Order Code RL31403

Report for Congress

Received through the CRS Web

China's Trade with the United States and the World

May 3, 2002

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Summary

International trade of the People's Republic of China (PRC) has become an issue as the United States has granted permanent normal trade relations (PNTR) status to China and the PRC has entered the World Trade Organization (WTO). As the Chinese market has opened to world trade, it has become both a source of imports into the United States and a destination for U.S. exports and investments. In 2001, China was the fourth largest trading partner of the United States while the United States was the PRC's second largest trading partner, largest export market, and largest source of foreign investment.

With the exception of 1993, when the PRC government temporarily loosened state controls on imports, China ran merchandise trade surpluses with the world throughout the 1990s, although its current account surpluses have been smaller because it runs deficits in trade in services. In 2000, China ran its largest trade surplus with the United States ($83. 8 billion), followed by the European Union ($44.9 billion), and Japan ($24.9 billion). In 2000, China surpassed Japan as the country with which the United States runs its largest trade deficit. In 2001, the United States incurred its highest merchandise trade deficits with China ($83.0 billion), Japan ($68.9 billion), and Canada ($53.2 billion). Among other Asian nations, the United States also incurred large trade deficits with Taiwan ($15.2 billion), Malaysia ($12.9 billion), and South Korea ($12.9 billion). In 2000, the United States was the second largest supplier of utilized foreign direct investment to China ($4.4 billion), after Hong Kong ($15.5 billion).

In 2000, the United States was the third largest exporter to China ($16.2 billion), after Japan ($30.4 billion) and the EU ($24.5 billion), excluding Hong Kong and Taiwan. However, China still represents a smaller market for U.S. goods than Taiwan ($24 billion), with a population of 21 million, and Singapore ($17 billion), with a population of 3.5 million. The United States was China's largest overseas market ($100 billion), followed by the EU ($69.5 billion) and Japan ($55.3 billion).

In the 1990s, the most dramatic increases in the value Chinese imports to the United States have not been in sectors such as footwear and apparel – traditional labor-intensive industries in which China is already quite competitive – but in high technology sectors, such as office and data processing machines, telecommunications and sound equipment, and electrical machinery and appliances as well as in miscellaneous manufactured items. China has also become a major supplier of furniture, building fixtures, and travel goods and handbags to the United States.

Over the medium term, China is expected to continue to run trade surpluses with the world, although likely at lower levels than those reached during 1997-98. If China opens its economy as required under the WTO, its current account surplus is projected to turn into a deficit in 2004 and continue in deficit through the end of the decade as its deficit in its services trade grows.

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China's Trade With the United States and the World

International trade of the People's Republic of China (PRC) has become an issue as the United States has granted permanent normal trade relations (PNTR) status to China and the PRC has entered the World Trade Organization (WTO).[1] As the Chinese market has opened to world trade, it has become both a source of imports into the United States and a destination for U.S. exports and investments. In 2001, China was the fourth largest trading partner of the United States while the United States was the PRC's second largest trading partner, largest export market, and largest source of foreign investment. In 2000, China surpassed Japan as the country with the biggest trade deficit with the United States.

This report provides basic data and analysis of China's international trade with the United States and with the world. The purpose of this report is both to provide actual data and charts of China's merchandise trade, to highlight certain trends in the trade flows, and to briefly discuss policy options. Both Chinese and trading partner data are presented for China's trade with the United States, Japan, and the European Union. Charts showing import trends by sector for the United States highlight China's growing market shares in many industries and also show import shares for Japan, Canada, Mexico, the European Union, and ASEAN (Association for Southeast Asian Nations). Data on foreign direct investment in China also are included. For discussions of U.S. trade and other policies toward China, see: CRS Report RS20139, *China and the World Trade Organization*, CRS Issue Brief IB91121, *China-U.S. Trade Issues*, and Issue Brief IB98014, *China's Economic Conditions*, all by Wayne M. Morrison, and CRS Issue Brief IB98018, *China-U.S. Relations*, by Kerry B. Dumbaugh. This report will be updated as circumstances warrant.

China not only runs a surplus in its trade with the world, but it runs a surplus most of the time with the world's three industrial centers: the United States, the European Union, and Japan. The U.S. trade deficit with China at $83.8 billion in 2000 ($83.0 in 2001) was the largest, while that of the EU with China at $44.9 billion was over half as large, and that of Japan at $24.9 billion nearly a third as large.

How does the U.S. trade deficit with China compare with the U.S. trade deficit with other nations? In 2001, the largest U.S. merchandise trade deficits were with China ($83 billion), Japan ($69 billion), Canada ($53 billion), Mexico ($30 billion), and Germany ($29 billion). Among major Asian nations, the United States incurred large trade deficits with Taiwan ($15 billion), Malaysia ($13 billion), South Korea

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[1] P.L. 106-286 granted permanent normal trade relations treatment to the People's Republic of China, effective upon the PRC's accession to the WTO (an event that occurred on December 11, 2001).

($13 billion), Thailand ($8 billion), Indonesia ($7 billion), and the Philippines ($3.6 billion)

The U.S. trade deficit with China has two unusual characteristics. First is its size – $83 billion. Second is the large gap between imports from and exports to China. Japan in 2001, for example, exported 2.2 times more to the U.S. than it imported, while Canada exported 1.3 times more than it imported. China, by comparison, exported 5.3 times more to the U.S. market in 2001 than it imported. This suggests that the Chinese market is vastly underdeveloped as a destination for U.S. exports.

Between 1996 and 2001, however, China's imports from the United States have grown faster (up 10%) than those by Canada (4.2%) or by Japan (-3.6%), although China's have been increasing from a low base. By joining the World Trade Organization China is required to lower import barriers on many products in which the United States is competitive. This is expected to increase U.S. export opportunities there.

According to Japanese, European, and U.S. data, in 2000, Japan was the largest overseas supplier of products to China with $30.4 billion in exports. The EU was the second largest supplier with $24.5 billion, while the United States exported only $16.2 billion worth of merchandise to the PRC in 2000 and $19.2 billion in 2001. Considering that the United States is the world's largest trading nation and exported $57 billion to Japan in 2001, its exports to China seem rather low. In 2001, the United States exported more to South Korea ($22 billion), France ($22 billion), and almost as much to Taiwan ($18 billion) as it did to China.

The United States is China's largest overseas market with $100 billion in U.S. imports from China in 2000, followed by the EU with $69.5 billion in imports from China, and Japan with $55.3 billion. China was the fourth largest source of imports for the United States in 2000. Canada ($229 billion), Japan ($146 billion), and Mexico ($135 billion) exported more to the United States in 2000 than did China, but China sold more to the American market than did Germany ($58 billion), the United Kingdom ($43 billion), Taiwan ($40 billion), or South Korea ($40 billion). In short, China (with the help of foreign investors) is a major supplier of products to the U.S. market. According to Chinese data, the United States was the PRC's second largest trading partner in 2000 after Japan. Bilateral trade between China and the United States totaled $74 billion compared with $83 billion between China and Japan.

In terms of the balance of trade with China by major sector, the sectors in which the United States runs the largest trade deficits are those that depend on abundant and low-cost labor. These include toys, sports equipment, footwear, apparel, leather bags, and textiles. Among the large deficit sectors, however, are electrical machinery, machinery, and motor vehicles (mostly motorcycles and auto parts). Some of China's competitiveness in these sectors may be based on its underlying economic advantages combined with foreign technology and manufacturing processes, but in certain areas, such as motor vehicles, the Chinese surplus appears to be based primarily on import restrictions. Under China's WTO accession agreement, tariffs on automobiles are to drop from 100% to 25%. Moreover, in plastic, optical and medical instruments, books and magazines, soaps and waxes,

cosmetics, and cotton yarn, the United States runs a surplus in its balance of trade with the world but a deficit with China. These deficits run counter to market expectations.

The sectors in which the United States runs a trade surplus with China mirror U.S. competitive advantages and include aircraft and agricultural products. In two sectors, a deficit in U.S. trade with China has turned into a surplus. Edible fruit and nuts went from a $30 billion deficit in 1999 to a surplus of $7 billion in 2001. Likewise, miscellaneous food went from a deficit of $17 billion to a surplus of $23 billion. This indicates that China's market for agricultural products may becoming more open to U.S. exports.

U.S. imports from China are moving up the technology ladder. While imports in sectors such as footwear and apparel continue to grow, imports in many high-technology sectors are growing faster. These include office and data processing machines (up 1,055% between 1993 and 2001), electrical machinery and appliances (up 428%), and telecommunications and sound equipment (up 343%). In sectors such as footwear, building and light fixtures, furniture, and handbags, imports from China have been displacing those from South Korea, Singapore, Thailand, and other newly industrializing Asian nations. More than half of U.S. imports of footwear and travel goods/handbags now come from China.

Current U.S. policy toward trade with China has been aimed primarily at integrating China into the global trading system through China's accession to the WTO, the granting of permanent normal trade relations status, assisting the country in establishing a modern commercial, legal, regulatory, and financial infrastructure, promoting American businesses interests there, and in ensuring that China complies with its commitments to liberalize its markets.[2] The task is large because even though for the past two decades China has been in transition from a closed communist economy to an open, market-based socialist economy, many trade and investment barriers still remain. In the 2002 report by the U.S. Trade Representative on foreign trade barriers, the section on China takes up 27 pages and includes high import duties, problems with tariff classification, non-tariff barriers, import quotas, import licenses, lack of transparency, trading rights, standards, government procurement, and lack of intellectual property rights enforcement.[3] Many of these barriers, however, are expected to be reduced as China implements the conditions of its WTO accession agreement. Most countries now appear to be taking a wait-and-see attitude while continuing to monitor problem areas as China attempts to make the changes in its economy required to bring it into compliance with its WTO commitments.

Since China is now a member of the WTO, any change in existing U.S. trade policy toward that country would be subject to WTO rules and dispute settlement procedures. On the other hand, if China does not live up to its WTO commitments,

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[2] For details, see: CRS Issue Brief IB91121, *China-U.S. Trade Issues*, by Wayne M. Morrison.

[3] U.S. Trade Representative. *2002 National Trade Estimate Report on Foreign Trade Barriers*. Washington, U.S. Government Printing Office, 2002. Pp. 44-71.

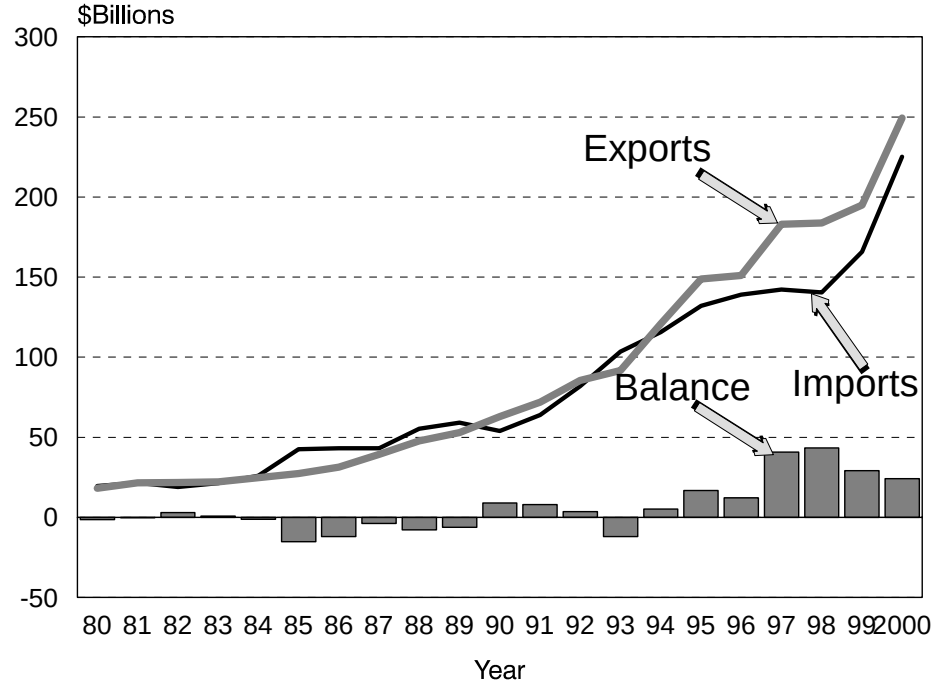
the United States can bring a complaint before the WTO as it has done with other trading partners.

