



Quantifying the Impact of Chinese Import Tariffs on Amazon

Prepared by:

The Nicholas Center for Corporate Finance and Investment Banking

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Agenda

1. Executive Summary
2. Tariff Background
3. Our Methodology and Results
4. Recommended Strategy
5. Appendix

Section 2: Tariff Background

U.S. & China Trade is Critical for Both Countries and U.S. Retailers

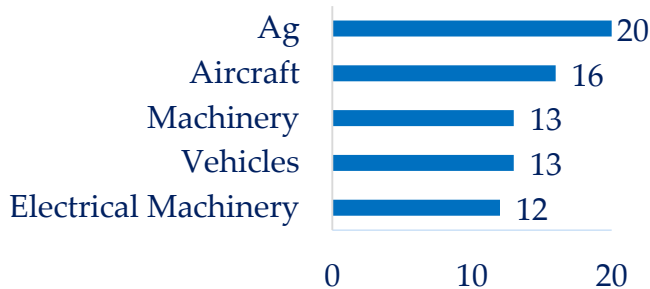
Excerpt from Final Presentation



- China is #1 import partner (22% share)
- China is #3 export market (after Canada and Mexico)
- U.S. is top 5 import partner (8% share)
- U.S. is #1 export market (18%)

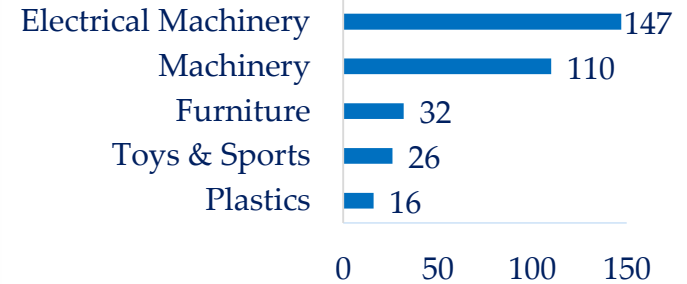
Largest U.S. Exports to China

2017, \$Bn



Largest Chinese Exports to U.S.

