

# Exporting to China

New Opportunities, New Resources

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On February 1, China celebrated the Chinese New Year: the Year of the Sheep. U.S. companies that export to China also had reasons to celebrate. In 2002—China's first full year as a member of the World Trade Organization—U.S. exports to China increased significantly. U.S. exports to China in 2002 rose 12 percent in comparison with the previous year. Since 1990, American exports to China have more than doubled to over \$21 billion a year.

For U.S. manufacturers, there are more and more reasons to consider China a strong market. The dynamic and growing Chinese population, combined with the market access secured by China's WTO membership, is creating many opportunities for U.S. exporters. China is not just a market for the largest multinationals. In fact, 83 percent of all U.S. firms exporting to China in 1999 (the last period for which data are available) were small and medium-sized enterprises, and 46 percent were very small companies—each with fewer than 20 employees. As U.S. companies increasingly focus on China, the Commerce Department is strengthening its export services.

While the global economy grew less than 2 percent last year, the Chinese economy grew 8 percent, according to Chinese data. Since China's opening in 1979, gross domestic product growth has averaged 9 percent a year.

Additionally, China has charted the fastest economic growth of any major economy since 1990.

While much of this growth is attributed to Chinese government spending and foreign direct investment, consumer demand in China is beginning to play a larger role in driving the economy. More cellular phones are in use in China than in any other country in the world. China is the second-largest personal computer market in Asia after Japan, and sales of PCs have risen at an annual average of 67 percent since 1993. Consumer purchases of automobiles have begun to take off. Motor vehicle demand in China is expected to grow from around 2 million units today to 10 million units within a decade.

## CHINA IN THE WTO: A FIRST-YEAR REPORT CARD

Concurrent with the rise in consumer demand, China's WTO accession has created new opportunities for U.S. exporters. One example is the automotive sector. Substantial tariff reductions last year prompted a price war and a 34-percent jump in auto sales. In turn, U.S. auto parts exports increased more than 60 percent in the first three quarters of 2002, in comparison with the previous year.

As a new WTO member, China has begun to lower tariffs, create a more transparent investment environment, overhaul and publish its laws and regulations, strengthen intellectual

property laws, and restructure standards and testing procedures. But many of these reforms are being phased in over several years, and many tasks remain undone. Market barriers remain, and China still faces challenges in such areas as enforcing intellectual property rights, further improving transparency and the rule of law, and ensuring that product standards are in line with international norms and are applied equally to domestic and imported goods.

## NEW RESOURCES FOR U.S. EXPORTERS

The U.S. Department of Commerce closely monitors China's WTO implementation. Even before China's accession to the WTO, the department's International Trade Administration (ITA) offered exporters pursuing the Chinese market an array of trade tools and services. However, since the WTO accession of China in December 2001, the ITA has established several new resources for businesses interested in China.

### China Team Outreach

Since December 2001, representatives from the ITA China Team in Washington, D.C., have traveled across the United States to meet with small companies, chambers of commerce, industry associations, and other groups at 19 events. The objective of these outreach activities has been to promote understanding of what China's WTO membership means for U.S. businesses, as well as to share

**U.S. GOVERNMENT RESOURCES**

**U.S. Department of Commerce**  
Office of the Chinese Economic Area  
Tel: (202) 482-5527  
[www.export.gov/china](http://www.export.gov/china)

**Trade Information Center**  
Tel: (800) USA-TRAD(E)  
[www.export.gov/tic](http://www.export.gov/tic)

**Import Administration**  
Tel: (202) 482-3415  
[www.trade.gov/ia](http://www.trade.gov/ia)

**Trade Compliance Center**  
Tel: (202) 482-1191  
[www.export.gov/tcc](http://www.export.gov/tcc)

**U.S. Commercial Service in China**  
[www.buyusa.gov/china/en](http://www.buyusa.gov/china/en)

**Office of the U.S. Trade Representative**  
Office of China, Hong Kong, and Taiwan  
Tel: (202) 395-3900

**U.S. Department of State**  
Office of Chinese and Mongolian Affairs  
Tel: (202) 647-6796



information on the many services that the Commerce Department offers exporters. In New York City, Omaha, Minneapolis, and Los Angeles, among others, ITA China specialists have participated in conferences, workshops, and briefings prior to trade missions for exporters interested in China.

**Trade Facilitation Office in Beijing**

In China, the ITA has expanded its staff and increased its focus on the WTO by inaugurating a Trade Facilitation Office (TFO) at the U.S. embassy in Beijing. TFO team members work closely with American businesses, Commerce Department trade and WTO specialists in Washington, and embassy staffers to ensure that U.S. companies enjoy the benefits of China's WTO accession.

The Trade Facilitation Office's mission is manifold. The TFO conducts outreach activities, working closely with the American business community in China to identify real and potential market access problems and issues as China implements its WTO obligations. The Facilitation Office also provides information to U.S. companies on what China's WTO accession means for their operations in China or exports to China. TFO

staff also advocate on behalf of U.S. exporters to ensure that broad WTO compliance issues and specific WTO-related problems U.S. industries encounter in China are raised with Chinese authorities.

Additionally, the office organizes seminars in China on WTO-related issues for Chinese officials, as well as programs to familiarize Chinese businesses with international commercial practices and standards. The Trade Facilitation team also provides feedback to U.S.-based Commerce Department staff to share with American companies.

This is but a summary of Department of Commerce plans to ensure that the benefits of China's WTO accession reach every American exporter with an interest in China. The entire array of Commerce Department tools for U.S. firms exporting to China is available at [www.export.gov/china](http://www.export.gov/china).