

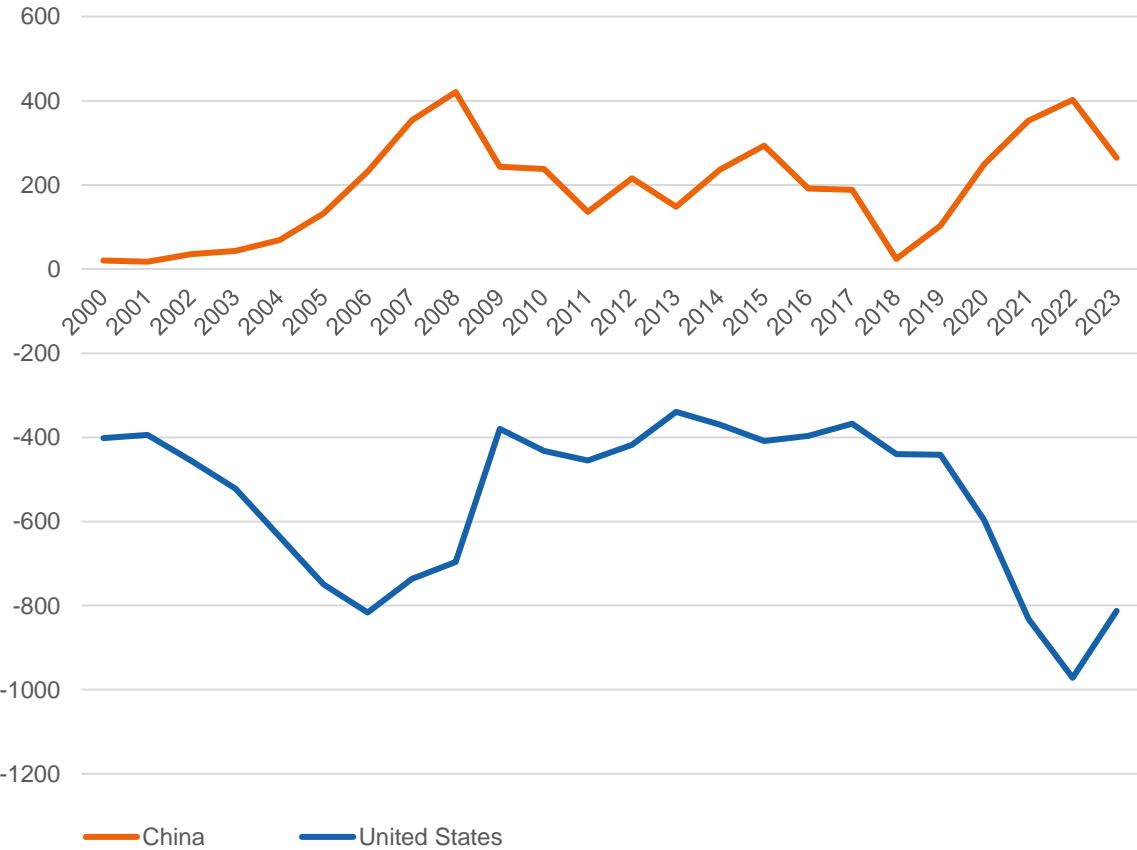
SIX FACTS ABOUT CHINA-U.S. TRADE RELATIONS

Kai Guo | CF40 Institute

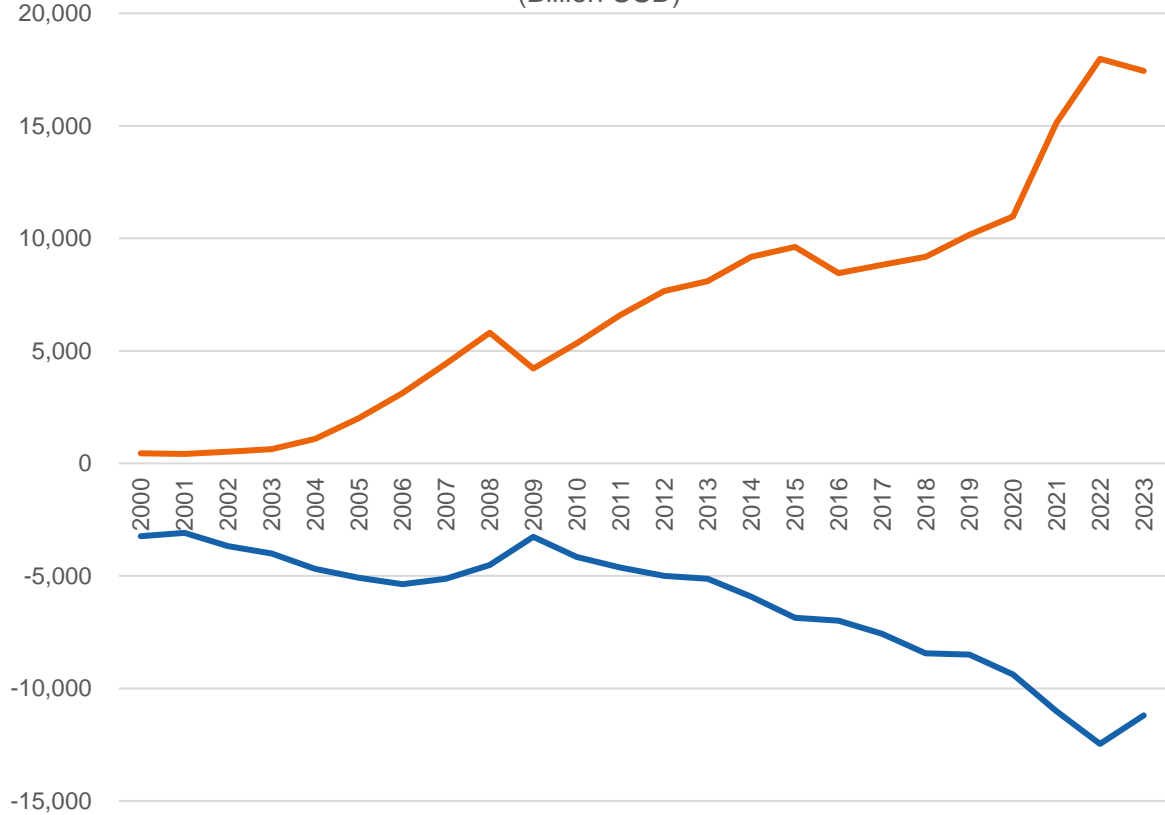


Fact 1: China-U.S. Trade Imbalance Is Macroeconomic Imbalance (1)

