

## Macro Roundup Article

**Headline:** [Setser On Kearney Reshoring Index](#)

**Article Link:** [https://twitter.com/Brad\\_Setser/status/1665747546822590464](https://twitter.com/Brad_Setser/status/1665747546822590464)

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**Tweet:** .@Brad\_Setser notes that the fall in the US dependence on China has been overstated for two reasons: 1) US import data fail to reflect the value of small shipments from China, and 2) many US imports from SE Asia likely embed a lot of Chinese components.

**Summary:** US imports from southeast Asia are clearly up. But how much has that really reduced US dependence on China? The Trump tariffs clearly had two effects a) they created an incentive to move final assembly to SE Asia; b) they created an incentive to avoid the US tariff (small value shipments/ de minimus) being the most obvious case. As a result, China's reported exports to the US now exceed recorded US imports from China by a significant margin (about 10%). China has lost a bit of market share over the last 12 months, so there is some evidence of a shift in the location of final assembly. In the Chinese data though the shift comes only after a rise in China's market share during the pandemic (lots of imported electronics). The bigger question (unanswerable by the trade data) is how much Chinese content is embedded in the United States rising imports from SE Asia? The US bilateral deficit with China was exaggerated in the past because China relied on a lot of imported chips and high-end components from Korea, Taiwan, and Japan. The same argument now applies to SE Asia. Chinese components don't just appear in the data for China.

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**Primary Topic:** Trade (not deficits)

**Topics:** GDP, News article, Trade (not deficits)

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