

- February 11, 2010, 12:19 PM HKT

In China: More ‘Made in America’

The Obama administration aims to double U.S. exports over the next five years (links [here](#) and [here](#)). With China, at least, Washington is off to a strong start.

Despite [worry](#) China’s exchange rate is too weak to fuel demand for American goods and concerns of a Sino-U.S. trade war, the Commerce Department’s latest [trade report](#) outlined more strong growth in Chinese buying of U.S. goods.

China’s intake of U.S. goods has “really become a big number,” said John Vail, chief global strategist for Nikko Asset Management in Tokyo. Mr. Vail noted that U.S. exports were around \$10 billion higher in December 2009 from the year-earlier month and that almost a third of that amount is attributable to China.

China accounted for 8.5% of total U.S. exports during December, up from 5.9% in the year-earlier month, Mr. Vail’s calculations show. Year-on-year growth of 65% in U.S. exports to China in the month was bettered only by the 68% rise in exports to Hong Kong, of course a major conduit in China trade, and the 133% jump attributed to Indonesia.

Among other major U.S. trade partners, exports to Mexico were 12% of the total, showing China has catching up to do, but growth in exports to Mexico was slower than to China at 16%. China was a bigger market for U.S. goods in the month than Japan, Germany and the U.K. It was similar to the combined Hong Kong, Singapore, Taiwan and South Korean grouping once called the Asian Tigers. It lags others, including the European Union at 19% of total U.S. exports; EU exports fell 4.4%.

Of course, the performance in the final month of 2009 came before President Barack Obama in January outlined his goal to boost job growth by expanding exports in his State of the Union address. And a few months’ figures don’t establish a trend.

Plus, parsing the details doesn’t change the politically charged fact that the U.S. continues to import more than it sells abroad, which widened the total [trade gap](#) to \$40.2 billion in December from \$36.4 billion in November.

One worry in the U.S.-China trade relationship: Big-ticket U.S. exports can be held hostage to Sino-U.S. political disputes. China has already [warned](#) that companies like Boeing Inc. may be penalized for Washington’s recent Taiwan arms sales. And China has recently [said it will impose](#) tariffs on U.S. chicken.

The importance of China’s intake of U.S. goods is gaining notice elsewhere. As China-focused research firm Rhodium Group’s Dan Rosen recently [wrote](#) on China Real Time, China’s “strong imports are not some contrivance to win friends abroad: they are the natural result of China’s strong growth.”

—James T. Areddy