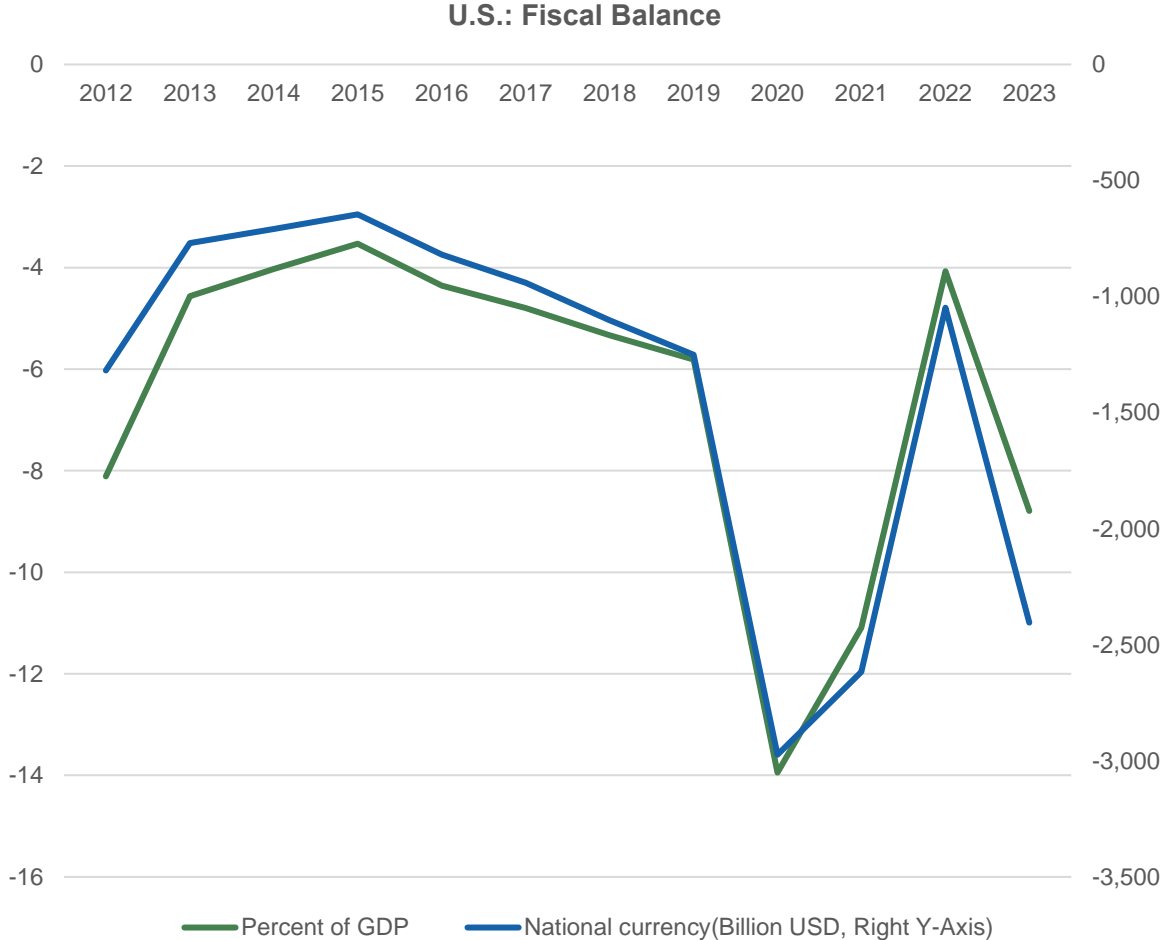
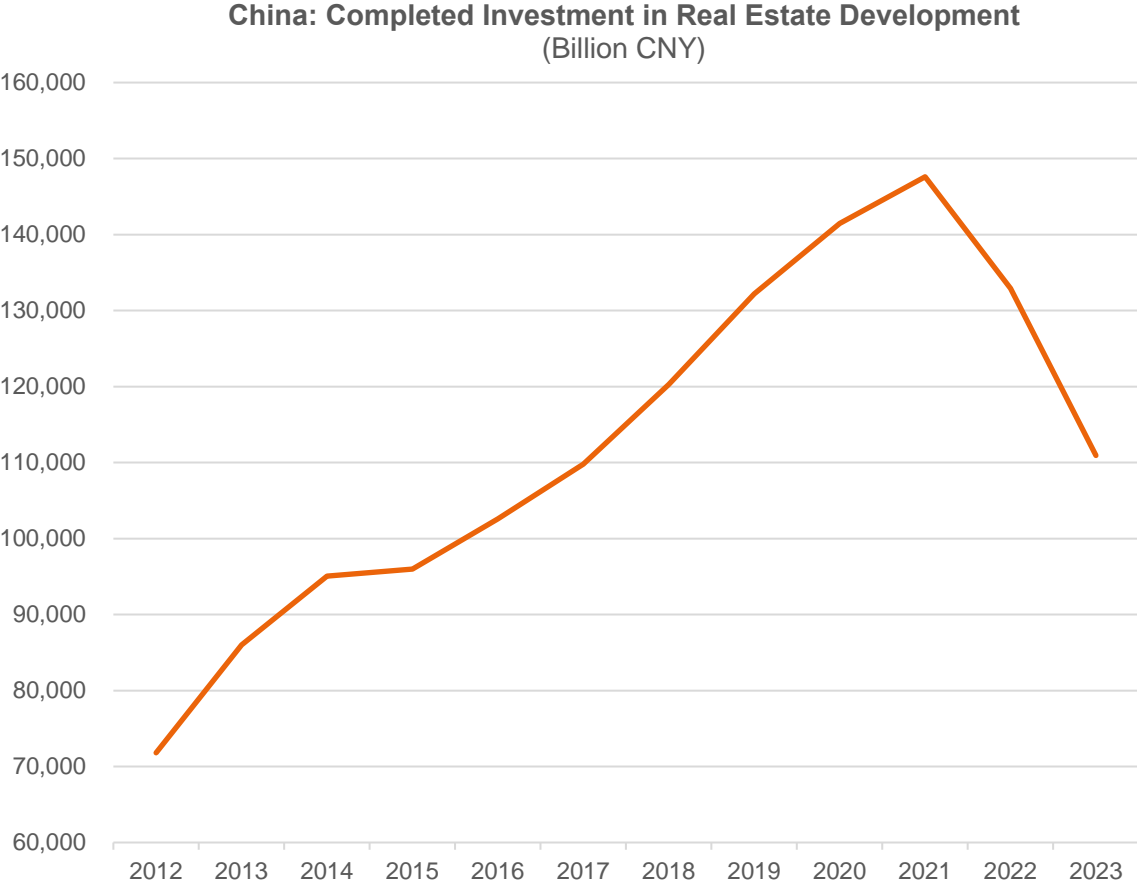
China and U.S. Current Accounts (Billion USD)



