

## **LESSON PLAN:**

### **Title of Segment: China Balance of Trade**

**Lesson Author:** Greg Timmons

**Learning Objectives:** From McRel

#### **Language Arts**

##### **Writing**

Standard 1: Uses the general skills and strategies of the writing process

Standard 2: Uses the stylistic and rhetorical aspects of writing

Standard 4: Gathers and uses information for research purposes

##### **Reading**

Standard 5: Uses the general skills and strategies of the reading process

Standard 7: Uses reading skills and strategies to understand and interpret a variety of informational texts

##### **Listening and Speaking**

Standard 8: Uses listening and speaking strategies for different purposes

##### **Viewing**

Standard 9: Uses viewing skills and strategies to understand and interpret visual media

##### **Media**

Standard 10: Understands the characteristics and components of the media

#### **Thinking and Reasoning**

Standard 2: Understands and applies basic principles of logic and reasoning

#### **Career Goals**

##### **Marketing**

Standard 46: Understands characteristics of a market and strategies used to deal with a diversified marketplace

**Time Frame:** 2 – 3 class sessions

**Background:** Since 1949, China has been a communist country, operating with a planned economy controlled by the government. Once considered a potential military threat to the United States, the West, and for a time even the Soviet Union, China has emerged as an economic partner and competitor. Beginning in the mid-1970s, with Richard Nixon's trips to China, a secession of leaders has gradually reversed the "closed door policy" of Chinese trade. As Asian and U.S. economies grew in the 1980s and 1990s, China steadily modified its economic policies to accept some degree of capitalism and private enterprise. American and Western corporations exploited these opportunities by bringing Western style capitalism and entrepreneurship to China, learning along the way that the Chinese people want to enjoy the fruits and benefits of Western economies but are proud and resist being assimilated into a West-dominated global economy. The Chinese government allowed Western businesses to operate in China, but they faced many unfamiliar regulations and procedures. These businesses adapted and as their economies grew, so did China's. Employment in China increased and diversified, expanding from primarily assembly work to services and professional operations. The Internet, though closely watched and censored, has brought China vast amounts of information and knowledge. As more Western and home-grown businesses emerged in China, more products became exports. Chinese incomes rose. China's government and not the consumer, controls the market in

China and has made sure exports far exceed imports, giving China a favorable balance of trade with just about every trading partner. This has resulted in a trade deficit for the United States, one that it would like to close. American businesses are beginning to discover the products Chinese consumers want, the products the Chinese government will allow, and the products that can produce a profit.

In this activity, students will work in teams to develop a marketing promotion for a product of their choosing to be sold to the Chinese consumer. As described in *the.News* story, “China Balance of Trade,” students will follow the lead of Kanawha Scales and Systems to explore opportunities for business in China. The promotion should outline the business opportunities for the U.S., for China, and for their company. As students will find out, the Chinese market is not like the United States. Chinese industry now produces many consumer products that can be sold in the country as well as exported. Major retail stores like Wal-Mart are already there selling these items in China. Chinese consumers are different than American consumers and don’t want to be “westernized.” They want to be international. The students’ marketing promotion will discuss the status and importance of US-China trade, challenges in working with China and how they could be addressed, specifics of the product to be sold, and why the Chinese consumer will want it. They will then compile their information and present their marketing promotion to the class.

**Key Concept:** Understanding the Chinese market and writing a marketing promotion to sell a product in China

**Key Vocabulary:**

- balance of trade
- supply and demand
- specialized industry
- entrepreneurship
- assimilated
- diversified
- deficit
- credibility
- globalization
- inevitable

**Content Area:** Language Arts/Media Literacy, Marketing classes

**Materials:**

- Internet access to computers
- Graphic Organizer: China’s Balance of Trade Story from *the.News* website (<http://macneil-lehrer.com/thenews/video/balanceoftrade.html>)
- Graphic Organizer: China’s Consumer
- Newshour story “China Consumer Class” [http://www.pbs.org/newshour/bb/asia/july-dec05/consumers\\_10-05.html#](http://www.pbs.org/newshour/bb/asia/july-dec05/consumers_10-05.html#)
- Marketing Promotion Guidelines Template

## **LESSON PLAN: “Building a Marketing Promotion”**

### **Procedure:**

1. During or after students have viewed *the.News* story on “China Balance of Trade” (<http://macneil-lehrer.com/thenews/video/balanceoftrade.html>) have them work in pairs to complete the graphic organizer on the story’s main topics. Then review the following discussion questions with students:
  - a. Why are foreign products like those produced by Kanawha Scales and Systems more likely to be imported to China than common consumer goods like home-electronics, clothes, shoes, or cell phones?
  - b. Describe the benefits for a company like Kanawha Scales and Systems of doing business in China.
  - c. Why do you think it is important for U.S. companies who want to trade with China to understand the Chinese culture and how its government operates? What aspects of your culture play into the products you buy?
2. With the understanding that the Chinese government restricts the sale of U.S. products that are produced in China, have students brainstorm a list of products or services that could be sold in China and write these on the board. These might be franchised restaurants; natural resource extracting tools for fossil fuels or “green fuels” like solar, wind or biofuels; entertainment services (music, movies, Internet programming); specialized or technological products in transportation or medicine. Set the list aside for now.
3. Have students view the Newshour story “China Consumer Class” from Paul Solomon’s series entitled “China Rising.” [http://www.pbs.org/newshour/bb/asia/july-dec05/consumers\\_10-05.html](http://www.pbs.org/newshour/bb/asia/july-dec05/consumers_10-05.html) and fill out the graphic organizer. Review the major points with students.
4. Divide the class into working groups of 3-5 students. Distribute the Marketing Promotion Guidelines handout to each group and review the directions and guidelines. Have each group select one of the products they identified in step 2. Then have students pull information from the two video segments and any outside research appropriate to develop a marketing promotion for that product. Have each group present their marketing promotion to the class.
5. Assessment: In assessing the final presentations look for students to display effective presentation skills – speaking clearly, eye contact with audience.

