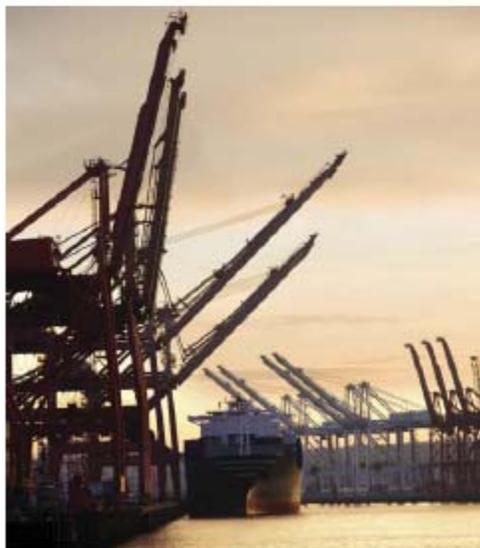


THE US-CHINA BUSINESS COUNCIL

美中贸易全国委员会

US Congressional District Exports to China: 2003-2012

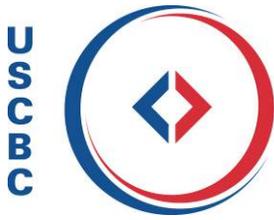
113th Congress



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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. China imported nearly \$110 billion in US goods in 2012 and remained the United States' third-largest export market.
- 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. The dollar increase was more than the rise in US exports to the rest of the world for the same period. 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. 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 of 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.

Districts across the country are benefitting from exports to China

- Over the last decade, the growth in US exports to China was broad based and widely shared among congressional districts around the country. In 2012, 262 congressional districts (60 percent) increased exports to China. Between 2003 and 2012, 401 congressional districts (92 percent) experienced triple-digit growth.
- Growth in exports to China also outpaced growth in the majority of districts' exports to other markets. Out of 435 districts, 249 districts had higher growth in exports to China in 2012 than they did to the rest of the world.
- Congressional districts across the country in states such as Colorado, Nevada, Ohio, Michigan, Pennsylvania, Virginia, and Wisconsin also benefited from rapidly increasing exports to China—

including exports of manufactured goods such as electrical equipment, machinery, computers and electronics, transportation equipment, and other high-end products.

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 European Union, 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:
 - **Foreign Commercial Service (FCS):** FCS helps US companies—large and small—find more exporting opportunities in new markets.
 - **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. Ex-Im's top priority should be making sales to China, which will help US companies compete with other international competitors in China.
 - **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 the agency monitors and pursues foreign countries that violate international trade rules.
 - **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.
- China can also do more to boost imports of US goods. The US-China Business Council released recommendations in 2013 for actions the Chinese government should take to increase imports of US consumer goods, agricultural products, and other goods. The full report can be found on [USCBC's website](#).



Notes on the 2003-2012 Edition

Methodology

This year's edition of the US-China Business Council's (USCBC) *US Congressional District Exports to China* report incorporates several methodological changes that enable more precise and detailed reporting of export data for each Congressional district.

The Trade Partnership, an economic research firm and publisher of USCBC's congressional district and state export data, created a new approach for agricultural export estimates that combines data from the Census Bureau and the US Department of Agriculture (USDA). This methodology enables national exports to be credited to the states where crops are grown rather than to states where agricultural products are last consolidated, typically large port facilities. These state exports are then apportioned to Congressional districts. For exports to China, the difference is quite large because China is a significant market for US bulk agricultural commodities. The change affects all agricultural products and the result is always the same: the new data shift exports from districts in states with large port facilities to districts in the states producing the agricultural commodities in question.

Approximately 400 counties fall within multiple Congressional districts. The Trade Partnership analyzed more than 10 million business records with nine-digit zip codes to ascertain where the export was likely produced, enabling a more precise estimate of the Congressional district from which the export originated. The analysis is done at the sector level, so if a county's chemical manufacturers are located primarily in one Congressional district while machinery manufacturers are located primarily in another, the export estimates for the Congressional districts will reflect those differences.