Manufacturing Trade Surplus of China and U.S. (Billion USD)

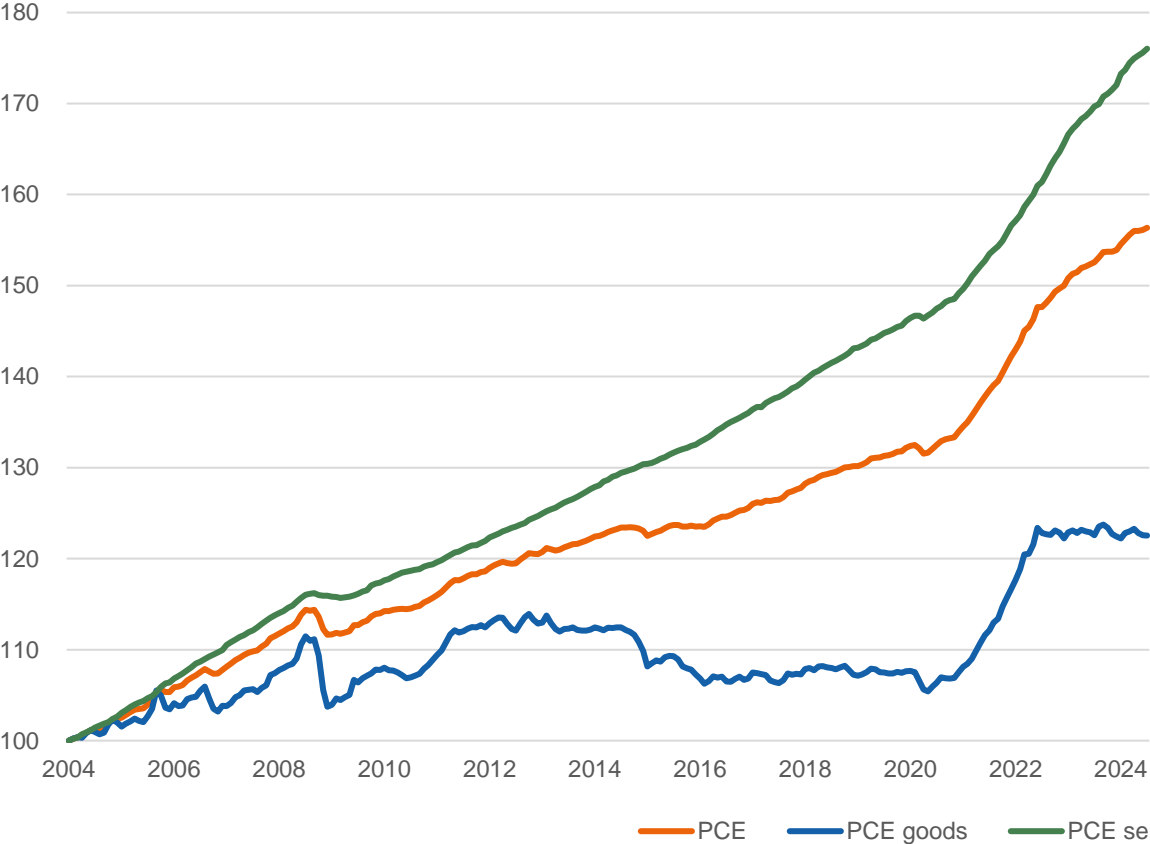


Fact 1: China-U.S. Trade Imbalance Is Macroeconomic Imbalance (2)

