



What's at stake for U.S. in a trade war with China

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Tensions are already high between the U.S. and China when it comes to trade.

The immediate concern is that a trade war -- where both countries hit each other with tariffs -- would erupt between the world's two biggest trade partners. Major U.S. industries, and lots of jobs, could get caught in the crossfire.

The U.S. exported \$125.3 billion in goods to China in the 12 months ending in November, according to Panjiva, a firm that tracks global trade data. Top of the export list: airplanes, soybeans and cars.

China exports far more to the U.S., shipping \$484 billion of goods in 2015, the most recent year for which data is available from the Commerce Department.

This week, China showed no interest in a trade war. President Xi Jinping said in Davos, "no one will emerge as a winner in a trade war." And China's commerce ministry emphasized the point on Thursday.

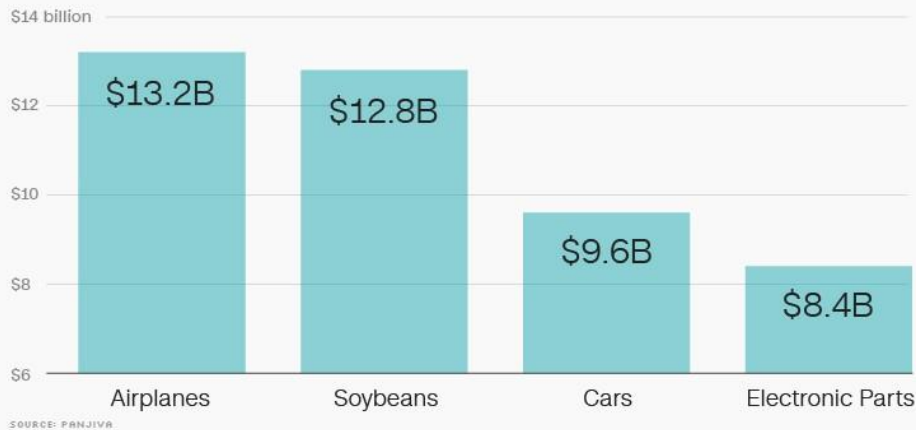
"In the China-U.S. economic and trade relationship, cooperation brings about benefits and confrontation brings about damage," Sun Jiwen, a spokesman for China's Ministry of Commerce, told reporters.

But Trump's team isn't toning down its language. On Wednesday, commerce secretary nominee Wilbur Ross called China "the most protectionist country of very large countries" and warned he would "severely" punish countries that don't play fair on trade.

Trump has threatened to hit China with a 45% tariff as a way to bring jobs back to the U.S. and stop China's unfair trade practices. The U.S. has used tariffs against China in the past. And each time, China has responded with tariffs on U.S. goods.

Top U.S. exports to China

Time period: December 2015 - November 2016



The U.S. airplane industry could be particularly vulnerable to Chinese tariffs. The U.S. sent \$13.2 billion of airplanes and aircraft parts to China in the 12 months ending in November, according to Panjiva.

Next on the list is the \$12.8 billion in soybeans that U.S. farmers sent to China during that time frame. Third is cars: the U.S. sent \$9.6 billion worth of automobiles to the People's Republic.

American trade experts have repeatedly cautioned that China will almost certainly retaliate if Trump uses tariffs.

"Trump will come to recognize very clearly that if he engages in protectionism, it's going to hurt the U.S. economy," says Dan Ikenson, director of the Cato Institute's Steifel Center for trade policy studies.

Trump's economic advisers argue that they're using the threat of a tariff to get China to cut out the cheating on trade, and that tariffs won't cost U.S. jobs.

In any case, here are the top five U.S. exports to China in the 12 months ending in November, according to Panjiva.

1. Airplanes and other aircraft: \$13.2 billion
2. Soybeans: \$12.8 billion
3. Cars: \$9.6 billion
4. Electronic parts: \$8.4 billion
5. Nuclear reactors & boilers: \$2.6 billion