China's Trade with the United States, Europe, and Japan

The data for U.S. trade with China differ from Chinese trade with the U.S. primarily because of the treatment of products that China exports through Hong Kong. China counts Hong Kong as the destination of exports sent there even if those products are transshipped to other markets. The United States and many of China's other trading partners count Chinese exports that are transshipped through Hong Kong as exports from China, not from Hong Kong. This changes the totals for Chinese exports and the size of a country's trade balance with China.

As shown in **Figure 1** and **Appendix Table A1**, with the exception of 1993 (according to Chinese data), China has run a trade surplus in goods (merchandise) each year over the past decade. That surplus emerged at the beginning of the 1990s, changed to a $11 billion deficit in 1993 (when the government temporarily loosened controls on imports), and then rose to a $46.5 billion surplus in 1998 before dropping to $24.1 billion in 2000. In the 1980s, the U.S. ran trade deficits with China in all but the first years of the decade.

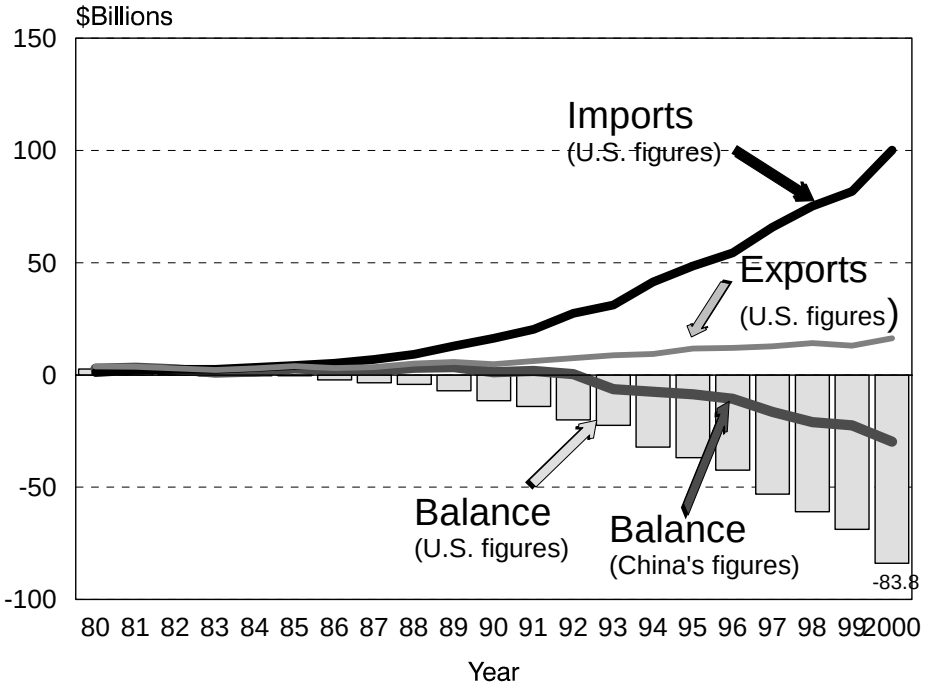
Figure 1. China's Exports, Imports, and Balance of Merchandise Trade, 1980-2000



Sources: China MOFTEC; PRC General Administration of Customs.

China's current account surplus (includes trade in goods, services, and unilateral transfers such as remittances and government to government payments) is smaller than the surplus in its merchandise trade because of a deficit in its trade in services of about $2.1 billion in 2001. In 1998, China's current account surplus was $31.2 billion. In 1999, that surplus shrank to $21.1 billion due to a surge in imports and in 2000 fell again slightly to $20.5 billion. The continued growth in imports, deficit in its services balance, and stalled U.S. economy reduced China's current account surplus to $16.5 billion in 2001. If China opens its economy as required under the WTO, its current account surplus is expected to turn into a deficit in 2004 and to remain in deficit throughout the decade.[4]

Figure 2. U.S. Exports, Imports, and Balance of Merchandise Trade with China, 1980-2000



Sources: U.S. Department of Commerce; China MOFTEC; PRC General Administration of Customs.

As shown in **Figure 2** and **Appendix Table A1**, by either Chinese or U.S. data, China runs a trade surplus with the United States. Although the Chinese figures show it at only $28.1 billion in 2001, the United States reported it to be $83 billion.

As shown in **Figure 3** and **Appendix Table A2**, the European Union also runs a similar trade deficit with China. At a merchandise trade deficit of $31.8 billion in 1999, the deficit rose to 44.9 billion in 2000. This trade deficit also began in the latter 1980s and has continued through the 1990s. According to Chinese figures, however, The EU deficit with China began in the late 1990s and was only $7.3 billion in 2000.

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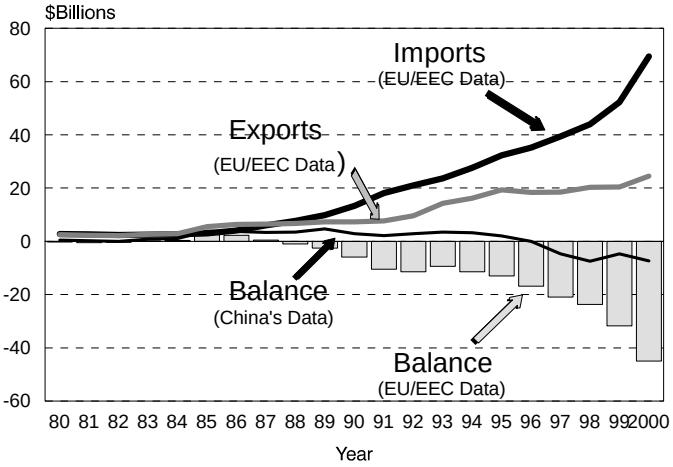
[4] DRI-WEFA. *International Analysis – China*. March 2002.

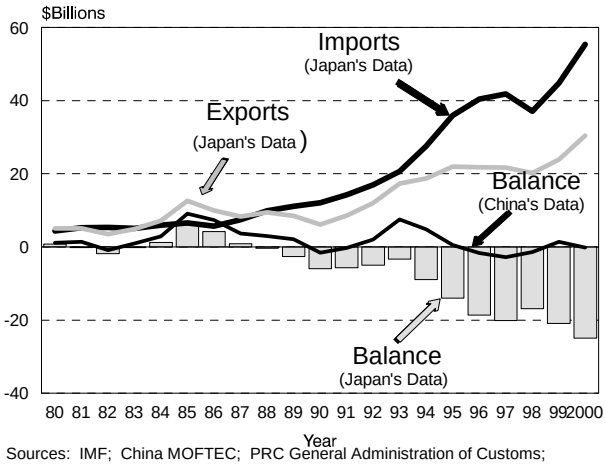
Figure 3. European Union/European Economic Community Exports, Imports, and Balance of Merchandise Trade with China, 1980-2000



Note: For 1980-88, data are for the EEC12 nations. After 1988, for the EU 15.
Sources: IMF. *Direction of Trade Statistics Yearbook (1999)* ; *Eurostat;* China MOFTEC; PRC General Administration of Customs.

Japan likewise since 1988 has been running a trade deficit with China. As shown in **Figure 4** and in **Appendix Table A3,** Japan's balance of trade with China (according to Japanese data) dropped from a surplus of $6 billion in 1985 to a deficit of $5.9 billion in 1990 and $24.9 billion in 2000. Considering Japan's reputation for protecting its own markets, its widening trade gap with China seems remarkable. According to Chinese data, however, China has run more annual trade deficits with Japan than surpluses. In 1993, China reported a $7.5 billion deficit with Japan. In 2000, the PRC reported a $142 million surplus.

Figure 4. Japan's Merchandise Imports, Exports, and Balance of Trade with China, 1980-2000

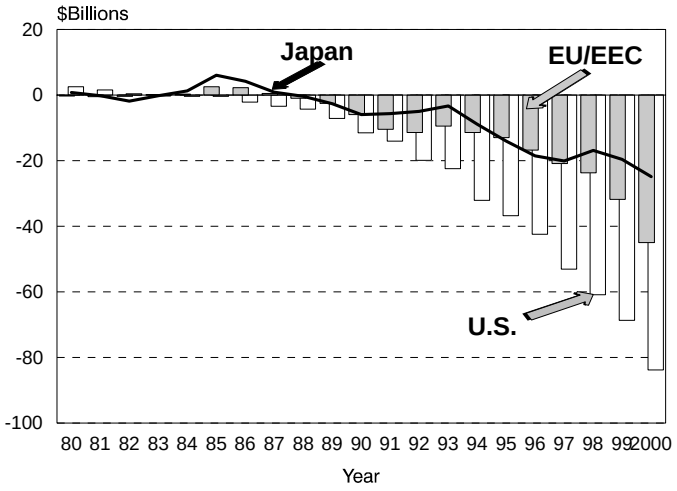


Sources: IMF; China MOFTEC; PRC General Administration of Customs; JETRO.

In summary, China not only runs a surplus in its trade with the world, but it runs a surplus most of the time with the world's three industrial centers: the United States, the European Union, and Japan. (See **Figure 5**.) The U.S. trade deficit with China at $83.8 billion in 2000 was the largest, while that of the EU at $44.9 billion was about half as large, and that with Japan at $24.9 billion nearly a third as large.

Within the EU, in 2000, Germany's trade deficit with China was $8.3 billion, the U.K.'s was $4.4 billion, and France's was $4.4 billion. South Korea, by contrast, ran a $6.6 billion surplus with China in 2000. As shown in **Appendix Table A4**, however, China's trade statistics indicate smaller European trade deficits and a larger South Korean surplus.

