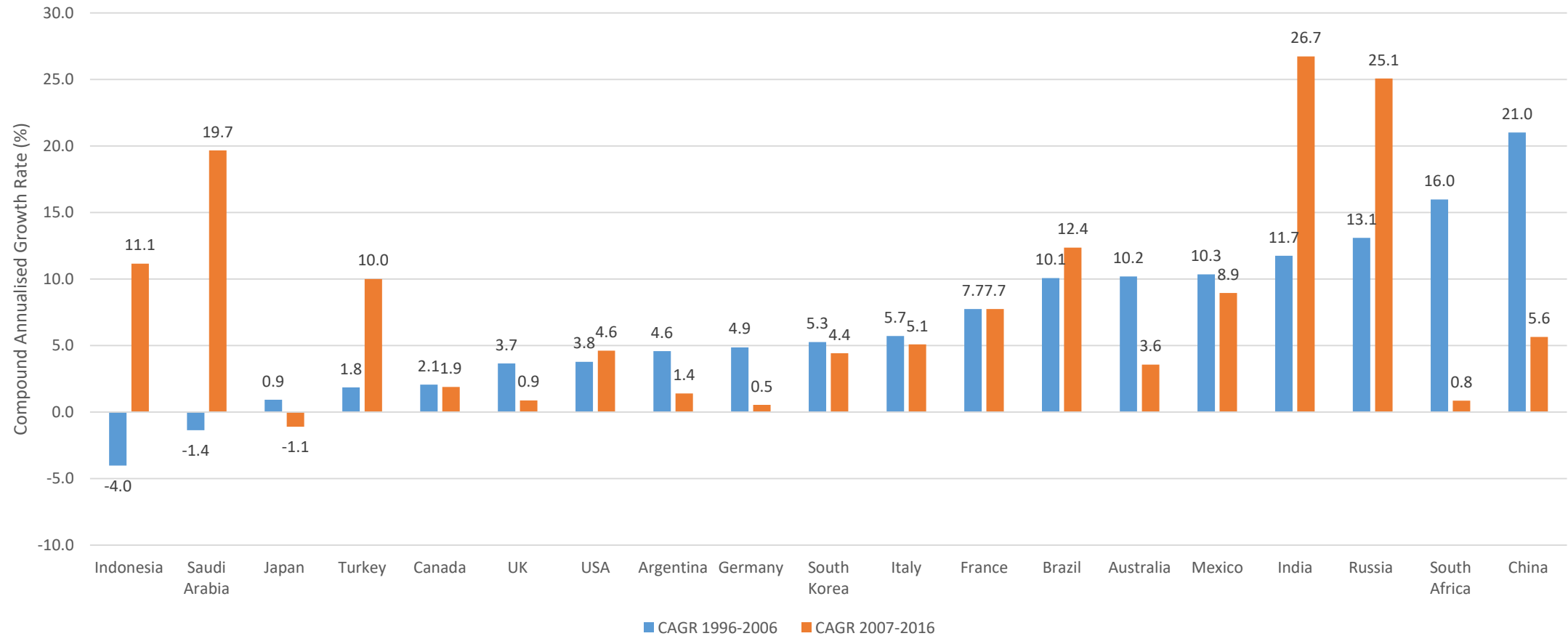
Jean-Francois Lambert

Trade is being weaponised figuratively

"I am very disappointed in China. Our foolish past leaders have allowed them to make hundreds of billions of dollars in trade a year yet...they do NOTHING for us with North Korea, just talk. We will no longer allow this to continue. China could easily solve this problem!"

When a country (USA) is losing many billions of dollars on trade with virtually every country it does business with, trade wars are good, and easy to win. Example, when we are down \$100 billion with a certain country and they get cute, don't trade anymore-we win big. It's easy!

And literally



The end of globalisation?



Commodities : A Weapon of Choice

- 1930: Embargo on Helium – US vs Germany
- 1973: Embargo on Oil – OPEC vs Israel
- 1979: Embargo on Grains – US vs Russia
- 2006 – 2015: US Sanctions Against Iran
- 2010: Embargo on Rare Earth – China vs Japan
- 2014 – 2018: Selected Sanctions Against Russia
- 2018:
 - Trade War: US vs China
 - More Selected Sanctions Against Russia – Rusal
 - US leaves the JCPOA with Iran: new sanctions ?

Finance is the Fuel of the Trade Engine

- Trade Relies on Finance
- Banks are Bound to Err on the Side of Caution
 - What trade / relationship is worth vs a Bank Licence?
 - Banks' fear: being caught with a sticky trade flow
 - Creativity no longer permitted
 - The Basel Effect: Country Risk is Heightening
- Iran, Russia's Exposures are Revisited as We Speak. Trade flows are under watch.
- Finance is Likely to Amplify Sanction and Trade War Effects