2017, \$Bn



Source: Office of the U.S. Trade Representative

Executive Summary

Tariff Background

Our Methodology & Results

Recommended Strategy

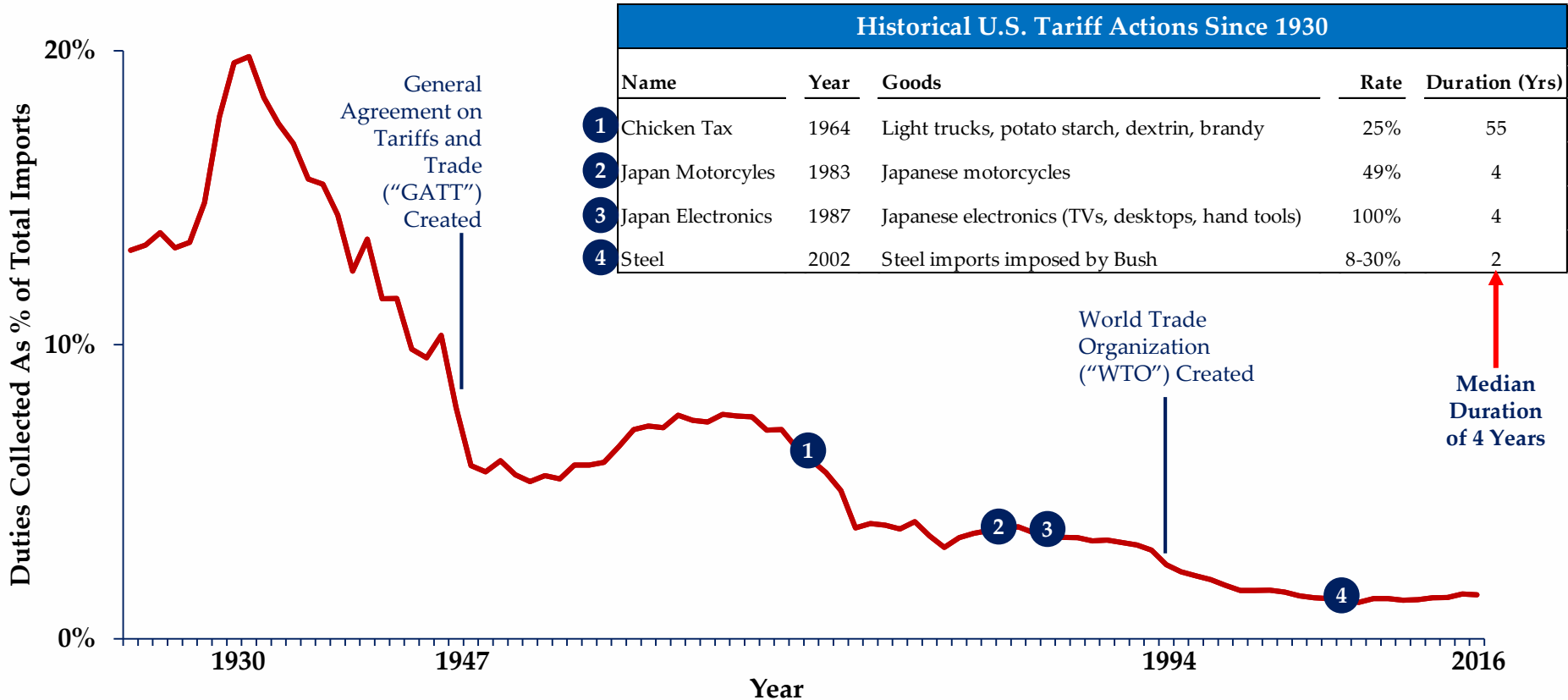
Conclusion

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No Significant Lessons Learned from Previous Tariffs: Major U.S. Tariff Actions Are Rare Since the Dismantling of the Smoot-Hawley Tariffs of 1930

Excerpt from Final Presentation

U.S. Tariff Duties Collected As % of Total Imports



Note: Chicken Tax Tariffs were implemented in response to tariffs placed on U.S. chicken imports by France and West Germany
 Source: United States Trade Representative, data shows U.S. imports for consumption, duties collected, and ratio of duties to value

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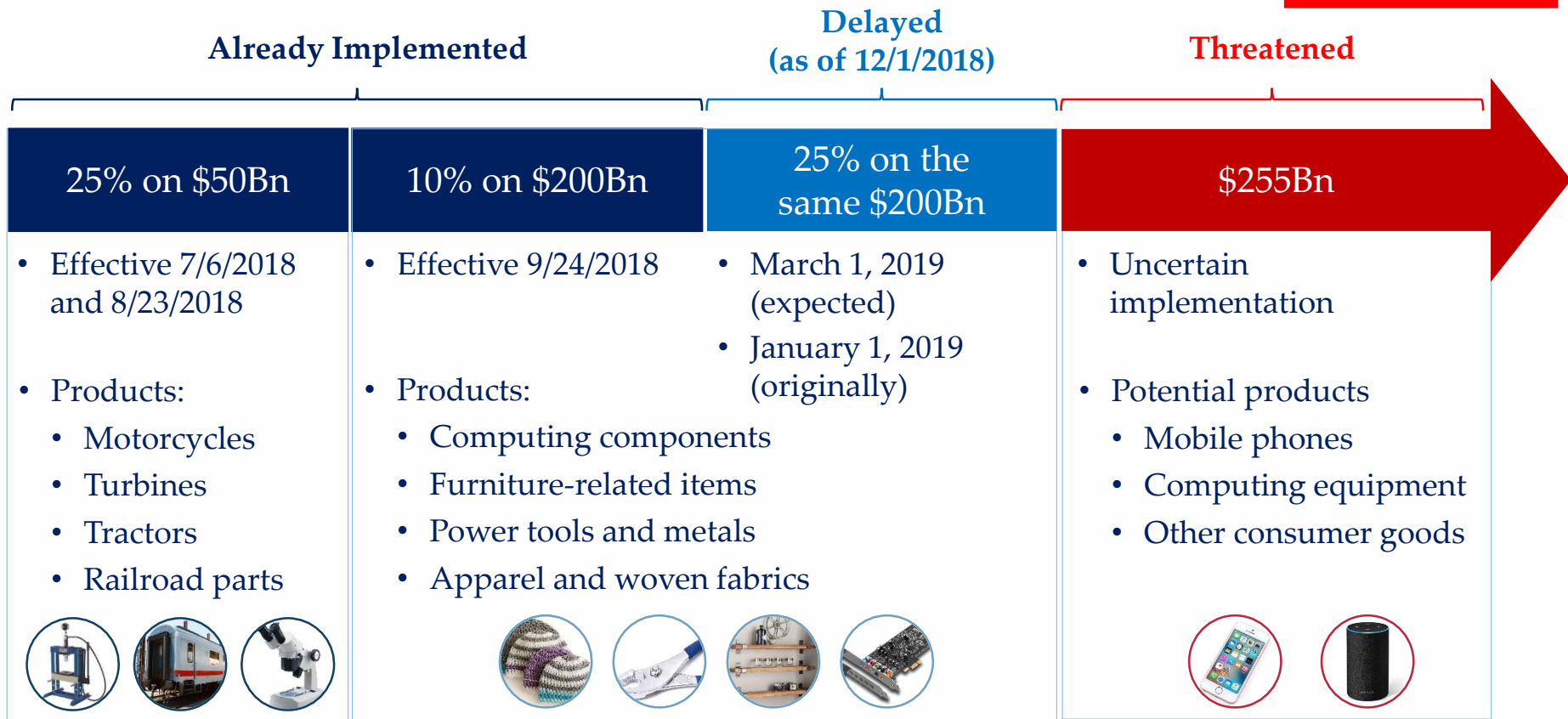
Recommended Strategy

