China rejects status as world's biggest trader

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(AP)—China has a new status its government doesn't want—world's biggest trader.

Official Chinese and American trade data indicate China passed the United States last year in total imports and exports by a margin of $3.866 trillion to $3.822 trillion. That is about $44 billion, or just over 1 percent of China's total.

The Commerce Ministry has taken the unusual step of publicly denying China is the new No. 1. It says China still trailed the U.S. by $15.6 billion last year—or a razor-thin 0.3 percent—under World Trade Organization standards for valuing goods.

Beijing wants to be a global leader but insists it still is a poor country. It is wary of any change that might erode that status and fuel demands for action to stimulate the global economy or concessions on trade and climate change.

"I think there is some concern from the Ministry of Commerce that this might be used as evidence by Western countries that China is not doing its part to rebalance the global economy," said Xianfang Ren, China analyst for IHS Global Insight.

China's explosive trade growth has abruptly altered global business. It created new opportunities for some but prompted complaints by the United States and others over its multibillion-dollar trade surpluses, market barriers and currency controls.

In just five years, China has surpassed the United States as a trading partner for much of the world, including American allies such as South Korea and Australia, according to an Associated Press analysis of trade data.

As recently as 2006, the U.S. was the larger trading partner for 127 countries, versus just 70 for China. By 2011 the two had clearly traded places: 124 countries for China, 76 for the U.S.

Trade is especially sensitive amid anxiety over a possible global slowdown. Beijing's trading partners accused it of hampering a recovery from the 2008 crisis by obstructing access to its market.

For 2012, Beijing reported a $231 billion global trade surplus on exports of $2.049 trillion and imports of $1.818 trillion. The United States reported $1.547 trillion in exports and $2.335 trillion in imports, for a deficit of $788 billion.

The Commerce Ministry's statement last week said a WTO global trade report due out this month or in early March would recalculate those figures and should show China still No. 2.

Also, some commentators have questioned whether China's trade data can be trusted because many companies are believed to misreport imports and exports to avoid taxes or get trade-related payments.

"Of course, it is only a matter of time before China becomes No. 1," said Ren.

Behind the headline numbers, China and the United States are drastically different traders.

China is the world's low-cost factory, assembling most of its mobile phones, home appliances and other goods. But its factories need imported technology and components. Much of the value of its exports flows to U.S. and European technology suppliers and to producers of components in Japan, Taiwan, South Korea and Southeast Asia.

That has meant surpluses Asian countries used to run with the United States were shifted to China's column in U.S. national accounts.

By contrast, the United States uses its own technology and adds more value to goods such as jetliners and factory machinery. So it keeps a bigger share of the value of its exports.

American workers also are far more productive. A trade group, the National Association of Manufacturers, says U.S. factories produce goods worth more than China's manufacturing output with about one-tenth as many workers.

Over the past decade, China passed the United States as the biggest market for autos and mobile phones and became the biggest producer of steel and ships. It overtook Japan in 2009 as the second-largest economy.

China also racked up firsts in more contentious areas as the biggest energy consumer and producer of climate-changing greenhouse gases. Beijing initially denied both changes, possibly out of concern they would add pressure for environment controls it feared might hamper economic growth.

As a developing country, China was exempt from emissions limits under the Kyoto Protocol aimed at curbing climate change. Some Western companies complained that gave its manufacturers an unfair price advantage.

The huge volume of China's imports makes it a driver of growth for suppliers of goods from iron ore to computer chips, which is starting to translate into political influence.

Even with growth slower than its double-digit rates of the past decade, China's share of world output and trade is expected to keep rising. Annual growth is forecast at up to 8 percent over the next decade, far above U.S. and European levels.

Chinese leaders are trying to nurture more self-sustaining economic growth based on domestic consumption instead of exports. That might slow demand growth for some raw materials, but China's appetite for other imports could pick up as consumer spending rises.