China Export Tracker

What corporates are telling us (week of Apr 14, 2025)

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The GS China team is launching the China Export Tracker, with a focus on the changing dynamics of China exports to the US, amid the intensified uncertainty around export activity due to the US-China tariff escalation.

In this tracker, we present our proprietary work across 46 corporates, with products representing nearly 70% of China export value by product group to the US, to gauge the magnitude and pace of change in China-to-US trade as the tariff situation evolves. We expect this high frequency data to be extremely volatile. To supplement this data, we also provide summaries of comments from the companies, on no-name basis, around the trends in their US export orderbooks, thoughts on pricing discussions with their customers, supply chain shift and management, and inventories.

To prepare our first edition, we asked 46 corporates 1) what changes they are seeing to their current export orders to the US (specifically exports produced in China) versus pre-tariff levels, 2) if price discussions have started, and 3) for their take on alternative supply chains and their inventories, as of week of April 14, 2025. What we have learned:

1. Early read suggests substantial impact on Chinese exports (produced in China) to the US

Producers estimate that the negative impact on their exports (produced in China) has ranged up to a full stop in the volume of export orders versus pre-tariff levels. While specific estimates are challenging, their feedback suggests 41% have seen a significant impact of more than 50% (high impact) (including full stop of shipment), 36% of the products surveyed have seen an impact of within 20% (low impact), while 23% have either not seen a change or have no information.

The products seeing most impact are white goods and appliances (as producers of these products have greater geographical flexibility in shifting production from their affected China operations to their SEA and other overseas facilities for upcoming US orders), batteries, and selected commodities, while healthcare, gaming software, auto parts, and industrial tech-related products have been less impacted (partly due to current tariff exemptions or FOB pricing systems).

The impact of tariffs on Chinese producers' export orders to other non-US regions is limited.

2. Pricing discussions have started but no clarity on pass through; some corporates are not seeing enough margin to absorb tariff impact

The pace of the change has been too rapid for most producers to effectively mount a response at this stage. Feedback suggests 60% of the corporates have started discussing new pricing with end users or importers in the US, as of the week commencing April 14. However, none of the respondents expect to see an improvement in clarity in the coming weeks. The escalated tariff levels have increased uncertainty around the traditional FOB cost-based pricing approach between OEMs and their customers in both consumer discretionary and electronics manufacturing. Low-end OEMs suggest they have limited room for margins to absorb any tariffs above 50%. Manufacturers of own-brand products are looking at options such as production relocation or price hikes, but their decisions will somewhat depend on what their competitors do.

3. Ex-China supply chain, in particular southeast Asia (SEA), to provide temporary reprieve

Producers commented that alternative supply chains could fill the gap (including overseas production by Chinese producers), and that Southeast Asia (SEA), Mexico and India provide the most alternative supply chains for the majority of products selected.

In the near term, activity in SEA is picking up, due to shifts in production from China to where capacity is available, and rush orders as a result of the 90-day suspension of reciprocal tariffs (per our onshore tariff impact note). We estimate 20% of the Chinese producers in our tracker are using their ex-China production facilities in lower-tariff countries, in particular SEA and Mexico, to fully/partially replace shipments from China.

Other medium-term potential alternative supply chains are: Japan/Korea for consumer batteries; SEA for footwear; Mexico and SEA for lifestyle products and toys; SEA for pet food; Mexico, Colombia, India, Poland and SEA for low-end electronics; SEA, Mexico and India for consumer electronics; Europe and India for API; India and US for selected drug products; Japan for high-end steel; Mexico, Europe and SEA for furniture; SEA and Mexico for small appliances; India for solar modules. Nevertheless, ESS/LFP battery, luxury footwear, high-end electronics, aluminum fabricated products and solar cells possess high stickiness to Chinese production, according to feedback.