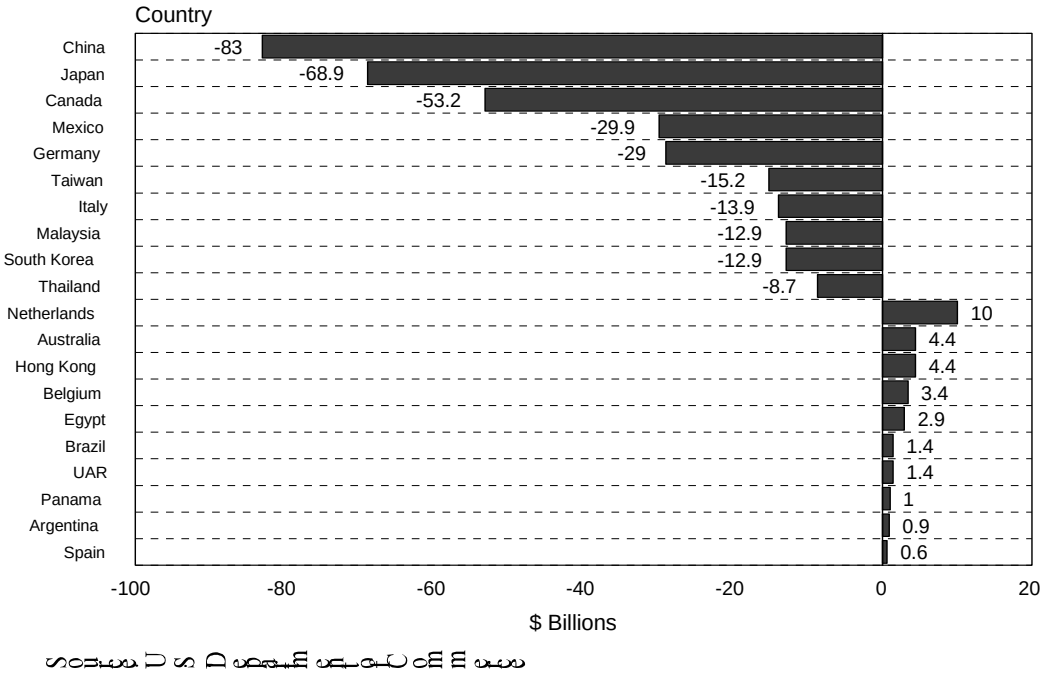
Figure 5. U.S., European Union, and Japan's Merchandise Trade Balances with China, 1980-2000



Sources: U.S. Department of Commerce; IMF. *Direction of Trade Statistics; Eurostat; JETRO.*

How does the U.S. trade deficit with China compare with the U.S. trade deficit with other nations? In 2001, the largest U.S. merchandise trade deficits were with China ($83 billion), Japan ($69 billion), Canada ($53 billion), Mexico ($30 billion), and Germany ($29 billion). Among major Asian nations, the United States incurred large trade deficits with Taiwan ($15 billion), Malaysia ($13 billion), South Korea ($13 billion), Thailand ($8 billion), Indonesia ($7 billion), and the Philippines ($3.6 billion). (See **Figure 6** and **Appendix Table A5**.)

Figure 6. U.S. Merchandise Trade Balances with Selected Countries in 2001



Source: U.S. Department of Commerce

The U.S. trade deficit with China has two unusual characteristics. First is its size. Second is the large imbalance between imports from and exports to China. Japan in 2001, for example, exported 2.2 times more to the U.S. than it imported, while Canada exported 1.3 times more than it imported. China, by comparison, exported 5.3 times more to the U.S. market in 2001 than it imported. This indicates that the Chinese market has been vastly underdeveloped as a destination for U.S. exports. China's imports from the United States (up 10% between 1996 to 2001) recently have grown faster than those by Canada (4.2% over the same time period) or by Japan (-3.6%), although China's have been growing from a low base.[5] By joining the World Trade Organization China is required to lower import barriers on many products in which the United States is competitive. This is expected to increase U.S. export opportunities there.

According to Japanese, European, and U.S. data, in 2000, Japan was the largest overseas supplier of products to China with $30.4 billion in exports. The EU was the second largest supplier with $24.5 billion, while the United States exported only $16.2 billion worth of merchandise to the PRC in 2000 and $19.2 billion in 2001. Considering that the United States is the world's largest trading nation and exported $57 billion to Japan in 2001, its exports to China seem rather low. In 2001, the United States exported more to South Korea ($22 billion), France ($22 billion), and almost as much to Taiwan ($18 billion) as it did to China.

As shown in **Table 1**, among the top twenty U.S. exports to China in 2001, the top five by dollar value were transport equipment, electrical machinery, office

[5] U.S. International Trade Commission.

machines and automatic data processing machines, telecommunications and sound equipment, and general industrial machinery and equipment.

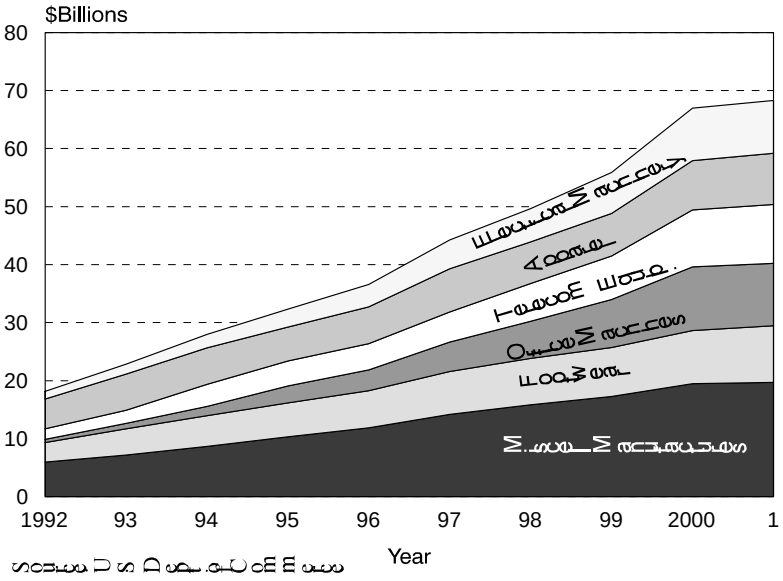
Table 1. Top Twenty U.S. exports to China, 1993-2001

(Million dollars)

Category	1993	1994	1995	1996	1997	1998	1999	2000	2001
Transport Equip.	2,252	1,929	1,187	1,718	2,127	3,604	2,325	1,695	2,452
Electrical Mach.	247	285	408	553	684	931	1,252	1,502	1,842
Office Machines	213	233	306	254	324	830	697	1,154	1,207
Telecom, Sound Recording Equip.	596	561	712	643	621	626	540	777	1,105
Gen. Indust. Equip.	427	515	712	764	756	663	675	812	1,050
Oil Seeds and Fruits	23	9	52	422	419	288	354	1,020	1,014
Metalliferous Ores	136	147	247	198	180	195	281	604	879
Special Machinery	669	670	675	685	765	519	478	744	772
Prof. & Scien. Instr.	336	276	323	327	388	451	465	563	755
Plastics	168	140	280	314	340	320	392	539	623
Power Gen. Equip.	321	282	394	462	590	512	493	301	464
Fertilizers	293	944	1,204	891	1,050	1,064	930	658	415
Hides, Furskins	13	46	100	107	112	126	96	230	402
Organic Chemicals	204	233	260	238	208	210	302	467	369
Misc. Manufactures	90	93	169	335	235	237	223	337	362
Pulp and Waste Paper	46	105	183	187	148	156	189	259	329
Paper Products	111	126	141	248	258	332	339	374	305
Chemical Materials	51	53	110	94	125	143	177	242	281
Metalworking Mach.	270	296	228	240	173	189	159	204	260
Road Vehicles	721	281	126	146	346	132	143	177	217

Note: Ranked by data for 2001.
Source: Data from U.S. Department of Commerce.

Figure 7. Top Six U.S. Imports from China by Industry, 1992-2002



The United States is China's largest overseas market with $100 billion in imports from China in 2000, followed by the EU with $69.5 billion, and Japan with $55.3 billion. China was the fourth largest source of imports for the United States in 2000. Canada ($229 billion), Japan ($146 billion), and Mexico ($135 billion) exported more to the United States in 2000 than did China, but China sold more to the American market than did Germany ($58 billion), the United Kingdom ($43 billion), Taiwan ($40 billion), or South Korea ($40 billion). In short, China (with the help of foreign investors) is a major supplier of products to the U.S. market. According to Chinese data, the United States was the PRC's second largest trading partner in 2000 after Japan. Bilateral trade between China and the United States totaled $74 billion compared with $83 billion between China and Japan.

As shown in **Figure 7** and **Table 2**, among the top twenty U.S. imports from China in 2001 by dollar amount, the top six were miscellaneous manufactured articles, office machines and automatic data processing machines**,** telecommunications and sound equipment, footwear, electrical machinery, and footwear. The value for miscellaneous manufactured articles alone ($19.7 billion) exceeded the value for all 20 of the top U.S. exports to China ($15 billion). **Figure 7** shows how the top six imports from China have increased over 1992-2001. While U.S. imports in all these categories have increased, the most dramatic percentage changes have not been in sectors such as footwear and apparel – traditional labor-intensive industries in which China is quite competitive – but in high technology sectors, such as office and data processing machines (up 1,055% between 1993 and 2001), electrical machinery and appliances (up 428%), and telecommunications and sound equipment (up 343%).

Table 2. Top Twenty U.S. Imports from China, 1993-2001

(Million dollars)

Category	1993	1994	1995	1996	1997	1998	1999	2000	2001
Misc. Manufactured Articles	7,151	8,690	10,319	11,867	14,155	15,872	17,291	19,445	19,763
Office Machines, Data Processing	932	1,583	2,879	3,562	5,019	6,329	8,239	10,980	10,763
Telecom and Sound Equip.	2,279	3,715	4,215	4,438	5,126	6,405	7,382	9,812	10,118
Footwear	4,505	5,254	5,817	6,367	7,354	8,016	8,438	9,206	9,758
Electrical Machinery, Parts, and Appliances	1,723	2,252	3,094	3,874	4,877	5,707	7,022	9,037	9,110
Apparel and Accessories	6,148	6,294	5,850	6,298	7,406	7,133	7,351	8,473	8,866
Furniture and Bedding	497	747	877	1,109	1,545	2,183	3,261	4,476	5,018
Manufactures of Metals	784	976	1,227	1,414	1,816	2,238	2,878	3,651	4,119
General Industrial Machinery	510	659	811	982	1,180	1,449	1,833	2,087	2,414
Building Fixtures/Fittings	440	617	813	1,013	1,194	1,444	2,073	2,555	2,377
Travel Goods, Handbags	1,309	1,552	1,607	1,665	1,917	1,942	1,974	2,214	2,171
Nonmetallic Mineral Manufactures	444	614	824	963	1,216	1,441	1,681	2,059	2,165
Photographic Optical Equip, Watches and Clocks	504	682	913	976	1,211	1,400	1,600	2,016	1,935
Textile Yarn, Fabrics	989	1,022	1,155	1,042	1,369	1,432	1,583	1,816	1,854
Road Vehicles	249	321	412	417	574	731	923	1,800	1,406
Professional & Scientific Instruments	204	295	390	524	634	715	837	1,025	1,177
Cork and Wood (Non-Furniture)	150	193	224	255	335	445	568	710	792
Misc. Low-Valued Items	160	167	202	232	282	425	586	759	784
Fish and Related Products	299	259	306	285	321	323	431	579	657
Paper Products	128	178	240	267	310	401	471	611	627
Iron and Steel	66	105	242	292	315	398	350	623	443

Note: Ranked by data for 2001.
Source: U.S. Department of Commerce

Balance of Trade By Sector

In modern economies, trade by sector generally follows two patterns. The first is based on traditional comparative advantage in which one country trades with another in those products in which it has abundant resources. The United States economy is characterized by high technology, extensive farmland with high agricultural yields, expensive labor, and deep capital. As such, the United States would be expected to be strong in exports of high-technology goods, food and grains, and capital intensive products. The Chinese economy, on the other hand, is characterized by abundant and cheap labor, low capital intensity, and a mix of low, medium and high technology both in manufacturing and agriculture. As such, China would be expected to be strong in exports of labor-intensive manufactures, such as textiles and apparel, shoes, toys, or light manufactures, but also in production of items made under the tutelage of foreign, competitive companies that have invested in Chinese factories. These could include household appliances, furniture, tools, automobile parts, or electronic machinery. One would expect trade that is conducted on the basis of comparative advantage to be unbalanced on a sector-by-sector basis. The United States, for example, would run a surplus with China in aircraft but a deficit in apparel.