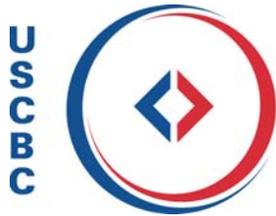
As these changes affect not just exports for 2012, but those for all prior years, this edition of *US Congressional District Exports to China* includes revised historical data using the new methodology. This issue of *US Congressional District Export to China* replaces all prior reports.

For state-level data, please see USCBC's report on state exports, available at www.uschina.org/public/exports/2003_2012/.

“Miscellaneous Manufacturing” and “Waste and Scrap” Export Category Descriptions

- According to the Census Bureau, “Miscellaneous Manufacturing” includes a wide range of products that cannot readily be classified in specific North American Industry Classification System (NAICS) subsectors in manufacturing. Processes used by these establishments vary significantly, both among and within industries. Establishments in this subsector manufacture products as diverse as medical equipment and supplies, jewelry, sporting goods, toys, and office supplies.

- “Waste and Scrap” encompasses a variety of second hand scrap and recycled materials, including ferrous metals, copper, aluminum, paper, wood, and sawdust. Many of these products are used by China for rebar steel and packaging.
- This year’s report reflects exports from Congressional district boundaries in place during the 113th Congress. The report shows data over 2003 to 2012.

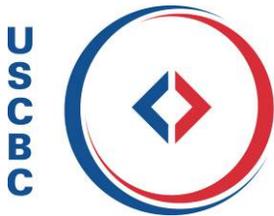


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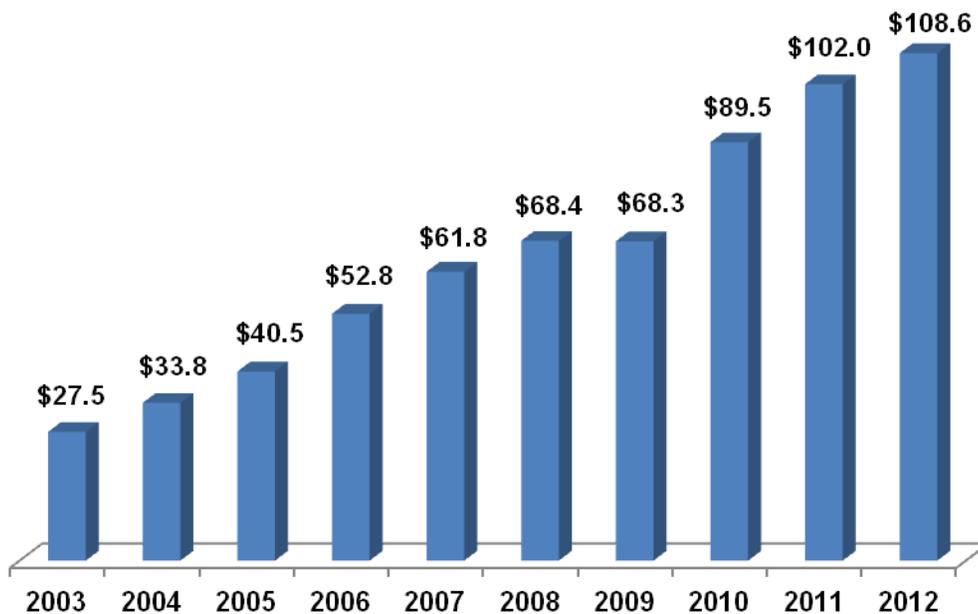
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Acknowledgements

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Total US Exports to China (\$ billion)



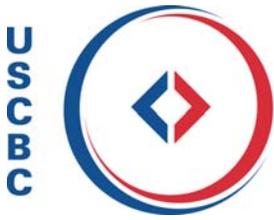
Growth in Total US Exports, 2003–2012

Exports to China: 294%
Exports to Rest of World: 111%

United States' Top Exports Markets, 2012	
1. Canada	\$263 billion
2. Mexico	\$208 billion
3. China	\$109 billion
4. Japan	\$67 billion
5. United Kingdom	\$49 billion

United States' Top Exports to China, 2012	
1. Crop Production	\$21 billion
2. Transportation Equipment	\$16 billion
3. Computers and Electronics	\$14 billion
4. Chemicals	\$12 billion
5. Machinery (except Electrical)	\$10 billion

