



Executive Summary: The Current State of International Business and Trade

As the landscape of international trade continues to evolve, DHL Express remains committed to understanding how these changes are impacting U.S. businesses. By recognizing the challenges and opportunities businesses are facing today, we can best assist our customers in expanding their respective footprints internationally, while providing resources to help them achieve success.

Our most recent effort to capture the perspectives of businesses on current international trade trends was through a poll, which we distributed to U.S. small and medium-sized businesses, including our customers. Here are the key findings compiled from the more than 8,500 responses.

Tariffs are a major concern and are impacting profits. When asked what businesses are most concerned about this year in regard to international trade, almost half (47 percent) of respondents said tariffs. Just 13 percent said they were most concerned about Brexit and 7 percent said the USMCA.

Additionally, a majority of respondents (56 percent) said the recent changes in tariff policies have had a moderate or significant impact on their business operating costs.

Diversification is imperative. Businesses are recognizing that in order to offset declines as a result of tariffs, they should be expanding their international audience and entering more global markets. That's why 40 percent of respondents said in order to drive more sales this year, they are focusing on additional international markets.

Canada and Mexico are looking more and more attractive. Which markets are most appealing? An overwhelming majority (55 percent) said both Canada and Mexico are a top priority for their business this year. This is likely because of their proximity to the U.S. and existing deep trade relationship with the U.S., but also because of the United States-Mexico-



Canada Agreement (USMCA), which will provide important benefits to U.S. exporters and importers upon its final ratification.

Also garnering top interest according to survey respondents was Asia. Despite the tariffs placed on U.S. exports to China, 21 percent of respondents said they are making Asia a top priority for business this year—however many companies are likely looking at other growing Asian countries like Vietnam and India.

E-commerce is King. Almost one-third (30 percent) of respondents experienced 34-100 percent YOY (from 2017 to 2018) growth in international e-commerce sales, and that growth is only expected to continue throughout 2019.

Focus on fast shipping. Over one-third (34 percent) of respondents are focusing most this year on faster shipping options to drive sales.

Anything but trade barriers! International trade barriers and constant changes to trade regulations are more than just a headache for business owners—they can have a major impact on sales and operations. That's why all respondents were willing to go to great lengths to ensure they don't have to worry about those issues:

- 35 percent would rather have their in-laws move in than have to worry about international trade barriers/regulations for their business.
- 31 percent would rather give up their smartphone for a month
- 19 percent would rather get audited by the IRS
- 15 percent would rather get 100 scathing business reviews

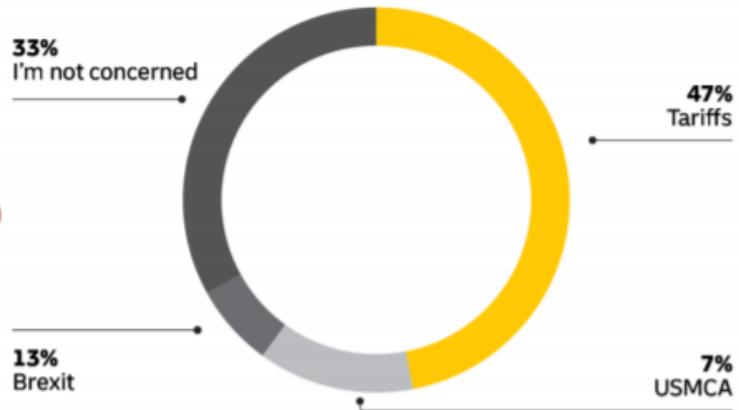
Findings from the DHL Express International Business Trends survey suggest there are currently a lot of uncertainties when it comes to international trade and that SMEs need assistance. Working with an experienced logistics partner to ship internationally and grow their business can help companies navigate evolving trade regulations, varying shipping requirements and new markets.

Follow @DHLUS on Twitter for timely information and updates.

Survey Questions

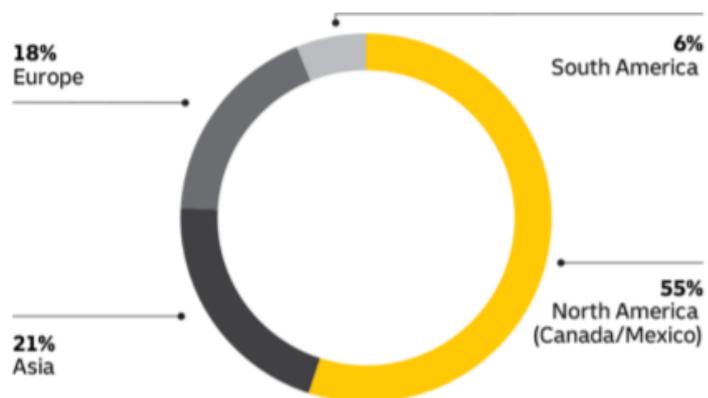
CUSTOMER SURVEY

IN REGARD TO INTERNATIONAL TRADE, WHAT IS YOUR BUSINESS MOST CONCERNED ABOUT THIS YEAR?



CUSTOMER SURVEY

WHICH REGION OF THE WORLD IS THE TOP PRIORITY FOR YOUR BUSINESS THIS YEAR?



CUSTOMER SURVEY

HOW MUCH INTERNATIONAL E-COMMERCE SALES GROWTH DID YOUR BUSINESS EXPERIENCE YEAR-OVER-YEAR FROM 2017 TO 2018?



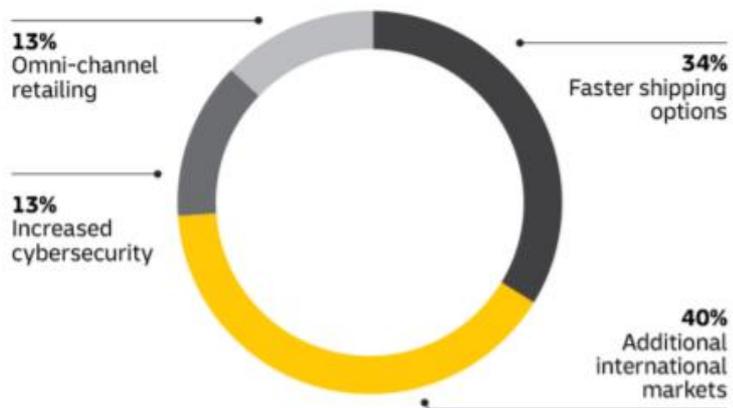
CUSTOMER SURVEY

RECENT CHANGES IN TARIFF POLICIES HAVE HAD ___ IMPACT ON MY BUSINESS OPERATING COSTS.



CUSTOMER SURVEY

WHAT IS YOUR BUSINESS FOCUSING ON MOST TO DRIVE SALES THIS YEAR?



CUSTOMER SURVEY

I WOULD RATHER ___ THAN HAVE TO WORRY ABOUT INTERNATIONAL TRADE BARRIERS/ REGULATIONS FOR MY BUSINESS.