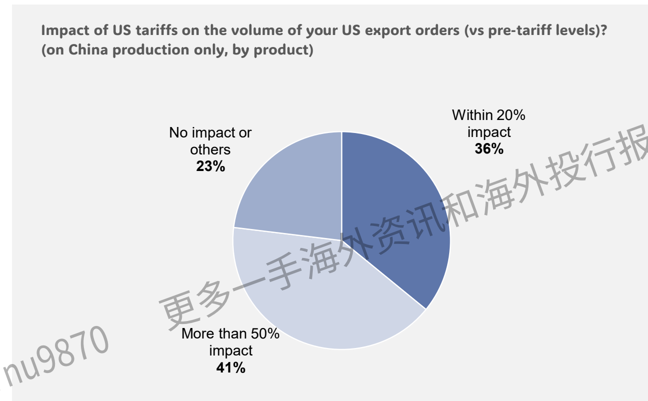
4. Corporates also pointing to US inventory buffer, for now

Those producers that prepared ahead typically have 2-3 months to six months of inventory in the US, which is currently serving as a buffer, as shipments decelerate or stop, while demand or sales in the US remains stable. Prices hikes are planned after the low-cost inventory is depleted, especially for those with limited alternative supply chains options.

5. Forward-looking container shipping data are pointing to a more than 27% fall by 3Q25

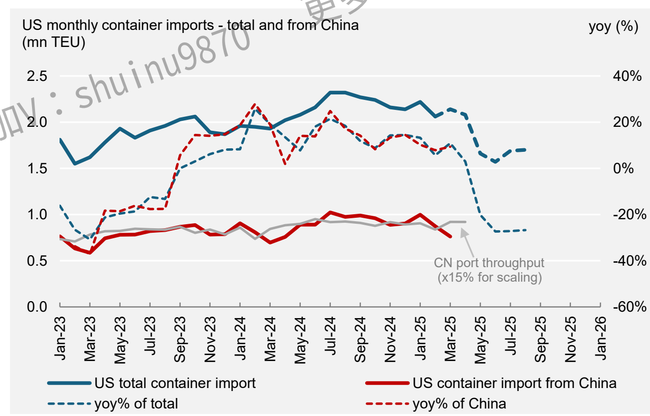
Per our China cargo transport tracker, US container imports from China stood at 0.76 mn TEU as of March (+9% yoy change for 1Q25A). Forward-looking estimates for US monthly container imports (from China and non-China) by the US National Retail Federation imply +10% yoy growth for 1Q25E, but -15% yoy for 2Q25E, and -27% for 3Q25E. We also included weekly China port throughput volume, which correlates well historically with US container imports from China, with a one month lead.

Exhibit 1: As of the week of April 14, producers expect the average impact of tariffs on their US export orders to be meaningful (in volume for products produced in China)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: US monthly container imports are still in positive growth as of March-25, but total imports are projected to fall by nearly 30% in the coming months



Source: Descartes, US National Retail Federation

Exhibit 3: Impact of US tariffs on the volume of US export orders by product (for China production) - as of week of April 14

Impact of US tariffs on the volume of your US export orders (vs pre-tariff levels)?
(on China production only, by product)

Impact above 50% (high)

- ESS
- EV battery
- Lifestyle products and toy
- Pet treats
- White goods
- Appliances
- Solar inverter
- Valves
- Consumer healthcare product
- Steel sections
- Selected smartphone
- Selected PC
- Selected server
- Construction machinery
- Chemical intermediates
- Air freighter* (~40%)

Impact within 20% (low)

