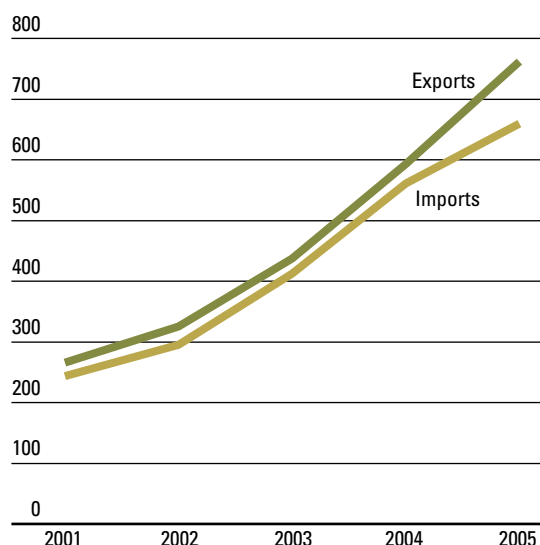


Trade and investment have soared since

China's trade in goods has rapidly expanded.

China's Trade with the World, 2001–05 (\$ billion)



The United States is China's largest trade partner.

China's Top 10 Trade Partners, 2005

Rank	Overall	Imports	Exports
1	United States	Japan	United States
2	Japan	South Korea	Hong Kong
3	Hong Kong	Taiwan	Japan
4	South Korea	United States	South Korea
5	Taiwan	Germany	Germany
6	Germany	Malaysia	The Netherlands
7	Singapore	Singapore	United Kingdom
8	Malaysia	Australia	Singapore
9	Russia	Russia	Taiwan
10	The Netherlands	Thailand	Russia

Nearly all of China's top exports have at least doubled...

China's Top Goods Exports, 2001–05 (\$ billion)

HS #	Commodity	2001	2005	% change
85	Electrical machinery and equipment	51.3	172.3	235.9
84	Power generation equipment	33.6	149.7	345.5
61, 62	Apparel and clothing accessories	32.4	65.9	103.4
72, 73	Iron and steel	8.2	34.1	315.9
90	Optics and medical equipment	6.4	25.5	298.4
94	Furniture and bedding	7.6	22.4	194.7
95	Toys and games	9.1	19.1	109.9
28, 29	Inorganic and organic chemicals	7.5	19.1	154.7
64	Footwear and parts thereof	10.1	19.1	89.1
39	Plastics and articles thereof	6.7	17.8	165.7

Note: Ranked by top 10 exports in 2005

...as have China's top imports.

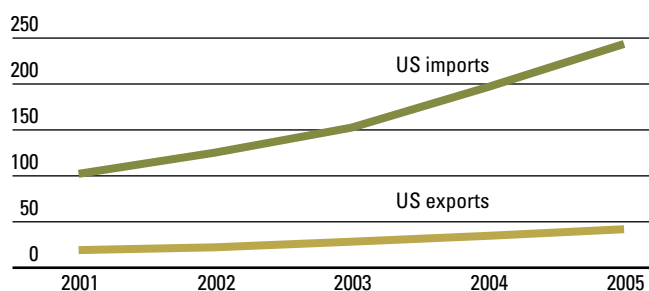
China's Top Goods Imports, 2001–05 (\$ billion)

HS #	Commodity	2001	2005	% change
85	Electrical machinery and equipment	55.9	174.8	212.7
84	Power generation equipment	40.6	96.4	137.4
27	Mineral fuel and oil	17.5	64.1	266.3
90	Optical and medical equipment	9.8	50.0	410.2
39	Plastics and articles thereof	15.3	33.3	117.6
28, 29	Inorganic and organic chemicals	10.6	32.8	209.4
72, 73	Iron and steel	13.0	31.9	145.4
26	Ore, slag, and ash	4.2	26.0	519.0
74	Copper and articles thereof	4.9	12.9	163.3
87	Vehicles and parts other than rail	4.5	12.3	173.3

Note: Ranked by top 10 imports in 2005

US exports and imports have both more than doubled since 2001.

US Trade in Goods with China, 2001–05 (\$ billion)



China joined the WTO in 2001

Most top US exports to China have at least doubled...

US Top Goods Exports to China, 2001–05 (\$ billion)

HS #	Commodity	2001	2005	% change
85	Electrical machinery and equipment	3.4	6.9	102.9
84	Power generation equipment	4.1	6.4	56.1
88	Aircraft, spacecraft, and parts	2.4	4.4	83.3
90	Optical and medical equipment	1.2	2.4	100.0
12	Oil seeds and oleaginous fruits	1.0	2.3	130.0
39	Plastics and articles thereof	0.8	2.3	187.5
28, 29	Inorganic and organic chemicals	0.5	2.0	300.0
72, 73	Iron and steel	0.5	1.9	280.0
52	Cotton	0.1	1.4	1,300.0
47	Pulp and paperboard	0.3	1.0	233.3

Note: Ranked by top 10 exports in 2005

...and China has become a top supplier of consumer goods.