The second trade pattern occurs among industrialized countries and is called intra-industry or trade within industrial sectors. This is typical of trade among North America, the European Union, and industrialized nations of Asia (e.g., Japan, South Korea, and Taiwan). The products traded usually carry brand names, are differentiated, and may be protected by intellectual property rights. For example, the United States both imports and exports items such as automobiles, machinery, electronic devices, prepared food, and pharmaceuticals. A considerable share of U.S. intra-industry trade is carried out within a multinational corporation (e.g., between Ford Motors and one of its related companies, such as Mazda in Japan, Jaguar in the United Kingdom, or with other subsidiaries abroad). A large deficit in an intra-industry trading sector in which the United States is competitive indicates that the trading partner country may be using import barriers to tip the trade balance in its favor.

Table 3 shows the U.S. balance of trade with China by major sector. Most of the sectors in which the United States runs the largest trade deficits with China are, as expected, those that depend on abundant and low-cost labor. These include toys, sports equipment, footwear, apparel, leather bags, and textiles. Among the large deficit sectors, however, are electrical machinery, machinery, and vehicles (indicated by shading in the table). Some of China's competitiveness in these sectors may be based on its underlying economic advantages combined with foreign technology and manufacturing processes, but in certain areas the advantage also may be based on trade barriers. In automobiles, for example, a 2.3 liter Honda Accord sold from a plant in the United States that retails for roughly $20,000, sells for the equivalent of about $36,000 in China even though it is assembled at a plant there.[6] Prior to China's accession to the WTO, tariffs on imports of automobiles exceeded 100%. They are

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[6] Zaun, Todd. Foreign Auto Makers Expand Production in Chinese Market. *Wall Street Journal*, April 18, 2002, p. D6.

to be reduced to 25% by 2005. The tariff on large motorcycles also is slated to fall from 60% to 45% – still relatively high.[7] Moreover, in plastic, optical and medical instruments, books and magazines, soaps and waxes, cosmetics, and cotton yarn, the United States runs a surplus in its balance of trade with the world but a deficit with China. These deficits run counter to market expectations.

Table 3. U.S. Balance of Trade With China by Sector, 1999-2001
(Million Dollars)

	1999	2000	2001
Total China	-68,677	-83,833	-83,046
Major U.S. Deficit Sectors			
Electrical Machinery	-13,081	-16,831	-16,295
Toys and Sports Equipment	-11,041	-12,354	-12,186
Footwear	-8,393	-9,142	-9,711
Machinery	-7,617	-9,911	-9,649
Furniture and Bedding	-5,485	-7,117	-7,404
Woven Apparel	-3,746	-4,164	-4,126
Leather Art; saddlery; bags	-3,003	-3,827	-3,897
Plastic	-1,947	-2,194	-2,381
Knit Apparel	-2,023	-2,032	-2,273
Iron/steel Products	-1,302	-1,800	-2,020
Optical, medical Instruments	-1,499	-1,994	-1,511
Vehicles, Not Railway	-856	-1,759	-1,299
Misc. Textile Articles	-963	-1,097	-1,200
Misc. Art of Base Metal	-715	-836	-963
Artificial Flowers, Feathers	-869	-927	-958
Tools, cutlery, of Base Metals	-738	-878	-939
Ceramic Products	-762	-869	-864
Miscellaneous Manufactures	-751	-740	-841
Precious Stones, Metals	-491	-669	-803
Books, Newspapers, Manuscripts	-203	-325	-377
Soap, Wax, Polish, Dental Preps, etc.	-122	-140	-133
Perfumery, Cosmetics, etc.	-74	-86	-132
Cotton & Yarn Fabric	-174	-132	-101

[7] U.S. Trade Representative. *2002 National Trade Estimate Report on Foreign Trade Barriers*. Washington, U.S. Government Printing Office. P. 46.

	1999	2000	2001
Major U.S. Surplus Sectors			
Aircraft, Spacecraft	2,290	1,658	2,389
Misc. Grain, Seed, Fruit	299	968	964
Hides and Skins	127	270	434
Fertilizers	931	607	398
Wood pulp, Etc.	195	274	330
Iron and Steel	-83	-122	265
Copper and Articles Thereof	-31	140	142

Note: Shaded categories are those in which the United States runs a trade surplus with the world but a trade deficit with China. Classification is by Harmonized System tariff codes at the 2-digit level.

Source: Data from U.S. Department of Commerce

The sectors in which the United States runs a trade surplus with China mirror U.S. competitive advantages and include aircraft and agricultural products. In two sectors, a deficit in U.S. trade with China has turned into a surplus. Edible fruit and nuts went from a $30 billion deficit in 1999 to a surplus of $7 billion in 2001. Likewise, Miscellaneous food went from a deficit of $17 billion to a surplus of $23 billion.

U.S. Imports From China by Selected Sectors

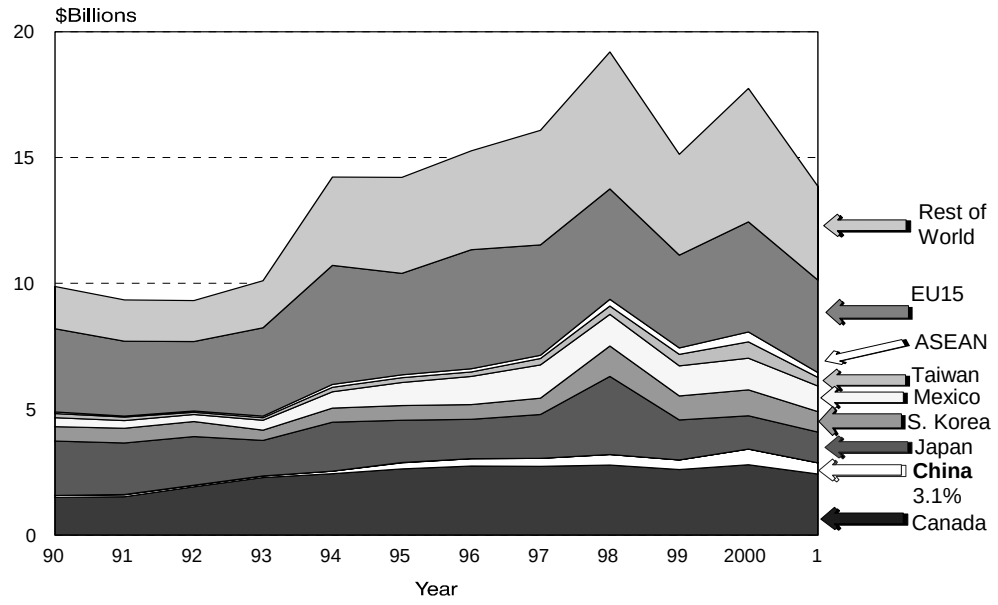
This section presents charts and data on U.S. imports from China by selected industrial sectors. The charts show imports from China as compared with imports from other major exporting countries or groups of countries. These include the European Union, the Association of Southeast Asian Nations (ASEAN, which includes, Indonesia, Malaysia, Singapore, Thailand, the Philippines, Brunei, Vietnam, Laos, and Myanmar [Burma]), Taiwan, Mexico, South Korea, Japan, Hong Kong, and Canada. Even though granting permanent normal trade relations status to China and China's accession to the WTO will not change materially the accessibility of Chinese exports to the U.S. market, U.S. industries competing with imports from China (such as apparel and textiles) have opposed increasing trade with the PRC partly for fear of losing U.S. jobs to imports. This has been a particular concern of labor organizations.

The data in this section are presented according to two-digit standard international trade classification (SITC) codes as reported by the U.S. Department of Commerce. The industries selected are those in which the share of imports from China has risen to a significant level or industries in which trade policy has played a significant role (e.g. iron and steel or automobiles), even though U.S. imports from China in those industries might be small.

Iron and Steel

In iron and steel products, China is not a major exporter – either to the United States or to the world. In 2001, China accounted for only 3.1% of U.S. imports of iron and steel.

Figure 8. U.S. Imports of Iron and Steel Products (SITC 67) by Country and Group, 1990-2001



Source: U.S. Department of Commerce

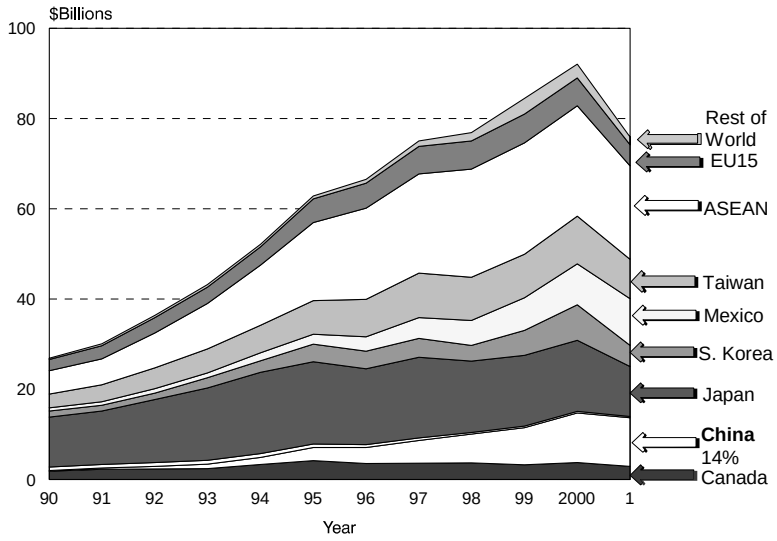
Table 4. U.S. Imports of Iron and Steel Products (SITC 67) from Selected Countries and Country Groups, 1990, 1997-2001
(Million dollars)

	1990	1997	1998	1999	2000	2001
Canada	1,504	2,708	2,761	2,607	2,803	2,437
China	71	315	398	350	623	439
Hong Kong	2	1	1	3	2	2
Japan	2,097	1,694	3,063	1,563	1,320	1,213
Korea	574	650	1,206	944	1,019	815
Mexico	357	1,301	1,244	1,202	1,267	1,021
Taiwan	154	249	329	449	649	346
ASEAN	65	130	273	262	389	193
EU15	3,303	4,376	4,372	3,714	4,379	3,672
Rest of World	1,691	4,571	5,403	4,005	5,293	3,720
World	9,818	15,995	19,050	15,100	17,744	13,858

Office Machines and Computers

In U.S. imports of office machines and automatic data processing machines (computers), China is becoming a major supplier – accounting for 14% of U.S. imports of such products in 2001. These imports rose from $117 million in 1990 to $10.7 billion in 2001. China appears to be gaining market share partly at the expense of Japan. The other supplier whose market share is becoming dominant is ASEAN. Imports from ASEAN rose from $5.1 billion in 1990 to $20.6 billion in 2001.

