

## TRADE WAR LOSERS

The U.S.-China trade war has already led to a collapse of soybean exports

What started as a trade conflict is increasingly developing into a trade war. In the beginning, there were tariffs on select goods, such as washing machines, solar panels and aluminum. Increasingly, the scope for punitive tariffs has widened, amid threats to levy tariffs on all Chinese goods shipped to the United States. Due to the comparatively small amount of U.S. exports to China, it proved more difficult for Beijing to retaliate with tariffs alone.

But China found ways to inflict significant pain to the United States, for example by sourcing its supply for soybeans from other countries. As our "Chart of the Week" demon-

strates, U.S. exports of this commodity to China dropped by a whopping 80%. "No wonder that U.S. farmers are suffering, with poor weather conditions adding to their pain," points out Darwei Kung, Head of Commodities at DWS.

All eyes are on both presidents now, as they are expected to sit down for negotiations at the G20 meeting in Osaka. Let's hope that they can find some sort of compromise. If not, the economic pain could well extend to other sectors of the U.S. economy and beyond.



■ U.S. soybean exports to China\*

Sources: Bloomberg Finance L.P., DWS Investment GmbH as of 6/1/19  
 \* 12-month rolling total

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## GLOSSARY

### G20

The **Group of 20** are the largest industrialized and emerging economies in the world.

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