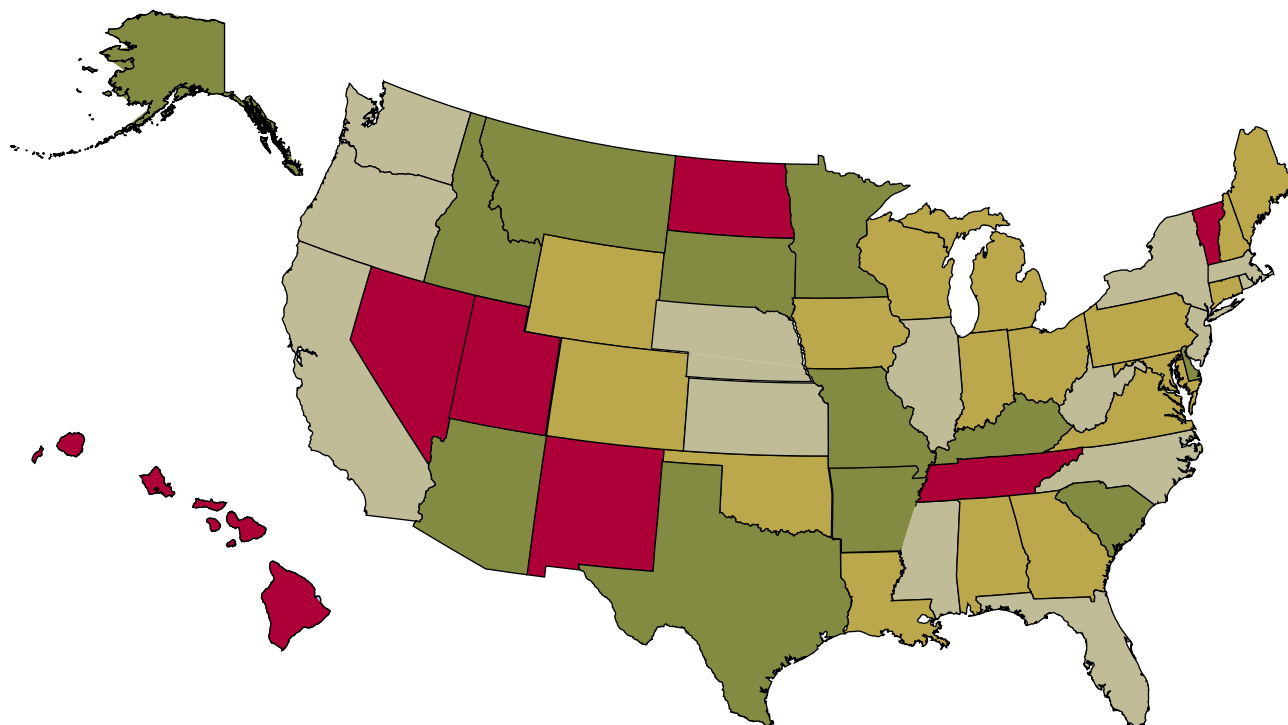
US Top Goods Imports from China, 2001–05 (\$ billion)

HS #	Commodity	2001	2005	% change
85	Electrical machinery and equipment	19.7	53.1	169.5
84	Power generation equipment	13.7	52.7	284.7
95	Toys and games	12.2	19.1	56.6
94	Furniture and bedding	7.5	17.1	128.0
61, 62	Apparel and clothing accessories	6.4	16.8	162.5
64	Footwear and parts thereof	9.8	12.7	29.6
72, 73	Iron and steel	2.3	7.4	221.7
39	Plastics and articles thereof	3.2	6.6	106.3
42	Leather and travel goods	3.9	6.3	61.5
87	Vehicles and parts other than rail	1.5	4.2	180.0

Note: Ranked by top 10 imports in 2005

Impressively, exports from every US state have risen since 2001, some by as much as 1,000 percent.

