China-U.S. Trade Issues

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Abstract
[Excerpt] U.S.-China economic ties have expanded substantially over the past several years. Total U.S.-China trade, which totaled only $5 billion in 1980, rose to $387 billion in 2007. China overtook Japan to become the third largest U.S. export market, and overtook Canada to become the largest source of U.S. imports. With a huge population and a rapidly expanding economy, China is a potentially huge market for U.S. exporters. However, U.S.-China economic relations have become strained over a number of issues, including large and growing U.S. trade deficits with China (which hit $256 billion in 2007), China’s failure to fully implement its World Trade Organization (WTO) commitments (especially in regards to protection of intellectual property rights), its refusal to adopt a floating currency system, its use of industrial policies and other practices deemed unfair and/or harmful to various U.S. economic sectors, and failure to ensure that its exports to the United States meet U.S. health and safety standards. The Bush Administration has come under increasing pressure from Congress to take a more aggressive stance against various Chinese economic and trade practices. In response, it filed a number of trade dispute resolution cases against China in the WTO, including China’s failure to protect IPR and afford market access for IPR-related products, discriminatory regulations on imported auto parts, and import and export subsidies to various industries in China. In addition, the Administration reversed a long-standing policy that countervailing cases (dealing with government subsidies) could not be brought against non-market economies (such as China). In December 2006, the Administration began a “Strategic Economic Dialogue” (SED) with China to discuss major long-term economic issues between the two countries; the latest SED talks were held in December 2007. In response to growing concerns in the United States over the health, safety, and quality of certain Chinese products, the Administration in 2007 concluded agreements with China on toys, food and feed, drugs and medical devices, and tires. Numerous bills have been introduced in Congress that would impact U.S.-China economic relations. H.R. 321, H.R. 782, H.R. 1002, H.R. 2942, S. 364, S. 796, S. 1607, and S. 1677 seek to address China’s currency policy. H.R. 388 would prohibit U.S. imports of Chinese autos as long as Chinese tariffs on autos are higher than U.S. tariffs. H.R. 708, H.R. 1229, and S. 974 would apply U.S. countervailing laws to China. H.R. 1958 and S. 571 would terminate China’s permanent normal trade relations status. H.R. 3273 would expand U.S. export promotion programs to boost exports to China. Finally, numerous bills have been introduced to address concerns over unsafe imports (including from China). This report examines major U.S.-China trade issues and will be updated as events warrant.

Comments
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China is currently the United States' second-largest trading partner, its third-largest export market, and its biggest source of imports. In addition, according to one estimate, sales by foreign affiliates of U.S. firms in China totaled $364 billion in 2013. Many U.S. firms view participation in China's market as critical to staying globally competitive. General Motors (GM), for example, which has invested...

Today, the US-China trade relationship actually supports roughly 2.6 million jobs in the United States across a range of industries, including jobs that Chinese companies have created in America. And as the Chinese middle class continues its rapid expansion over the next decade (the number of Chinese middle-class consumers will exceed the entire population of the United States by 2026), US companies face significant opportunities to tap into a new and lucrative customer base that can further boost employment and economic growth. Economic data show that nations trading closely with China outperform...