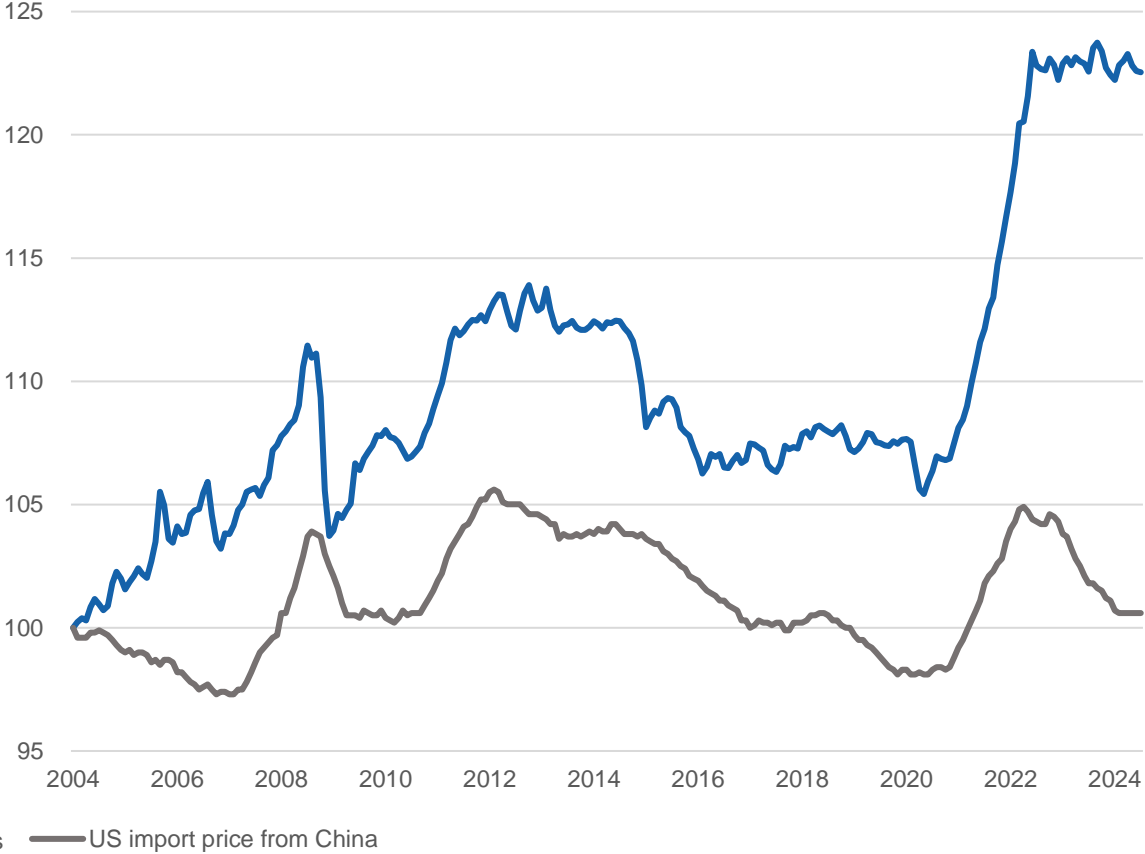


Fact 2: China-U.S. Trade Helped the U.S. Maintain Moderate Inflation and Recent Disinflation (1)

U.S. PCE with Components
(Jan 2004=100)

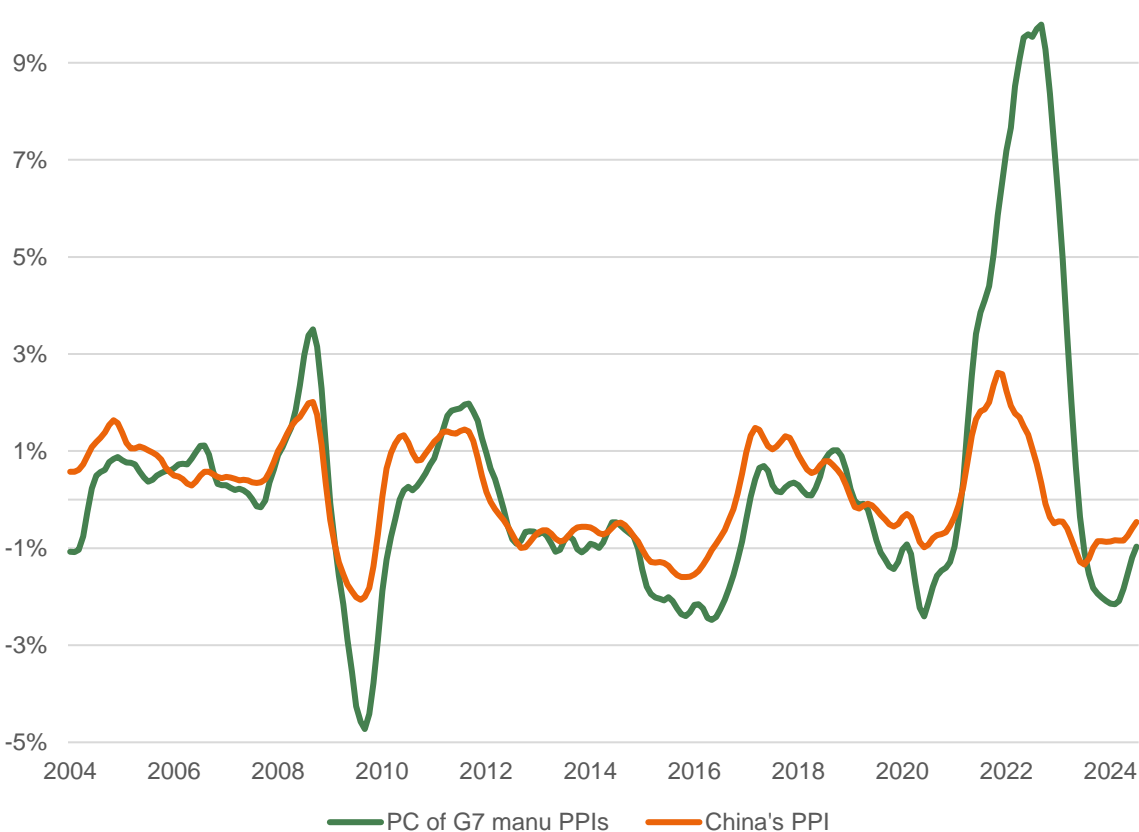


U.S. PCE Goods and Import Price from China
(Jan 2004=100)

