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Oil, Chinese imports boost U.S. trade deficit

Tom Abate, Chronicle Staff Writer
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Growing imports of oil and Chinese goods pushed the U.S. trade deficit to its highest level in 15 months in March.

The Commerce Department said U.S. exports totaled $147.9 billion in March while imports registered $188.3 billion to create a $40.4 billion trade deficit, up from a revised $39.4 billion gap in February.

Increases in the price and volume of crude oil imports were one reason for the bigger imbalance.

The trade gap with China also rose to $16.9 billion in March from $16.5 billion in February.

Wednesday's report of the growing trade deficit with China coincides with rising concerns that the Chinese government has artificially lowered the value of its currency to make its exports to the United States cheaper and U.S. exports to China more costly.

The liberal Economic Policy Institute in Washington, D.C., recently estimated that subsidized Chinese exports to the United States have eliminated 2.4 million U.S. jobs between 2001, when China joined the World Trade Organization, and 2008, the most recent year for which the federal data used in its analysis could be found.

Institute economist Robert E. Scott apportioned those job losses by congressional district and found that four of the top five job-losing jurisdictions were the Bay Area constituencies represented by Democratic representatives Mike Honda, Anna Eshoo, Zoe Lofgren and Pete Stark, respectively.

But Daniel J. Ikenson with the libertarian Cato Institute called Scott's analysis "simplistic" and said the manufacturing job losses alluded to in his study could be largely attributed to greater productivity.

Ikenson said Scott's analysis also ignored the extent to which Chinese imports are increasingly being used as raw materials or components that U.S. manufacturers include in their own finished goods, making these U.S. firms more competitive.

President Obama raised these U.S. currency and trade concerns during Chinese President Hu Jintao's visit to Washington, D.C., last month, and was told that China's monetary policy "won't be advanced by foreign pressure."

Even so, Treasury Secretary Timothy Geithner is expected to raise these issues again when he and Secretary of State Hillary Rodham Clinton make a two-day visit to China this month.

Wednesday's trade report does show some long-term improvement in the U.S. import-export balance.

In March 2007, before the world economy went into recession, the United States had a wider trade gap of $61.6 billion with lower exports ($131.6 billion) and higher imports ($193.2 billion) than during March 2010.

The trade gap with China, which was $16.9 billion this March, is also narrower than the pre-recession imbalance between the two nations, which stood at $17.3 billion in March 2007.

While imports by state are tough to track, California exports showed signs of vitality in March.

The state exported $12.37 billion worth of goods in March 2010, according to trade analyst Jock O'Connell with Beacon Economics in San Rafael.

That was a big bounce back from the $9.4 billion that California exported last March and almost on par with the $12.9 billion in state exports recorded March 2007, he said.

Chronicle news services contributed to this report.

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