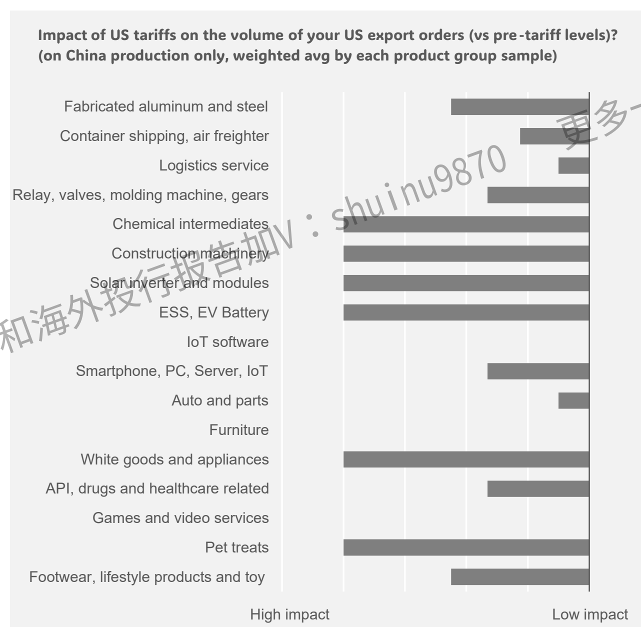
- Footwear
- Gears
- Turbocharger parts
- Selected smartphone
- Selected PC
- Selected server
- IoT
- LiDARs
- Auto glass
- API
- Heparin finished drugs
- Container shipping-mainlane carrier
- Aluminum sheet and foil
- Logistics service

No impact or others

- IoT software
- Solar modules
- Relay
- Plastic injection molding machine
- EVs
- Games/services
- Video services
- Container shipping-intra-Asia
- Furniture

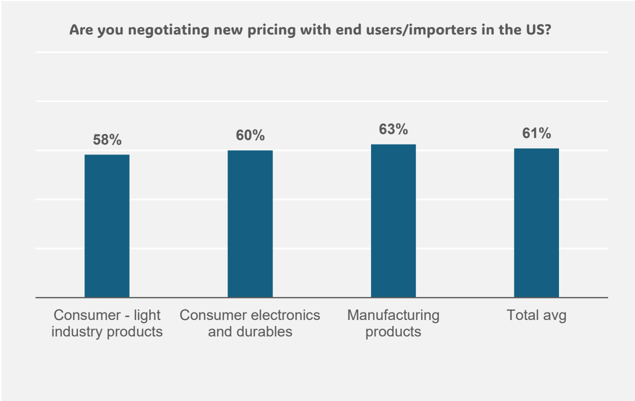
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 4: Impact of US tariffs on the volume of US export orders by product group (for China production) - weighted average of sample as of week of April 14



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 5: As of the week of April 14, 61% of the corporates have started discussing new pricing with end users or importers in the US



Source: Company data, Goldman Sachs Global Investment Research

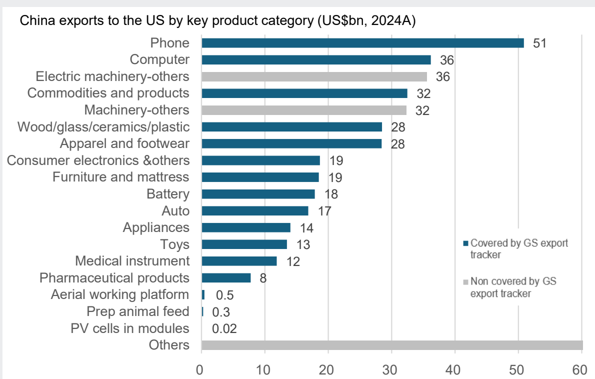
Exhibit 6: Southeast Asia, Mexico and India (including capacity of Chinese producers) provide most alternative supply chains for most products selected

Alternative supply chain									
Products	Likely alternative Countries/Region								
	SEA	India	Mexico	Japan	Europe	Korea	Colombia	Poland	US
Consumer battery				✓		✓			
Footwear	✓								
Lifestyle products and toys	✓		✓						
Pet food	✓								
Low-end electronics	✓	✓	✓				✓	✓	
Consumer electronics	✓	✓	✓						
API		✓			✓				
Selected drug products		✓							✓
High-end steel				✓					
Furniture	✓		✓		✓				
Small appliances	✓		✓						
Solar module		✓							
Limited substitutions									
ESS/LFP Battery	Luxury footwear				High-end electronics				
Aluminum fab products	Solar cell								

Source: Company data, Goldman Sachs Global Investment Research

China exports to the US: Breakdown by key product and our tracker coverage

Exhibit 7: Our export tracker covers nearly 70% of China export value by product group to the US