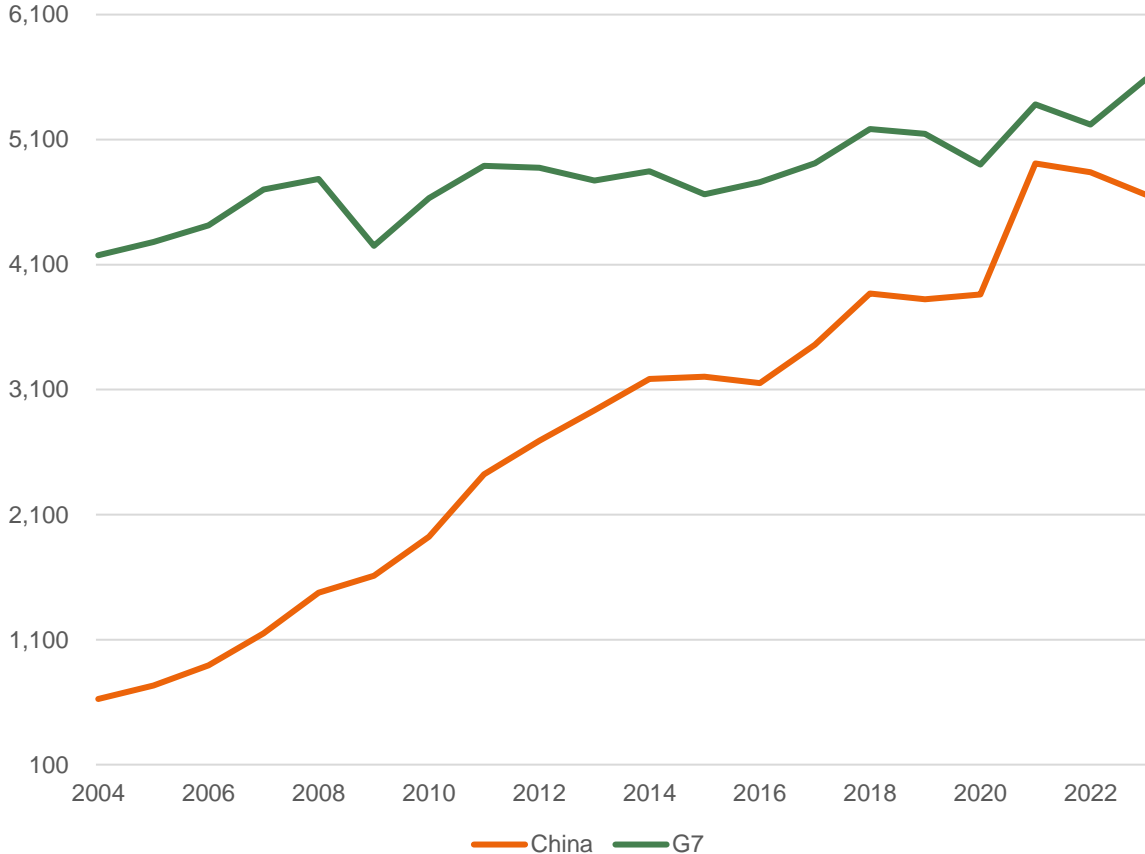


Fact 2: China-U.S. Trade Helped the U.S. Maintain Moderate Inflation and Recent Disinflation (2)

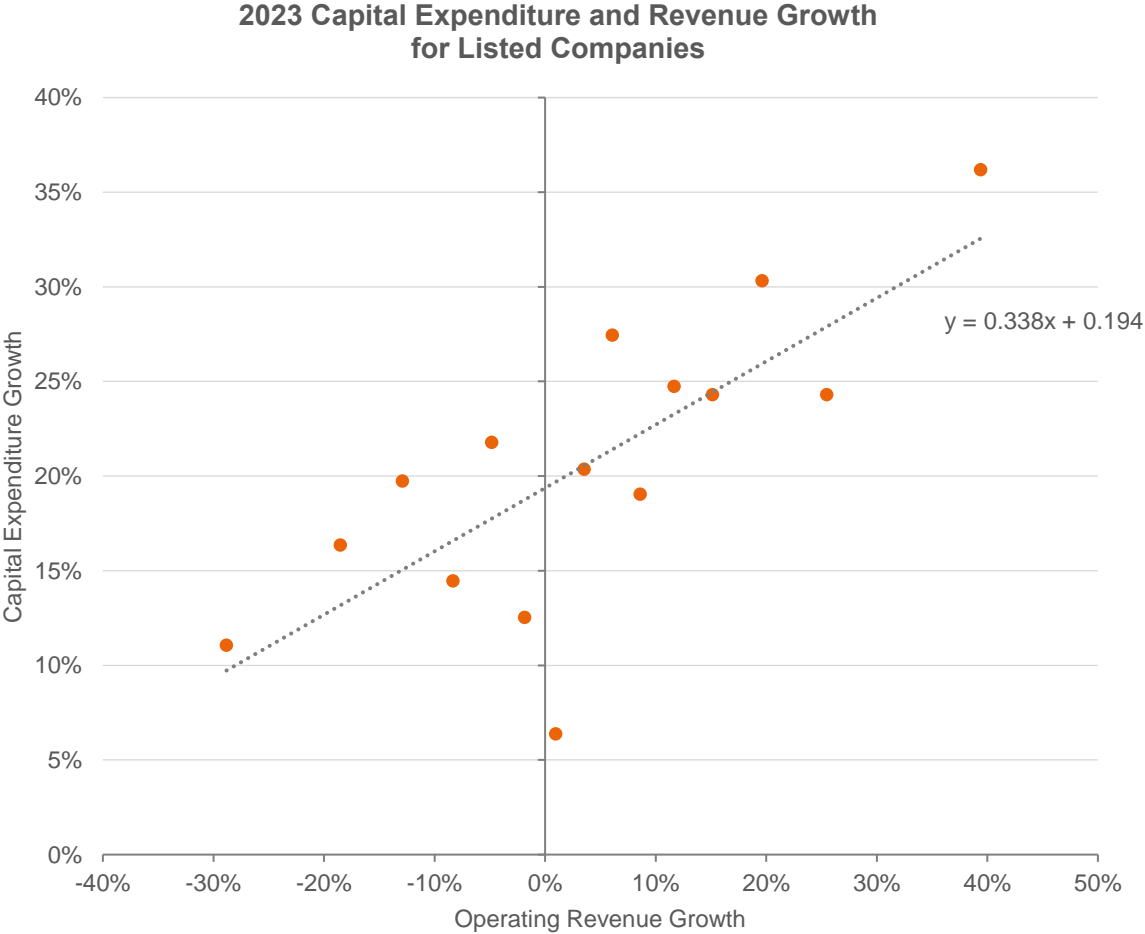
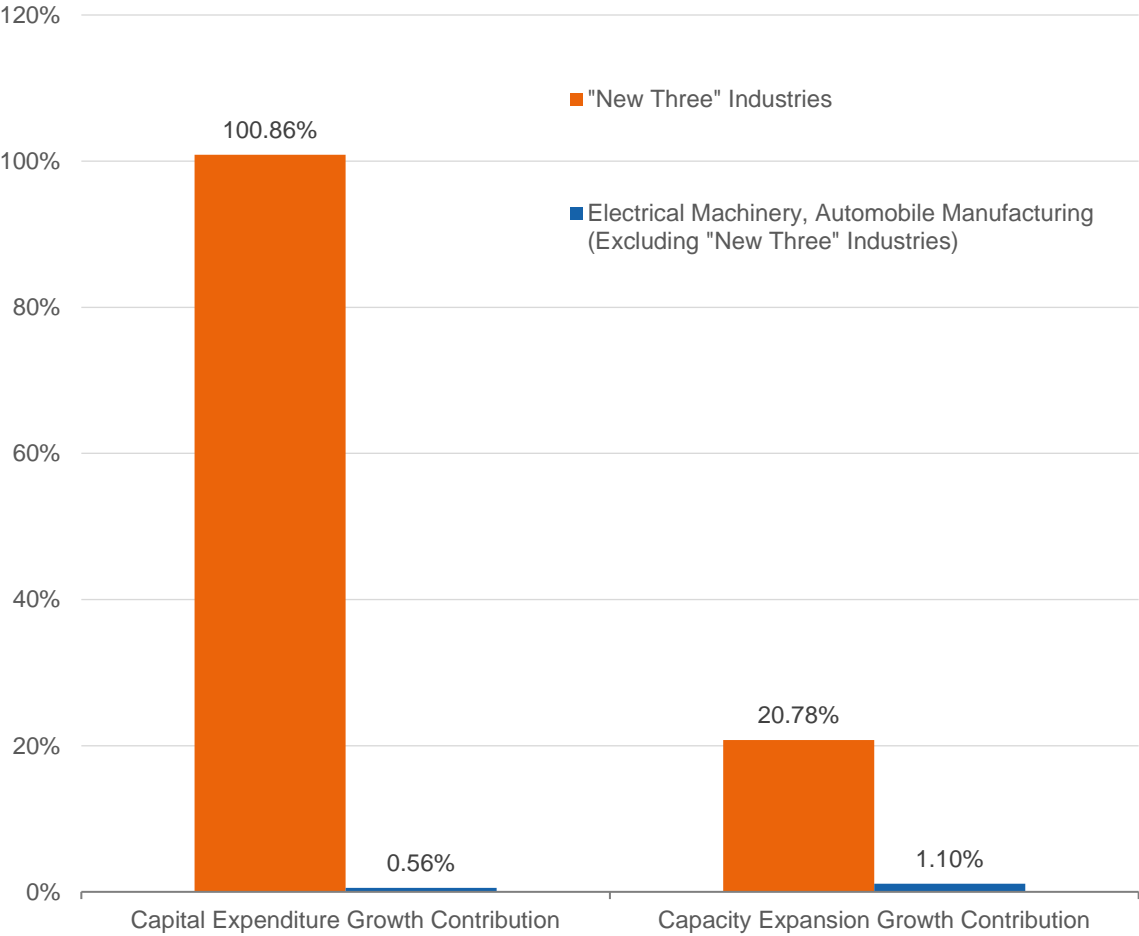
Principle Component of G7 PPI and China's PPI
(standardized, 3mma)



