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China bought none of the extra $200 billion of US exports in Trump's trade deal

Chad P. Bown (PIIE)

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Two years ago, President Donald Trump signed what he called a "historical trade deal" with China that committed China to purchase $200 billion of additional US exports before December 31, 2021. Today the only undisputed "historical" aspect of that agreement is its failure. One lesson is not to make deals that cannot be fulfilled when unforeseen events inevitably occur—in this case, a pandemic and a recession. Another is not to forget the complementary policies needed to give an agreement a chance to succeed.

In the end, China bought only 57 percent of the US exports it had committed to purchase under the agreement, not even enough to reach its import levels from before the trade war.[1] Put differently, China bought *none* of the additional $200 billion of exports Trump's deal had promised.

Trump's "phase one" agreement with his "very, very good friend" President Xi Jinping was not a total washout. The deal did halt his spiraling trade war. And several of its elements should be kept, notably China's commitments to remove technical barriers to US farm exports, respect intellectual property, and open up its financial services sector.

However, signing something that was problematic, if not unrealistic, from the start, shows some degree of bad faith on both sides. After two years of escalating tariffs and rhetoric about economic decoupling, the deal did little to reduce the uncertainty discouraging the business investment needed to restart US exports.

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1 This blog post updates—and, by examining services trade, expands upon—earlier assessments of China's goods purchases relative to the pro-rated targets published in October 2020, February 2021, and October 2021 (updated to December 2021). A separate tracker was published starting in May 2020, updating monthly purchases relative to pro-rated targets for the goods commitments, relying on monthly data releases from US Census and Chinese Customs.

Most of Trump's tariffs remained in effect, especially on inputs, raising costs to US companies. And by failing to negotiate the removal of China's retaliatory tariffs, the agreement may have funneled any Chinese demand for US exports away from China's private sector toward its state-owned enterprises.

The emergence of the COVID-19 pandemic undermined any chance of success. Public health–related lockdowns and a short economic recession were accompanied by a temporary collapse in goods trade globally, even if China's imports were mostly spared. Restrictions on mobility also decimated US services exports like tourism and business travel.

But the pandemic was only one factor. Major American manufacturing sectors, for example, could not reverse their poor export performance in 2020–21. When confronted with trade war tariffs in 2018, some automakers moved their production out of the United States in order to maintain access to Chinese consumers. US aircraft sales plummeted in 2019, following crashes of Boeing's airplanes. In both sectors and despite the phase one agreement, US exports did not resume.

Trump set the US–China trade relationship on a new path, beginning with his trade war in 2018. Nearly four years later, the main lesson of the phase one agreement is that different terms for the trade relationship are still needed.

CHINA WAS NEVER ON TRACK TO MEET ANY OF THE ADDITIONAL PURCHASE COMMITMENTS

The phase one agreement committed China to increases its purchases of certain US goods and services in 2020 and 2021 by at least $200 billion over 2017 levels (figure 1).[2] China agreed to buy at least $227.9 billion of US exports in 2020 and $274.5 billion in 2021, for a total of $502.4 billion over the two years.[3] The agreement also established legal commitments for a defined set of manufacturing, services, agricultural, and energy products, as examined below.

Ultimately, China bought only 57 percent of the US exports it committed to purchase over 2020–21. US exports of covered goods and services to China over the two years were $288.8 billion.[4]

The Biden administration was not to blame, as China was never on pace to meet its purchase commitments (figure 2). Trump's deal was agreed on December 13, 2019 and signed on January 15, 2020. By the end of June 2020, China's purchases were at only 54 percent of the pro-rated target; they reached 59 percent of the year-end commitment for 2020. China was never able to catch up, as the agreement was back-loaded, with additional purchase commitments for 2021 that were more than 60 percent higher than 2020.

2 See Chapter 6 and Annex 6.1 of the Economic and Trade Agreement between the Government of the United States of America and the Government of the People's Republic of China.

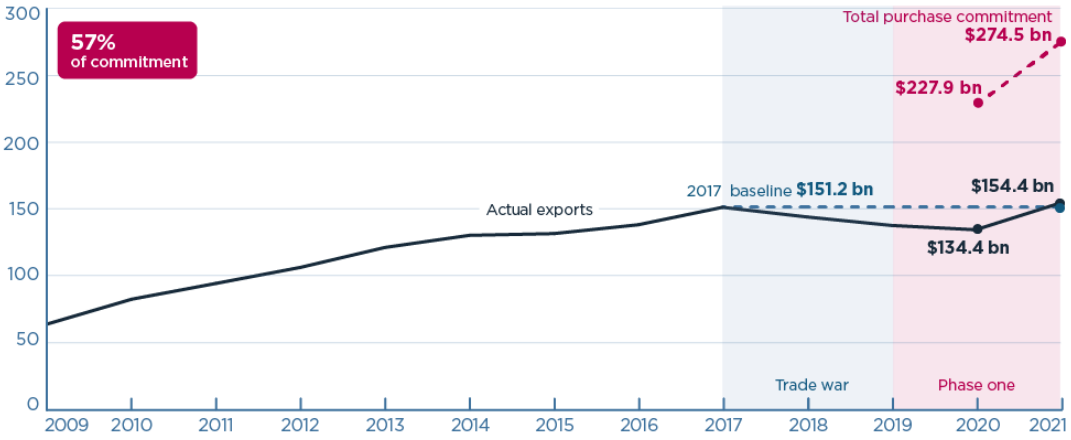
3 The agreement also allows for an assessment using Chinese import data. For China's purchases of goods using import statistics from Chinese customs, see Chad P. Bown. 2022. US–China phase one tracker: China's purchases of US goods. PIIE Chart. However, Chinese import data for services imports from the United States are not available.

4 US services exports to China in fourth quarter 2021 are estimated based on US services to the world in the fourth quarter of 2021 and China's share of those exports in the third quarter of 2021.

Figure 1

US goods and services exports to China in 2020-21 fell well short of phase one commitments

US exports to China of goods and services covered by the phase one deal, billions USD, 2009–21



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Note: 2017 baseline refers to the 2017 export values, which were to be expanded by $200 billion under the phase one agreement. Product and service categories covered by the "purchase commitment" are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China. Data for total US services exports to China in the fourth quarter of 2021 are estimated based on US total services exports to the world in the fourth quarter of 2021, apportioned with the share of US exports of services to the world in the third quarter of 2021 that went to China.

Source: Constructed by the author with data from US Census and Bureau of Economic Analysis.

In addition to the unrealistic $200 billion target, 18 months of trade war tariff escalation designed to decouple the two economies meant US goods exporters started from a hole. They would first have to reestablish connections with Chinese buyers to climb out of the 2019 trough—$13.6 billion lower than the agreement's 2017 baseline level—*before* chipping away at the additional $200 billion.

