



2020 International Trade Impact and Outlook

There are several factors currently impacting small and medium-sized enterprises (SMEs) in the U.S. The biggest, of course, is the coronavirus (COVID-19), which has forced many businesses into survival mode.

In addition to the current economic issues, there are other significant events in 2020, such as the U.S. presidential election and the United States-Mexico-Canada Agreement (USMCA) implementation, which could directly affect international trade and therefore affect how many SMEs do business.

To collect deeper insights into how businesses are being impacted and capture their perspectives on international trade developments, DHL conducted a survey of U.S. SMEs, including its customers. Here are the key findings compiled from the more than 2,000 responses:

COVID-19 causes pullback on international business outlook: Almost half (49%) of respondents said the coronavirus has resulted in them taking a more conservative approach to their business' global trade strategy. Only 15% are taking a more aggressive approach, while 36% are staying the path on their international approach as a result of coronavirus.

- It is no surprise that the majority are being conservative since according to our survey, an overwhelming 78% of respondents have had business revenues decrease either slightly or significantly due to COVID-19.

Asia remains a top business target: Despite COVID-19 originating in China, almost one-third (32%) of respondents said Asia is the top priority region for their business this year. In last year's survey, 21% selected Asia as their top priority region. The year-over-year increase in confidence in Asia is likely due to progress in potential relief with China tariffs. Additionally, other countries in Asia, such as Vietnam and Japan, have emerged as top trade and manufacturing partners for U.S. businesses as a result of the U.S.-China trade war.

Optimism among rest of North America is down: Last year, a majority (55 percent) of respondents said Canada and Mexico were the top priority region for their business. However, this year, just 30% said Canada and Mexico were a central business focus. The decrease in optimism is surprising since the USMCA is expected to be implemented by July 2020, and once it is implemented it will bring [significant benefits](#) to U.S. businesses.



Many SMEs unknowing of USMCA benefits: 42% of respondents said their business will be significantly or moderately impacted by the USMCA once it is entered into force. However, not all SMEs are aware of the opportunities the new trade legislation will create for U.S. businesses; 23% of respondents did not know how they would be impacted and 35% said their business will not be impacted at all.

International policies will the tip scales at the voting booths: An overwhelming majority (78%) of respondents said the U.S. presidential candidate's view on international trade will affect the way they vote this election year.

Business owners are willing to make sacrifices to make trade easier: International trade barriers and changes to trade regulations are more than just a headache for business owners—they can have a major impact on sales and operations. All respondents were willing to go to great (and preposterous) lengths to ensure they don't have to worry about those issues:

- 37% would forgo all their vacation for a year if it guaranteed no additional international trade barriers/regulations for their business
- 27% would give up coffee for a year
- 18% would use snail mail only for a year
- 18% would only eat kale for a year

Overall, the survey findings suggest that while many SMEs were hit hard in the beginning of 2020, there will soon be opportunities for businesses to rebuild and grow. Working with an experienced logistics partner, like DHL, can help companies navigate through these uncertain times.

See below for the full survey results. Follow @DHLUS on Twitter and Instagram for timely information and updates.