### **Listing for Curriculum Credit**

*Greg Timmons, former social studies teacher, now freelance writer and educational consultant*

## Graphic Organizer: Main Topics of *the.News* story “China Balance of Trade

Name(s) \_\_\_\_\_

**Directions:** While viewing *the.News* story “China Balance of Trade” and/or after, work with a partner to fill in the graphic organizer. You may also download and print the transcript for easy review. Keep this information for later use in the lesson.

Topic	Details
U.S. Commerce Secretary Henry Paulson recent talks with Chinese officials	Why were the talks held? What is the concern of the United States?
U.S. balance of trade with China	Define the term “balance of trade.”  Provide a detailed description from the story on the status of the trade balance between China and the United States?
Kanawha Scales and Systems	What do they produce?  Why does China want it?  How does their product help the U.S. balance of trade with China?

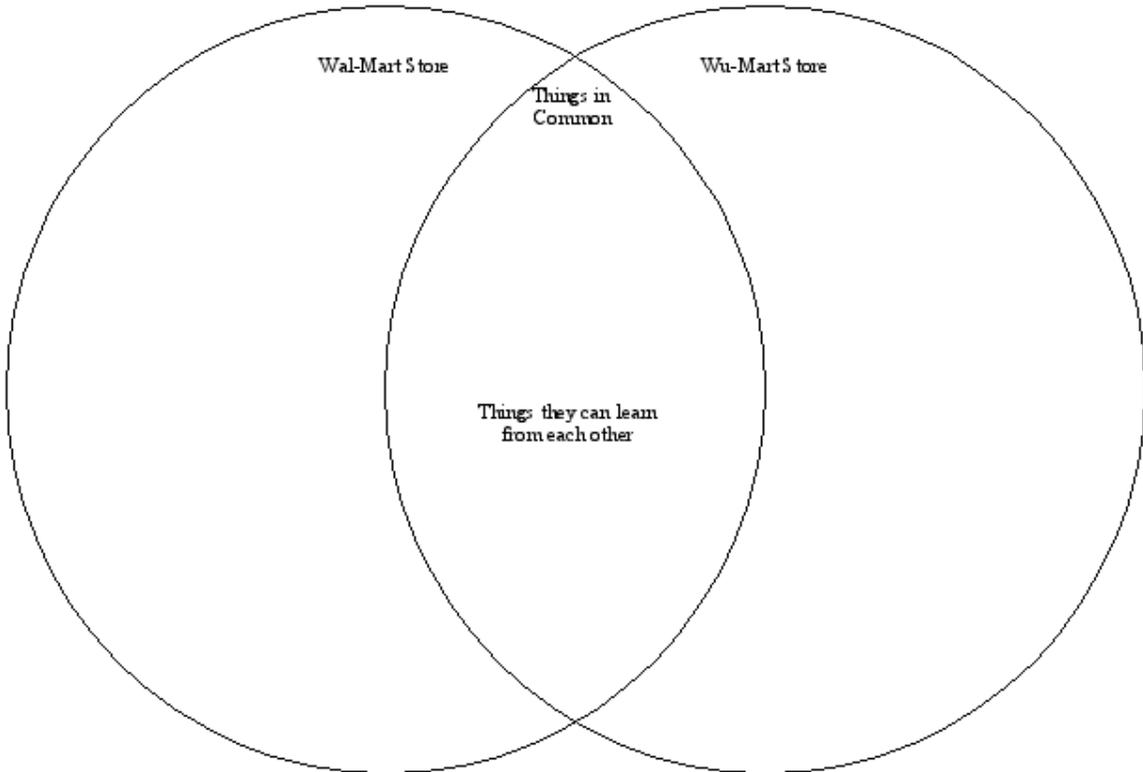
Topic	Details
U.S. products sold in China	<p data-bbox="824 233 1430 401">Quote from <i>the.News</i> story: “What Chinese are buying [from the U.S.] are goods and services not sold on the store shelves.” Why aren’t store type goods and services from the U.S. sold much in China?</p> <p data-bbox="824 688 1409 751">What types of goods and services from the U.S. are being sold in China? (list several)</p>
Establishing a trade relationship with China	<p data-bbox="824 1003 1409 1108">What lessons did Kanawha have to learn about different aspects of China before it could set up its business there?</p>
Globalization	<p data-bbox="824 1461 1430 1524">What is the “two-way street” of globalization and what might be some of the side benefits?</p>



4. Illustrate the cause and effect relationship (and new business opportunity) in China because of the following recent changes:

Increased income = more \_\_\_\_\_ eaten and more \_\_\_\_\_ on the road. This means less \_\_\_\_\_. But Chinese are worried about their increased weight so there is an opportunity for selling \_\_\_\_\_ equipment and \_\_\_\_\_ food products.

5. In the Venn diagram below, list the things about a Wal-Mart store that appeal to a Chinese customer and the things about a Wu-Mart store that appeal to the Chinese customer. In the middle circle, list what they have in common and what things they could learn from each other.



6. On the “T” chart below find statements from the article that help describe traditional Chinese culture and modern Chinese culture.

Traditional	Modern

# Marketing Promotion Guidelines

Name(s) \_\_\_\_\_

**Directions:** Use the following guide to construct your marketing promotion. Select one of the products identified in the earlier discussion for your product focus. Incorporate ideas you learned from watching the two news stories and any other independent research you have done. Develop the proposal on a large sheet of butcher or construction paper or as a PowerPoint presentation.

## Identifying the Product

- What is the product you want to market in China?
  - Name it
  - Physical description
  - Operational description (What it does; How it does it)
- Why can you produce it and sell it at an effective price and the Chinese can't?

## Defining your Customer

- Describe the Chinese consumer
  - How do they see themselves?
  - What do they want (and don't want)?
  - What types of ad messaging appeals to the Chinese?
- What makes your product in demand in China?
  - How does your product connect with the Chinese consumer's physical needs?
  - How does your product connect with the Chinese consumer's emotional needs?