Source: Goldman Sachs Global Investment Research, US Census Bureau

Exhibit 8: We include 36 products in our tracker, and group them into three major categories

Detailed product lists

Product categories selected in our tracker:

Consumer light industry products

- Sample corps' exports from China to the US account for an average 12% of sales, with total exports accounting for 33% in 2024A
- Key products: Footwear, lifestyle products, toy, pet treats, games, video services, API, drugs, and healthcare related

Consumer electronics and durables:

- Sample corps' exports from China to the US account for an average 11% of sales, with total exports accounting for 40% in 2024A
- Key products: White goods, appliances, furniture, auto and parts, smartphone, PC, server, IoT, and IoT software

Manufacturing products:

- Sample corps' exports from China to the US account for an average 11% of sales, with total exports accounting for 45% in 2024A
- Key products: ESS, EV battery, solar inverter, solar modules, machinery, chemical intermediates, relay, valves, molding machine, gears, logistics service, container shipping, air freighter, fabricated aluminum, and steel

Source: Company data, Goldman Sachs Global Investment Research

Our work is composed of high-frequency activity snapshots of China's exports to the US, from 46 corporates across over 15 sectors and 36 products, representing nearly 70% of China export value by product group to the US, based on our mapping of 2024A trade data. The tracker covers key consumer discretionary products (footwear OEMs, lifestyle products, toys and pet food), consumer durables (appliances, furniture, autos and consumer electronics), and manufacturing and commodities products (renewables, batteries, industrial and machinery, chemicals and commodities). We also include container shipping data in the tracker as a reference proxy for US-China trade.

What producers told us

New export orders from US and impact

- The company has stopped shipping products from China since the tariff announcement.
- The company's factories in China and SEA no longer ship products to US, while shipments from its Mexico factories are accelerating, although with a smaller range of products.
- The company's US sales are mainly produced by factories in SEA, while a very small proportion is exported from factories in China. Because of the temporary exemption of reciprocal tariffs in SEA, the company is seeing suspended orders gradually resuming, together with rush orders from the US, while a small number were canceled.
- The OEM is currently operating as usual - No customers (brands) have asked to take on the tariff burden yet, nor are they changing the pace of the shipments - order books are full into 3Q25.
- Orders from the US have stopped - orders were received at the beginning of the year.
- Shipments to the US from factories in China and Thailand have stopped.
- The company sees the current impact as limited; some clinical stage projects can still apply for tax exemption; commercial APIs need to be taxed although their exposures are small.
- The company's SEA capacity is likely to see better demand due to rush orders within 90 days of the exemption period.
- Orders outside China have been strong given the rush orders ahead of CNY, and the tariff exemption period of 90 days.
- Most customers are waiting instead of placing new orders, but they have seen no order cancellations either.
- Auto parts export orderbook to the US saw limited impact. The certification of the Mexico factory supported stable orders from the US.
- The company is continuing its US shipments, and is bearing the cost at this stage.
- The company's exports of steel products have halved in 1Q25, post the 25% tariff imposed by the US to all steel products imported to the US. Indirectly, the company is also seeing negative impact on exports to Vietnam.
- Most US importers are hesitant to ship given the uncertainty around tariff policies, which led to container ocean bookings for both US imports and China-to-US trade down 64% WoW (industry data for week of Apr 1). The shipper expects a 20% YoY decline in transpacific cargo volume in the rest of this year, considering potential restocking after inventory draw down. After the US announced the reciprocal tariff for China and most other Asian exporters on April 2, their customers canceled 10% of forward bookings on Vietnam-to-US trade, but volumes sharply recovered after the 90-day delay on the reciprocal tariff took effect.

- All products for the US market are produced in China. Demand in the US has not changed but shipments from China have slowed.