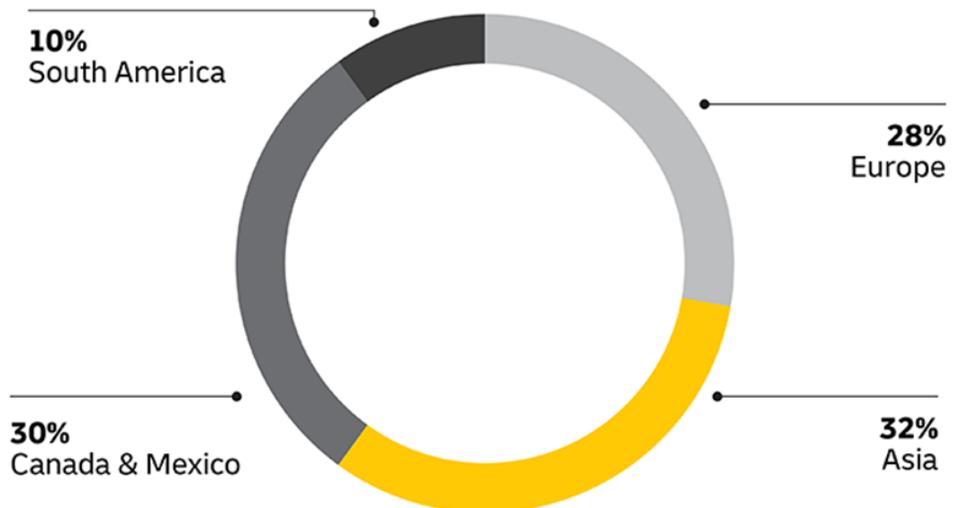
CUSTOMER SURVEY

**MY BUSINESS
WILL BE _____
IMPACTED BY THE
USMCA ONCE IT IS
ENTERED INTO
FORCE**



CUSTOMER SURVEY

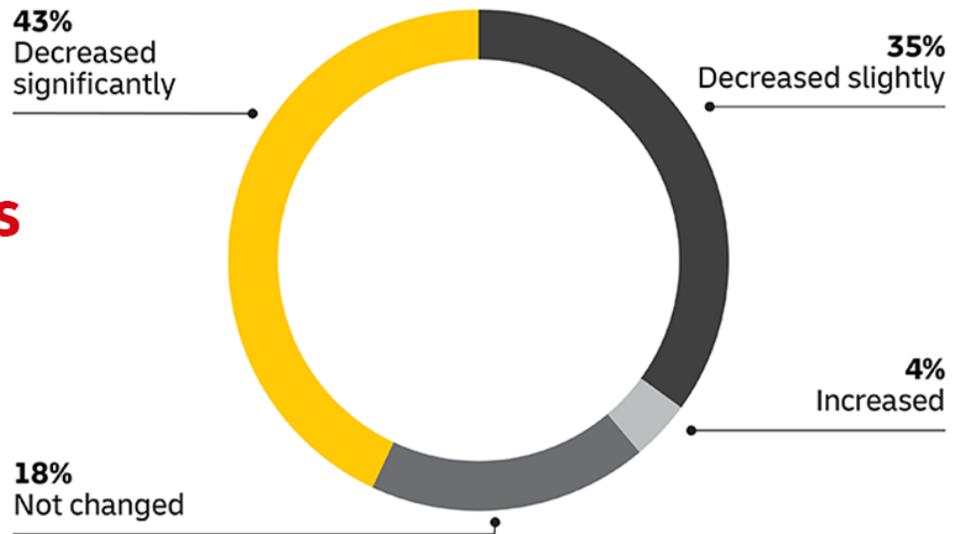
**WHICH REGION
OF THE WORLD
IS THE TOP
PRIORITY FOR
YOUR BUSINESS
THIS YEAR?**





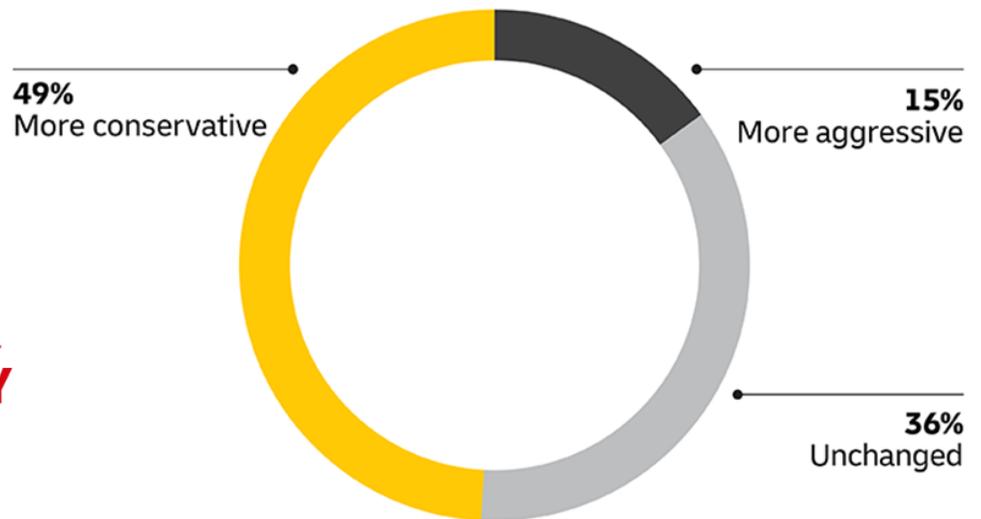
CUSTOMER SURVEY

MY BUSINESS REVENUES HAVE _____ DUE TO THE CORONAVIRUS (COVID-19).



CUSTOMER SURVEY

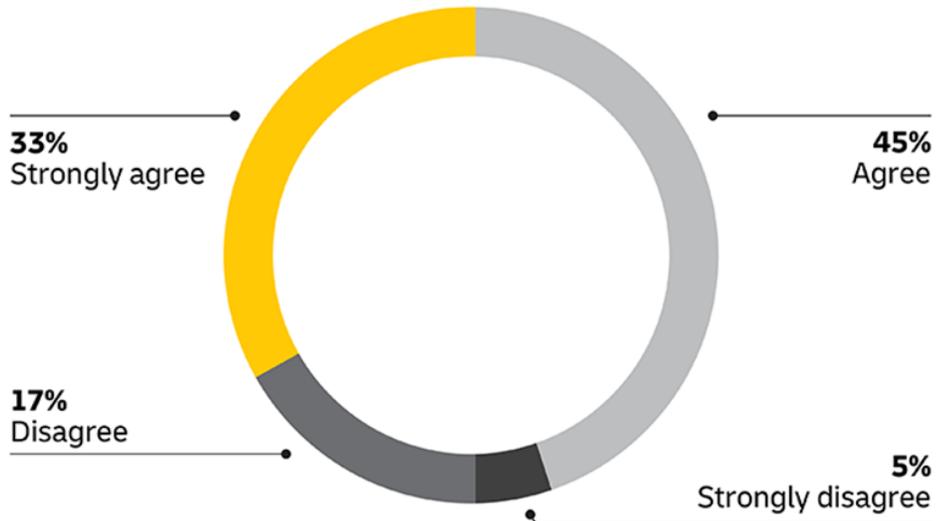
THE CORONAVIRUS (COVID-19) SITUATION HAS RESULTED IN ME TAKING A _____ APPROACH TO MY GLOBAL TRADE STRATEGY.





CUSTOMER SURVEY

THE U.S. PRESIDENTIAL CANDIDATE'S VIEW ON INTERNATIONAL TRADE WILL AFFECT THE WAY I VOTE THIS ELECTION YEAR.



CUSTOMER SURVEY

I WOULD _____ FOR A YEAR TO AVOID ADDITIONAL INTERNATIONAL TRADE BARRIERS/ REGULATIONS FOR MY BUSINESS.

