

TUSSLE BETWEEN GIANTS



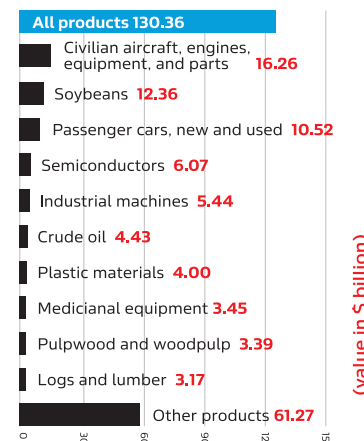
The ongoing trade war between the world's biggest economies comes on the heels of a record-high U.S. trade deficit with China. By **Ramesh Chakrapani**

As trade tensions simmer between the United States and China following the Trump administration's plan to impose tariffs on \$50 billion worth of Chinese goods, to which China has retaliated with plans to hike taxes on American goods of an equivalent amount, a close look at the state of U.S.-China trade ties over the past decade reveals that the value of Chinese exports to the U.S. far outweighs the value of Chinese imports from the U.S. As a result, the U.S. trade deficit with China has been steadily widening, creating a massive imbalance. Data from the U.S. Census Bureau show that the U.S. trade deficit with China touched a record \$375.22 billion in the 2017 calendar year. It has been on an upward swing since 2010, when it was \$273.04 billion. It first crossed the \$300 billion mark in 2012 (\$315.10 billion). Historical data show that the trade deficit first entered the billion-dollar club in 1986. Chinese exports to the U.S. also touched a record

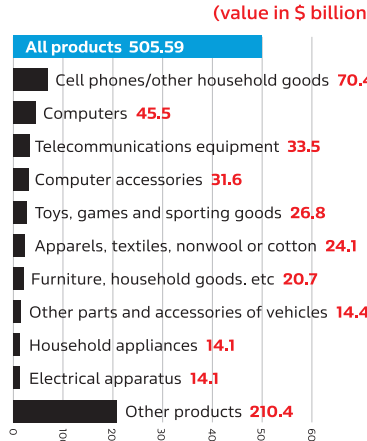
high of \$505.59 billion in 2017. They have been growing in strength since 2010, when the figure was \$364.95 billion. The top revenue earner for China in 2017 was cell phones and other household goods, which accounted for a whopping \$70.4 billion, followed by computers (\$45.5 billion) and telecommunications equipment (\$33.5 billion). The steady rise in Chinese exports over the past decade has also been accompanied by a similar healthy growth in U.S. exports to China, from \$62.93 billion in 2007 to \$130.36 billion in 2017. The top U.S. exports by value in 2017 were civilian aircraft and components, which brought in \$16.26 billion, followed by soybeans, which accounted for \$12.36 billion, and passenger cars (\$10.52 billion). Not surprisingly, these three categories were targeted by China for a tax hike in early April. Since the turn of the century, China has also been stepping up its investments in the U.S. According to the U.S.-based Rhodium Group, an independent

Growth of Chinese investment in U.S.		
Year	Total deals	Value (in \$ billion)
2012	95	7.6
2013	117	14.3
2014	167	12.8
2015	169	14.9
2016	177	45.2
2017	141	29.4

