

# AMTAC

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## **PRESS STATEMENT**

### **China Responsible for 58.7 Percent of U.S. Trade Deficit in Manufactured Goods in First Three Quarters of 2008**

#### **Figure Up from 48.5 Percent in 2007**

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WASHINGTON, DC – The U.S. government reported today that the United States ran a trade deficit of \$57.2 billion in October, including a staggering \$28.0 billion trade deficit in goods with China. The total U.S. trade deficit for the first 10 months of 2008 is \$590.9 billion, including a \$92.8 billion trade deficit in motor vehicles and parts. At its current pace, the total U.S. trade deficit is expected to exceed \$700 billion once again in 2008.

Moreover, analysis of data posted on the U.S. Department of Commerce's TradeStats Express website<sup>1</sup> shows that U.S. trade imbalances with China accounted for 58.7 percent of the total U.S. trade deficit in manufactured goods for the first three quarters of 2008 compared to 48.5 percent for the first three quarters of 2007.

The U.S. government's statistics show that under the NAICS classification system for "all manufactured goods" that China accounted for \$203,043,986,000 (58.7 percent) of the \$346,001,760,000 total U.S. trade deficit in manufactured goods for the first three quarters of 2008. For the first three quarters of 2007, China accounted for \$192,477,924,000 (48.5 percent) of the \$396,998,432,000 deficit.

"The trade numbers show why it is critical to include the strongest possible provisions in any economic stimulus package to buy American-made goods and services. If that doesn't happen, the money will just stimulate other economies at the expense of ours," said American Manufacturing Trade Action Coalition (AMTAC) Executive Director Auggie Tantillo.

"The fact that a single country, China, now accounts for almost 60 percent of the U.S. trade deficit in manufactured goods should gravely concern President-Elect Obama and the Congress," Tantillo added.

"China brazenly is cheating to seize this market share and the U.S. government must start responding effectively to help U.S. manufacturing if it is to escape this recession as quickly as possible," Tantillo continued.

"No one should be surprised that United States is running such a huge, job-destroying trade deficit with China when it gives substantial competitive advantages to its producers such as the imposition and rebating of value-added taxes, illegal currency manipulation, and a host of other illegal subsidy programs," Tantillo said.

"China, however, is not the only problem. U.S. government must counter unfair subsidies from all foreign trading partners. For example, the imposition and rebating of foreign border-adjusted taxes such as value-added (VAT) taxes disadvantaged U.S. producers and service providers by \$474 billion in 2007 alone," Tantillo stated.

"If the U.S. government doesn't counter foreign subsidies, the United States won't attract the investment needed to create the job growth necessary to revitalize our economy," Tantillo concluded.

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<sup>1</sup> See: <http://tse.export.gov/ITHome.aspx?UniqueURL=eknqrc2bylsmqvvm15vce0nh-2008-9-11-12-12-50>