Figure 9. U.S. Imports of Office Machines and Automatic Data Processing Machines (SITC 75) by Country and Group, 1990-2001



Source: U.S. Department of Commerce

Table 5. U.S. Imports of Office Machines and Automatic Data Processing Machines (SITC 75) from Selected Countries and Country Groups, 1990, 1997-2001

(Million dollars)

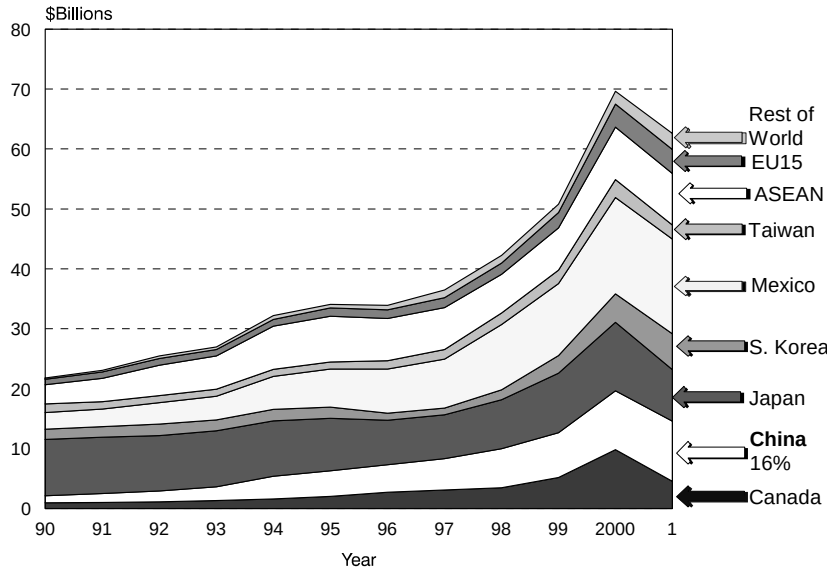
	1990	1997	1998	1999	2000	2001
Canada	1,893	3,649	3,701	3,269	3,778	2,942
China	117	5,019	6,329	8,239	10,980	10,761
Hong Kong	809	541	404	303	345	276
Japan	11,007	17,803	15,640	15,648	15,878	11,055
Korea	1,347	4,186	3,449	5,527	7,831	4,657
Mexico	706	4,637	5,483	7,169	9,058	10,377
Taiwan	3,084	9,875	9,560	9,641	10,592	8,751
ASEAN	5,150	21,967	23,956	24,723	24,475	20,674
EU15	2,461	6,127	6,231	6,373	6,156	4,673
Rest of World	297	1,181	1,824	3,451	3,041	1,695
World	26,871	74,985	76,577	84,343	92,134	75,861

Source: U.S. Department of Commerce

Telecommunications and Sound Equipment

In U.S. imports of telecommunications and sound equipment, China's share has risen to 16%. Such imports from China rose from $1.1 billion in 1990 to $10 billion in 2001. Imports of these products from Canada, Mexico, South Korea, and ASEAN have also been rising. Those from Japan, however, have risen relatively little.

Figure 10. U.S. Imports of Telecommunications and Sound Equipment (SITC 76) by Country and Group, 1990-2001



Source: U.S. Department of Commerce

Table 5. U.S. Imports of Telecommunications and Sound Equipment (SITC 76) from Selected Countries and Country Groups, 1990, 1997-2001

(Million dollars)

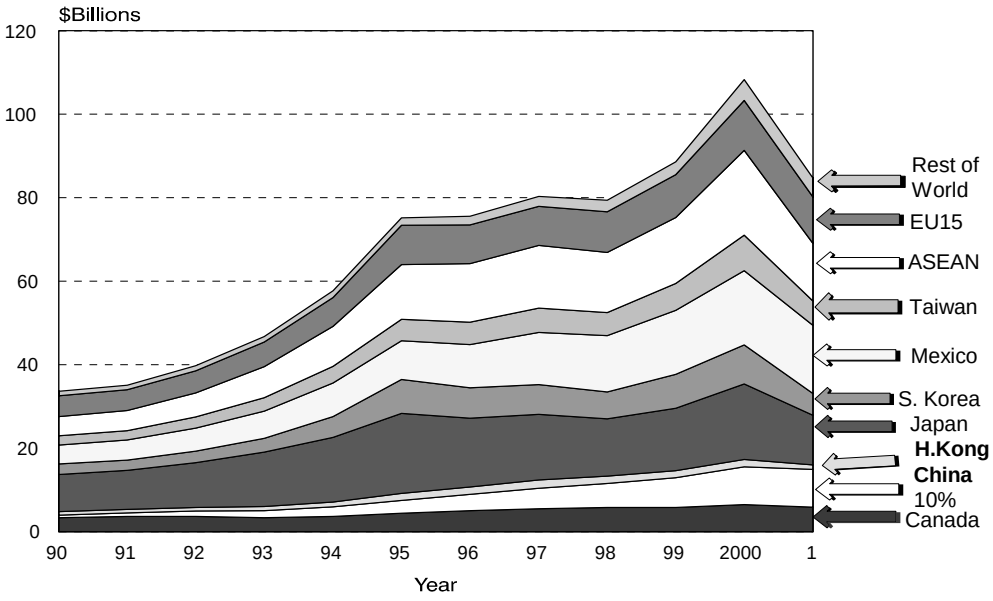
	1990	1997	1998	1999	2000	2001
Canada	972	3,066	3,434	5,164	9,846	4,533
China	1,142	5,126	6,405	7,382	9,812	10,062
Hong Kong	478	221	249	171	262	224
Japan	9,061	7,127	7,991	9,789	11,429	8,577
Korea	1,632	1,037	1,569	2,896	4,729	6,001
Mexico	2,302	7,722	9,526	11,886	16,073	15,765
Taiwan	1,426	1,590	1,926	2,238	2,986	2,361
ASEAN	3,122	6,876	6,364	6,972	8,779	8,619
EU15	890	1,620	1,759	2,536	3,860	3,990
Rest of World	322	1,224	1,257	1,363	2,118	2,689
World	21,347	35,609	40,480	50,397	69,894	62,821

Source: U.S. Department of Commerce

Electrical Machinery and Parts

U.S. imports of electrical machinery and parts have been growing dramatically from nearly all major supplier countries. At 10% of such imports in 2001, China is becoming a significant supplier – surpassing Canada, Taiwan, and South Korea. Other major suppliers are the European Union, Japan, ASEAN, and Mexico.

Figure 11. U.S. Imports of Electrical Machinery/Parts (SITC 77) by Country and Group, 1990-2001



Source: U.S. Department of Commerce

Table 6. U.S. Imports of Electrical Machinery and Parts (SITC 77) from Selected Countries and Country Groups, 1990, 1997-2001
(Million dollars)

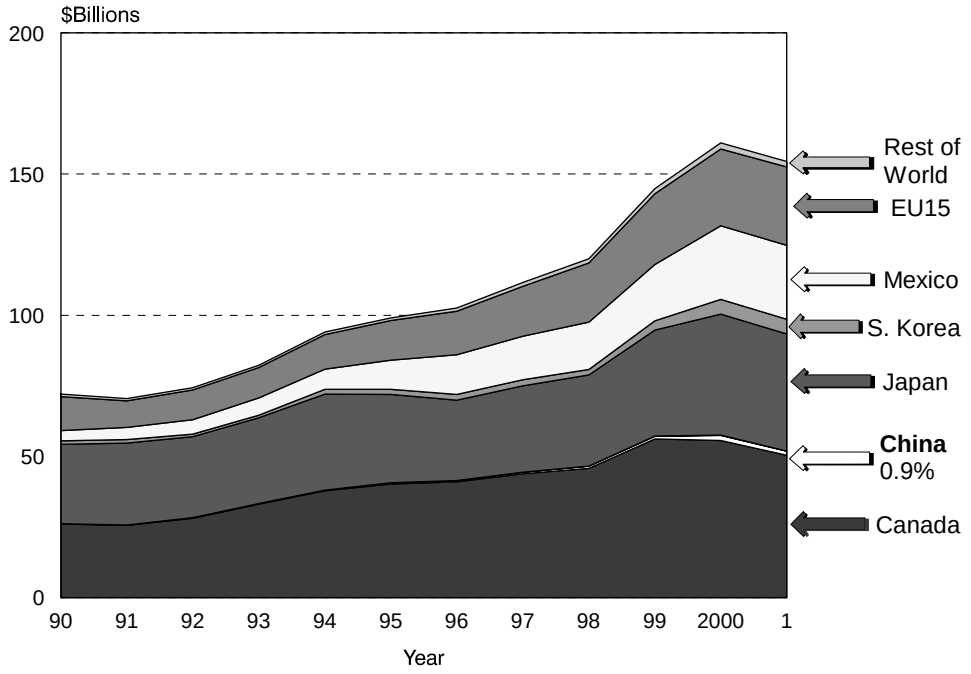
	1990	1997	1998	1999	2000	2001
Canada	3,323	5,503	5,768	5,833	6,499	5,871
China	652	4,877	5,707	7,022	9,037	9,047
Hong Kong	792	1,920	1,770	1,747	1,782	1,050
Japan	8,658	15,452	13,650	14,665	18,096	11,941
Korea	2,504	7,092	6,422	8,087	9,327	5,194
Mexico	4,406	12,474	13,506	15,290	17,828	16,290
Taiwan	2,180	5,750	5,438	6,370	8,492	5,878
ASEAN	4,644	14,998	14,249	15,783	20,295	13,755
EU15	4,898	9,223	9,640	10,162	11,922	11,139
Rest of World	1,080	2,395	2,707	3,056	4,988	4,545
World	33,137	79,684	78,857	88,015	108,266	84,710

Source: U.S. Department of Commerce

Road Motor Vehicles

In U.S. imports of road motor vehicles, China is an insignificant player. Most of the imports come from Canada, Japan, the European Union, and Mexico. Imports from China in this sector have primarily been motorcycles and motor vehicle parts.

Figure 12. U.S. Imports of Road Vehicles (SITC 78) by Country and Group, 1990-2001



Source: U.S. Department of Commerce

Table 7. U.S. Imports of Road Motor Vehicles (SITC 78) from Selected Countries and Country Groups, 1990, 1992-2001

(Million dollars)

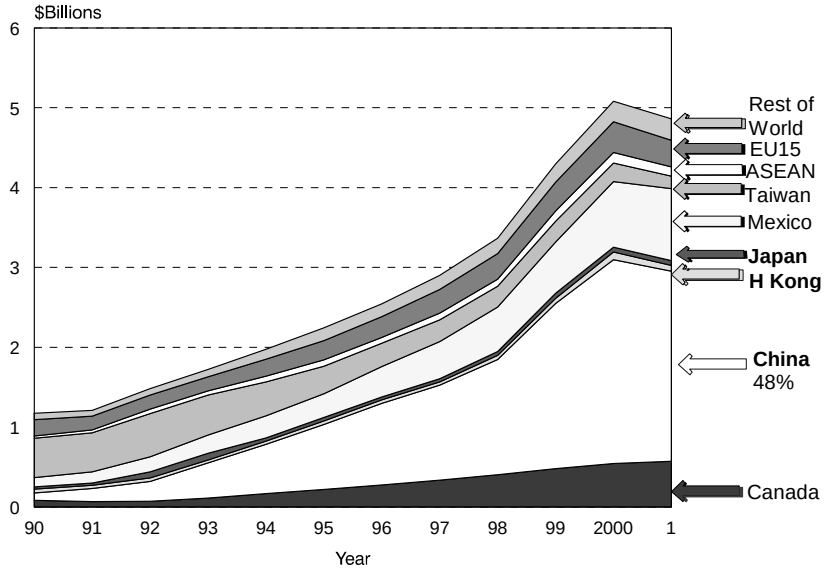
	1990	1997	1998	1999	2000	2001
Canada	26,094	43,849	45,823	56,266	55,703	50,477
China	59	574	731	923	1,800	1,404
Hong Kong	7	11	10	12	30	14
Japan	29,839	32,930	34,102	38,825	42,917	41,429
Korea	1,275	2,102	1,912	3,287	5,222	6,778
Mexico	4,084	15,566	16,750	19,963	25,991	26,246
Taiwan	871	987	1,083	1,168	1,335	1,124
ASEAN	88	184	207	262	249	247
EU15	12,270	17,914	21,824	26,092	27,176	27,680
Rest of World	930	1,392	1,429	1,711	2,205	2,009
World	75,517	115,509	123,871	148,509	162,628	157,408

Source: U.S. Department of Commerce

Building Fixtures/Lighting

In U.S. imports of prefabricated buildings, sanitary, plumbing, heating and lighting fixtures and fittings, China has surged to become a major player. It accounted for nearly half such imports in 2001, although total imports of such products amounted to only $4.9 billion, of which $2.4 billion came from China.

