

US companies defy Trump's threats about 'decoupling' from China

Businesses ignore president as economy rebounds, says American Chamber of Commerce

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US companies defy Trump's threats about 'decoupling' from China Businesses ignore president as economy rebounds, says American Chamber of Commerce US companies still 'see China's consumer market as a great opportunity' despite rising tensions, according to the American Chamber of Commerce in Shanghai.

US companies are ignoring Donald Trump's threats to "decouple" from China and repatriate manufacturing, according to a survey of more than 200 companies with operations in the country. The American Chamber of Commerce in Shanghai found **that fewer than 4 per cent of respondents were relocating some production capacity back to the US**. The majority — more than 70 per cent — had no plans to relocate any manufacturing out of China despite higher tariffs from Mr Trump's long-running trade war with the world's second-largest economy.

"Covid-19 hit the Chinese economy hard in early 2020, but the **recovery was quick**," Ker Gibbs, chamber president, said on Tuesday. "American companies still see China's consumer market as a great opportunity." Earlier this week, Mr Trump reiterated his enthusiasm for "decoupling" the world's two largest and closely integrated economies. "If we didn't do business with [China] we wouldn't lose billions of dollars," he said. "We will make America into the manufacturing superpower of the world and will end our reliance on China once and for all."

Have the US and China passed the point of no return?

Mr Trump is putting Beijing at the center of his re-election battle against Joe Biden, by blaming Chinese President Xi Jinping's administration for coronavirus and its devastating economic consequences on the US.

"Joe Biden's agenda is made in China," the US president said at a campaign rally on Tuesday. "My agenda is made in the USA." According to the survey, the rapidly deteriorating Sino-US relationship is now the largest concern for American companies, overshadowing for the first time perennial fears about slower economic growth in China, domestic competition and intellectual property protection.

"The geopolitical tension is the number one concern among business operations managers, which is remarkable," Mr Gibbs said. Mark Gilbraith at PwC China, the professional services firm which helped conduct the survey, said: "US businesses in China would like to see the two countries resolve their outstanding issues quickly and reduce tensions.

Why Trump no longer talks about the trade deficit with China "Dynamics caused by the pandemic coupled with uncertainties around the trade tensions, strong local competition and . . . regulatory change have really put management of US multinationals operating in China to the test." The Chinese economy has shown signs that it has largely bounced back from the coronavirus pandemic.

China's General Administration of Customs reported this week an almost 10 per cent year-on-year rise in exports last month, underscoring how quickly the country has recovered from the pandemic compared with the US. China's total share of global exports has surged over recent months to more than 17 per cent, compared with less than 14 per cent in 2019.

China is also continuing to rack up large bilateral monthly trade surpluses with the US — surpluses that Mr Trump expected the two countries' "phase-one" trade deal, signed in January before coronavirus erupted in central China, would help reduce.