PUBLIC CITIZEN
215 Pennsylvania Avenue, SE • Washington, D.C. 20003 • 202/546-4996 • www.citizen.org

For Immediate Release: Contact: Ufuoma Otu (202) 454-5108, uotu@citizen.org
June 5, 2018 Matthew Groch (202) 454-5111, mgroch@citizen.org

On Commerce Department Release of April 2018 Trade Balance Data Wednesday

Statement of Lori Wallach, Director of Public Citizen's Global Trade Watch

Note: U.S. trade data for the first four months of 2018 will be released by the U.S. Census Bureau Wednesday morning. Continuing its previous trend, the U.S.-China trade deficit is predicted to increase yet again. The 2018 first-quarter trade deficit with China was the largest ever recorded at $91.1 billion, up from $80.7 billion for the same period last year. The first-quarter goods trade deficit with Mexico was also the largest ever recorded at $33.3 billion, up from $30.6 billion for the same period last year. During Trump's first year in office, the 2017 trade deficit with China was $375 billion – up $19.5 billion from 2016. The NAFTA first-quarter 2018 goods deficit was up slightly relative to the first quarter of 2017 – an increase from $49.1 billion to $49.6 billion after improving from 2011 to 2016, but worsening in 2017. Lori Wallach said:

"The trade deficit has worsened considerably since President Trump took office and no cut-and-run 'skinny' NAFTA renegotiation or one-time sales deal for China to buy more U.S. gas and soy will reverse the deficit or create the manufacturing jobs candidate Trump promised.

If Trump is serious about reducing our trade deficit, then he must stay focused on changing China's unfair trade practices not settle for the usual Chinese promises to buy more U.S. exports and replace NAFTA with a deal that eliminates the pact's job outsourcing incentives and adds labor and environmental standards with swift and certain enforcement.

The Koch brothers are now launching a major PR campaign to defend the failed trade status quo. But to address our long-term and massive structural trade deficits with China, Trump must obtain an end to China's tariff and non-tariff barriers on American goods and the subsidies and other support to state-owned and state-linked enterprises that result in oversupply of many goods on world markets. To deal with our persistent NAFTA trade deficit, Trump must eliminate NAFTA's investor protections that make job outsourcing cheaper and less risky and its ban on Buy American procurement policies that outsource our tax dollars and add stronger rules of origin and tough labor and environmental standards to stop companies from moving jobs to Mexico to pay workers poverty wages and dump toxins."

Background: After President Donald Trump reversed his pledge to take action to reduce the China trade deficit with day-one action naming China a currency manipulator, in March 2018 the administration took aim at policies underlying the China 2025 agenda to dominate industries of the future and launched an expansive Section 301 trade enforcement action against China. Tariffs and investment restrictions were threatened unless China ended subsidies, technology theft and forced transfer policies. At the end of May, Treasury Secretary Steven Mnuchin announced that the structural demands and related tariffs were on hold, after China promised to buy more U.S. agricultural and energy products that it likely would have bought anyway given that U.S. exports to China already are growing. The Chinese government has promised it would greatly expand purchases of U.S. goods over the past two decades, but failed to deliver time and again as the trade deficit increased. A week later, President Trump reversed Mnuchin's statement, declaring that the initial strategy of demanding changes to China's underlying policies and practices was back on. Last weekend, U.S. Commerce Secretary Wilbur Ross traveled to China to negotiate for more purchases of U.S. liquefied natural gas (LNG) and soy. This despite the fact that Ross or his family may still benefit from a stake in a shipping company called Navigator with the capacity to transport LNG that could profit from new U.S. gas shipments to China. Ross returned home without new sales deals that could reduce the U.S. trade deficit with China by the $200 billion that Trump recently announced. Moreover, such deals are time-limited arrangements. More U.S. soy or LNG exports would do nothing to change the underlying structural imbalances, including longstanding tariff and non-tariff barriers China imposes on American goods and Chinese subsidies, and other support to state-owned and state-linked enterprises that result in oversupply of many goods on world markets.

###