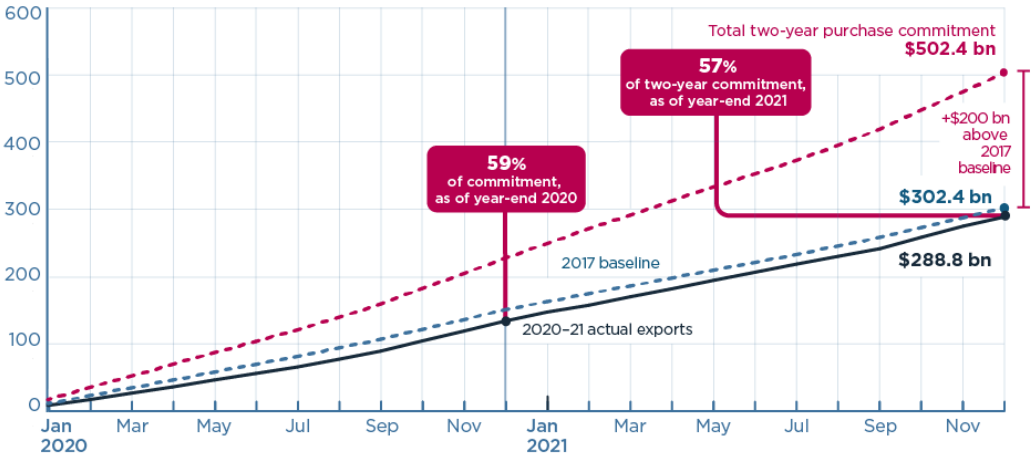
China ended up buying none of that extra $200 billion of US exports it had promised to purchase. (In Davos, only a week after it was signed, Trump boasted that the deal "could be closer to $300 billion when it finishes.") In 2020–21, China fell $13.6 billion short of reaching even the baseline level of purchases.[5]

5 Although US exports to China in 2021 exceeded 2017 levels by $3.2 billion, US exports to China in 2020 were $16.8 billion lower than 2017 levels.

Figure 2

China fell behind at the start and bought none of the additional $200 billion of US exports it had committed to under phase one

US monthly goods and services exports to China covered by the phase one deal, billions USD, January 2020 – December 2021



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Note: Data refer to end of month cumulative totals. 2017 baseline refers to the 2017 export values, which were to be expanded by $200 billion under the phase one agreement and is repeated for comparison purposes. Numbers may not sum to total due to rounding. Products and services covered by the "purchase commitment" are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China. Prorating the 2020 and 2021 year-end targets to a monthly basis is for illustrative purposes only. Nothing in the text of the agreement indicates China must meet anything other than the year-end targets. Quarterly services data apportioned to monthly values. Monthly purchase commitments are seasonally adjusted based on 2017 data. Data for total US services exports to China in the fourth quarter of 2021 are estimated based on US total services exports to the world in the fourth quarter of 2021, apportioned with the share of US exports of services to the world in the third quarter of 2021 that went to China.

Sources: Constructed by the author with data from US Census and Bureau of Economic Analysis.

MANUFACTURING EXPORTS SUFFERED IN THE TRADE WAR AND DID NOT RECOVER

China purchased only 59 percent of the full commitment of US manufactured products in 2020–21 (figure 3). Manufacturing was the most economically significant part of the deal, making up 44 percent of covered US exports in 2017 (appendix table 1). Of that, autos and aircraft dominated US exports before the trade war. Both did poorly in 2020–21.[6]

US auto exports reached only 39 percent of the target over 2020–21. The sector's suffering is a trade war cautionary tale.[7] In July 2018, Trump's tariffs on imports from China included auto parts; China's tariff retaliation hit US vehicle exports. US auto exports dropped sharply in 2018, as companies like Tesla and

6 When briefing journalists on the details of the phase one agreement in December 2019, US Trade Representative Robert Lighthizer refused to release details of product-specific targets more disaggregated than manufacturing, services, agriculture, and energy, stating 'Our judgment is that to make those things public, the subcategories could have a market impact, which is not in anyone's interest. But we'll have them and we'll keep them in the classified document' (Bown 2021, p. 30). The 2020 and 2021 targets presented here for the 17 goods products and 5 services subsectors are only estimates, defined as in Appendix Table 2.

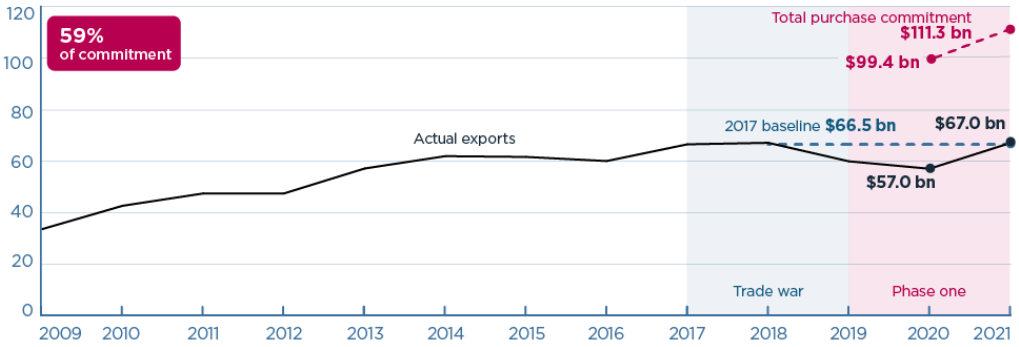
7 Suffering US auto exports to China long predated the semiconductor shortage that hurt auto sales globally beginning in 2021.

Figure 3

The trade war especially battered US manufacturing exports to China, which fell well short of phase one commitments

US manufacturing exports to China covered by the phase one deal, billions USD

a. All manufactured goods, 2009–21



b. Manufactured goods subcategories, 2016-21

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Note: 2017 baseline refers to the 2017 export values, which were to be expanded by $77.7 billion under the phase one agreement. Manufactured product categories covered by the "purchase commitment" are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China. "Estimated target" is not a legal commitment but is constructed by apportioning based on the share of that product in total US exports to China in 2017 of goods covered by the purchase commitments. See appendix table 2 for product definitions.

Source: Constructed by the author with data from US Census.

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BMW reacted to the higher costs by moving production destined for the Chinese market out of the United States. (Ford, another major exporter, including through its Lincoln brand, complained in 2018 that Trump's separate steel and aluminum tariffs raised the cost of its US-based manufacturing by $1 billion.) Even when China lifted the retaliatory tariffs, in early 2019, US exports did not recover.

Sales of US aircraft, engines, and parts to China did even worse, reaching just 18 percent of the 2020–21 target. Though the industry was less directly impacted by trade war tariffs, US sales to China plummeted in 2019 following two crashes of the Boeing 737 MAX. Between March 2019 and late 2020, the model was grounded, with Boeing shutting down production in early 2020. China canceled orders in April 2020, and though the legal text allows credit for aircraft "*orders* and deliveries" (emphasis added), additional orders had not been publicly announced by the end of 2021, despite complaints by the Biden administration that Chinese policy was holding back sales. (Exports of the 737 MAX may eventually resume, as Chinese regulators instructed airlines in December 2021 to implement the changes needed to allow the model to fly again in China.)

