

**EXPORTS' PLACE ON THE PATH OF ECONOMIC RECOVERY**

Submission of the US-China Business Council

Senate Committee on Finance

Subcommittee on International Trade, Customs, and Global Competitiveness

December 9, 2009

The US-China Business Council (USCBC) is pleased that the Senate Finance Committee has convened a hearing on the role that exports play in the United States' economic recovery.

As members of the committee know, USCBC each year releases a study on US exports to China for each state and congressional district. The report clearly shows the importance of exports to China to all parts of the country. Our most recent report can be found at http://www.uschina.org/public/exports/congressional/2000_2008/. The analysis, undertaken by the Trade Partnership, quantifies exports to China from 2000—the year before China joined the World Trade Organization—through 2008 from every congressional district in the 111th Congress.

To provide more information on who is benefiting from trade with China, USCBC's report website also includes local news stories about companies doing business with China. These stories give a local face to the export data and show how American companies large and small are dealing with the opportunities and challenges of doing business with China.

The data shows that, despite the global economic downturn in the second half of last year, 85 percent of congressional districts increased their exports to China in 2008. In almost every district, exports to China for the 2000–08 period grew much faster than exports to the rest of the world. Even in districts that had a mixed export story in past years—in states such as Hawaii, Vermont, and Tennessee—exports to China grew faster than exports to the rest of the world. In 2008, growth rebounded in some congressional districts that experienced export declines in 2007. Of the 435 congressional districts, 409 saw triple-digit growth in manufactured exports between 2000 and 2008.

As we all know, however, US exports to China and other markets around the world dropped significantly in the fourth quarter of 2008 because of the global economic downturn, underscoring the importance of coordinated efforts to revitalize national economies and stimulate trade. These export declines have continued into 2009.

Even with the downturn, exports to China are important to American jobs. American manufacturing and agricultural exports to China have jumped more than 340 percent so far this decade, far outpacing the 60 percent growth in our exports to the rest of the world during the

same period. The rapid increase in exports to China is reflected in local economies across the country, and USCBC expects this trend will continue when economies rebound.

In the meantime, we need to work with China and other countries to restore trade growth as quickly as possible and support jobs for American workers. To advance this agenda, USCBC issued China trade policy recommendations in January, which can be found at http://www.uschina.org/public/documents/2009/china_policy_recommendations.pdf.

Finally, USCBC would like to note a useful piece of legislation to promote exports. The US-China Market Engagement and Export Promotion Act, introduced in the Senate by Senator Maria Cantwell and in the House by Representatives Rick Larsen and Mark Kirk, would help small and medium-sized American companies increase exports to China by expanding the Department of Commerce's presence in China. Department of Commerce assistance is essential for smaller companies to maximize their export potential.

Thank you again for your attention to these important issues. USCBC looks forward to working with members of the committee on them.

The USCBC (www.uschina.org) is the leading organization of US companies engaged in business with the People's Republic of China. Founded in 1973, the USCBC provides extensive China-focused information, advisory, and advocacy services, along with events, to roughly 220 US corporations operating within the United States and throughout Asia.