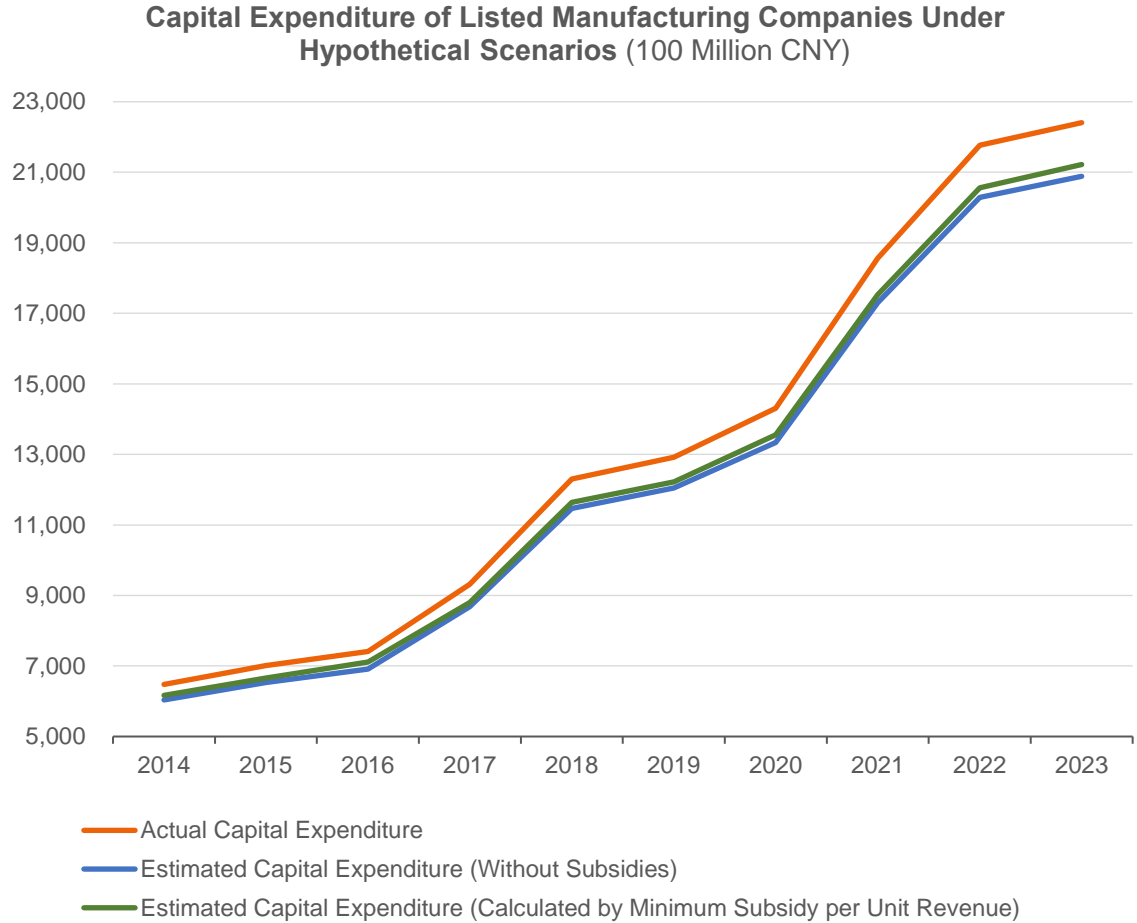
G7 and China's Manufacturing Value-Added
(Billion USD)



