



Trade facts | IMPORTANCE OF CHINA TO THE US ECONOMY

China is our second-largest overseas market, worth more than \$550 billion—but it should be even more.

American companies do business around the world in many ways:

- They make or grow things at home and export them to other countries.
- They set up operations in another country and make things or offer services that they sell in that market.
- They manufacture overseas and export—sometimes back to the US, but often to other markets.

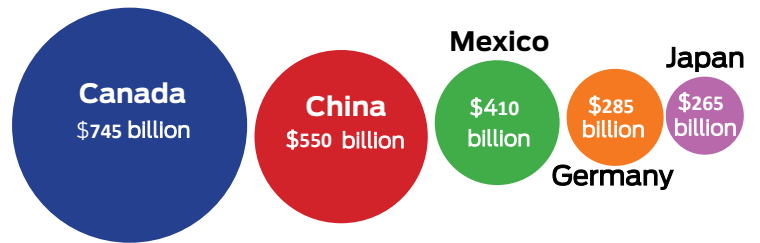
China is the second-largest foreign market for US companies, when the various channels are taken into account. While Canada remains the largest market due to proximity and the ease of trade, China has been the fastest growing market for US sales since its 2001 entry into the World Trade Organization (WTO).

The important question is: Can US companies access the China market as fully as they should? USCBC estimates China was roughly a \$550 billion dollar market for American sales in 2017—but should have been more.

China is much more open than before its WTO entry, but US companies across many sectors still face regulatory roadblocks that serve as market-access barriers. Restrictions on foreign ownership, inadequate intellectual property rights protection, and discriminatory treatment impede market access. Those practices and policies need to be addressed.

Some critics assert that US companies only produce goods in China to export them back to the United States, displacing manufacturing at home. The facts prove otherwise. In 2015, the latest year of available data, fewer than 6 percent of products made in China by US-owned companies were sent to the United States. By contrast, the vast majority of those sales—over 80 percent—were within China’s local market, with the balance sold to other markets around the world. The United States imports a lot from China, but it tends to be from Asian and Chinese companies that have long supplied the US market from the region.

Top foreign markets for US companies



Why don’t companies make everything in the United States and export to China? Many companies can’t be competitive if they add shipping costs or long delivery times, or won’t be able to get sales unless they are closer to their customers. Other companies have to provide services on the ground—it’s tough to sell an insurance policy in China from a desk in New York, for example.

All of these reasons mean that many companies have to be in China to get sales in China. More than half of the United States’ \$550 billion in sales to China came from company operations in China. Those sales strengthen the company overall and directly and indirectly support jobs in the US. According to Oxford Economics, the commercial relationship with China supports 2.6 million jobs in the United States.

China’s market is important for the American economy. It should be a much larger market, however; and it is in our interest to remain engaged with China’s government and push for wider openings and equal treatment for American goods, farm products, and services. With all of the negative noise about trade with China, we need to also keep in mind the economic benefits of this relationship, as we determine the best approaches to solving the very real problems.