



U.S.-CHINA ECONOMIC AND SECURITY  
REVIEW COMMISSION

***Full Year 2004 Data on the US-China Trade Deficit Show a Continuing  
Deterioration of the U.S. Position***

Dear Senator/Congressman:

Yesterday the Department of Commerce released the final 2004 trade figures. The figures confirm the continuing deterioration of the U.S. trade position, which has now reached alarming proportions.

The main features of the full year's data are:

- (1) The U.S. goods trade deficit in 2004 was a record \$666.2 billion, representing 6 percent of GDP. The goods trade deficit increased by 21.7 percent.
- (2) The U.S. ran significant goods trade deficits with every major region of the global economy and all of these deficits increased in 2004.
- (3) The goods trade deficit with China continues to grow at a far faster rate (30.9 percent) than the overall goods deficit (21.7 percent). The deficit with China hit \$162 billion, and it now constitutes almost one quarter of the total U.S. goods deficit. Moreover, it was the fastest growing deficit except for that with OPEC, which was driven by higher oil prices.
- (4) Advanced technology products (ATP) exports are growing slower than ATP imports, and this problem is extreme when it comes to China. ATP imports from China grew 55.4 percent in 2004. The ATP deficit with China grew by 72 percent, reaching \$36.3 billion - roughly equal to the entire national ATP trade deficit.

Attached is a more detailed analysis of the U.S. trade deficit in 2004 that the Commission has prepared. We hope the information is helpful to your work in this area. If you have any questions or would like additional information, please call Erik Pederson, the Commission's Congressional Liaison, at 202-624-1487.

Sincerely,

Handwritten signature of C. Richard D'Amato in black ink.

C. Richard D'Amato  
Chairman

Handwritten signature of Roger W. Robinson, Jr. in black ink.

Roger W. Robinson, Jr.  
Vice Chairman

*The Commission was created in October 2000 by Congress to monitor, investigate, and provide legislative recommendations, where appropriate, on the national security implications of the bilateral trade and economic relationship between the United States and the People's Republic of China. The bipartisan Commission is composed of 12 members, three of whom are selected by each of the Majority and Minority Leaders of the Senate, and the Speaker and the Minority Leader of the House.*