

## Macro Roundup Article

**Headline:** [How America Is Failing To Break Up With China](#)

**Article Link:** <https://www.economist.com/finance-and-economics/2023/08/08/how-america-is-failing-to-break-up-with-china>

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**Tweet:** While there is evidence American firms are "decoupling" from mainland China, many of the alternatives are still Chinese-owned firms with production shifting to countries that have deep links with the PRC.

**Summary:** Look at the countries that benefit from reduced direct Chinese trade with America. Caroline Freund of the University of California, San Diego found that countries which had the strongest trade relationships with China in a given industry have been the greatest beneficiaries of the redirection of trade, suggesting that deep Chinese supply chains still matter enormously to America. This is even truer in categories that include the advanced-manufacturing products where American officials are keenest to limit China's presence. When it comes to these goods, China's share of American imports declined by 14pp between 2017 and 2022, whereas those from Taiwan and Vietnam—countries that import heavily from China—gained the greatest market share. In short, Chinese activity is still vital to the production of even the most sensitive products. Related: [Setser On Rumors Of Decoupling and US-China Trade is Close to a Record, Defying Talk of Decoupling and Global Firms Are Eyeing Asian Alternatives to Chinese Manufacturing](#)

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

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

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