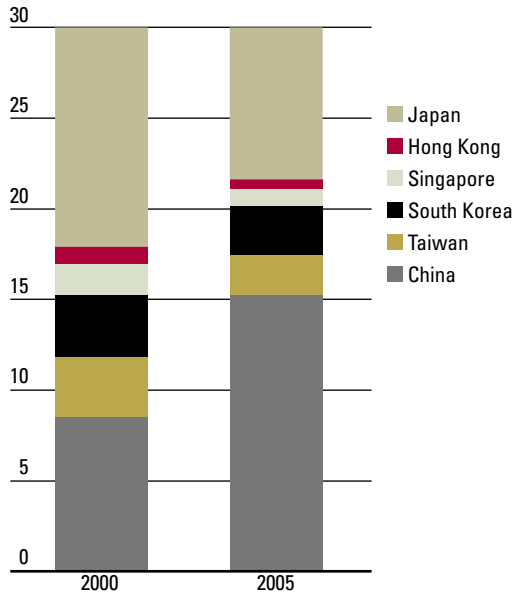
State-by-State Growth in Goods Exports to China, 2001–05



■ 10–100% ■ 101–200% ■ 201–500% ■ >500%

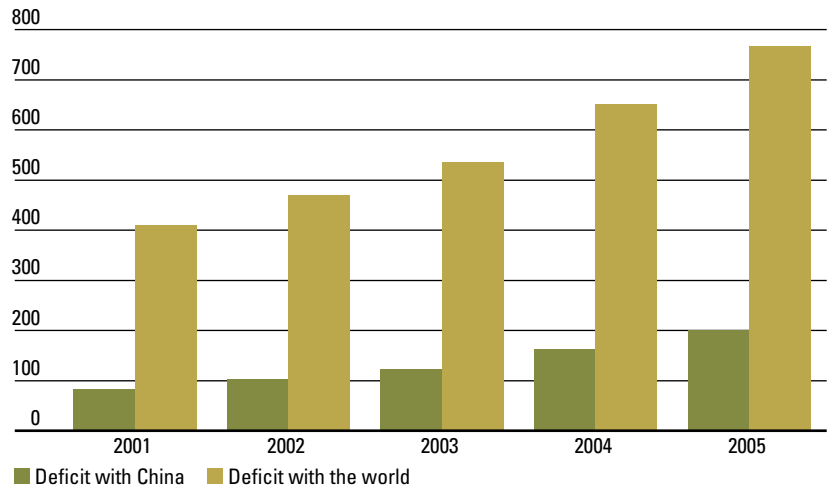
The US deficit with China has expanded quickly, largely reflecting the shift of manufacturing from the rest of Asia to China.

US Goods Imports from Selected Economies (% of total US imports)



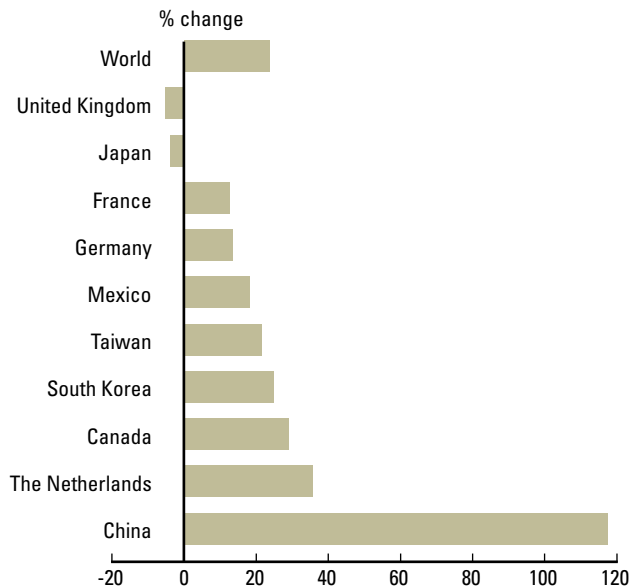
Even so, China's share of the global US deficit has remained roughly the same.

China and the US Trade Deficit in Goods, 2001–05 (\$ billion)



Meanwhile, China has been the fastest growing major export market for the United States.

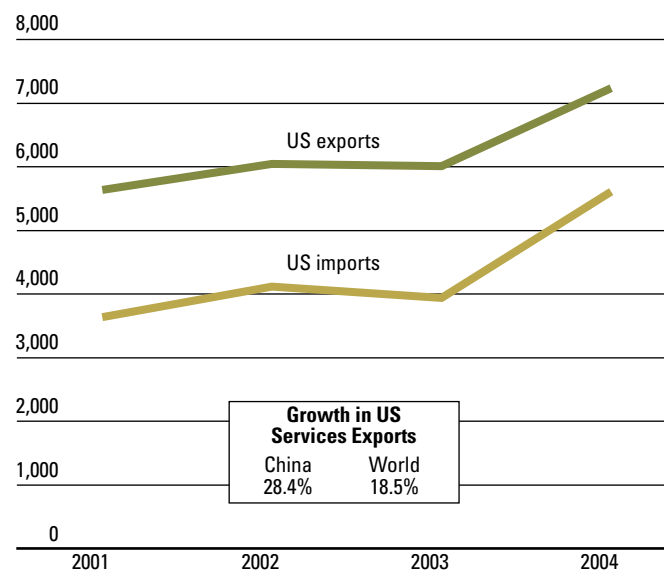
US Export Growth to Top Export Markets, 2001–05



Note: These were the top 10 export markets in 2005.