## Getting the Word to your Customer

- Developing the product message and identification with the brand (the name and image the customer will remember to identify your product)
- Select the media outlet (print, radio, television, Internet) to get your message to the customer

## Benefits to your Company

- Benefits to your company of selling in China
- Consequences if you don't sell in China

**LESSON PLAN:**

**Title of Segment: China Balance of Trade**

**Lesson Author:** Patricia A. Bonner, Ph.D (Economic Connections)

**McREL Standards:**

**Economics**

Standard 3: Understands the concept of prices and the interaction of supply and demand in a market economy (Grades 6-12)

Standard 4: Understands basic features of market structures and exchanges (Grades 6-12)

Standard 5: Understands unemployment, income, and income distribution in a market economy (Grades 6-12)

Standard 7: Understands savings, investment, and interest rates (Grades 9-12)

Standard 9: Understands how Gross Domestic Product and inflation and deflation provide indications of the state of the economy (Grades 9-12)

Standard 10: Understands basic concepts about international economics (Grades 9-12)

**Business**

Standard 13: Analyzes and interprets data using common statistical procedures, charts, and graphs

Standard 17: Understands that cultural difference, export/import opportunities, and current trends in a global marketplace can affect an entrepreneurial venture

Standard 31: Understands significant aspects of international business and trade and the opportunities they creates at the local, state, national, and international level

Standard 32: Understands the social, cultural, political, legal, and economic factors and issues that shape and impact the international business environment

**Civics**

Standard 22: Understands how the world is organized politically into nation-states, how nation-states interact with one another, and issues surrounding U.S. foreign policy (Grades 6-12)

Standard 23: Understands the impact of significant political and nonpolitical developments on the United States and other nations (Graded 9-12)

**Objectives:** Students will:

- Use data tables to analyze the trade relationship between the U.S. and China.
- Prepare graphs and charts that illustrate key points regarding U.S.-China trade.

- Examine the economic implications of the U.S. trade deficit and assess their seriousness to the nation and its people.
- Analyze how a revaluation of China's currency might impact the U.S.-China trade balance.
- Prepare a letter for members of Congress expressing an opinion for or against legislation that would impose a tariff on Chinese imports if China does not revalue its currency.

**Key Economic Concepts:** bilateral trade, currency exchange, deficit, economic growth, exchange rate, export, import, international trade, stagflation, subsidy, tariff, trade barriers, trade deficit, trade surplus, unemployment

**Key Vocabulary:** bar graphs, line graphs, pie charts, renminbi, statistics

**Background:**

U.S. trade with China can be traced back more than two hundred years to the Qing Dynasty. In 1784—just a few months after the end of the American Revolutionary War—an American cargo ship left New York bound for Canton carrying ginseng, animal skins and various other goods. The ship returned to the new nation the next year with tea, silk, cotton and spices. Other U.S. merchants were quick to understand the value of trading with China and bilateral trade between the two countries began in earnest.

In 1911 a group of army officers toppled the Qing dynasty and the Republic of China was born. In the years that followed, the new nation became increasingly concerned that it was being dominated by foreigners. By 1929, a new Nationalist (Kuomintang) government led by Chiang Kai-shek was in power and China's markets gradually began closing to the outside world. Chinese trade declined further as the nation was racked by war—first with Japan then a civil war that delivered Mao Zedong's Communist party to power in 1949.

Mao's rise effectively shut the door to foreign trade. For the next 22 years, the U.S. and other nations had almost no trade with China. When President Richard Nixon took the first steps to normalize relations between the two nations in 1972, China accounted for less than one percent (0.7%) of world trade. China's economy had also withered. Opening trade between the two nations was viewed by both nations as mutually beneficial.

A few major U.S. companies like Weyerhaeuser (fiberboard) and Boeing (commercial airplanes) were quick to pursue new trade opportunities with China. Overall, however, it was not until after economic reforms by Deng Xiaoping in 1978 that China's foreign trade began a sustained rise. By 1985, China's share of world trade more than doubled to 2.0 %.

China became a full-fledged member of the World Trade Organization (WTO) in December 2001. Chinese officials agreed to expose their country's markets to competition from abroad. In exchange, China promised to implement a set of reforms that would lower trade barriers and improve citizen access to goods and services from other nations. China also pledged changes that would protect intellectual property rights.

Open trade and foreign investment has helped China's economy grow at roughly ten percent a year for more than two decades. Exports account for 40 percent of China's gross domestic product (GDP). Growth of China's export sector has helped spur modernization of its economy and lifted nearly 400

million Chinese citizens out of poverty.

Today, China is one of our nation's most important trading partners. Though per capita GDP is increasing in China, wages of Chinese workers are very low relative to workers in the U.S. and many other countries. Goods can be produced for less in China. U.S. business interests benefit through lower production costs while consumers experience greater purchasing power when they buy goods made in China. Only Canada exceeded China in the dollar volume of goods imported to the U.S last year.

China has a population of 1.3 billion—four times that of the U.S. Not surprisingly, manufacturers, service providers, and farmers in the U.S. see China's growing middle class and new businesses as potential buyers of capital equipment, technology, financial services and agricultural products. Indeed, since 2001, U.S. exports to China have grown five times faster than they have to the rest of the world. China is now the fourth biggest export market for the United States.

### **Student Activities:**

#### **Charts and Graphs are Worth a Thousand Words**

News reporters (and economists) often use statistics—numerical data—to help tell a story. In this report on the balance of trade between the U.S. and China, several statistics are used to help us better understand the trade relationship between the two nations. It is reported:

- *With respect to U.S. exports, China numbers four among U.S. trading partners.*
- *This year China is expected to have a trade surplus—exporting \$400 billion more than it imports.*
- *This year the U.S. is expected to have a trade deficit—importing \$240 billion more than it exports.*

A huge amount of data is collected concerning international trade. The numbers are collected by businesses and governments who *want to spot trends that may be good or bad for consumers, employees, businesses, etc.* Government officials also use this information to make public policy choices.

Most of the data collected by the U.S. government is available to the public. The information is published as tables like the ones provided in HANDOUT 1. With so many numbers, it is easy to experience an information overload. Charts and graphs—pictorial representations of data—are often used to communicate the same information in a manner that is easier to understand.

