



**THE US-CHINA BUSINESS COUNCIL**  
美中贸易全国委员会

## **Executive Summary**

### **Exports to China: A vital part of a strong US economy**

- The US-China trade relationship strengthens America's economy and creates well-paying jobs for American workers across the country. In 2012, China remained the United States' third-largest export market, purchasing nearly \$109 billion in US goods that year, making China a vital and growing market for US products.
- US exports to China continue to grow rapidly. In the decade between 2003 and 2012, total US exports to China rose 294 percent, an increase of nearly \$81 billion. As its economy and middle class continue to expand, China will continue to play a significant role as an export market for a wide selection of US goods.
- The US-China trade relationship is one of the largest in the world today. Over the past decade, growth in US exports to China (294%) continues to outpace the growth in US exports to the rest of the world (111%). Overall, Canada and Mexico – our neighbors and NAFTA partners – were the only countries that imported more from the United States in 2012.
- Exports are an essential component to a strong US economy. In 2012, US exports to China supported a broad range of American sectors, including crop production, transportation equipment, computers and electronics, and chemicals. US companies and producers are competitive in the global market place, and increasingly important and competitive suppliers to growing markets, like China's.
- US exports to China remain a bright spot for US companies. Although annual growth in US exports to China slowed to 6.5 percent last year due to China's slowing economy, annual average growth over the last decade was nearly 17 percent.

### **Exports to China benefit states' economies**

- Forty-two states have achieved triple-digit export growth to China since 2003, and four states experienced quadruple-digit growth over the same period – Alabama, Nevada, South Carolina and Vermont.
- Using an enhanced methodology, this report more accurately attributes US exports to China to the states where they originate. As a consequence, exports of agricultural products are now tied back directly to states where they are produced, rather than being counted as an export of the state that ships these goods overseas. For example, soybean exports to China from Iowa are now better matched to Iowa's overall export numbers.

- Since 2009, twelve states have more than doubled their exports to China. These states are: South Carolina, Alabama, Arkansas, Michigan, Alaska, West Virginia, Connecticut, Vermont, Nevada, Oklahoma, Wyoming, and Georgia.
- China ranked as a top-three export market for thirty-four states. Thirty states exported more than \$1 billion to China in 2012, representing a broadly diversified array of sectors and industries.
- The list of top 15 state exporters to China in 2012 includes states not usually thought of as benefitting from trade with China, including Michigan, Ohio, Pennsylvania, and North Carolina.
- Even smaller states have seen significant growth in their exports to China. Exports from Vermont, Connecticut, Hawaii, and Delaware experienced at least 400 percent export growth since 2003.

### **But more can be done to increase our exports**

- Though China continues to be the third-largest destination for US exports, the United States' share of imports into China has fallen to 7 percent from 10 percent in 2000. In 2012, the United States was the fourth-largest source of Chinese imports, after the EU, Japan, and South Korea. While the United States in 2012 surpassed Taiwan in terms of imports to China, it remains significantly behind other international competitors.
- To help strengthen America's competitiveness in China, policy makers should consider developing a new US trade objective: to reclaim a 10 percent share of China's imports by 2015. Regaining a 10 percent share of China's import market will help US companies provide innovative products and services to China, boosting overall US sales and global competitiveness. To help American companies accomplish this goal, policy makers should seek to improve the capacity and resources of the following US trade agencies and organizations:
  - o **Foreign Commercial Service (FCS):** FCS helps US companies – large and small – find more exporting opportunities in new markets.
  - o **Export-Import Bank (Ex-Im):** Ex-Im provides financing to foreign buyers of US products, enabling them to purchase US goods through a variety of initiatives and financing options. Making sales to China Ex-Im's top priority will help US companies compete with other international competitors in China.
  - o **Office of the US Trade Representative (USTR):** USTR is a key agency focused on removing market access barriers that threaten to restrict US exports, and monitors and pursues foreign countries that violate international trade rules.
  - o **State and Local Organizations:** State and local initiatives help US companies engage in foreign markets, while supporting business development opportunities between American and Chinese companies. Broadening local resources will help companies advance their business objectives abroad, while helping facilitate business-to-business ties that are often the source of private-sector partnerships.