

Export Report 2022: Services and Jobs Update

The US-China Business Council's annual [Export Report](#) takes a deep dive into the goods and services that US businesses export to China every year and the American jobs supported by those exports. The report, usually released in the spring, takes the latest full sets of annual data available at the time into account. Due to how and when the US government releases data on goods exports (early in the year) and services exports (late in the year), the latest data for services exports at the time of publishing each spring lags one year behind the latest data for goods exports. Because the number of export-supported jobs is calculated using both goods and services data, jobs data also lag a year behind as a result. This addendum to the 2022 Export Report serves to update those services and jobs figures to provide a more current snapshot of all US exports to China and the American jobs supported by them in 2021.

- **US goods exports to China hit an all-time high in 2021.** After hitting a trough in 2019, US goods exports continued a two-year growth streak in 2021. Such a strong showing was made possible by solid consumer demand in China and tariff exemptions enacted by China after the Phase One trade agreement was reached. More detail on goods exports can be found in USCBC's spring 2022 Export Report.
- **US services exports to China expanded slightly in 2021**, growing by seven percent to \$39.6 billion. While this represents around \$2.6 billion in growth, total US services exports, previously powered by travel spending, remain far under the peak of \$55 billion before the pandemic.
- **The number of US jobs supported by US goods and services exports to China in 2021 topped 1 million**, powered by strong goods export growth that year and assisted by growth in services exports.

\$149.2 billion

US goods exports to China, 2021

+\$26.2 billion

Growth in US goods exports to China, 2021

\$39.6 billion

US services exports to China, 2021

+\$2.6 billion

Growth in US services exports to China, 2021

1,000,646

US jobs supported by exports to China, 2021

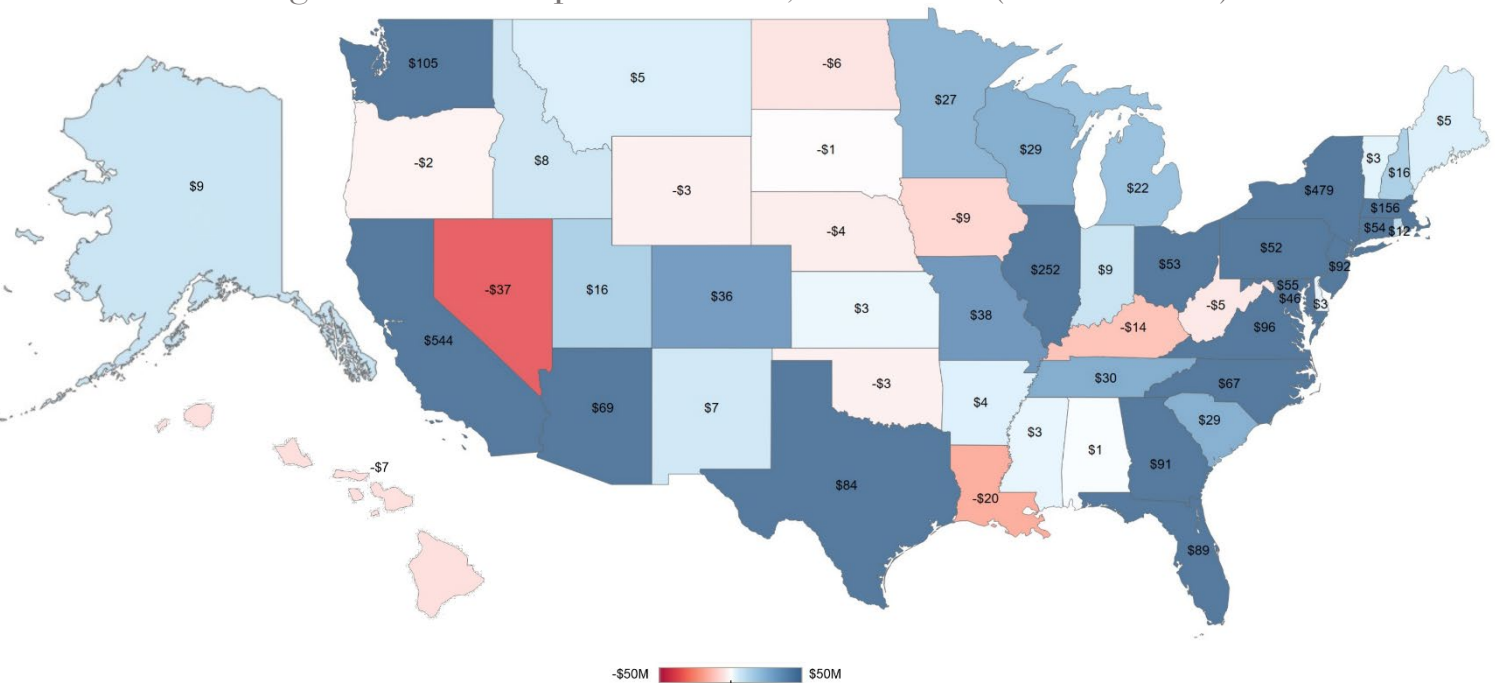
+148,785

Growth in US jobs supported by exports to China, 2021

Services

US services exports to China clawed back some ground in 2021 after withering as a result of the COVID-19 pandemic. In 2020, when lockdowns began to crimp travel between the United States and China, US services exports to the country fell from more than \$55 billion to around \$37 billion. In 2021, those exports grew by about 7 percent to \$39 billion. That growth was spread across the country, with some 38 states seeing the volume of services exports to China grow in the last year of data. Of the 12 states where services exports fell, in three-quarters of them, the decline was less than \$10 million.