Not all manufactured exports performed poorly in 2020–21. Medical supplies needed to treat COVID-19 boomed. US exports of semiconductors and manufacturing equipment also accelerated—thanks to a combination of stockpiling by Chinese firms as US export controls in 2019–20 threatened to cut off companies like Huawei and SMIC as well as increased demand for chips needed for consumer electronics and data servers brought on by the pandemic shift to remote work, schooling, and leisure.

COVID-19 DEVASTATED EXPORTS OF SERVICES

Services were the second-largest part of the deal, comprising another 37 percent of US exports to China. When the phase one agreement was signed, in early 2020, China's services purchase commitments were arguably the most reasonable.[8] The buying ask was relatively modest. Trade war tariffs had not directly hit US services exports; their phase one starting point was therefore actually above 2017 baseline levels. Finally, China took on additional commitments in the agreement expected to benefit services exports. It promised to open its market to foreign providers of financial services (Chapter 4) and agreed to improve protection of intellectual property rights (Chapter 1) and curtail the forcible transfer of foreign technology (chapter 2), potentially benefiting US services exports recorded as "charges for intellectual property."

Yet, US services exports to China plummeted in 2020–21, reaching only 52 percent of the commitment (figure 4).[9] Travel made up more than half of US services exports to China in the years before 2019. Both tourism and

8 See, for example, figure 2 in Chad P. Bown. 2020. Unappreciated Hazards of the US–China Phase One Deal. PIIE Trade and Investment Policy Watch, January 21.

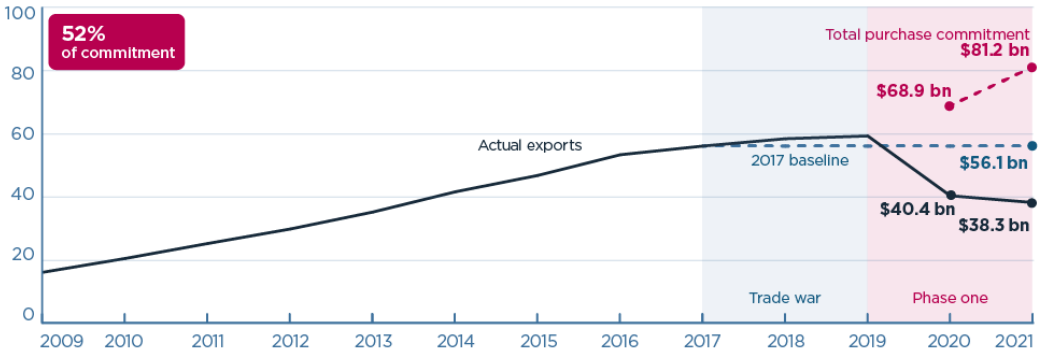
9 These data are estimates and include only information on Mode 1. Footnote f of Annex 6.1 of the agreement states says that "All services numbers represent the cross-border supply of services (Mode 1), with the exception of the numbers for financial services and insurance and cloud services, which include both the cross-border supply of services and the supply of services through commercial presence (Mode 3)."

Figure 4

US services exports to China were devastated by the pandemic, falling short of phase one commitments

US services exports to China covered by the phase one deal, billions USD

a. All services, 2009–21



b. Services subcategories, 2016–20

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Note: 2017 baseline refers to the 2017 export values, which were to be expanded by $37.9 billion under the phase one agreement. Services categories covered by the "purchase commitment" are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China. "Estimated 2020 target" is not a legal commitment but is constructed by apportioning based on the share of that category in total US exports to China in 2017 of services covered by the purchase commitments. Data for services subcategories for 2021 are not yet available. Data for total US services exports to China in the fourth quarter of 2021 are estimated based on US total services exports to the world in the fourth quarter of 2021, apportioned with the share of US exports of services to the world in the third quarter of 2021 that went to China. See appendix table 2 for services category definitions.

Source: Constructed by the author with data from US Bureau of Economic Analysis.

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business travel fell 90 percent in 2020, as a result of the pandemic.[10] US exports of educational services—Chinese students studying at American colleges and universities—also dropped.

China's other phase one commitments affecting services exports also showed no immediate returns, although they could potentially be beneficial over the long term. Both financial services exports and charges for intellectual property, for example, declined slightly in 2020; combined, they made up 20 percent of US services exports to China in 2017.[11]

AGRICULTURE EXPORTS SUFFERED IN THE TRADE WAR, RECEIVED SUBSIDIES, AND THEN RECOVERED

To the Trump administration, agriculture was the most politically important part of the deal, despite accounting for only 14 percent of covered exports. When China's retaliatory tariffs hurt US farm exports in 2018–19, Trump awarded the sector tens of billions of dollars in federal subsidies. In the days leading up to the 2020 election, the administration released a report touting resumed farm sales to China—ignoring the continued troubles facing US manufacturing, energy, and services exports. US farm exports did get back to 2017 levels and ultimately reached 83 percent of the 2020–21 commitment (figure 5).[12]

Soybeans made up roughly 60 percent of US agricultural exports to China in 2017. They were devastated by the trade war, falling from $12 billion to only $3 billion in 2018, when China imposed retaliatory tariffs. Though soybean exports managed to reach their pre–trade war levels over 2020–21, they still fell over 30 percent short of their target.

Products like pork, corn, wheat, and sorghum exceeded expectations, though not necessarily because of the agreement. A local outbreak of African swine fever led China to increase pork imports from the United States in 2019 before the deal was agreed. (In 2020–21, China's pigmeat imports from the rest of the world also averaged about five times 2017 levels.) Corn and wheat imports increased after China began to comply with a 2019 World Trade Organization (WTO) dispute settlement ruling against its unfilled tariff rate quotas.[13] (Compared with 2017, China's imports from the rest of the world in 2020–21 were roughly 350 percent higher for corn and 200 percent higher for wheat, on average.) Some farm exports also benefited less from the purchase commitments but from the agreement's Chapter 3, which removed some Chinese nonscientific regulatory barriers affecting trade.

10 Subsector-level information on services exports will be updated upon the release of the date in 2022.

11 These data presumably included a settlement announced in July 2020 in which Huawei agreed to pay $1.8 billion to Qualcomm to resolve a dispute over intellectual property charges.

12 However, the Trump administration did want China to buy an additional $10 billion of US farm products that it could not get into the deal. Footnote b of Annex 6.1 of the agreement states (emphasis added), "At the request of the United States, China will strive to purchase and import $5 billion per year of the US agricultural products covered by this Chapter, *in addition to* the minimum amounts set forth herein" (emphasis added). Including the additional $10 billion means that US exports reached only 73 percent, not 83 percent, of the 2020–21 commitment.

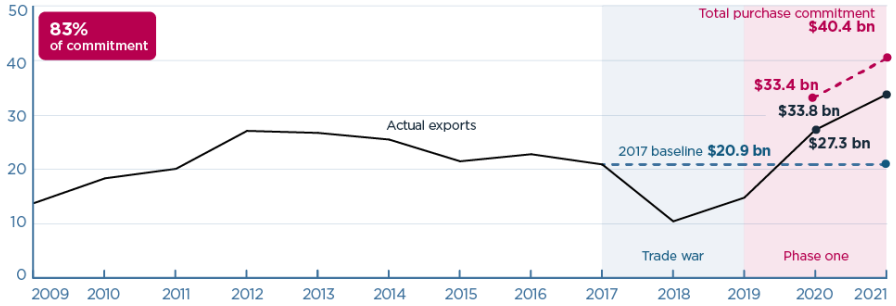
13 See Joseph Glauber and Simon Lester. 2021. *China–Tariff Rate Quotas for Certain Agricultural Products*: Against the Grain: Can the WTO Open Chinese Markets? *World Trade Review* 20, no. 4: 405–420.

