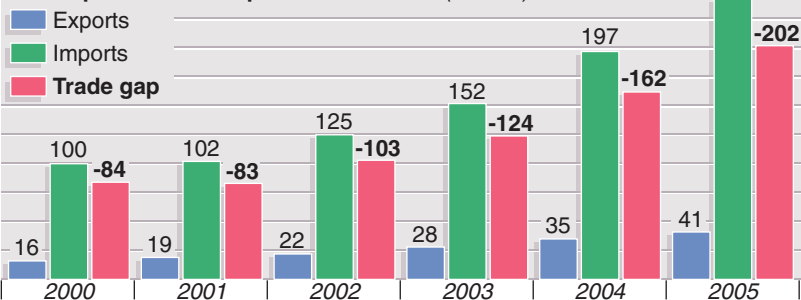


# U.S.-China trade gap

America's deficit with China reached a record-breaking \$202 billion last year, blamed by Washington on an undervalued yuan, barriers to U.S. exports, and counterfeiting that hurts the U.S. software and movie industries. Beijing says Americans are living beyond their means

U.S. exports to and imports from China (\$billion)



## Currency policy:

U.S. accuses China of undervaluing yuan by up to 40% to boost exports. *China argues it has put*

*system in place to provide exchange rate flexibility*



**Piracy:** U.S. says up to 90% of DVDs, CDs and software sold in China are pirated. *China to install legal software on*

*all new computers in crackdown against copyright abuse*



**Protectionism:** America complains China imposes regulatory barriers on imports of U.S. products and services. *China to*

*start talks in 2007 on joining World Trade Organisation*



**Trade tensions:** *Beijing has pledged to lift ban on U.S. beef imports – in place since 2003 to keep out mad-cow disease.*

*Chinese companies to sign contracts with U.S. firms worth \$16.2bn*