Pricing discussion and customers

- In recent communications with US OEM customers, they appeared calm and seem to expect tariffs to be short lived. Based on current tariff levels, cost inflation could be ~US$10k per car, which will be borne by end customers.
- The OEM's pricing is based on cost, and there are risks of margin pressure, albeit in exchange for more and better orders from customers.
- The OEM has higher margins than peers, thus is better positioned in a scenario where there is pricing pressure from brand customers.
- If tariff rates are lower than 20%, based on the 2019 experience, producers expect virtually no impact on their business. If tariff rates hit 50%, they (including the southeast Asia factories) would not be able to weather the impact, given the low net margins (~10%) in the OEM business.
- The major concern is if an economic recession were to lead to reduced customer demand, although customers are currently not very sensitive to costs
- While tariffs are paid by brand customers (FOB business model), the producers are not sure about the impact on demand. US customers are evaluating the impact of the tariffs.
- The US has imposed a 25% tariff on aluminum fabricated products from Canada and Mexico, where the producer exports to. The producer sees full pass through of these products without impacting demand, despite it being inflationary.
- The company has been communicating with customers to share the impact of tariffs, and their customers may also pass through part of the impact to consumers through price hikes. Alternative supplies are difficult to source.
- There is ample room for price pass through in solar modules. However, weaker demand has been seen in the US YTD, driven by project level suspension due to uncertainties around IRA/tariffs.
- Pricing system is FOB based and customers bear the costs.
- It was not clear if customers are willing to share tariffs with producers.
- The steel mill is still taking new US orders, while negotiating prices with its US customers.
- The company will raise prices in the US when inventory depletes. If high prices impact US demand, they will offset it with sales in other markets. They are bearing the additional 10% cost and see room for cost reduction in supply chains.
- The company negotiated prices with its end market when tariffs were raised to 34%; the current tariffs can not be absorbed by the downstream industry.

Ex-China supply chain as a reprieve

- The company's overseas factories are intensifying production and shipping orders, as new orders from the US will be arranged for production in overseas factories.

- SEA has capacity to take some orders, and select producers may also shift production to North America.
- SEA OEM share of US sales has picked up from low levels to nearly 50%, and is expected to increase further in the future as the company restocks US inventory.
- If high tariffs are sustained for the long term, the supply chain would be reshuffled. The company is nevertheless still moving on with its US plant investment as planned.
- Given the strong policy uncertainty, the company expects no investment into the US, especially, from Chinese makers.
- The OEM commented that China produces its top end luxury products for global distribution. If the company moves production to feasible alternative countries, costs could more than triple, which would be a worse outcome than the 100%+ tariffs. The company is considering moving to Vietnam in the long run, but not now.
- The company is prepared to make changes to its supply chain, including alternative sources of supplies, but is awaiting more clarity on tariffs.
- Capacity expansion plans are based on customer requests, and no changes have been made at this point. The company is continuing its expansion in Vietnam, Mexico and India. All products for the US market could be produced outside of China now, except for PCs. Non-China capacity is 10% of total capacity now (India, Vietnam), and the company expects this to rise to 20% by end of 2025 or early 2026 (India, Vietnam, Mexico).
- The company would not consider building factories ex-China for security reasons, unless in an extreme case.

<u>Inventory buffers</u>

- Short term impact is limited given prestocked inventory in the US
- The company has stopped shipping products from China since the tariff announcement and is destocking inventory (2-3 months), thus there is risk of inventory depletion.
- The company has a warehouse in the US and currently holds two months of inventory, so retail shipments are normal. The company expects prices to rise after low-cost inventory depletes.
- The company has prestocked six months of inventory in the US to meet the stable US demand.
- The company has prestocked inventory in the US to meet US demand at present.

Disclosure Appendix

Reg AC

We, Trina Chen, Yi Wang, CFA, Allen Chang, Michelle Cheng, Jacqueline Du, Ziyi Chen, Ronald Keung, CFA, Nick Zheng, CFA, Tina Hou, Eric Shen, Nicolas Yi, Verena Jeng, Valerie Zhou, Herbert Lu, Joy Zhang, Timothy Zhao, Lincoln Kong, CFA, Chris Pan, CFA and Mengwen Wang, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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