Figure 5

US agricultural exports to China recovered from the trade war but did not reach phase one commitments

US agricultural exports to China covered by the phase one deal, billions USD

a. All agricultural goods, 2009–21



b. Agricultural goods subcategories, 2016-21

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Note: 2017 baseline refers to the 2017 export values, which were to be expanded by $32 billion under the phase one agreement. Agricultural product categories covered by the "purchase commitment" are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China. "Estimated target" is not a legal commitment but is constructed by apportioning based on the share of that product in total US exports to China in 2017 of goods covered by the purchase commitments. See appendix table 2 for product definitions.

Source: Constructed by the author with data from US Census.

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Other seafood and farm products did not rebound from the effects of the trade war. After being hit with Chinese tariffs, US lobster exports, for example, re-achieved about half of their target in 2020–21. US exports of raw hides and skins ended up at less than one-third.

CARBON-INTENSIVE ENERGY EXPORTS HAD UNREALISTIC TARGETS BUT GREW STEADILY

Historically, the United States has not been a large energy exporter to China. Trump tried to change that by establishing a large commitment for carbon-intensive energy products (figure 6). US energy exports in 2021 were more than double pre-trade war levels, even though China's purchases reached only 37 percent of the commitment over 2020–21. Coal, crude oil, and liquefied natural gas all contributed to the increase.

A number of factors affected energy sales. Energy was one sector where failing to meet the obligations may be partially explained by (knowable) capacity constraints. According to Bloomberg, for example, in January 2020, the US industry informed the Trump administration that it lacked the capacity to fulfill the commitments.[14] (The returns to export capacity expansion may also have been uncertain, if long-term US policy involves pressuring China to decarbonize by cutting reliance on coal-fired power plants.) The fact that the commitments were written in value (dollars) and not volume (e.g., barrels of oil) terms also meant that they were not immune from price shocks. Crude oil prices briefly turned negative in April 2020, depressing the value of sales; by the fall of 2021, they had doubled from one year earlier, over-inflating the value of sales.

NEW MACROECONOMIC CHALLENGES AFFECTED SUPPLY CHAINS AND FUELED INFLATION

The US, Chinese, and global economies experienced several shocks in 2020–21 affecting China's purchases of US exports. Some increased the value of recorded purchases, others dampened it.

The onset of COVID-19 in early 2020 led to a short but sharp US recession in April and May; US gross domestic product contracted for the year. China's economic growth in 2020 was lower than expectations, at only 2.2 percent. While global trade collapsed briefly in April 2020, China's imports finished flat in 2020. US exports of goods and services to the world did worse, finishing 16 percent lower than in 2019.

The global economy recovered in 2021, with China's economic growth rebounding to 8.1 percent and the United States growing 5.7 percent. Chinese goods imports from the world were 31 percent higher in 2021, and US goods and services exports to the world finished up 18 percent.

Global goods trade rebounded in the second half of 2020 and boomed in 2021, in part because COVID-19 shifted consumer demand toward goods and away from services. The supercharged demand for imported goods put stress on

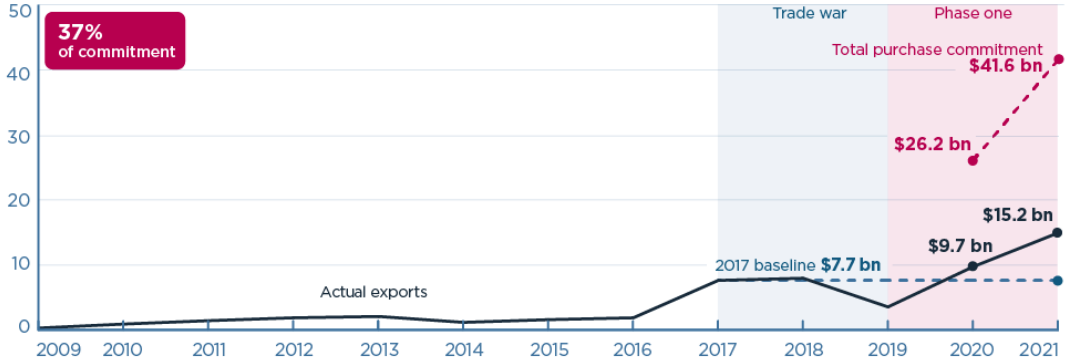
14 Jennifer A. Dlouhy, Shawn Donnan, and Nick Wadhams, "Big Oil Warned Trump Team China Trade Deal Was Unrealistic," Bloomberg, February 12, 2020.

Figure 6

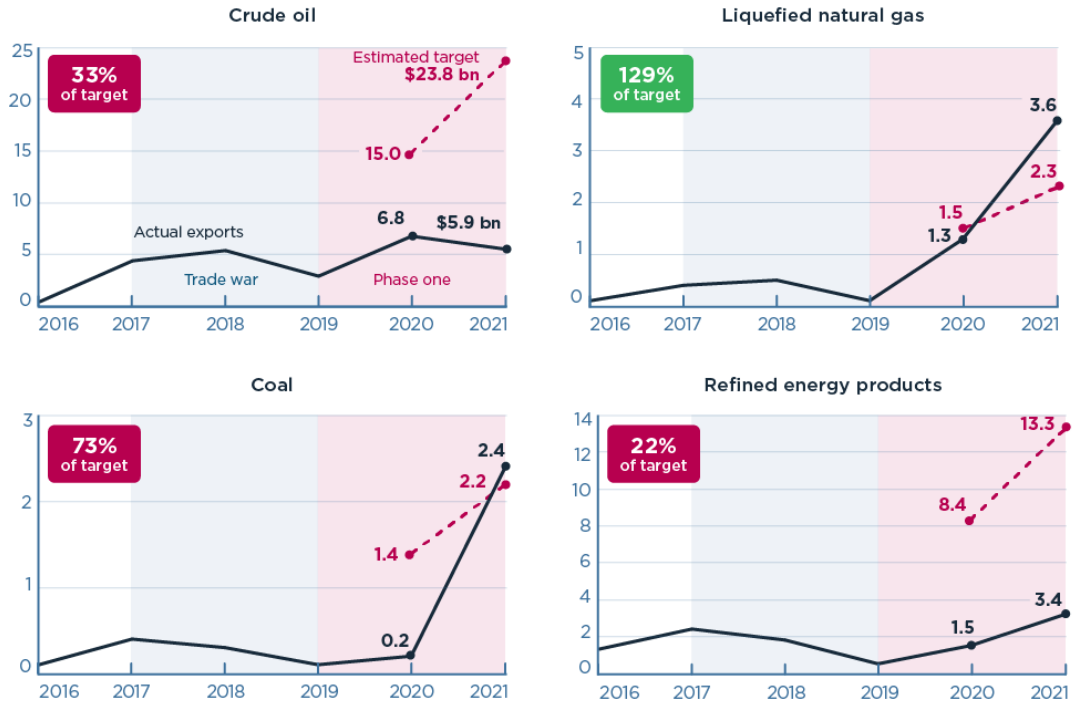
US energy exports to China had unrealistic phase one commitments but grew steadily

US energy exports to China covered by the phase one deal, billions USD

a. All energy goods, 2009–21



b. Energy goods subcategories, 2016–21



Note: 2017 baseline refers to the 2017 export values, which were to be expanded by $52.4 billion under the phase one agreement. Energy product categories covered by the "purchase commitment" are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China. "Estimated target" is not a legal commitment but is constructed by apportioning based on the share of that product in total US exports to China in 2017 of goods covered by the purchase commitments. See appendix table 2 for product definitions.