Fact 3: Overinvestment Leading to Overcapacity Is Not a Universal Phenomenon



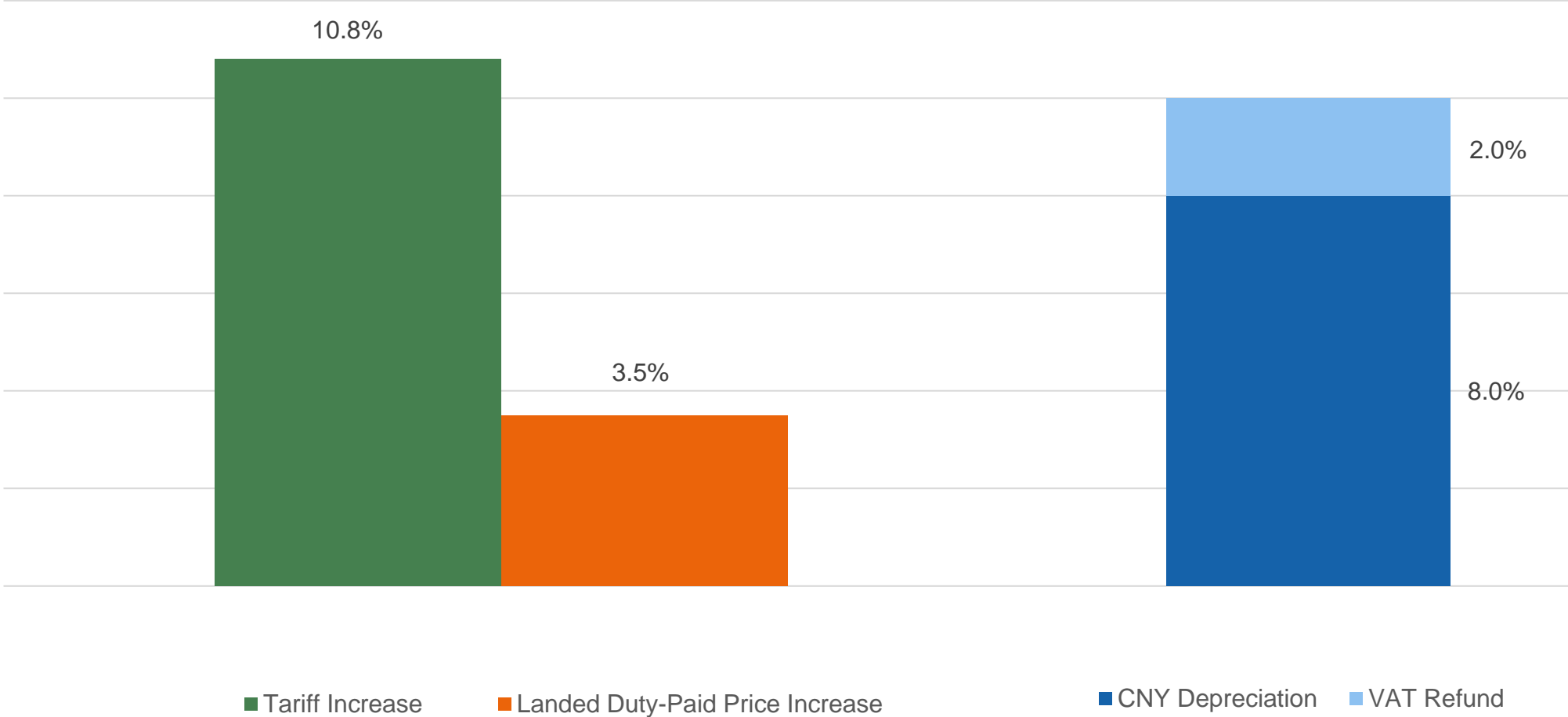
Fact 4: Government Subsidies Do Impact Investment but Are Far from the Most Important Factor