Distribute HANDOUT 1. Discuss:

- What data is provided in Table 1? [*Statistics on the dollar value of goods traded between China and the U.S. since 1995*]
- Where did the data come from? [*The U.S. International Trade Commission, the U.S. Dept. of Commerce, and the U.S. Census Bureau*]
- What has been the trend for U.S. goods exported to China between 1995 and 2006? [*U.S. exports have quintupled from \$11.8 billion to \$55.2 billion*]

- What has been the trend for goods imported from China? [*Imports have grown from just \$45.6 billion to \$287.8 billion—a six-fold increase*]
- How large was the U.S. trade deficit last year? [*\$232.5 billion*]
- What has been the historical trend regarding the balance of trade between the U.S. and China? [*For the past decade, the U.S. has had a trade deficit with China. With the exception of 2001, the deficit has increased every year.*]
- Where does China rank among U.S. trade partners for overall trade in goods? [*Number 2*]
- On which table did you find this information? [*Table 2*]
- Which table would you use to find out what kinds of goods U.S. businesses sell to China? [*Table 3*]
- Which table would you use to find out what kinds of goods people in the U.S. purchase from China? [*Table 4*]

Point out to students that all the tables in the handout focus on the trade of goods. There are also statistics for the trade of services between the U.S. and China. Government statistics reported by the media tend to focus on goods versus services because U.S. trade in goods is much larger than in services. Most of our national trade deficit is the result of the imbalance between the import and export of goods. Since the early 1970s, the U.S. has exported more services than it has imported—helping reduce the overall trade deficit.

Project VISUAL 1 which presents the three types of charts and graphs most commonly used to communicate trade information visually. In small groups, have students use data from the tables in HANDOUT 1 to prepare charts and graphs that illustrate the:

1. U.S. trade balance with China,
2. types and volume of goods that the U.S. imports from China,
3. types and volume of goods that the U.S. exports to China, and
4. volume of trade that the U.S. has with its top ten trade partners.

In some cases, more than one type of chart or graph is appropriate. Direct students to choose the type that they believe best presents the data.

Several options are available for creation of the graphs. You may elect to have students use:

- graph paper and colored markers,
- spreadsheet software such as Microsoft Excel, or
- an interactive graphing tool like *Create a Graph* which is available free online from the National Center for Education Statistics at <http://nces.ed.gov/nceskids/createagraph/default.aspx>

Have students share their final products with the class. Compare their efforts with the samples provided as VISUALS 2 through 4.

Point out that the two tables on VISUAL 2 offer two ways to present some of the same information. Both show the trade balance between the two nations. In the first chart, it is the gap between imports and exports.

As you examine VISUAL 3, ask:

- When you compare China to other U.S. trading partners, why do you think the U.S. is so concerned about its relationship with China? [*The relative size of U.S. imports to exports is much larger for China—imports are more than 5 times exports. The proportion of exports to imports for other nations is much more balanced.*]

While looking at VISUAL 4, discuss:

- How does the use of consistent colors across pie charts—for example, purple for heavy equipment sales make it easier to make comparisons? [*Consistent colors make it easier to compare the proportions.*]
- Did you notice how shading of colors in the sample pie charts provides additional information? [*Shading was used to show broader markets such as heavy equipment, agriculture and plastics/chemicals*]

### **The U.S. Trade Deficit: What’s Your Opinion?**

Efforts to remove trade barriers among nations since World War II and the resulting increased trade have spurred tremendous economic growth around the world. Freeing trade is credited with raising incomes, creating jobs, reducing prices, and increasing access to new goods and services. But trade among nations does not guarantee trade will be balanced—either overall or with any specific trade partner.

Project Visual 5 shows the trend in U.S. imports and goods since 1960. The U.S. is the world's biggest trading nation—a status it has held for many decades. It also has the distinction of having recorded history's largest trade deficit. In 2006, U.S. imports exceeded exports by \$232.5 billion.

Is this trade deficit a concern? Economists and the general public in the U.S. have debated the significance of trade balances for decades. Many claim deficits are harmful. Others say it may actually be a good thing. Distribute copies of HANDOUT 2 and have students read the opposing views on the U.S. trade deficit. You may need to explain that “stagflation” is used to describe a period of out-of-control price inflation combined with slow-to-no growth in output, rising unemployment, and eventually recession.

Using a scale of 1 to 5 with 1 representing no problem and 5 representing a crisis, have students assess the seriousness of the current trade deficit. Have them defend their analysis with a short paragraph. As a class, compare and contrast their opinions.

### **The “Problem” with China**

The last time the U.S. had a trade surplus was in 1975. Since then the gap between our nation’s exports and imports has persistently increased. While there are a host of factors that can be “blamed” for the deficit—including our nation’s strong consumer demand for foreign goods and soaring prices for imported oil—the cause that is presently garnering the most attention is the trade balance between the U.S. and China.

In contrast to the U.S., China has had a trade surplus in recent years. Its exports have been growing faster than its imports. Since one-third of the U.S. trade deficit can be linked to China, there is a widespread view that the deficit is being “made in China.” Pressure is being placed on policy makers in both nations to take action that will reduce the U.S. deficit.

When China became a member of the World Trade Organization in 2001, it promised to 1) lower trade barriers in virtually every sector of its economy, 2) reduce subsidies and special preferences to Chinese industries and 3) crack down on product piracy. China has made significant progress in its effort to bring its trading system into basic compliance with WTO standards. But there remains work to be done— particularly with respect to piracy and intellectual property rights.

Generating particularly heated attention is China's undervalued currency. An exchange rate—the price of one nation's currency in terms of another nation's currency—can have a significant effect on the flow of trade between nations and on a nation's domestic economy. When the exchange rate between currencies goes up or down, it impacts the relative prices of goods and services traded by the two countries.

The official currency of China is the renminbi, also referred to as the yuan. Prior to July 2005, the renminbi was tied directly to the value of the dollar. Responding to U.S. pressure, the Chinese now peg the renminbi to a basket of foreign currencies, which includes the U.S. dollar, euro, Japanese yen and South Korean won, with a smaller proportion made up of the British pound, Thai baht and Russian ruble. The value of the renminbi has risen about 8% against the dollar since then but the change appears to have done little to rein in China's exports.