Source: Constructed by the author with data from US Census.

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shipping infrastructure—especially on the route from China to the United States—resulting in shortages of containers, ships, trucks, workers, and more. How much these stresses hurt US goods exports back to China is unknown.

Finally, moderate price inflation might actually have helped China meet purchase commitments, as the agreement was written in value (not volume) terms. According to data from CPB World Trade Monitor, Chinese import and US export prices fell in early 2020 before quickly recovering. By March 2021, Chinese import prices were 10 percent higher than in December 2019; by October 2021, they were 22 percent higher. US export prices were 7 percent higher in March 2021 than December 2019; by October 2021, they were 16 percent higher.

US EXPORTS TO CHINA LIKELY WOULD HAVE BEEN HIGHER WITHOUT A TRADE WAR AND PHASE ONE AGREEMENT

Was the trade war worth it for US exporters? The answer so far is no. Suppose that in 2018–21, US goods exports to China of phase one products had grown at the same pace as China's imports of those products from the world and that US services exports to China had grown at the rate of US services exports to the world. Cumulative US goods and services exports to China in 2018–21 were about 19 percent lower with the trade war and phase one agreement (figure 7).

These estimates suggest the United States would have avoided trade war export losses of $24 billion (16 percent) in 2018 and $30 billion (20 percent) in 2019. Exports would also have been $26 billion (18 percent) higher in 2020 and $39 billion (23 percent) higher in 2021 than under phase one. Without the export losses in 2018–19, American taxpayers would also not have needed to foot the bill for tens of billions of dollars of farm subsidies.

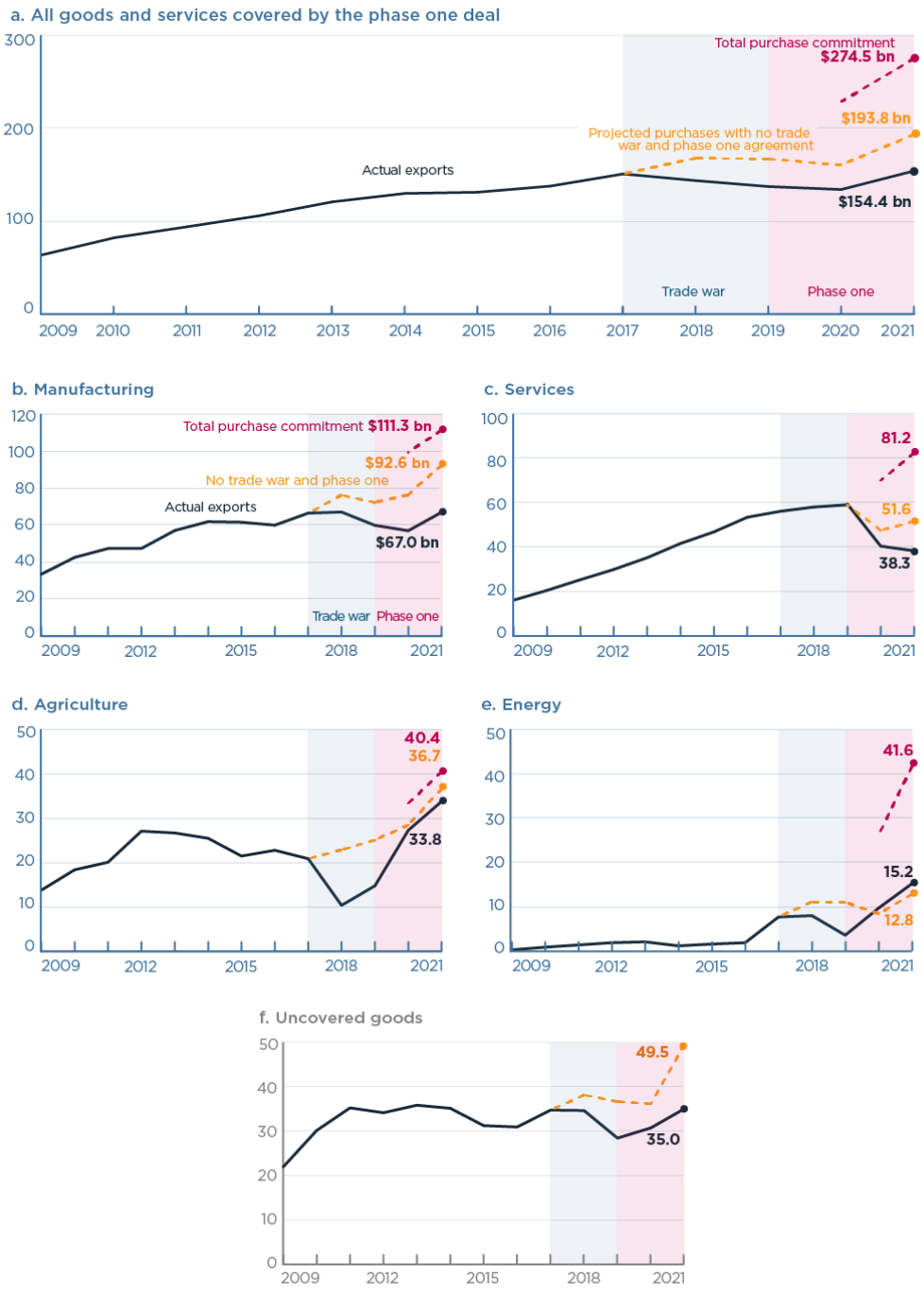
The trade war was also costly to the US economy through the impact of the US tariffs. Numerous economic studies have documented that the effect of the tariffs was to raise prices and hurt American consumers and companies buying imported inputs, harming American competitiveness by reducing employment and sales.[15] Some sectors and workers may have benefited from the US tariffs, but those gains were more than offset by losses by others, resulting in overall damage to the US economy.