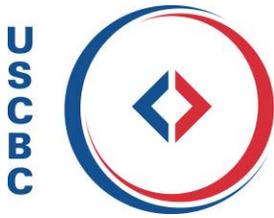
China is the United States' 3rd-largest export market



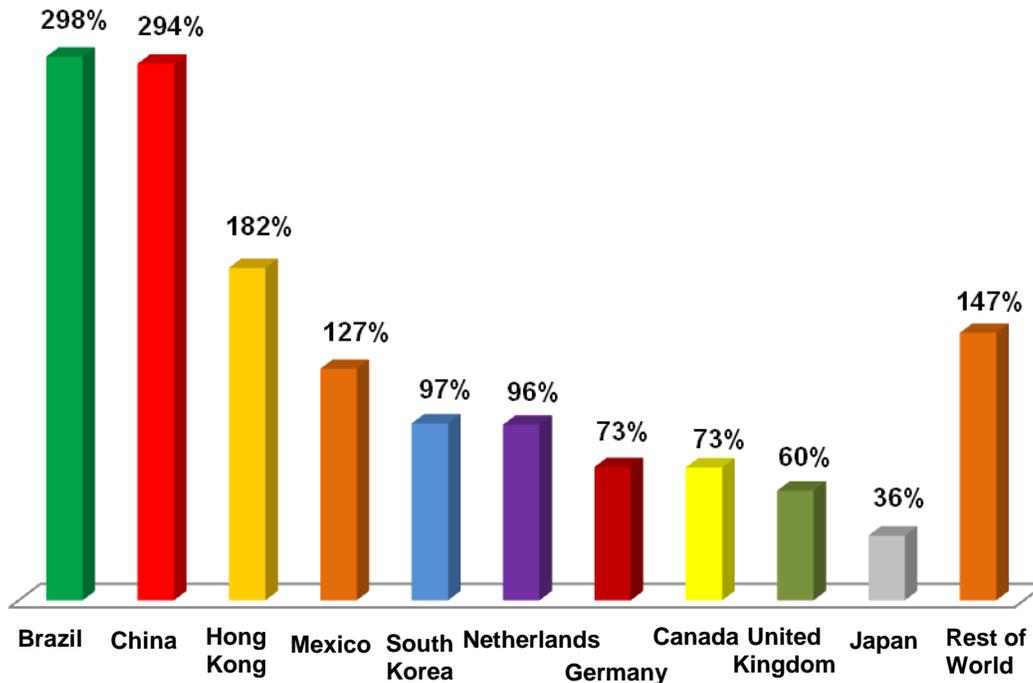
Top US Export Markets in 2012 (\$ billion)

China and Hong Kong Listed Separately				China and Hong Kong, Combined			
Country	Total	Growth 2011-2012	Avg. Annual Growth 2003-2012	Country	Total	Growth 2011-2012	Avg. Annual Growth 2003-2012
1. Canada	\$263.0	3.1%	7.0%	1. Canada	\$263.0	3.1%	7.0%
2. Mexico	\$208.4	9.2%	10.1%	2. Mexico	\$208.4	9.2%	10.1%
3. China	\$108.6	6.5%	16.9%	3. China & Hong Kong	\$144.4	6.0%	15.6%
4. Japan	\$66.8	6.3%	4.0%	4. Japan	\$66.8	6.3%	4.0%
5. UK	\$48.8	-3.9%	5.9%	5. UK	\$48.8	-3.9%	5.9%
6. Germany	\$46.2	-0.9%	7.1%	6. Germany	\$46.2	-0.9%	7.1%
7. Brazil	\$42.5	1.9%	17.9%	7. Brazil	\$42.5	1.9%	17.9%
8. South Korea	\$40.1	-2.5%	8.8%	8. South Korea	\$40.1	-2.5%	8.8%
9. Netherlands	\$37.1	-1.5%	8.5%	9. Netherlands	\$37.1	-1.5%	8.5%
10. Hong Kong	\$35.8	4.4%	12.8%	10. Singapore	\$29.1	-0.6%	8.2%

- China is the third-largest US export market, ranking behind only Canada and Mexico—the United States' immediate neighbors and NAFTA trade partners.
- China continues to be a large and growing market for US exports. In 2012, US exports to China grew by 6.5 percent. Over the last decade, US exports to China achieved an average annual growth of nearly 17 percent.
- Many exports to Hong Kong are destined for China's markets. Together, US exports to Hong Kong and China reached \$144.4 billion in 2012. The combined US exports to the two destinations grew by 26 percent from 2010-2012, and posted a 6 percent increase over 2011.



