

2020 LAEDC
ECONOMIC FORECAST

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GLOBAL TRENDS

ISSUES IMPACTING THE LOS ANGELES ECONOMY

GLOBAL CONNECTIONS

- USMCA
- BREXIT
- CHINA TRADE DEAL
- CORONAVIRUS



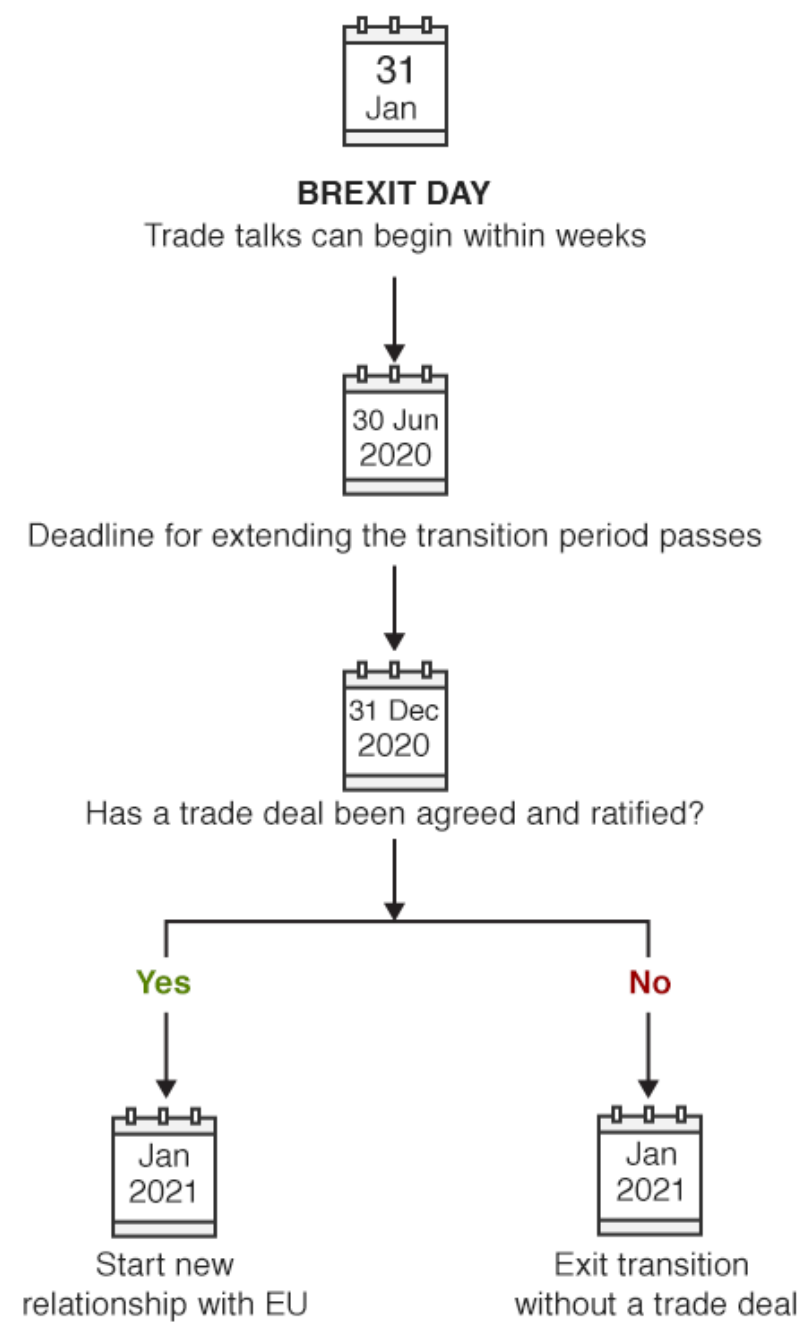
USMCA

- Mexico ratified the agreement in 2019
- US ratified the agreement in Jan 2020
- Canada still has to ratify the pact in legislature
 - Ratification in Canada expected by April
- All 3 countries must meet obligations under USMCA
 - 3 countries will notify each other of completion of obligations
 - Deal will be enforced 60 days after notification



BREXIT

Brexit timeline



BBC



CHINA TRADE DEAL



DETAILS

- Increase purchases of US products and services by \$200 billion+ over 2 years.
- US will cut tariff rate by ½ on \$120 billion of Chinese goods to 7.5%
- US tariffs of 25% on \$250 billion worth of Chinese goods will remain unchanged
- Tariffs that were to go into effect on 12/15/19 on \$160 billion worth of Chinese goods will be suspended



INTELLECTUAL PROPERTY

- Stronger Chinese legal protections for patents, trademarks, copyrights
- Commitments by China to eliminate pressure for foreign companies to transfer technology to Chinese firms as a condition of market access
- China to refrain from directly supporting outbound investment aimed at acquiring foreign technology to meet its industrial plans



CORONAVIRUS



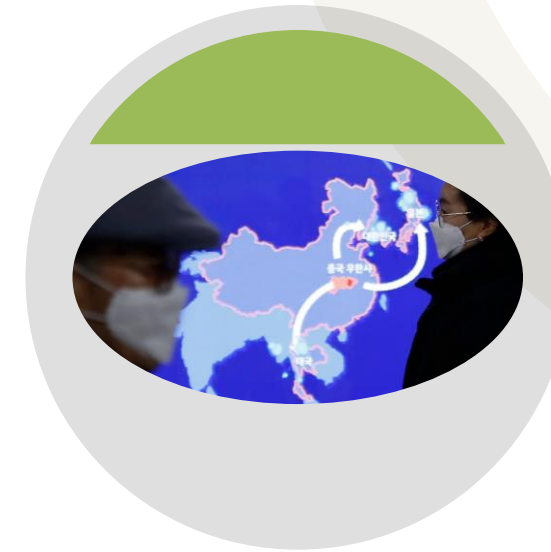
GLOBAL IMPACT

- Death Toll in China – 1,770
- Reported cases – 70,548
- Confirmed in the US – 15
 - CA - 8



FLIGHT CANCELLATIONS

- American – Cancelled all flights to and from mainland China through 4/24
- Delta – Suspended all 42 of weekly flights to and from China through 4/30
- United – Suspended flights to China until 4/24



FACTORY DELAYS

- Many factories have been shut down since Chinese New Year.
- Some are slowly resuming operations but at limited capacity



LOCAL IMPACT

- Port operations expected to be lower than normal
- Visitors spending and tourism also expected to be negatively impacted
- Local SMEs dependent on Chinese tourism (local tour agents and restaurants) may be at risk



THANK YOU!

See you at our **Select LA Investment Summit**
May 27-28 at the JW Marriott in DTLA
WWW.SELECTLA.ORG



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