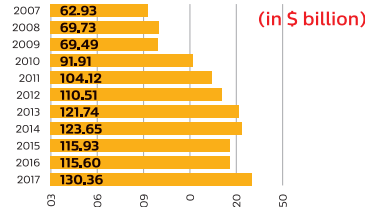
Top U.S. exports to China in 2017



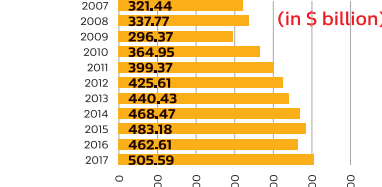
Top U.S. imports from China in 2017



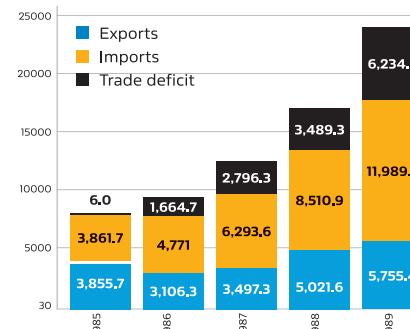
U.S. exports to China 2007-17



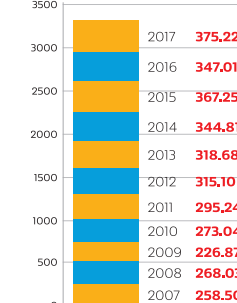
U.S. imports from China 2007-17



Historical data: State of U.S.-China trade in the 1980s (in \$ million)



Widening U.S.-China trade deficit (\$ billion)



Key Chinese investments in U.S. (2000-2017)

Sector	Number of deals	Value (in \$ billion)
Real estate and hospitality	219	39.79
Transport and infrastructure	101	17.04
ICT	238	16.71
Energy	114	13.40
Entertainment	52	9.32
Agriculture and food	37	7.57
Financial services	93	7.15
Consumer products/services	117	6.67
Health and biotech	138	6.46
Electronics	71	5.15

Chinese investment in U.S. (2000-2017)

Total number of deals: **1,536**

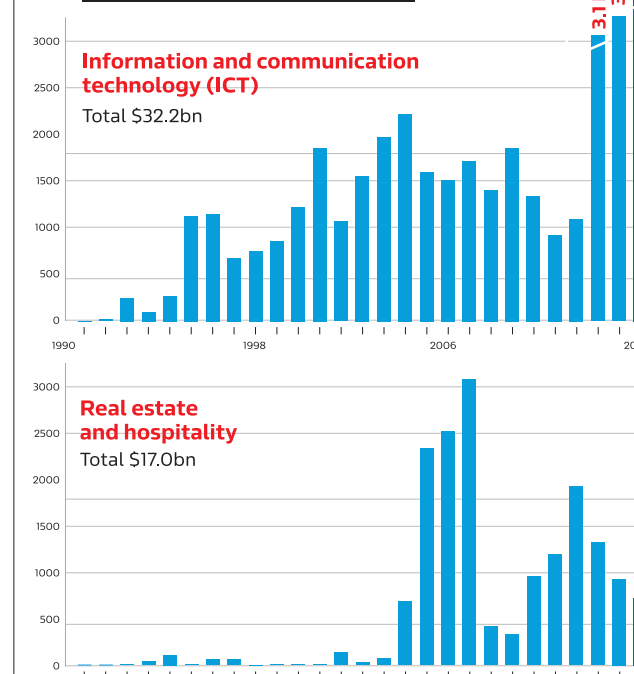
Greenfield deals totalled 857, worth **\$8.6 billion**

China made 679 acquisitions worth **\$129.5 billion**

Chinese investment included 368 government deals worth **\$32.8 billion**

Private deals totalled 1,167, worth **\$105.3 billion**

U.S. investment in China 2000-17



research provider, China closed a total of 1,536 deals valued at \$138.1 billion in the U.S. in the 2000-2017 period. Of these, greenfield deals totalled 857, worth \$8.6 billion, while acquisitions totalled 679, worth \$129.5 billion. The investments comprised 368 government deals worth \$32.8 billion and 1,167 private deals worth \$105.3 billion. Chinese investment in the U.S. picked up pace in the past six years, starting with 95 deals worth \$7.6 billion in 2012. It peaked in 2016 with 177 deals worth \$45.2 billion. In 2017, it stood at \$29.4 billion through 141 deals. The top receiver of Chinese investment in the 2000-2017 period in terms of value was real estate and hospitality, with \$39.79 billion in 219 deals, followed by transport and infrastructure (\$17.04 billion) and information and communication technology (\$16.31 billion).