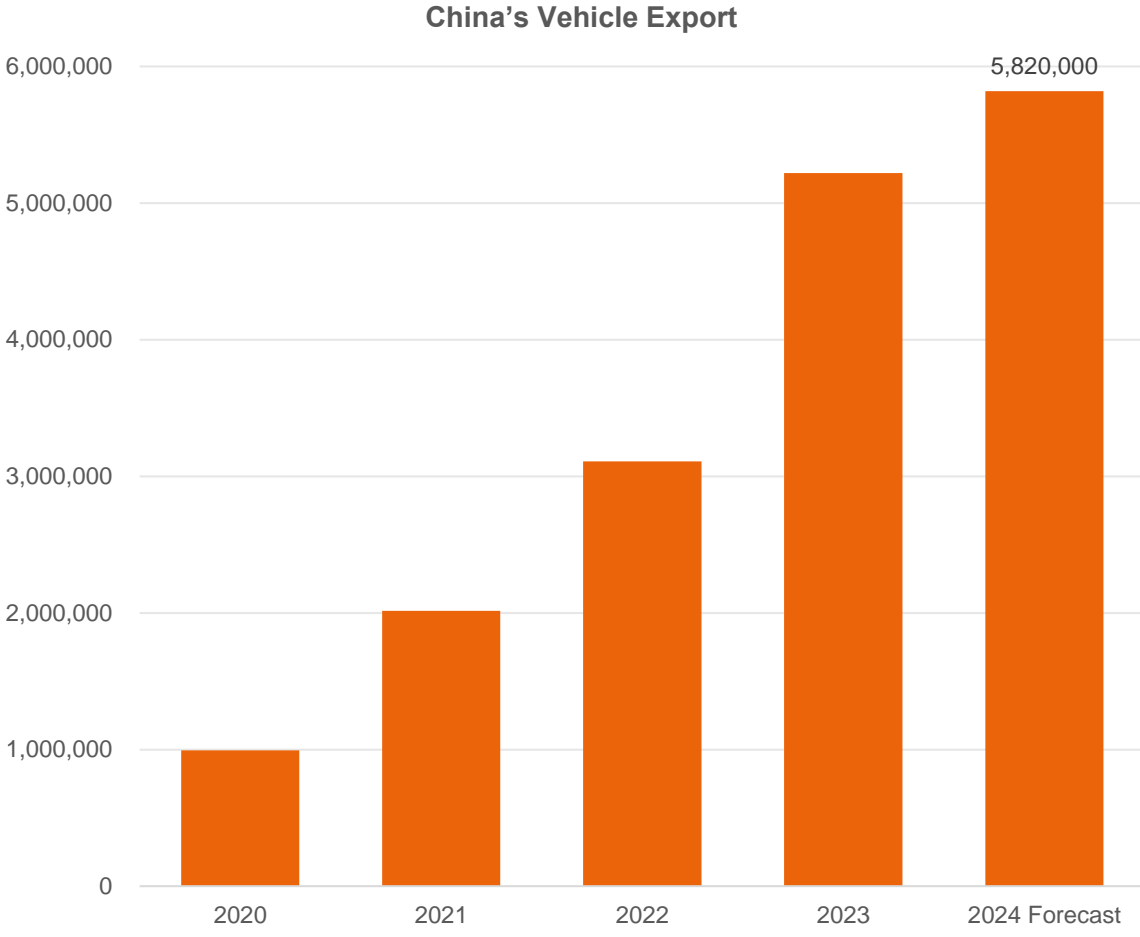
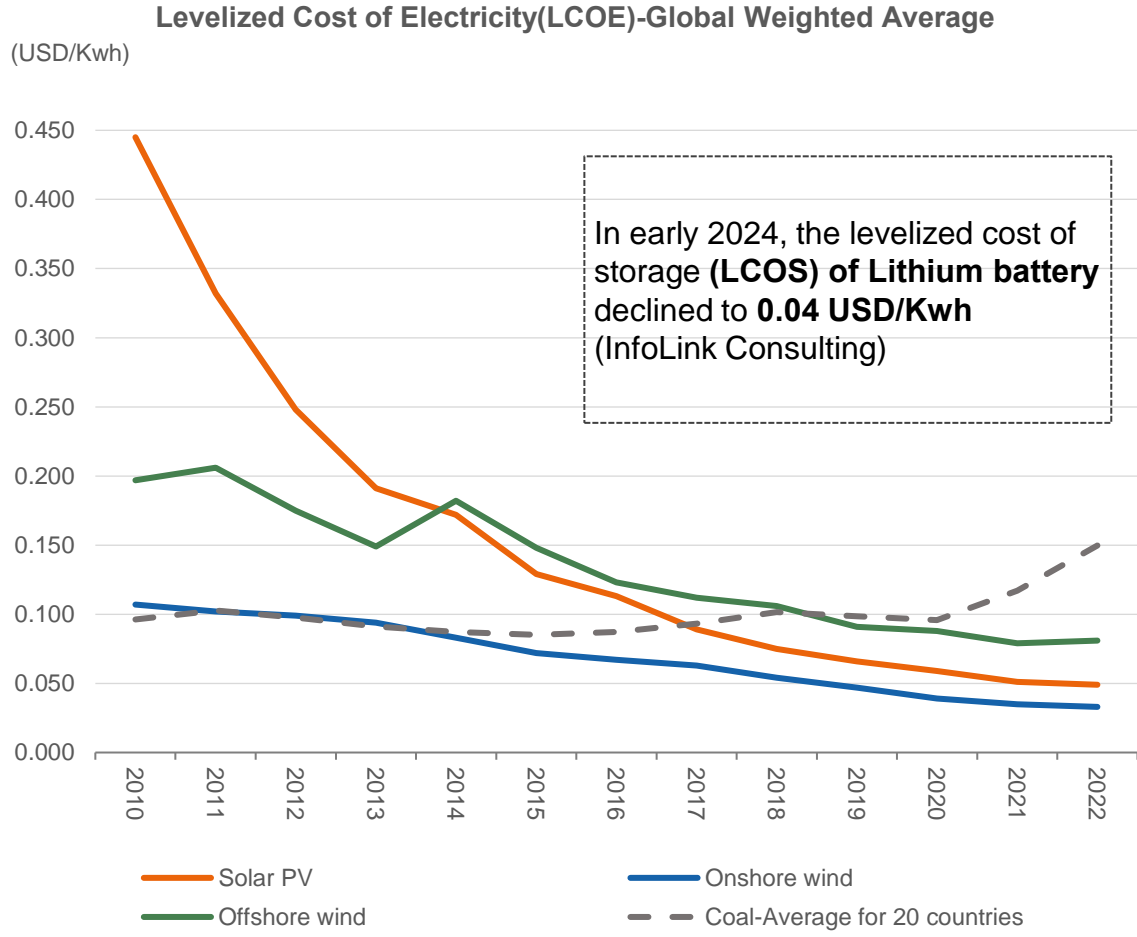
Capital Expenditure Increment and Its Driving Factors

Sample Period	2014-2023	2014-2018	2019-2023
Capital Expenditure Increment (100 million CNY)	15,930	5,823	9,483
Driven by Government Subsidy Growth	5%	6%	1%
Driven by Operating Revenue Growth	84%	81%	85%

Fact 5: The Impact of the First “Trade War” Was Well Cushioned, but This Time May Be Different



Fact 6: The Overcapacity in the New Energy Sector Is a Global Public Good, but China Should Be Mindful of Its Spillovers



Thanks

