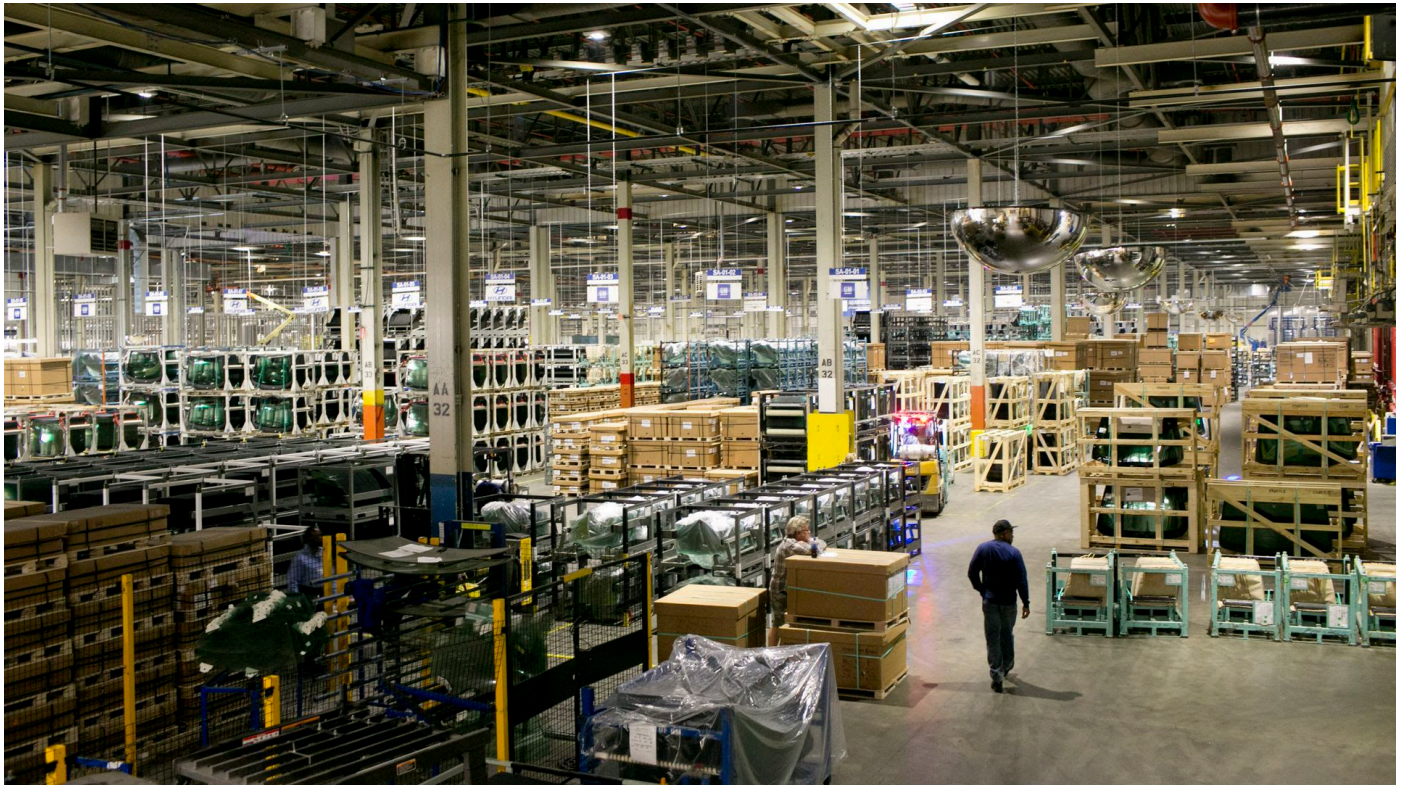


How the China trade war threatens U.S. manufacturing jobs

[Erica Pandey](#) Oct 3, 2019



Inside Fuyao Glass, a Chinese-owned factory in Moraine, Ohio. Photo: Andrew Spear/Washington Post/Getty Images

Automation and offshoring have destroyed millions of U.S. manufacturing jobs in the last 2 decades, but another, less-discussed threat to those jobs is the U.S.-China trade war.

The big picture: Almost a fifth of all manufacturing jobs in the U.S. are created by foreign companies that put their factories in American towns to get closer to the U.S. market, [according to Brookings](#), and around a quarter of U.S. exports come from factories owned by foreign countries, [reports the Washington Post](#).

Why it matters: As the Trump administration ramps up its multifront trade war with China, a number of foreign companies are reconsidering their place in the U.S. While some are [concerned about doing business](#) in an "America First" environment, others appear to be delaying big-ticket projects — with scores of jobs hanging in the balance.

- Chinese investment in the U.S. dropped almost 90% from 2016 (\$46 billion) to 2018 (\$5 billion), [per the Rhodium Group](#). "Trade and other economic frictions between the two countries have substantially reduced the attractiveness of the U.S. as a destination for Chinese foreign direct investment," says Eswar Prasad, a trade policy expert at Cornell.

The backdrop: Chinese companies went from employing 500 U.S. workers in the manufacturing sector in 2007 to over 26,000 as of 2016, [according to the Bureau of Economic Analysis](#). "It seemed like it was on this dramatic uptick," says Joe Parilla, a scholar at Brookings.

- In some cases, Chinese companies have stepped in to bail out failing American factories. As documented in Netflix's "[American Factory](#)," China's Fuyao Glass bought a shuttered General Motors plant in Ohio in 2014 and turned it into a glass supplier for the American automaker.

"**FDI [foreign direct investment]**, including from China, has been a significant source of manufacturing employment growth," says Brookings' Mark Muro. "But now that is ebbing."

In Arkansas, 2 factories bought by Chinese companies stand vacant as the trade fight rages on.

- In 2017, a Chinese firm bought a factory in Forrest City, Arkansas, that had been empty for 10 years and pledged to create 800 jobs, an investment that would have made that company the biggest employer in the county, [reports the American Communities Project](#). Two years later, the facility is still a ghost town.

- “There are various factors that have gone into the delay, but the main factor is the tariffs,” Forrest City Mayor Cedric Williams told the American Communities Project. “We’re at a standstill until they get that resolved.”

Another Chinese company's plan to build a paper mill is on hold in Arkadelphia, Arkansas. In [an interview](#) with Christian Science Monitor, Stephen Bell, who heads the city's chamber of commerce, called the trade conflict "a dark cloud hanging over the future of the project."

What to watch: In another potential blow to Chinese-owned companies in the U.S., the Trump administration is considering restricting American firms from investing in them, [reports Bloomberg](#).