Often overlooked, US services exports to China have outpaced growth in overall US services exports...

US Services Trade with China, 2001–04 (\$ million)



Growth in US Services Exports
 China 28.4%
 World 18.5%

Sources: PRC General Administration of Customs, *China's Customs Statistics*; US International Trade Administration; Erik Britton and Christopher T. Mark, Sr., *The China Effect: Assessing the Impact on the US Economy of Trade and Investment with China* (Washington, DC: The China Business Forum, 2006); US Bureau of Economic Analysis, Department of Commerce; PRC Ministry of Commerce

Exports of professional services to China have jumped significantly...

US Cross-Border Services Exports to China, 2001–04 (\$ million)

Service	2001	2004*	% change
Port Services	919	1,332	44.9
Education	1,066	1,260	18.2
Royalties and license fees	581	928	59.7
Tourism	1,012	894	-11.7
Freight transport	343	472	37.6
Passenger fares	314	221	-29.6
Financial services	107	165	54.2
Telecommunications	102	90	-11.8
Insurance	14	23	64.3
Professional services			
Construction-related services	158	328	107.6
Equipment-related services	167	199	19.2
Legal services	38	60	57.9
Management/consulting/ public relations	13	53	307.7
Other professional services**	47	68	44.7
Other	†	637	29.2
Total**	5,636	7,329	30.0

...and freight transport remains the principal Chinese service export to the United States.

US Cross-Border Services Imports from China, 2001–04 (\$ million)

Service	2001	2004*	% change
Freight transport	1,512	2,508	65.9
Tourism	1,226	1,637	33.5
Port services	376	522	38.8
Passenger fares	181	353	95.0
Telecommunications	62	54	-12.9
Financial services	5	20	300.0
Education	11	18	63.6
Royalties and license fees	11	15	36.4
Insurance	1	0	-100.0
Professional services			
Equipment-related services	7	19	171.4
Advertising	4	18	350.0
Research and development	9	17	88.9
Legal services	11	16	45.5
Other professional services	12**	84	NA
Other	177	334	88.7
Total**	3,643	5,615	54.1

* Most recent data available

** Due to rounding and data suppression, figures may not add to totals shown

† Data suppressed to avoid disclosure of individual company operations.

NA = not applicable.

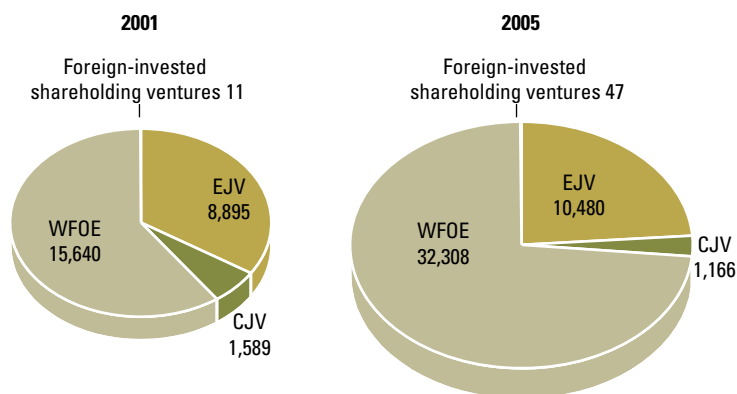
Apart from growth in trade, China's WTO entry has sparked a boom in foreign direct investment.

New Foreign Direct Investment (FDI) in China, 2001–05

	2001	2002	2003	2004	2005	% change
Total FDI						
No. of contracts	26,139	34,171	41,081	43,664	44,001	68.3
Amount utilized (\$ billion)	46.9	52.7	53.5	60.6	60.3	28.6
US FDI						
No. of contracts	2,594	3,363	4,060	3,925	3,741	44.2
Amount utilized (\$ billion)	4.9	5.4	4.2	3.9	3.1	-36.7

As the investment environment liberalizes, more foreign investors have set up wholly owned subsidiaries in China.

New FDI by Vehicle Type, 2001 and 2005



Note: EJV = equity joint venture; CJV = cooperative joint venture; WFOE = wholly foreign-owned enterprise

Last but not least, trade and investment with China is boosting the US economy and lowering prices.

Impact of Trade and Investment with China on the US Economy, 2001–10

Year	GDP (%)	Net jobs (persons)	Consumer price level (%)
2001	-0.20	-66,000	0.0
2002	-0.15	-64,000	-0.1
2003	+0.05	+30,000	-0.2
2004	+0.30	+35,000	-0.4
2005	+0.40	+15,000	-0.5
2006	+0.50	+25,000	-0.6
2007	+0.60	+10,000	-0.7
2008	+0.60	+5,000	-0.7
2009	+0.60	+5,000	-0.8
2010	+0.70	+5,000	-0.8

Note: Figures for 2006–10 are projections.