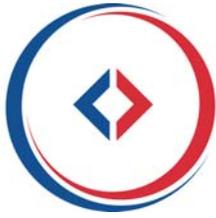
Growth in US Exports to Top 10 Markets, 2003–12



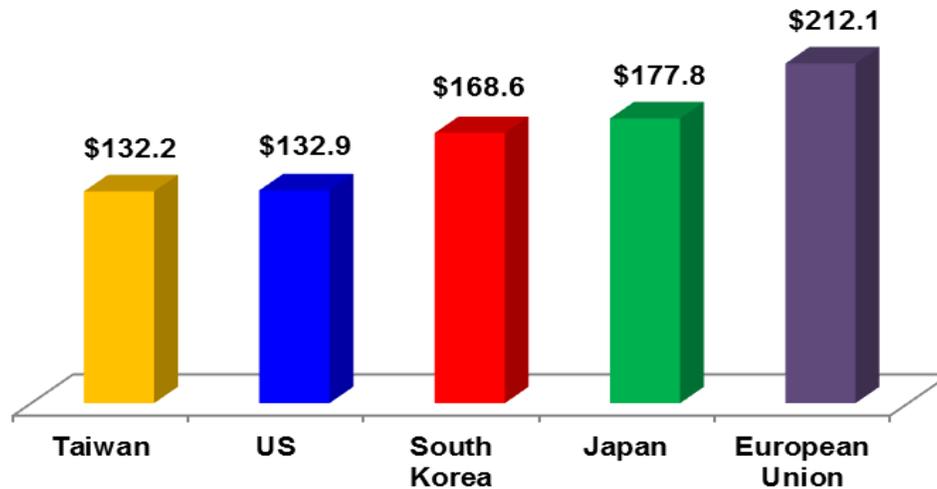
US exports to China outpaced nearly all of the top ten export markets

- Since 2003, US exports to China have risen by 294 percent, making China the second-fastest growing market for US exports in the last decade. In 2012, China was the United States' third-largest export market, with top US exports including crop production, transportation equipment, computers and electronics, and chemicals.
- Compared to China and Hong Kong, growth in most other top US export markets over the last decade has been significantly slower.
- Together, US exports to China and Hong Kong reached \$144.4 billion in 2012.

Note: Rankings are based on export data for 2003 and 2012, comparing the top 10 markets for US exports. "Rest of World" export growth is calculated using the cumulative sums for US exports to all remaining markets (non-top 10) for those years.



Top Five PRC Import Sources, 2012 (\$ billion)



The United States is only China's 4th-largest source of imports

- The European Union, Japan, and South Korea each export more goods to China than the United States. While the United States in 2012 surpassed Taiwan in terms of imports to China, it remains significantly behind other international competitors. China acts as a primary processing area in East Asian supply chains routed through Japan, South Korea, and Taiwan, in part accounting for strong imports from those countries. However, China's imports from the EU far outpace those from the United States and should be used as a benchmark to compare export competitiveness in China.
- Despite substantial growth in US exports to China, the US share of PRC imports has fallen over the past decade to 7 percent in 2012. In 2003, the United States held more than 8 percent of PRC imports and 10 percent in 2000.
- To help the United States regain its share of imports in China, American policy makers should consider a new trade objective: to reclaim a 10 percent share of China's imports by 2015. By promoting national, state, and local resources to support this goal, policy makers will help US companies achieve greater success in China's market. Bolstering the resources allotted to US trade agencies such as the Office of the US Trade Representative, US Foreign Commercial Service, and the US Export-Import Bank will promote trade and investment relations with China, while helping the US improve its global competitiveness.

Note: The value of PRC imports from the United States is higher than US exports to China because of several data discrepancies between US and PRC trade statistics, including shipping costs, methodological differences between US and PRC trade statistics, including shipping costs, methodological differences, and tariffs that are applied as goods pass through other customs territories on their way to China.