Figure 13. U.S. Imports of Prefab Buildings, Sanitary, Plumbing, Heating, and Lighting Fixtures/Fittings (SITC 81) by Country and Group, 1990-2001



Source: U.S. Department of Commerce

Table 8. U.S. Imports of Prefabricated Buildings; Sanitary, Plumbing, Heating and Lighting Fixtures and Fittings (SITC 81) from Selected Countries and Country Groups, 1990, 1997-2001

(Million dollars)

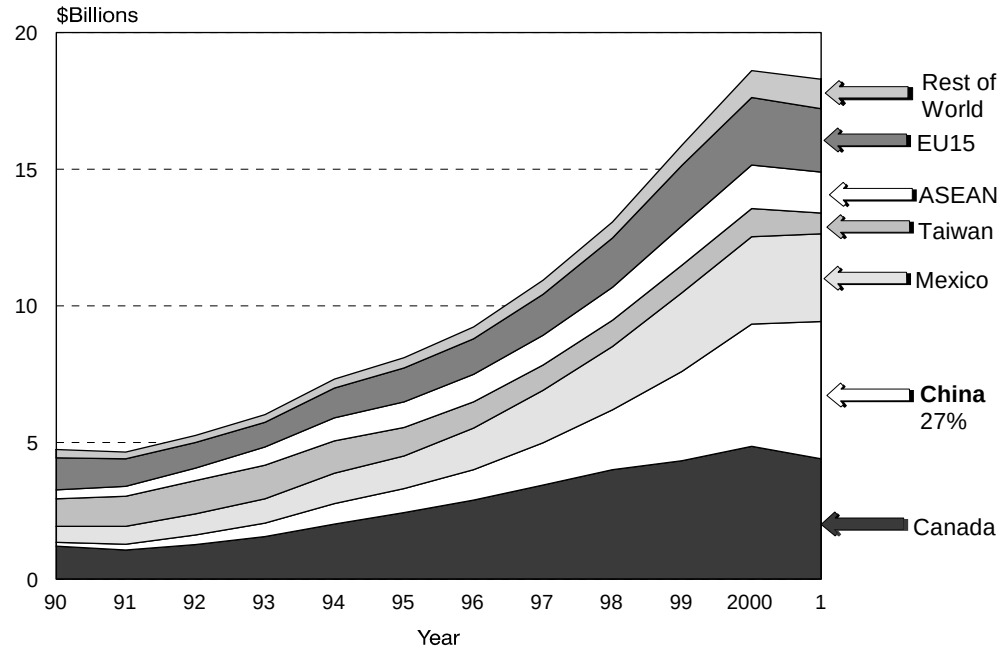
	1990	1997	1998	1999	2000	2001
Canada	80	337	406	481	544	572
China	94	1,194	1,444	2,073	2,555	2,383
Hong Kong	47	41	48	65	94	70
Japan	28	43	48	62	63	59
Korea	61	44	23	29	26	32
Mexico	117	463	558	642	819	903
Taiwan	495	274	262	261	235	156
ASEAN	27	82	88	126	132	116
EU15	205	296	317	360	384	333
Rest of World	78	173	194	228	255	271
World	1,232	2,946	3,388	4,327	5,107	4,895

Source: U.S. Department of Commerce

Furniture

In U.S. imports of furniture and parts, China is becoming a major supplier. It accounted for 27% of such imports amounting to $5 billion in 2001. This exceeded the $3.2 billion of such imports from Mexico and the $4.4 billion from Canada.

Figure 14. U.S. Imports of Furniture and Parts (SITC 82) by Country and Group, 1990-2001



Source: U.S. Department of Commerce

Table 9. U.S. Imports of Furniture and Parts (SITC 82) from Selected Countries and Country Groups, 1990, 1997-2001
(Million dollars)

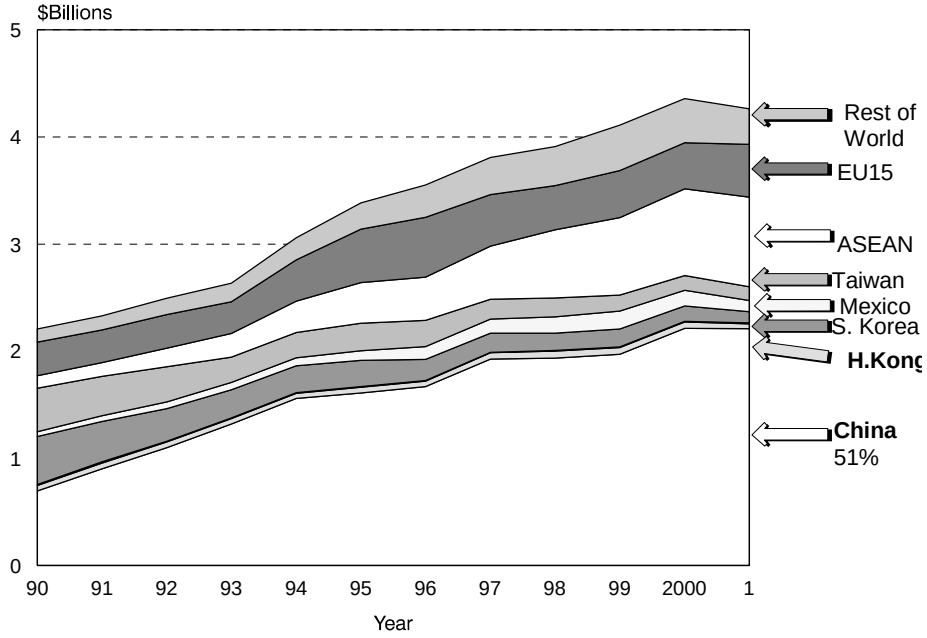
	1990	1997	1998	1999	2000	2001
Canada	1,209	3,449	4,014	4,337	4,859	4,411
China	145	1,545	2,183	3,261	4,476	5,017
Hong Kong	29	52	69	75	84	98
Japan	162	94	122	145	141	141
Korea	67	48	65	76	85	75
Mexico	578	1,915	2,317	2,885	3,201	3,212
Taiwan	1,009	924	967	1,009	1,031	765
ASEAN	331	1,098	1,204	1,436	1,593	1,492
EU15	1,174	1,491	1,798	2,209	2,473	2,314
Rest of World	299	522	586	742	980	1,086
World	5,003	11,137	13,325	16,175	18,923	18,611

Source: U.S. Department of Commerce

Travel Goods, Handbags

In travel goods, handbags, and similar items, China again has become a major supplier, although total U.S. imports of such products amounted to only $4.3 billion in 2001. Of this, China accounted for 51% or $2.2 billion. ASEAN also is becoming a major source of such products.

Figure 15. U.S. Imports of Travel Goods, Handbags, and Similar Products (SITC 83) by Country and Group, 1990-2001



Source: U.S. Department of Commerce

Table 10. U.S. Imports of Travel Goods, Handbags, (SITC 83) from Selected Countries and Country Groups, 1990, 1997-2001

(Million dollars)

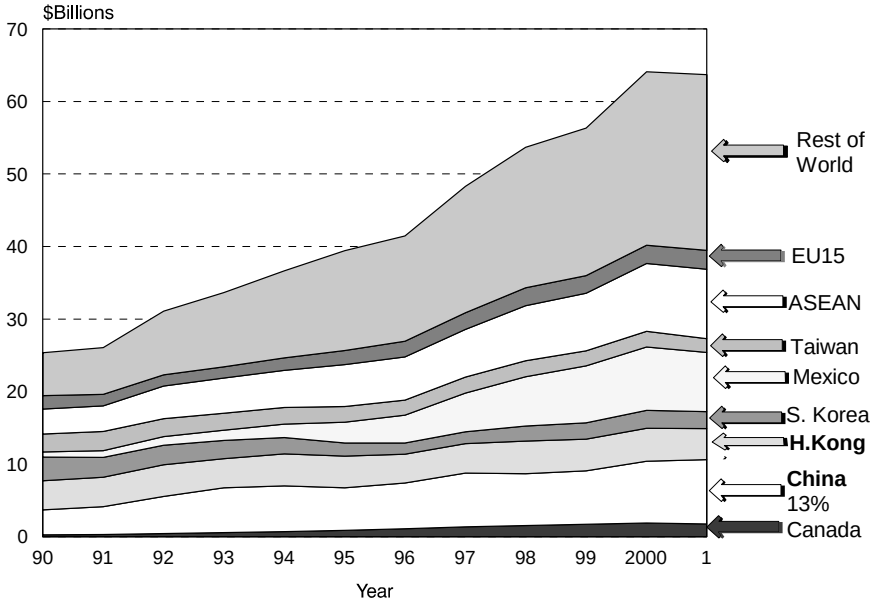
	1990	1997	1998	1999	2000	2001
Canada	17	34	34	38	42	39
China	692	1,917	1,942	1,974	2,214	2,211
Hong Kong	50	53	48	47	59	46
Japan	9	5	5	7	7	7
Korea	446	177	160	168	143	106
Mexico	46	131	154	161	145	104
Taiwan	406	184	176	149	138	129
ASEAN	114	495	633	726	811	836
EU15	270	439	387	406	430	492
Rest of World	121	344	383	417	412	330
World	2,171	3,779	3,922	4,093	4,401	4,300

Source: U.S. Department of Commerce

Apparel and Clothing

In U.S. imports of articles of apparel and clothing accessories, the market share from China is rising, but in 2001, it accounted for only 13% of all such U.S. imports or $8.8 billion. Mexico and ASEAN export a similar amount to the United States. The largest increase in import share has come from the "rest of the world."