15 See Mary Amiti, Stephen Redding, and David Weinstein. 2019, The Impact of the 2018 Trade War on U.S. Prices and Welfare. *Journal of Economic Perspectives* 33, no. 4: 187–210; Pablo D. Fajgelbaum, Pinelopi K. Goldberg, Patrick J. Kennedy, and Amit K. Khandelwal. 2019. The Return to Protectionism, *Quarterly Journal of Economics* 135, no. 1: 1–55; Alberto Cavallo, Gita Gopinath, Brent Nieman, and Jenny Tang. 2021. Tariff Passthrough at the Border and at the Store: Evidence from US Trade Policy, *American Economic Review: Insights* 3(1): 19–34; Kyle Handley, Fariha Kamal, and Ryan Monarch. 2020. Rising Import Tariffs, Falling Export Growth: When Modern Supply Chains Meet Old-Style Protectionism, *NBER Working Paper 26611*; and Aaron Flaaen and Justin R. Pierce. 2019. Disentangling the Effects of the 2018–2019 Tariffs on a Globally Connected US Manufacturing Sector, *FEDS Working Paper 2019-086*. For a survey, see Pablo D. Fajgelbaum and Amit K. Khandelwal. Forthcoming. The Economic Impacts of the US–China Trade War. *Annual Review of Economics*.

Figure 7

What if there had been no trade war and phase one agreement?

US exports to China of goods and services, billions USD, 2009–21



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Note: Categories covered by the "purchase commitment" are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China. For 2018, 2019, 2020, and 2021, "projected purchases" with no trade war and no phase one agreement are constructed by projecting US goods exports based on growth of China's imports from the world of that product category and US services exports based on growth of US exports of services to the world. Data for total US services exports to China in the fourth quarter of 2021 are estimated based on US total services exports to the world in the fourth quarter of 2021, apportioned with the share of US exports of services to the world in the third quarter of 2021 that went to China.

Source: Constructed by the author with US export data from US Census, Bureau of Economic Analysis, and Chinese import data from Chinese Customs.

US EXPORTS OF PRODUCTS NOT COVERED BY PURCHASE COMMITMENTS PERFORMED WORSE THAN COVERED PRODUCTS

The purchase commitments in the phase one agreement excluded 27 percent of US goods exports to China in 2017. China had little incentive to buy such goods from the United States in 2020–21, as they would not be credited.

Naturally, US exports to China of products without purchase commitments performed even worse than products covered by the agreement in 2020–21 (see, for example, figure 7). The Trump administration may have deemed such products as unimportant, seeing as 9 of the top 20 uncovered products by value included the words "waste" or "scrap" or "not elsewhere specified or indicated' in their descriptions. However, declining exports there simply offset one-for-one any increases in covered products.

AS THE PURCHASE COMMITMENTS END, THE UNITED STATES NEEDS A NEW TRADE STRATEGY WITH CHINA

President Trump's trade war and phase on agreement did little to change China's economic policymaking. Beijing seems intent on becoming more state centered and less market oriented. With the December 31, 2021 deadline for the $200 billion of purchase commitments now past, US policymakers are seeking a different approach.[16]

One start to the new strategy has involved the United States working with other major economies. The most advanced to date is its effort with the European Union, including through the Trade and Technology Council. Identifying what, specifically, the US and EU find costly about the Chinese approach is needed in order to begin to craft and ultimately negotiate new rules. Even if policymakers agree that multilateral purchase commitments must be part of a long-term solution to China's trade relationship with the world, they should learn the right lessons from the US experiences under the phase one agreement.

16 Article 6.2.3 of the agreement states, "The Parties project that the trajectory of increases in the amounts of manufactured goods, agricultural goods, energy products, and services purchased and imported into China from the United States will continue in calendar years 2022 through 2025."

APPENDIX TABLES

Appendix table 1. China's phase one purchase commitments and US exports, 2020–21 (billions of dollars)

Item	2017 baseline	Year 1 (2020)	Year 2 (2021)	Two-year total (2020-21)
Total covered US goods and services exports				
Commitment of additional exports	-	76.7	123.3	200.0
...Commitment of total exports	151.2	227.9	274.5	502.4
Actual exports	151.2	134.4	154.4	288.8
(percent of commitment)		(59%)	(56%)	(57%)
Manufactured goods				
Commitment of additional exports	-	32.9	44.8	77.7
...Commitment of total exports	66.5	99.4	111.3	210.7
(percent of total covered)	(44%)	(44%)	(41%)	(42%)
Actual exports	66.5	57.0	67.0	124.0
(percent of commitment)		(57%)	(60%)	(59%)
Services				
Commitment of additional exports	-	12.8	25.1	37.9
...Commitment of total exports	56.1	68.9	81.2	150.2
(percent of total covered)	(37%)	(30%)	(30%)	(30%)
Actual exports	56.1	40.4	38.3	78.7
(percent of commitment)		(59%)	(47%)	(52%)
Agriculture				
Commitment of additional exports	-	12.5	19.5	32.0
...Commitment of total exports	20.9	33.4	40.4	73.9
(percent of total covered)	(14%)	(15%)	(15%)	(15%)
Actual exports	20.9	27.3	33.8	61.1
(percent of commitment)		(82%)	(84%)	(83%)

Item	2017 baseline	Year 1 (2020)	Year 2 (2021)	Two-year total (2020-21)
Energy				
Commitment of additional exports	-	18.5	33.9	52.4
...Commitment of total exports	7.7	26.2	41.6	67.7
(percent of total covered)	(5%)	(11%)	(15%)	(13%)
Actual exports	7.7	9.7	15.2	25.0
(percent of commitment)		(37%)	(37%)	(37%)

Note: Numbers may not sum due to rounding.

Source: Author, based on data from US Census and Annex 6.1 of the Economic and Trade Agreement between the United States of America and the People's Republic of China.

Appendix table 2. Subsectors and products used to analyze China's phase one purchase commitments

Subsector/product	US exports as a percent of total covered exports to China in 2017	Codes
US goods exports		***Schedule B codes***
Total covered manufacturing	**44.0**	
1. Aircraft, engines, parts	10.9	8800; 8802; 8411
2. Autos, trucks, parts	6.8	8703; 8704
3. Semiconductors	3.9	8541; 8542
4. Semiconductor manufacturing equipment	1.7	8486
5. Covid-19-related medical products[a]	1.8	2804400000; 2847000000; 3002130000; 3002140000; 3002150000; 3002190000; 3002200000; 3003100000; 3003200000; 3003900100; 3004101020; 3004101045; 3004105045; 3004105060; 3004200020; 3004200060; 3004490060; 3004600000; 3004901000; 3004909210; 3004909285; 3004909290; 3005100000; 3005900000; 3006700000; 8419200000; 8419390180; 9018113000; 9018118000; 9018120000; 9018194000; 9018195500; 9018197500; 9018310040; 9018310080; 9018310090; 9018320000; 9018390030; 9018903000; 9018907080; 9018908000; 9019200000; 9020008000; 9022120000
All other covered manufacturing	18.8	
Total covered agriculture	**13.8**	
6. Soybeans	8.1	1201
7. Pork	0.2	0203
8. Corn	0.1	1005
9. Cotton	0.6	5201
10. Lobster	0.2	0306; 1605
11. Wheat	0.2	1001
12. Sorghum	0.6	1007
13. Raw hides and skins	0.6	4101, 4102, 4103, 4301
All other covered agriculture	3.3	

Subsector/product	US exports as a percent of total covered exports to China in 2017	Codes
Total covered energy	**5.0**	
14. Crude oil	2.9	2709
15. Liquified natural gas	0.3	271111
16. Coal	0.3	2701
17. Refined energy products	1.6	2710122500; 271112; 271113; 2711190020; 271311; 271312; 290511
US services exports		***BEA code[b]***
Total covered services	37.1	
18. Business travel	7	Line 16
19. Tourism	2.7	Line 22
20. Education-related travel	10.5	Line 21
21. Financial services	2.7	Line 30
22. Intellectual property charges	4.9	Line 39
All other covered services	9.4	

Note:

a. Products are defined by USITC. 2020. Covid-19 Related Goods: U.S. Imports and Tariffs, converted to Schedule B Codes.

b. Bureau of Economic Analysis. 2021. Table 2.3 U.S. Trade in Services, by Country or Affiliation and by Type of Service.