Critics say China's currency is still 40 percent cheaper than it should be and blame it for fueling the trade imbalance—making Chinese goods inexpensive in the U.S. while U.S. products are more expensive in China. There is pressure for further reevaluation upward.

Have students read news articles or other documents concerning U.S. requests for China to revalue its currency. As they read, instruct them to focus on what special interest groups might be helped or harmed by revaluation. Encourage them to jot down notes so they will be able to share their findings with the class. These web resources can help them with their research:

- *U.S. Trade Deficit Sets Record, With China and Oil the Causes*. New York Times, Feb. 11, 2006.  
([www.nytimes.com/2006/02/11/business/11trade.html?pagewanted=1&ei=5088&en=bce394b5fe013dbb&ex=1297314000&partner=rssnyt&emc=rss](http://www.nytimes.com/2006/02/11/business/11trade.html?pagewanted=1&ei=5088&en=bce394b5fe013dbb&ex=1297314000&partner=rssnyt&emc=rss))
- *China Currency: Trade, Revaluation, Exchange Rate*. Danwei, April 9, 2005.  
([www.danwei.org/china\\_information/china\\_currency\\_trade\\_revaluati.php](http://www.danwei.org/china_information/china_currency_trade_revaluati.php))
- *The Chinese Exchange Rate and the US Economy*. Congressional Testimony. Jan 31, 2007.  
([www.iie.com/publications/papers/paper.cfm?ResearchID=706](http://www.iie.com/publications/papers/paper.cfm?ResearchID=706))
- *Letter to Congressman Bill Frist from the U.S. China Business Council*  
([www.uschina.org/public/documents/2006/09/uscbc-letter-opposing-s295.pdf](http://www.uschina.org/public/documents/2006/09/uscbc-letter-opposing-s295.pdf))

On the board, prepare a T-Chart with one side labeled “Winners” and the other “Losers”. As students answer the following questions, record who benefits and loses from revaluation.

- How might an increase in the value of the renminbi relative to the dollar help reduce the U.S. trade deficit? [*Imported goods from China would be more expensive while U.S. exports would be more competitive with goods made in China*]
- Who in the U.S. would benefit from appreciation of the renminbi? [*U.S. Manufacturers who have found it difficult to compete with the low-priced Chinese imports such as textile*]

*producers, apparel makers and furniture manufacturers. Workers in these industries who are at risk of losing their jobs or lower wages]*

- Not everyone in the U.S. thinks that increasing the value of the renminbi is a good idea. Who might be harmed and how? [*Consumers who purchase low-priced consumer goods made in China. Businesses who import goods and manufacturing components from China including discount retailers, computer makers and the aerospace industry]*
- Why are Chinese officials resistant to rapid appreciation of the Renminbi? [*A reduction in exports would cause a loss of jobs and slow its efforts to modernize. Efforts to improve the level of living would be hindered. The change also exposes domestic banks to currency risks that they are not prepared to handle. From a political perspective, if the economy is derailed, support for the ruling Communist Party might be lost.*]
- Members of Congress have proposed imposing a tariff on all Chinese imports if China does not revalue its currency. Some fear China will retaliate with trade tariffs on U.S. goods it imports. Who would be hurt by the Chinese tariffs? [*Businesses that export goods to China and those employed by these companies]*

Asian nations including Indonesia, Thailand and Japan have been afraid to let the value of their currencies rise very much against the dollar for fear they might lose their competitive position against China. Experts predict that if China moves its exchange rate—say 20 percent—and the other Asian countries follow, it is possible the U.S. trade deficit could be reduced by as much as \$100 million dollars. This is nearly half the \$232.5 deficit. On the other hand, the nations may choose not to follow China's lead.

- How would this affect the U.S. trade deficit? [*Low-cost production now done in China would be transferred to these other nations. The U.S. trade deficit would continue]*

Have students vote whether they think the U.S. forcing China to revalue its currency is a good idea? As a class, prepare a letter for Congressional representatives that state your view on legislation that would impose a tariff on Chinese imports if China does not revalue its currency.

### **Additional Resources:**

Need a tutorial to help you or your students better understand globalization and its consequences? Go to:

- Globalization101.org ([www.globalization101.org](http://www.globalization101.org)) Source: The Carnegie Endowment for International Peace

For more information on the geography, economics and history of China, these web pages will be very helpful.

- Background Note: China ([www.state.gov/r/pa/ei/bgn/18902.htm](http://www.state.gov/r/pa/ei/bgn/18902.htm)), Source: U.S. Dept. of State.
- The World FactBook: China ([www.cia.gov/library/publications/the-world-factbook/geos/ch.html](http://www.cia.gov/library/publications/the-world-factbook/geos/ch.html)), Source: The Central Intelligence Agency.
- Country Profile: China ([news.bbc.co.uk/2/hi/world/asia-pacific/country\\_profiles/1287798.stm](http://news.bbc.co.uk/2/hi/world/asia-pacific/country_profiles/1287798.stm)), Source: BBC.

Looking for statistics on U.S. and Chinese trade? These sites are good place to start your search.

- Trade Stats Express ([tse.export.gov](http://tse.export.gov)), Source: The U.S. Dept. of Commerce and the International Trade Administration.

- Foreign Trade Statistics ([www.census.gov/foreign-trade/statistics](http://www.census.gov/foreign-trade/statistics)), Source: U.S. Census.
- U.S. Exports to China by State, 200-2006 ([www.uschina.org/public/documents/2007/04/uscbc\\_us\\_exports\\_china\\_by\\_state\\_2000-06.pdf](http://www.uschina.org/public/documents/2007/04/uscbc_us_exports_china_by_state_2000-06.pdf)), Source: The U.S-China Business Council.

To help students develop a broader perspective on U.S.-China trade relations, have them read *7 Myths about U.S.-China Trade and Investment* ([uschina.org/public/documents/2007/05/uscbc-7-myths-about-us-chinaTrade.pdf](http://uschina.org/public/documents/2007/05/uscbc-7-myths-about-us-chinaTrade.pdf)) which was published by the U.S. China-Business Council.