Figure 16. U.S. Imports of Apparel and Clothing Accessories (SITC 84) by Country and Group, 1990-2001



Source: U.S. Department of Commerce

Table 11. U.S. Imports of Apparel and Clothing Accessories (SITC 84) from Selected Countries and Country Groups, 1990, 1997-2001

(Million dollars)

	1990	1997	1998	1999	2000	2001
Canada	247	1,343	1,555	1,735	1,911	1,764
China	3,422	7,406	7,133	7,351	8,473	8,852
Hong Kong	3,974	4,027	4,493	4,341	4,571	4,282
Japan	158	93	86	93	109	170
Korea	3,244	1,654	2,037	2,256	2,461	2,354
Mexico	709	5,349	6,811	7,845	8,730	8,127
Taiwan	2,475	2,164	2,223	2,076	2,160	1,907
ASEAN	3,404	6,593	7,544	7,949	9,354	9,595
EU15	1,790	2,234	2,437	2,379	2,540	2,599
Rest of World	5,891	17,424	19,345	20,351	23,872	24,211
World	25,314	48,287	53,664	56,376	64,181	63,861

Source: U.S. Department of Commerce

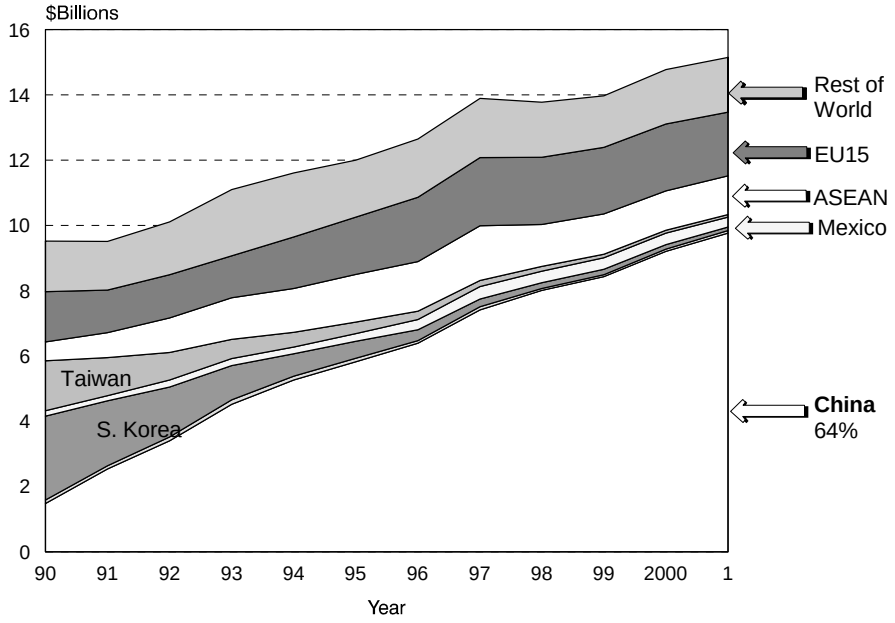
Footwear

Imports of footwear into the United States from China leaped upward during the 1990s. From $1.5 billion in 1990, they rose to $9.7 billion in 2001 or 64% of all such imports. China has largely replaced South Korea and Taiwan as a major source of footwear imports, and imports of such products continue to grow.

Table 12. U.S. Imports of Footwear (SITC 85) from Selected Countries and Country Groups, 1990, 1997-2001

(Million dollars)

Figure 17. U.S. Imports of Footwear (SITC 85) by Country and Group, 1990-2001



Source: U.S. Department of Commerce

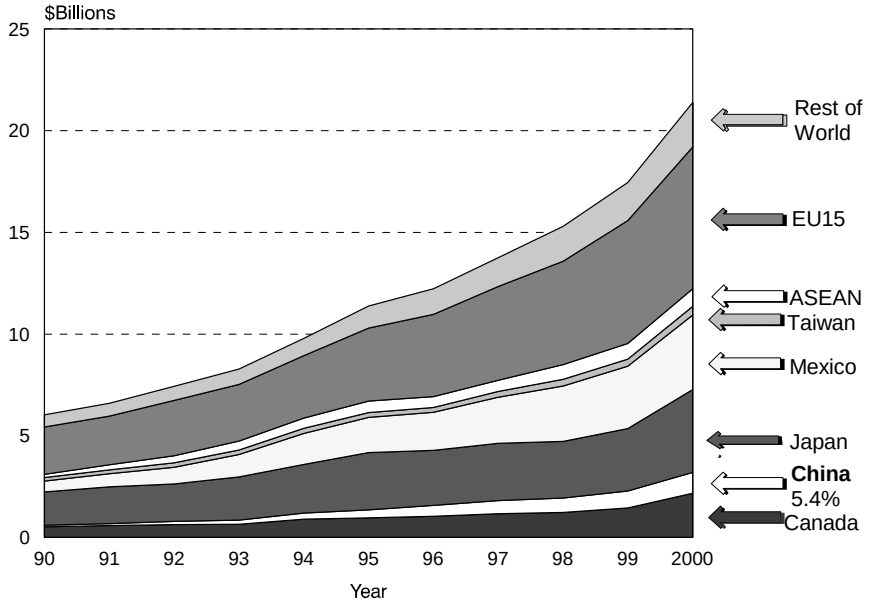
	1990	1997	1998	1999	2000	2001
Canada	53	117	100	89	76	78
China	1,475	7,354	8,016	8,438	9,206	9,766
Hong Kong	109	99	62	58	67	81
Japan	5	3	2	2	2	2
Korea	2,558	235	181	162	140	103
Mexico	165	384	349	354	351	311
Taiwan	1,528	183	144	111	92	75
ASEAN	579	1,675	1,291	1,246	1,207	1,185
EU15	1,523	2,087	2,047	2,038	2,044	1,950
Rest of World	1,543	1,814	1,687	1,576	1,671	1,684
World	9,538	13,951	13,879	14,074	14,856	15,235

Source: U.S. Department of Commerce

Professional, Scientific, and Controlling Instruments

In U.S. imports of professional, scientific and controlling instruments and apparatus, China is only a minor supplier with 5.4% and $1.1 billion of such imports in 2001. Most originate in the European Union, Mexico, and Japan.

Figure 18. U.S. Imports of Professional, Scientific, and Controlling Instruments (SITC 87) by Country and Group, 1990-2001



Source: U.S. Department of Commerce

Table 13. U.S. Imports of Professional, Scientific and Controlling Instruments and Apparatus (SITC 87) from Selected Countries and Country Groups, 1990, 1997-2001

(Million dollars)

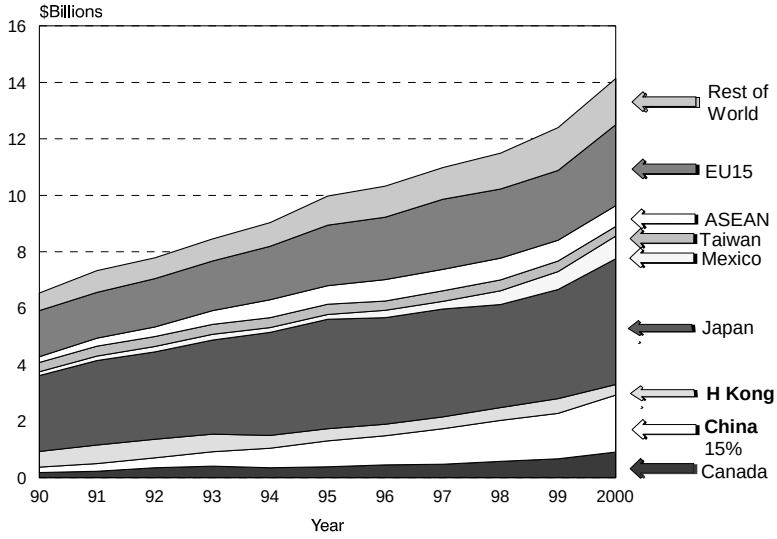
	1990	1997	1998	1999	2000	2001
Canada	527	1,173	1,222	1,443	2,167	1,793
China	74	634	715	837	1,025	1,172
Hong Kong	82	79	88	73	87	55
Japan	1,494	2,613	2,684	3,085	4,075	3,561
Korea	89	98	113	116	152	152
Mexico	513	2,253	2,716	3,082	3,665	3,895
Taiwan	176	283	341	344	434	372
ASEAN	152	558	715	769	860	1,029
EU15	2,310	4,569	5,030	5,870	6,980	7,050
Rest of World	604	1,408	1,709	1,857	2,177	2,320
World	6,021	13,668	15,333	17,476	21,622	21,399

Source: U.S. Department of Commerce

Photographic/Optical Equipment, Watches/Clocks

In U.S. imports of photographic apparatus, equipment and supplies and optical goods as well as watches and clocks, China is a significantly rising supplier. In 2001, China accounted for 15% of U.S. imports of such products or $1.9 billion. Japan ($3.8 billion) and the European Union ($2.4 billion) still dominate imports.

Figure 19. U.S. Imports of Photographic Equipment/Supplies, Optical Goods, and Watches/Clocks (SITC 88) by Country and Group, 1990-2001



Source: U.S. Department of Commerce

Table 14. U.S. Imports of Photographic Apparatus, Equipment and Supplies and Optical Goods; Watches and Clocks (SITC 88) from Selected Countries and Country Groups, 1990, 1997-2001

(Million dollars)

	1990	1997	1998	1999	2000	2001
Canada	180	467	572	663	904	545
China	191	1,211	1,400	1,600	2,016	1,908
Hong Kong	526	418	389	408	378	236
Japan	2,668	3,776	3,648	3,919	4,450	3,848
Korea	127	191	203	190	179	168
Mexico	128	260	467	620	802	648
Taiwan	334	360	375	361	342	282
ASEAN	199	738	763	737	745	650
EU15	1,619	2,437	2,355	2,363	2,868	2,453
Rest of World	574	1,064	1,295	1,509	1,626	1,506
World	6,546	10,922	11,467	12,370	14,310	12,244

Source: U.S. Department of Commerce

Foreign Direct Investment in China

Foreign direct investment (FDI) is directed toward investments in companies in which the foreign investor has a controlling interest. It is primarily for physical plant and equipment and for the costs of establishing enterprises in China. It is not for portfolio investment on China's stock exchanges. As shown in **Table 15**, China relies heavily upon FDI from Hong Kong and Taiwan. Some of the FDI registered as originating in Hong Kong actually comes from Taiwan. Also, a significant amount of investment from Hong Kong and Macao is actually investment by mainland Chinese companies via subsidiaries in Hong Kong and Macao. Mainland subsidiaries in Hong Kong and Macao can take advantage of investment incentives for foreign companies on the PRC mainland. In addition, many foreign firms, including U.S. companies, are registered in the Virgin Islands for tax purposes. The industrial sectors in China that have received the most FDI have been manufacturing and real estate. In 2000, U.S. utilized (spent) FDI in China totaled $4.4 billion.

China's accession to the WTO would likely result in higher levels of investment from other countries. China's concessions in order to bring its economy into line with WTO requirements include allowing more foreign investment in industries, such as telecommunications, financial services, and transportation.

Table 15. China's Utilized Foreign Direct Investment Inflows, Top Ten Foreign Investors, 1998-2000

(Billion dollars)

Country or Region	Foreign Direct Investment		
	1998	1999	2000
Hong Kong	18.51	16.36	15.50
United States	3.90	4.22	4.38
Virgin Islands	4.03	2.66	3.84
Japan	3.40	2.97	2.91
Taiwan	2.92	2.60	2.29
Singapore	3.40	2.64	2.17
South Korea	1.80	1.27	1.49
United Kingdom	1.18	1.04	1.16
Germany	0.74	1.37	1.04
France	.90	.88	.85
All Sources	45.46	40.40	40.71

Note: These figures refer to yearly rather than cumulative amounts.