Change in services exports to China, 2020-2021 (millions USD)



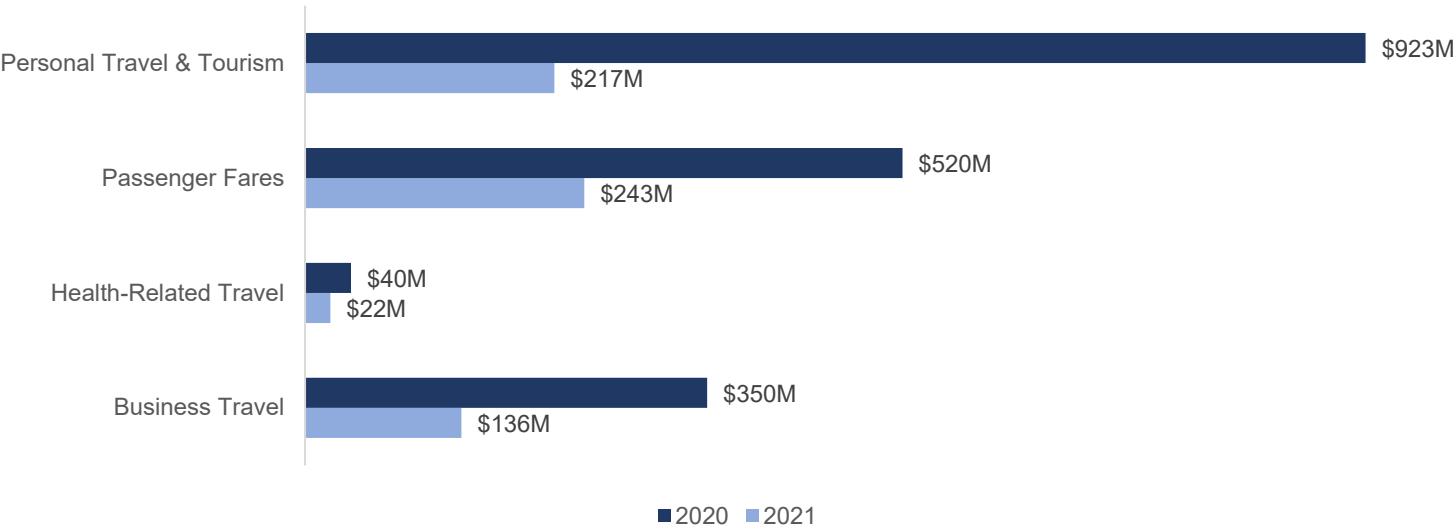
Travel exports continue to fall while education rebounds

Two clear stories emerge from the data. First, travel spending continued to fall as the COVID-19 pandemic dragged on into 2021. Second, education spending saw a rebound that helped buoy some states' services exports to China.

The fact that travel spending was still a weak spot in 2021 comes as no surprise. At the time, returning to China after a visit to the United States required weeks-long quarantines and complex pre-flight tests, COVID-19 remained rampant in the United States, and flights between the two countries were limited and expensive. This uncertain environment made travel difficult and unappealing for both Chinese businesspeople and regular Chinese tourists. In 2021, passenger fares spending fell by \$277 million, while personal travel and tourism spending fell by \$706 million. In every single state, the declines in personal travel

and tourism were precipitous—states saw an average 76 percent decrease from the year before. Likewise, business travel also fell by \$214 million. Although the declines were significantly smaller than those in 2020, the continued fall of travel spending by Chinese visitors to the United States in 2021 hurt American communities that depend on tourism for their livelihood.

Travel spending, 2020-2021



Unlike other travel spending, education spending provided a boost to several states. Education exports to China—money spent by Chinese students in the United States, particularly on tuition—represent a sizeable industry and help fund major state and private universities across the country. In 2021, education exports to China grew by \$601 million, putting total education exports to China at \$11.1 billion. New York, the largest education exporter to China and home to a number of universities with Chinese students, saw its education exports grow by \$195 million, while Massachusetts, Illinois, and Arizona all saw those exports grow by more than \$50 million.