For up-to-date news from the federal government on U.S. trade relations with China and other nations, check out:

- Office of the U.S. Trade Representative ([www.ustr.gov/World\\_Regions/North\\_Asia/China/Section\\_Index.html](http://www.ustr.gov/World_Regions/North_Asia/China/Section_Index.html))
- The International Trade Administration ([trade.gov/index.asp](http://trade.gov/index.asp))
- The US. Trade Compliance Center has posted links to major U.S. trade agreements at [tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp)
- The World Trade Organization ([www.wto.org](http://www.wto.org))

## U.S. – China Trade Facts (Goods)

Using the data provided in the tables below, create four graphs that illustrate:

1. The U.S. trade balance with China
2. The types and volume of goods that the U.S. imports from China
3. The types and volume of goods that the U.S. exports to China
4. The volume of trade that the U.S. has with its top ten trade partners

Use at least one line graph, one bar chart and one pie chart. Prepare one or two sentences that summarize what you have shown using the graph.

**Table 1: China's Trade with the United States (\$ billion)**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>US Exports</b>	11.8	12.0	12.8	14.3	13.1	16.3	19.2	22.1	28.4	34.7	41.8	55.2
<b>% change</b>	26.9	1.7	6.7	10.9	-8.0	24.4	18.3	15.1	28.5	22.2	20.6	32.0
<b>US Imports</b>	45.6	51.5	62.6	71.2	81.8	100.0	102.3	125.2	152.4	196.7	243.5	287.8
<b>% change</b>	17.5	13.0	21.5	13.8	14.9	22.3	2.2	22.4	21.7	29.1	23.8	18.2
<b>Total</b>	57.4	63.5	75.4	85.5	94.9	116.3	121.5	147.3	180.8	231.4	285.3	343.0
<b>% change</b>	19.3	10.6	18.7	13.4	11.0	22.6	21.4	21.2	22.8	28.0	23.3	20.2
<b>US Balance</b>	-33.8	-39.5	-49.8	-56.9	-68.7	-83.7	-83.0	-103.1	-124.0	-162.0	-201.6	-232.5

**Table 2: Top U.S. Trading Partners (2006)**

Country	Exports	Imports	Total, All Trade	Rank	Percent of Total Trade
<b>Total, All Countries</b>	<b>1,037.3</b>	<b>1,855.4</b>	<b>2,892.7</b>	---	<b>100.0%</b>
Total, Top 15 Countries	<b>755.2</b>	<b>1,369.1</b>	<b>2,124.3</b>	---	<b>73.4%</b>
Canada	230.6	303.4	534.0	1	18.5%
China	55.2	287.8	343.0	2	11.9%
Mexico	134.2	198.3	332.4	3	11.5%
Japan	59.6	148.1	207.7	4	7.2%
Germany	41.3	89.1	130.4	5	4.5%
United Kingdom	45.4	53.4	98.8	6	3.4%
Korea, South	32.5	45.8	78.3	7	2.7%
France	24.2	37.1	61.4	8	2.1%
Taiwan	23.0	38.2	61.2	9	2.1%
Malaysia	12.6	36.5	49.1	10	1.7%
Netherlands	31.1	17.3	48.4	11	1.7%
Venezuela	9.0	37.2	46.2	12	1.6%
Brazil	19.2	26.4	45.6	13	1.6%
Italy	12.6	32.7	45.2	14	1.6%
Singapore	24.7	17.8	42.5	15	1.5%

**Table 3 Top US Exports to China 2006 (\$ billion)**

<b>Commodity Description</b>	<b>Volume</b>	<b>%</b>
Electrical equipment & parts (e.g. sound equipment, televisions)	10.2	18.5
Power generation equipment & parts (nuclear reactors, boilers, & parts)	7.7	13.9
Aircraft, spacecraft and parts	6.1	11.1
Optics & medical equipment (including photographic equipment)	2.9	5.3
Plastics and plastic items	2.7	4.9
Oil seeds & oleaginous fruits	2.6	4.7
Iron & steel	2.2	4.0
Chemicals	2.1	3.8
Cotton	2.1	3.8
Aluminum and aluminum items	1.8	3.3
Other	14.8	26.8
Grand Total	55.2	100.1*

\*Not equal to 100 due to rounding

**Table 4 Top US Imports from China 2006 (\$ billion)**

<b>Commodity Description</b>	<b>Volume</b>	<b>%</b>
Electrical equipment & parts (e.g. sound equipment, televisions)	64.9	22.6
Power generation equipment & parts (nuclear reactors, boilers, & parts)	62.3	21.6
Toys & games	20.9	7.3
Apparel	19.9	6.9
Furniture	19.4	6.7
Footwear	13.9	4.2
Iron & Steel	10.5	3.7
Plastics	7.5	2.6
Leather & travel goods	6.8	2.4
Vehicles other than railway	5.1	1.8
Other	56.6	19.7
Grand Total	287.8	99.5*

\*Not equal to 100 due to rounding

# The U.S. Trade Deficit: What's Your Opinion?



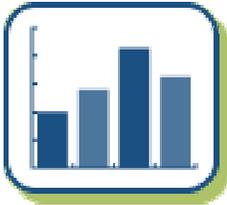
<b>Opponents</b>	<b>Proponents</b>
<ul style="list-style-type: none"><li>■ The trade deficit is a sign of economic weakness. The U.S. is too reliant on products made by other nations.</li><li>■ Excess imports have resulted in the loss of millions of U.S. jobs and reduced wages—particularly low-skilled manufacturing jobs. In the future, we may lose technology-based and higher-skilled U.S. jobs.</li><li>■ Buying more than we can produce as a nation will hurt investments that lead to future economic growth.</li><li>■ With large deficits, foreigners accumulate large amounts of U.S. dollars. These can't be spent in their own countries, so they often purchase U.S. stocks, bonds and other assets. If foreign investors begin to worry that the deficit is going to make the dollar less valuable, they may decide to sell their assets and invest somewhere else. Higher interest rates, a decrease in spending and a reduction in the value of the dollar could cause dire economic consequences for the U.S. economy including stagflation and massive unemployment.</li></ul>	<ul style="list-style-type: none"><li>■ U.S manufacturing output has been relatively constant since 1982—hovering around 20 percent. A trade deficit is actually a sign of economic strength. When the economy is good, consumers and firms have more money to spend on foreign as well as domestic goods. This argument is consistent with the experience of the U.S. during the second half of the 1990s, when a booming economy and rising employment were accompanied by record import levels and trade deficits.</li><li>■ While the loss of some jobs has been disruptive and painful, more jobs have been created in high-tech industries and the service sector than have been lost. Many of these new jobs offer higher pay than the jobs that were eliminated. Government training programs can help workers transition to these new opportunities.</li><li>■ When imports exceed exports, U.S. consumers have a higher level of living than if they were limited to domestically produced goods and services.</li><li>■ Deficits have rarely sparked financial crises in advanced industrial countries.</li></ul>