Sources: U.S. Department of State. *FY 2000 Country Commercial Guide – China*; U.S. Department of State. *FY 2001 Country Commercial Guide – China*; Stat China [http://www.statchina.com]; China. Ministry of Foreign Trade and Economic Cooperation; Japan External Trade Organization. *JETRO White Paper on Foreign Direct Investment, 1999*. See [http://www.jetro.go.jp].

Appendix

Table A1. China's Merchandise Trade with the World and with the United States, 1980-2001

(Million dollars)

Year	China's Trade with the World (Chinese data)			U.S. Trade with China (U.S. data)			China's Trade with U.S. (Chinese data)		
	China Exports	China Imports	China Balance	U.S. Exports	U.S. Imports	U.S. Balance	China Exports	China Imports	China Balance
1980	18,139	19,505	-1,366	3,755	1,164	2,591	983	3,830	-2,847
1981	21,476	21,631	-155	3,603	2,062	1,541	1,505	4,682	-3,177
1982	21,865	18,920	2,945	2,912	2,502	410	1,765	4,305	-2,540
1983	22,096	21,313	783	2,173	2,477	-304	1,713	2,753	-1,040
1984	24,824	25,953	-1,129	3,004	3,381	-377	2,313	3,837	-1,524
1985	27,329	42,534	-15,205	3,856	4,224	-368	2,336	5,199	-2,863
1986	31,367	43,247	-11,880	3,106	5,241	-2,135	2,633	4,718	-2,085
1987	39,464	43,222	-3,758	3,497	6,910	-3,413	3,030	4,836	-1,806
1988	47,663	55,352	-7,689	5,017	9,261	-4,244	3,399	6,633	-3,234
1989	52,916	59,131	-6,215	5,807	12,901	-7,094	4,414	7,864	-3,450
1990	62,876	53,915	8,961	4,807	16,296	-11,489	5,314	6,591	-1,277
1991	71,940	63,855	8,085	6,287	20,305	-14,018	6,198	8,010	-1,812
1992	85,492	81,843	3,649	7,470	27,413	-19,943	8,599	8,903	-304
1993	91,611	103,552	-11,941	8,767	31,183	-22,416	16,976	10,633	6,343
1994	120,822	115,629	5,193	9,287	41,362	-32,075	21,421	13,977	7,444
1995	148,892	132,063	16,829	11,749	48,521	-36,772	24,744	16,123	8,621
1996	151,093	138,949	12,144	11,978	54,409	-42,431	26,731	16,179	10,552
1997	182,917	142,163	40,754	12,805	65,832	-53,027	32,744	16,290	16,454
1998	183,744	140,385	43,359	14,258	75,109	-60,851	38,001	16,997	21,004
1999	194,932	165,717	29,215	13,118	81,786	-68,668	41,946	19,480	22,466
2000	249,212	225,097	24,115	16,253	100,063	-83,810	52,104	22,363	29,741
2001	N/A	N/A	N/A	19,234	102,280	-83,046	26,200	54,300	28,100

Sources: U.S. Department of Commerce; China. Ministry of Foreign Trade and Economic Cooperation; PRC General Administration of Customs.

Table A2. China's Merchandise Trade With the European Union, 1980-2000

(Million dollars)

Year	EU Trade with China (EU data)			China's Trade with the EU (Chinese Data)		
	EU Exports	EU Imports	EU Balance	China Exports	China Imports	China Balance
1980	2,478	2,753	-275	2,363	2,814	-451
1981	2,216	2,682	-466	2,502	2,714	-212
1982	2,105	2,437	-332	2,168	2,178	-10
1983	2,573	2,485	88	2,508	3,390	-882
1984	2,929	2,639	290	2,232	3,323	-1,091
1985	5,484	2,971	2,513	2,283	6,157	-3,874
1986	6,403	4,106	2,297	4,017	7,757	-3,740
1987	6,430	5,945	485	3,916	7,274	-3,358
1988	6,772	7,719	-947	4,746	8,176	-3,430
1989	7,360	9,877	-2,517	5,114	9,785	-4,671
1990	7,373	13,289	-5,916	6,275	9,147	-2,872
1991	7,719	18,160	-10,441	7,127	9,297	-2,170
1992	9,604	20,995	-11,391	8,004	10,863	-2,859
1993	14,301	23,730	-9,429	12,258	15,739	-3,481
1994	16,246	27,644	-11,398	15,418	18,604	-3,186
1995	19,327	32,333	-13,006	19,258	21,313	-2,055
1996	18,387	35,197	-16,810	19,868	19,883	-15
1997	18,445	39,364	-20,919	23,865	19,205	4,660
1998	20,270	44,010	-23,740	28,148	20,715	7,433
1999	20,448	52,252	-31,806	30,207	25,463	4,744
2000	24,545	69,490	-44,945	38,193	30,845	7,348

Note: From 1980-88, data are for the 12 nations of the European Economic Community and after 1988 for the 15 nations of the EU (addition of Austria, Finland, and Sweden). EU data for 2000 are estimates based upon data for 11 months.

Sources: (1980-1998) International Monetary Fund. *Direction of Trade Statistics Yearbook, 1999*; (1999) European Union Delegation of the European Commission, *Eurostat*; China. Ministry of Foreign Trade and Economic Cooperation; PRC General Administration of Customs.

Table A3. China's Merchandise Trade With Japan, 1980-2000

(Million dollars)

Year	Japan's Trade with China (Japanese Data)			China's Trade with Japan (Chinese Data)		
	Japan Exports	Japan Imports	Japan Balance	China Exports	China Imports	China Balance
1980	5,109	4,346	763	4,032	5,169	-1,137
1981	5,076	5,283	-207	4,747	6,183	-1,436
1982	3,500	5,338	-1,838	4,806	3,902	904
1983	4,918	5,089	-171	4,517	5,495	-978
1984	7,199	5,943	1,256	5,155	8,057	-2,902
1985	12,590	6,534	6,056	6,091	15,178	-9,087
1986	9,936	5,727	4,209	5,079	12,463	-7,384
1987	8,337	7,478	859	6,392	10,087	-3,695
1988	9,486	9,861	-375	8,046	11,062	-3,016
1989	8,477	11,083	-2,606	8,395	10,534	-2,139
1990	6,145	12,057	-5,912	9,210	7,656	1,554
1991	8,605	14,248	-5,643	10,252	10,032	220
1992	11,967	16,972	-5,005	11,699	13,686	-1,987
1993	17,353	20,651	-3,298	15,782	23,303	-7,521
1994	18,687	27,569	-8,882	21,490	26,319	-4,829
1995	21,934	35,922	-13,988	28,466	29,007	-541
1996	21,827	40,405	-18,578	30,888	29,190	1,698
1997	21,692	41,827	-20,135	31,820	28,990	2,830
1998	20,182	37,079	-16,897	29,718	28,307	1,411
1999	23,450	43,070	-19,620	32,400	33,768	-1,368
2000	30,440	55,340	-24,900	41,654	41,512	142

Sources: International Monetary Fund. *Direction of Trade Statistics Yearbook, 1999*; International Monetary Fund. *Direction of Trade Statistics Quarterly*, June 2000; Japan External Trade Organization (JETRO); China. Ministry of Foreign Trade and Economic Cooperation; PRC General Administration of Customs.

Table A4. Major Country Merchandise Exports to China, Imports from China, and Trade Balances with China, 1999, 2000

(Billion dollars)

Partner	Trading Partner Data						Chinese Data					
	1999			2000			1999			2000		
	Exp	Imp	Bal	Exp	Imp	Bal	Ex.	Imp	Bal	Exp	Imp	Bal
U.S.	13.1	81.8	-68.7	16.3	100.1	-83.8	19.5	41.9	-22.4	22.4	52.1	-29.7
Japan	23.4	43.0	-19.6	30.4	55.3	-24.9	31.5	34.0	-2.5	41.5	41.6	-0.1
EU	20.4	52.3	-31.8	24.5	69.5	-45.0	22.4	30.2	-7.8	30.8	38.1	-7.3
Hong Kong	57.6	77.9	-20.3	69.9	92.4	-22.5	6.9	36.9	-30.0	9.4	44.5	-35.1
Taiwan	21.3	4.5	16.8	26.1	6.2	19.9	19.5	3.9	15.6	25.5	5.0	20.5
Germany	7.4	14.5	-7.1	8.5	16.8	-8.3	8.3	7.8	0.5	10.4	9.3	1.1
S. Korea	15.0	8.2	6.8	17.7	11.1	6.6	17.2	7.8	9.4	23.2	11.3	11.9
Singapore	3.9	5.7	-1.8	5.2	7.0	-1.8	4.1	4.5	-0.4	5.0	5.8	-0.8
U.K.	1.9	5.7	-3.8	2.3	6.7	-4.4	3.0	4.9	-1.9	3.6	6.3	-2.7
France	3.4	6.8	-3.4	3.1	7.5	-4.4	1.0	5.4	-4.4	3.9	3.7	0.2

Sources: International Monetary Fund. *Direction of Trade Statistics Quarterly*, June 2000 and June 2001; U.S. Department of Commerce; China. Ministry of Foreign Trade and Economic Cooperation; PRC General Administration of Customs; Taiwan. Board of Foreign Trade; EU. European Union Delegation of the European Commission, *Eurostat;* Japan. Ministry of International Trade and Industry.

Table A5. U.S. Merchandise Trade Balances with Selected Asian Developing Nations, 1980-2001

(Million dollars)

Year	China	Indonesia	S. Korea	Malaysia	Philippines	Taiwan	Thailand
1980	2,593	-4,114	-17	-1,400	64	-3,146	221
1981	1,540	-5,149	-465	-807	-404	-4,453	3
1982	410	-2,565	-677	-248	-121	-5,434	-95
1983	-305	-4,212	-1,953	-529	-370	-7,714	-131
1984	-377	-4,674	-4,188	-9983	-913	-11,266	-381
1985	-373	-4,152	-4,992	-936	-959	-13,295	-804
1986	-2,135	-2,757	-7,588	-807	-805	-16,069	-1,018
1987	-3,422	-2,955	-10,326	-1,159	-898	-19,221	-904
1988	-4,237	-2,438	-10,578	-1,715	-1,069	-14,314	-1,739
1989	-7,094	-2,618	-7,115	-2,052	-1,102	-14,305	-2,343
1990	-11,488	-1,785	-4,888	-2,071	-1,151	-12,347	-2,597
1991	-14,018	-1,675	-2,224	-2,446	-1,439	-11,038	-2,693
1992	-19,943	-1,927	-2,732	-4,144	-1,870	-10,601	-3,944
1993	-24,927	-3,117	-3,003	-4,858	-1,646	-10,050	-5,214
1994	-32,076	-4,209	-2,346	-7,454	-2,137	-10,864	-5,938
1995	-36,772	-4,599	523	-9,162	-2,070	-10,863	-5,452
1996	-42,431	-4,778	3,286	-9,809	-2,372	-12,610	-4,587
1997	-53,026	-5,222	1,269	-7,695	-3,370	-13,331	-5,699
1998	-56,927	-7,042	-7,456	-10,043	-5,211	-14,960	-8,198
1999	-68,668	-7,575	-8,308	-12,349	-5,153	-16,077	-9,340
2000	-83,810	-7,839	-12,398	-14,573	-5,147	-16,134	-9,747
2001	-83,045	-7,605	-12,988	-12,956	-3,666	-15,239	-8,733

Source: U.S. Department of Commerce