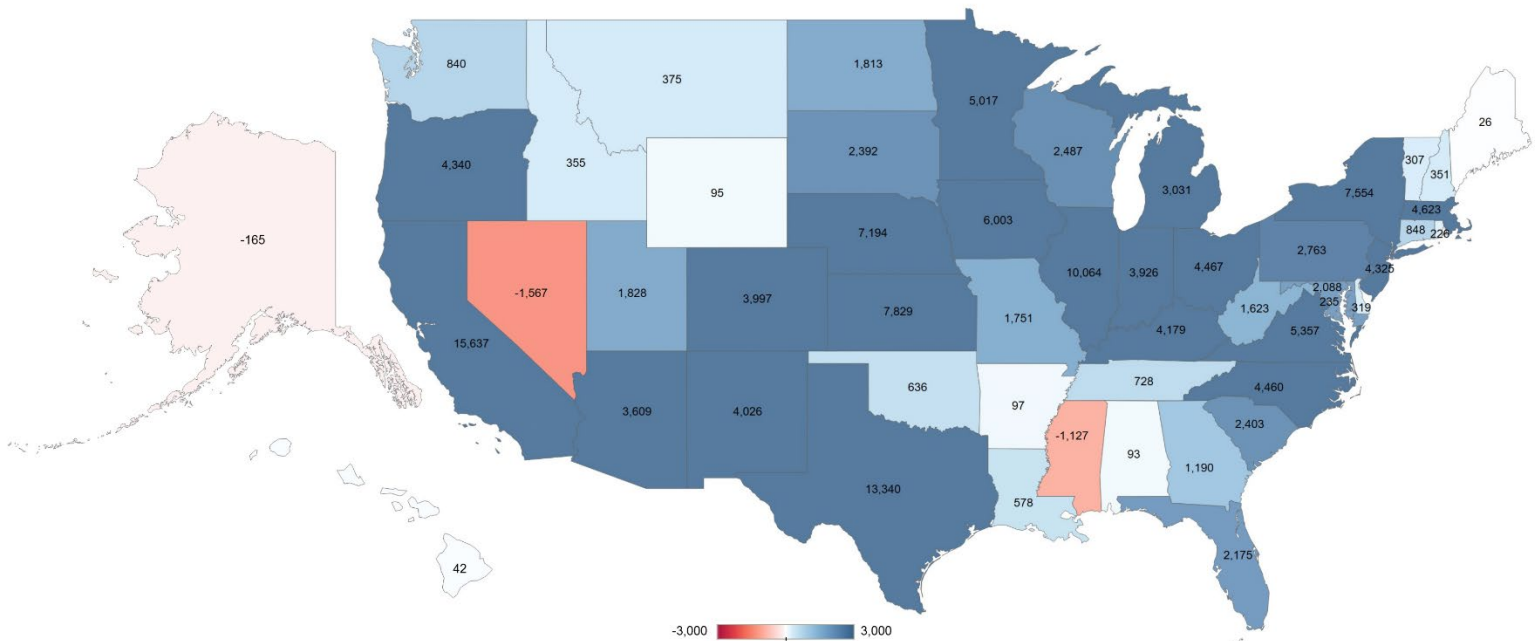
Although the increased spending by Chinese students is a positive sign, US education exports to China are still below pre-pandemic levels. In 2019, Chinese students spent some \$14.2 billion on education in the United States. COVID-19 restrictions, visa policies, and general political tensions may prevent education exports from returning to their previous levels in the near future.

Although travel and education stood out from the rest of the data, some additional industries saw growth that helped push the topline services export numbers up. Various intellectual property services saw growth, including royalties from trademarks, which grew \$471 million in 2021. Computer software services exports also grew by \$200 million, while legal services grew by \$159 million.

Jobs

For the first time since 2017, the number of US jobs supported by goods and services exports to China rose above 1 million in 2021. Subtle growth in services exports added to the sizeable boost in goods exports that the United States sent to China that year, pushing the estimated number of American jobs supported by total exports to China to 1,000,646. Forty-seven states saw the number of export-supported jobs grow, and only three—Nevada, Alaska, and Mississippi—saw a decline. Three states—California, Texas, and Illinois—saw the number of export-supported jobs grow more than 10,000.

Change in jobs supported by US exports to China, 2020-2021



Although much of the growth in jobs numbers was driven by a 21 percent jump in US goods exports to China, largely benefiting the Midwest, oil-producing states in the gulf, and Oregon, growth in services exports helped support jobs in states like New York and California. California remained the state with the largest number of export-supported US jobs by far, with more than 130,000. Texas also remained a major export-supported jobs hub with more than 82,000, and Illinois exports supported over 60,000.

While 2021 represented a strong year of growth for US jobs supported by exports to China, it remains to be seen if the trend will continue in 2022. While travel between the United States and China is slowly returning, it remains to be seen if it will return to pre-pandemic levels any time soon. And while US goods exports to China hit an all-time high in 2021, with simmering bilateral tensions, intensifying competition in the technology realm, and high tariffs still in place, continued growth in US exports to China and the jobs they support is by no means certain.

A deeper dive into this data will be available in our State Export Report 2023 next spring.