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PRESS STATEMENT

China Responsible for 61 Percent of U.S. Trade Deficit in Manufactured Goods in 2008

Figure Up from 50 Percent in 2007

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WASHINGTON, DC – The U.S. government reported today that the United States ran a trade deficit of \$36 billion in January 2009, including a \$39.8 billion trade deficit in manufactured goods. The United States also ran a \$20.6 billion trade deficit in goods with China (no China-specific data is available for manufactured goods for JAN 2009).

Analysis of data posted on the U.S. Department of Commerce's TradeStats Express website, <http://tse.export.gov/>, also shows under the NAICS classification system for "all manufactured goods" that China accounted for \$277,132,209,380 or 60.76 percent of the total U.S. trade deficit in manufactured goods for 2008. In comparison, China accounted for \$264,152,752,495 or 49.95 percent of the 2007 deficit.

From the eight-year period of 2001 through 2008, the United States ran a cumulative \$3.63 trillion trade deficit in manufactured goods, including a \$1.46 trillion trade deficit with China. While running those trade deficits, the United States lost 4,469,000 manufacturing jobs. U.S. manufacturing output also fell by 3.5 percent from January 2001 to January 2009, the first eight-year decline U.S. manufacturing output drop since the winding down of production following the end of World War II.

"Trade deficits cause job losses. It is just a fact of life," said American Manufacturing Trade Action Coalition (AMTAC) Executive Director Auggie Tantillo.

"The United States will not be able to jumpstart its economy unless it stops trade cheats like China from decimating U.S. manufacturing," Tantillo continued.

"The knowledge that China now accounts for more than 60 percent of the U.S. trade deficit in manufactured goods should be setting off alarm bells for President Obama and the Congress," Tantillo added.

"U.S. manufacturers need a level playing field to compete. No one should be surprised that United States is running such a huge, job-destroying trade deficit with China when that country gives substantial competitive advantages to its producers such as the imposition and rebating of value-added (VAT) taxes, illegal currency manipulation, and a host of illegal export subsidy programs," Tantillo stressed.

"U.S. government must fix its flawed trade policy and counter unfair subsidies from other foreign trading partners too. For example, the imposition and rebating of foreign border-adjusted taxes, such as VAT taxes, by China and other countries disadvantaged U.S. producers and service providers by \$474 billion in 2007 alone," Tantillo said.

"Congress and the Obama Administration also must work together to enact legislation that makes prolonged currency misalignment actionable under U.S. trade law," Tantillo added.

"The U.S. economy did not collapse in a day and nor can it be fixed in a day. For the United States to achieve sustainable long-term economic growth, it must tear down its broken trade policy and replace it with a new structure that encourages domestic manufacturing instead of its offshoring," Tantillo concluded.

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