

Congress of the United States
Joint Economic Committee
Senator Charles E. Schumer, Chairman

For Immediate Release
January 10, 2007

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**AS U.S. HEADS TOWARD 5th RECORD TRADE DEFICIT, CHAIR OF
JOINT ECONOMIC COMMITTEE CALLS ON ADMINISTRATION TO
PUT NEW PRESSURES ON CHINA**

*Administration's Delegation Returned from China in December Without
Much In Hand*

*JEC Plans Hearings on China Currency Manipulation, U.S. China Trade Policy –
Will Bring Treasury Officials Before Committee*

Schumer: 30 Percent of 2006 Trade Gap Stems from Deficit with China

Washington, D.C. – Although the U.S. trade deficit narrowed slightly to \$58.2 billion in November, \$22.9 billion of that gap stemmed from the deficit with China, according to a **Joint Economic Committee** analysis of Commerce Department data. Despite the narrowing, both the overall deficit and the deficit with China remain at historically high levels.

“Our trade deficit is still out of control,” said **Sen. Charles E. Schumer** (D-NY), incoming **Chairman** of the **Joint Economic Committee**. “Unless the administration takes action to end China’s unfair currency manipulation, we will continue to see the problem get worse. It is time to take a hard line with Beijing on its undervalued currency, so that American producers can compete with Chinese producers on a level playing field.”

Schumer plans to hold hearings to investigate policy responses to the growing trade deficit with China and manipulation of the yuan.

The U.S. trade deficit is on pace to set a record level for the fifth year in a row. Over the first 11 months of 2006 the deficit was \$702 billion, which is on track to surpass the record deficit of \$717 billion set for all of 2005.

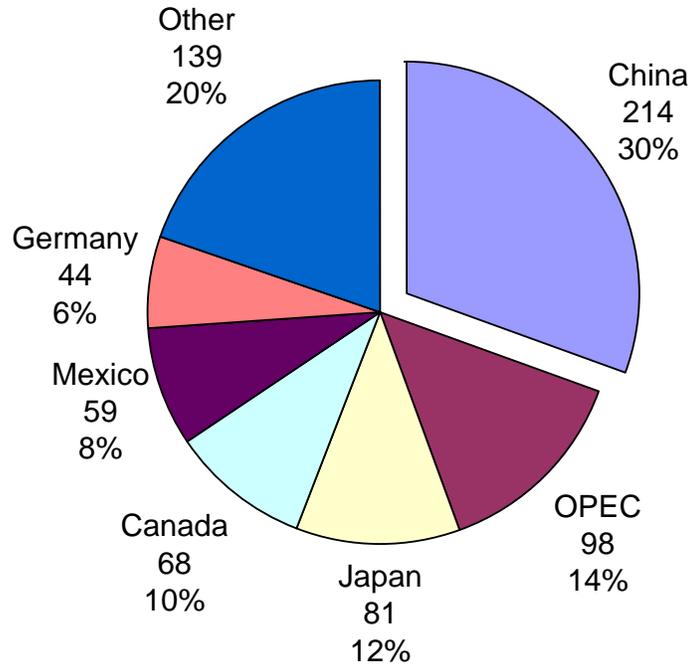
The largest single contributor to the 11-month cumulative trade deficit was the \$214 billion goods deficit with China (**See chart**). For all of 2005, the goods deficit with China was \$202 billion. The U.S. trade deficit with China in the past two years is larger than the total U.S. trade gap of just seven years ago.

Treasury Secretary Henry Paulson led a high-level U.S. delegation to Beijing last month for two days of talks aimed at resolving long-standing trade problems. There were no breakthroughs on the biggest issues such as complaints that China is manipulating the value of its currency to gain trade advantages. Another meeting is scheduled for May in Washington, D.C.

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Thirty Percent of the 2006 Trade Gap Stems from the Deficit with China

Goods Deficit in Billions of Dollars and as a Share of Total Trade Deficit in Goods and Services, by Country, through November



The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

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