Using a scale of 1 to 5 with 1 representing no problem and 5 representing a crisis, assess the seriousness of the current trade deficit. Write a brief statement supporting your view.

# TYPES OF CHARTS AND GRAPHS



**Line Chart**

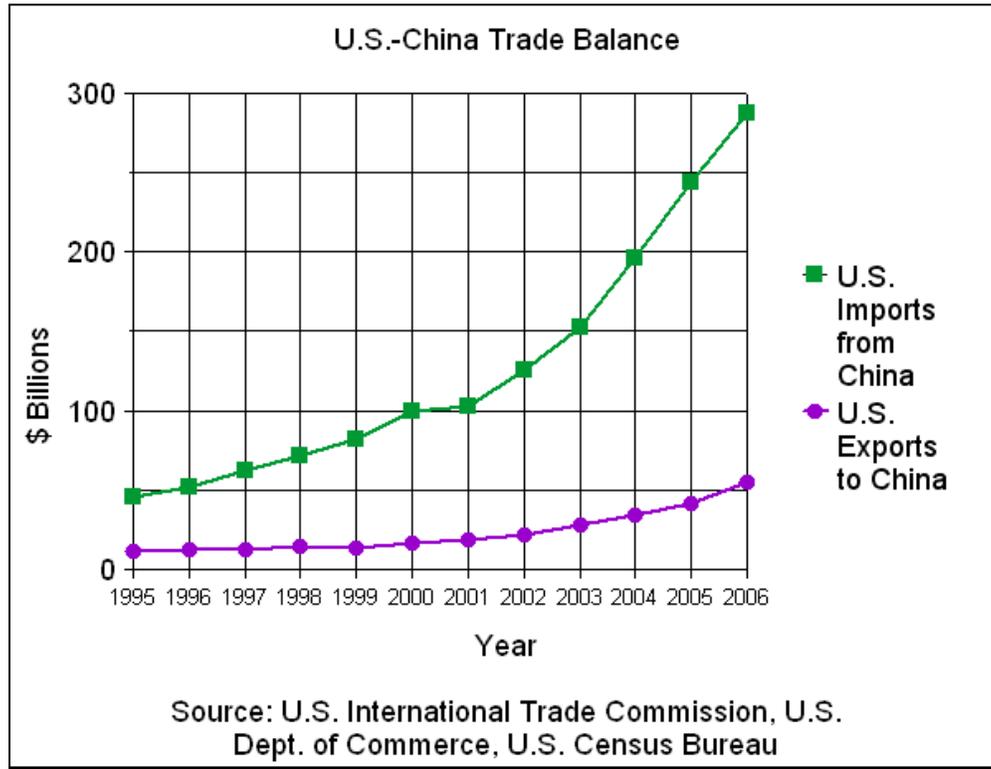


**Bar Graph**

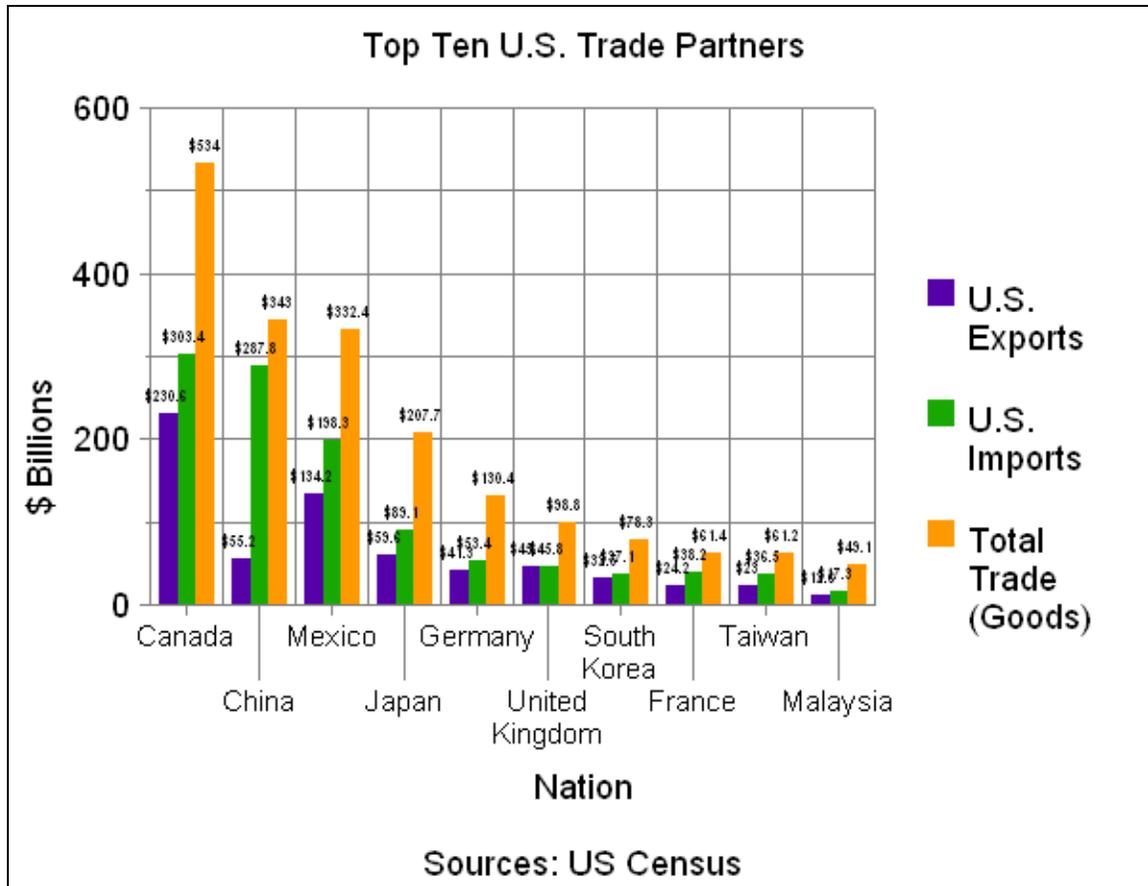


**Pie Chart**

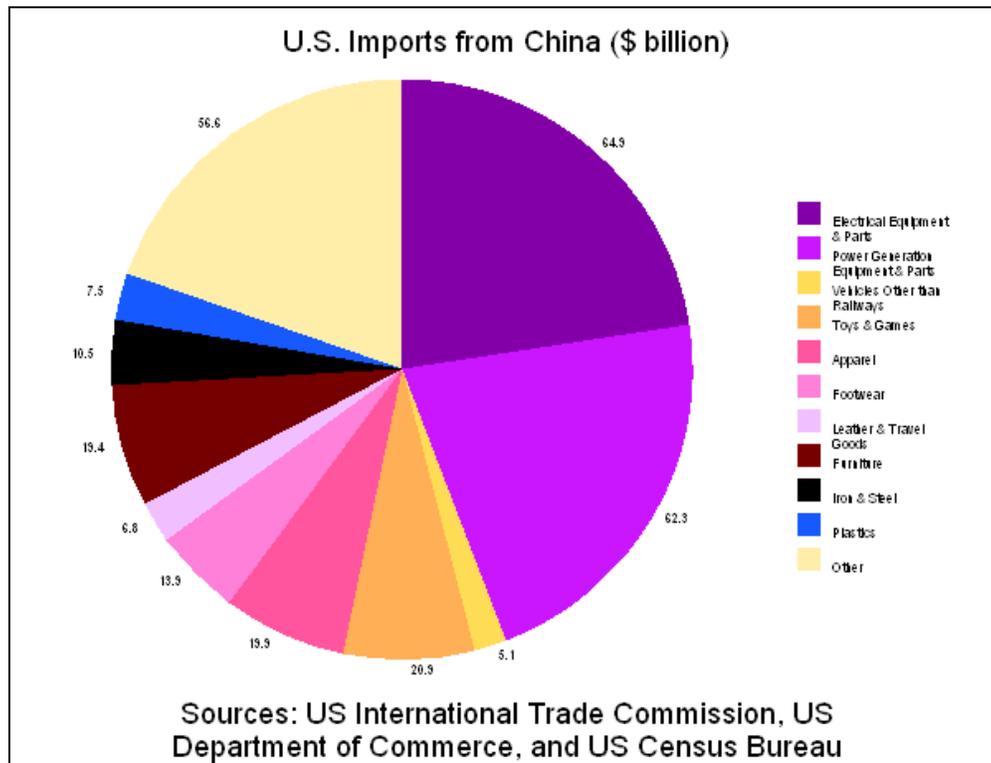
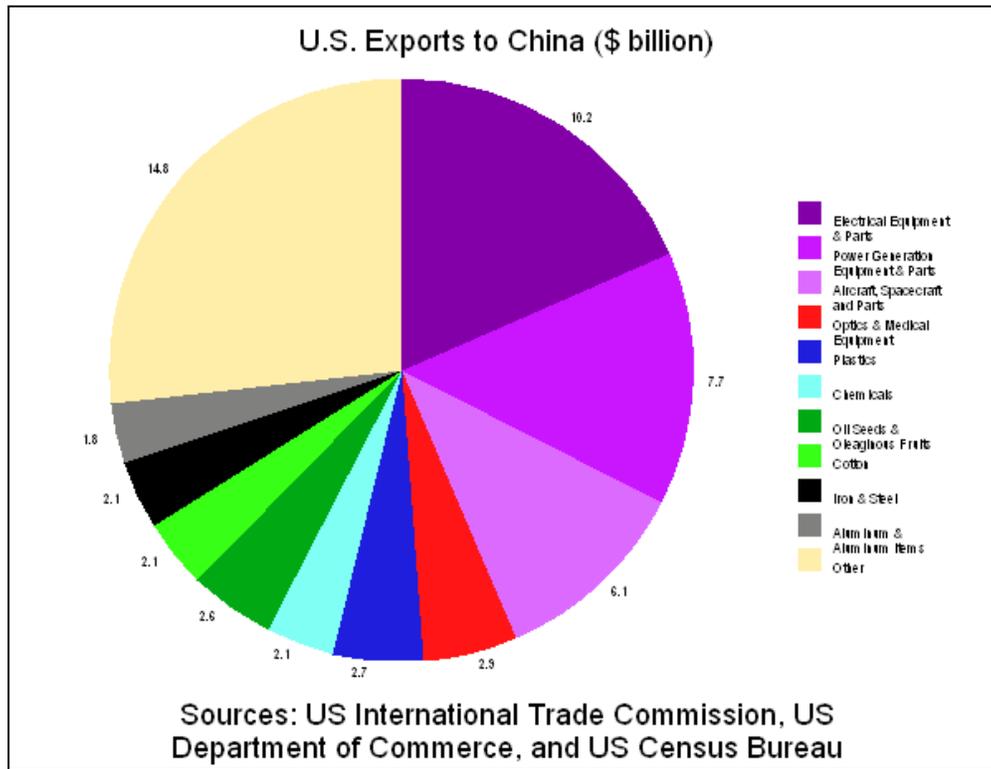
VISUAL 2



VISUAL 3



VISUAL 4



VISUAL 5