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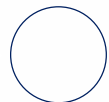
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U.S. Implementation of Chinese Import Tariffs Future Tariffs Will Be More Impactful to Amazon

Excerpt from
Final
Presentation



Amazon
Relevance



Source: United States Trade Representative Trade Data, Peterson Institute Tariff Data

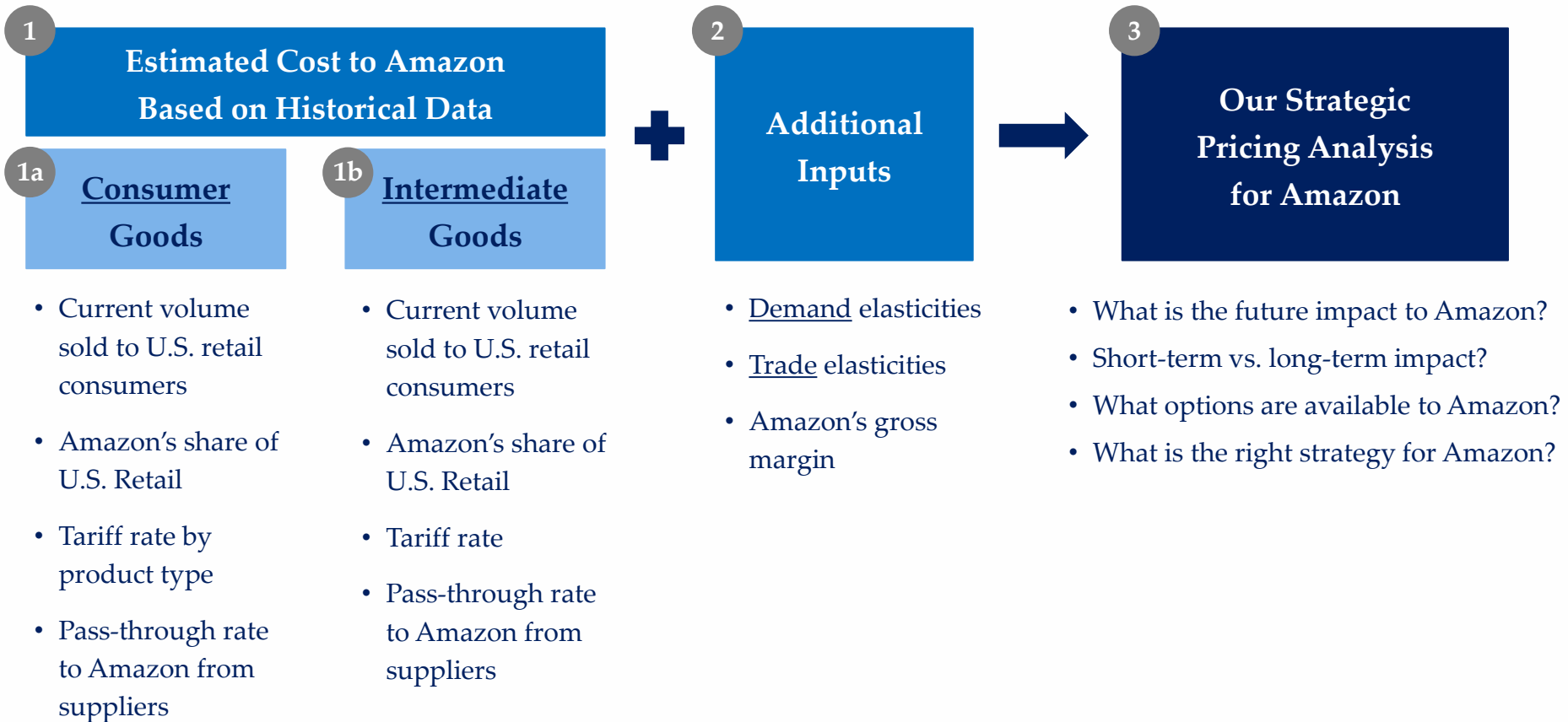
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Section 3: Our Methodology and Results

Overview of Our Methodology

Excerpt from Final Presentation



Detailed Methodology Available in the Appendix

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1. We believe we have identified a **valuable framework** to quantify the impact of Chinese import tariffs on Amazon's retail platform and consumers
2. Our inputs are based on publicly-available sources, so we are sure they **can be improved, especially with privately-available data at Amazon**
3. We have **designed our models in R and Excel** so that Amazon can update the key inputs and assumptions if valuable to Amazon
4. We would like to **thank Amazon for the opportunity** to analyze this question, it has been an invaluable learning experience for the team