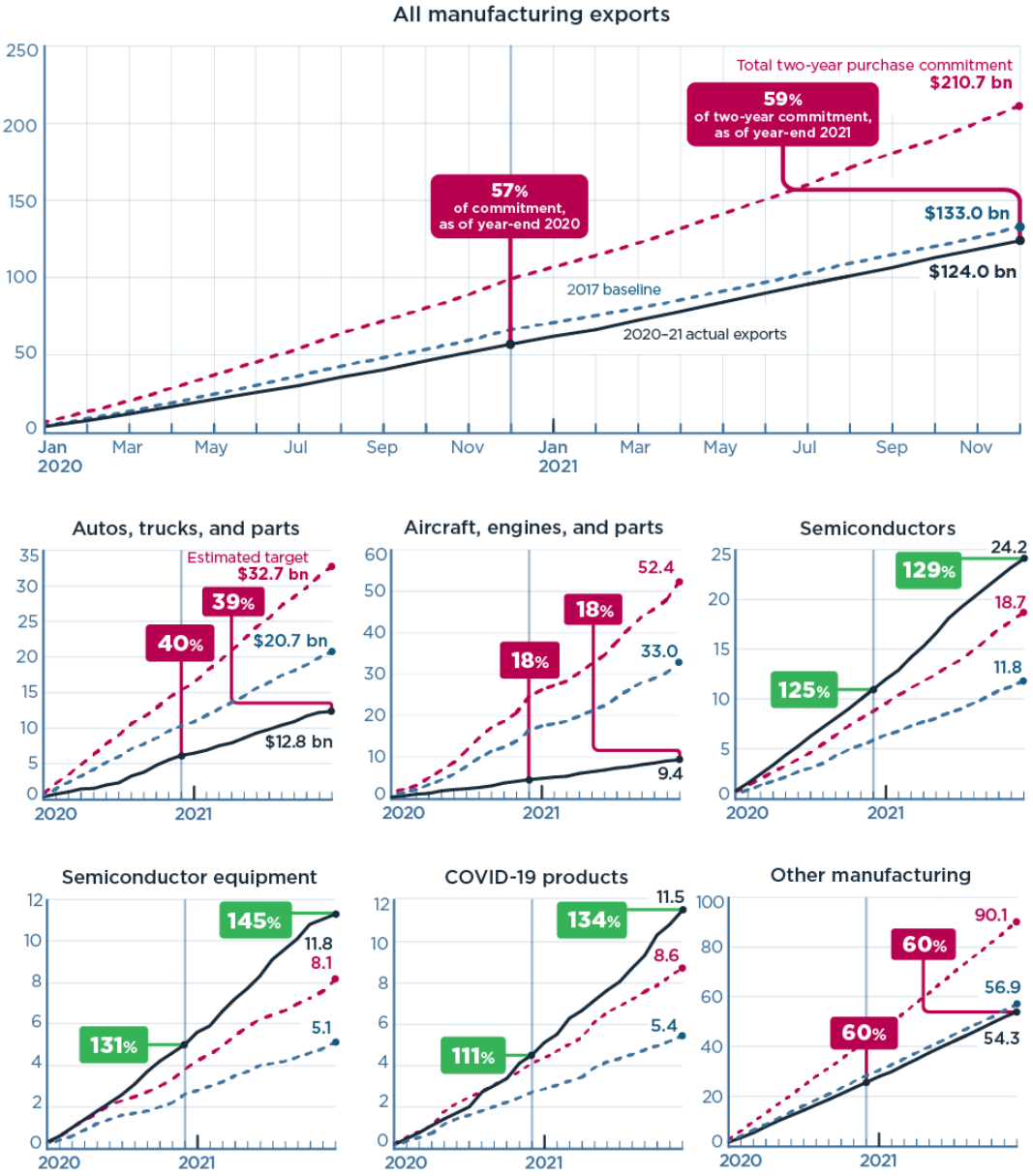
Source: Constructed by the author with data from US Census and Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China.

APPENDIX FIGURES

Appendix figure 1

The trade war especially hurt US manufacturing exports to China, which fell well short of phase one commitments

US monthly manufacturing exports to China covered by the phase one deal, billions USD, January 2020–December 2021



PIIE

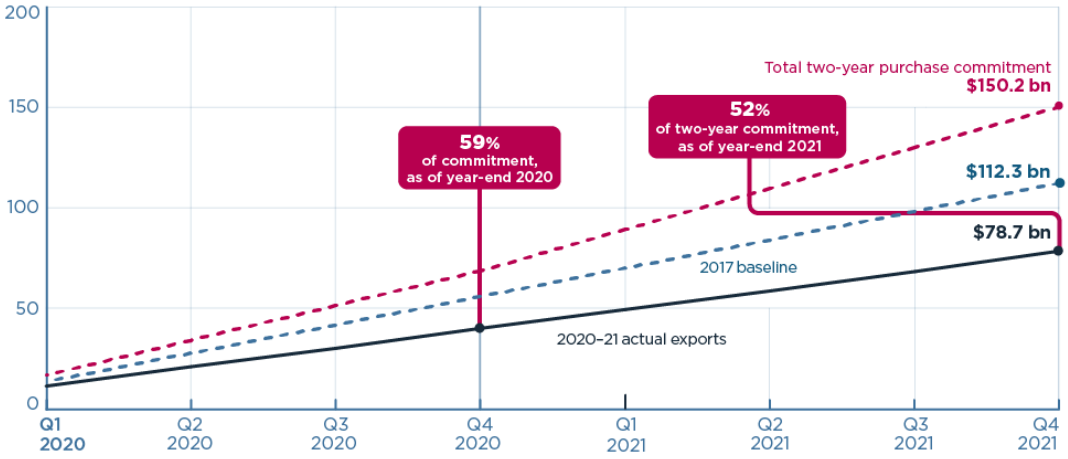
Note: Data refer to end-of-month cumulative totals. 2017 baseline refers to the 2017 export values, which were to be expanded by $77.7 billion under the phase one agreement and is repeated for comparison purposes. Numbers may not sum to total due to rounding. Manufacturing product categories covered by the "purchase commitment" are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China. "Estimated target" is not a legal commitment but is constructed by apportioning based on the share of that product in total US exports to China in 2017 of goods covered by the purchase commitments. Prorating the 2020 and 2021 year-end commitments to a monthly basis is for illustrative purposes only. Nothing in the text of the agreement indicates China must meet anything other than the year-end commitments. Monthly purchase commitments and targets are seasonally adjusted based on 2017 data. See appendix table 2 for product definitions.

Source: Constructed by the author with data from US Census.

Appendix figure 2

US services exports to China were limited by the pandemic, falling short of phase one commitments

US quarterly services exports to China covered by the phase one deal, billions USD, 2020 Q1 – 2021 Q4



PIIE

Note: Data refer to end-of-quarter cumulative totals. 2017 baseline refers to the 2017 export values, which were to be expanded by $37.9 billion under the phase one agreement and is repeated for comparison purposes. Numbers may not sum to total due to rounding. Services categories covered by the "purchase commitment" are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China. Prorating the 2020 and 2021 year-end commitments to a quarterly basis is for illustrative purposes only with seasonal adjustments based on 2017 data. Nothing in the text of the agreement indicates China must meet anything other than the year-end commitments. Data for total US services exports to China in the fourth quarter of 2021 are estimated based on US total services exports to the world in the fourth quarter of 2021, apportioned with the share of US exports of services to the world in the third quarter of 2021 that went to China.

Source: Constructed by the author with data from US Bureau of Economic Analysis.

Appendix figure 3

US agricultural exports to China recovered in 2020–21 but remained short of phase one commitments

US monthly agricultural exports to China covered by the phase one deal, billions USD, January 2020–December 2021

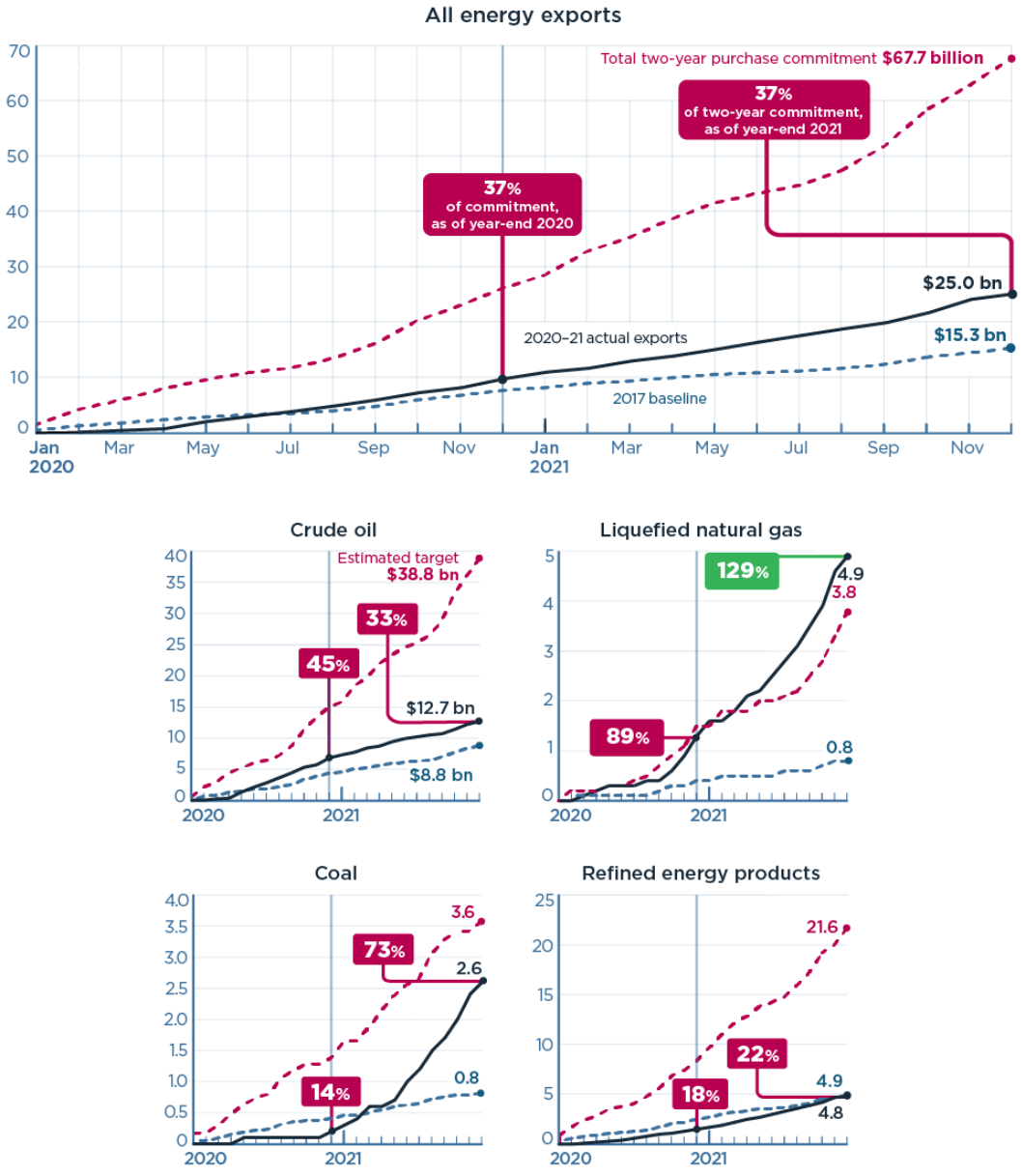
Note: Data refer to end-of-month cumulative totals. 2017 baseline refers to the 2017 export values, which were to be expanded by $32 billion under the phase one agreement and is repeated for comparison purposes. Numbers may not sum to total due to rounding. Agricultural product categories covered by the "purchase commitment" are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China. "Estimated target" is not a legal commitment but is constructed by apportioning based on the share of that product in total US exports to China in 2017 of goods covered by the purchase commitments. Prorating the 2020 and 2021 year-end commitments to a monthly basis is for illustrative purposes only. Nothing in the text of the agreement indicates China must meet anything other than the year-end commitments. Monthly purchase commitments and targets are seasonally adjusted based on 2017 data. See appendix table 2 for product definitions.

Source: Constructed by the author with data from US Census.

Appendix figure 4

US energy exports to China were well below the unrealistic phase one commitments

US monthly energy exports to China covered by the phase one deal, billions USD, January 2020 – December 2021



Note: Data refer to end-of-month cumulative totals. 2017 baseline refers to the 2017 export values, which were to be expanded by $52.4 billion under the phase one agreement and is repeated for comparison purposes. Numbers may not sum to total due to rounding. Energy product categories covered by the "purchase commitment" are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China. "Estimated target" is not a legal commitment but is constructed by apportioning based on the share of that product in total US exports to China in 2017 of goods covered by the purchase commitments. Prorating the 2020 and 2021 year-end commitments to a monthly basis is for illustrative purposes only. Nothing in the text of the agreement indicates China must meet anything other than the year-end commitments. Monthly purchase commitments and targets are seasonally adjusted based on 2017 data. See appendix table 2 for product definitions.

Source: Constructed by the author with data from US Census.

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