

An Overview of Maryland's Trade with China

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Abstract:

This paper explores the dynamic trade relationship between Maryland and China, emphasizing the significant economic and cultural impact of this partnership. Despite not being the largest trading partner, China represents a substantial market for Maryland's goods and services. The paper highlights key features of this trade relationship, including diverse exports such as coal, pharmaceuticals, and agricultural products. Maryland's strategic position and collaborations with Anhui province ensure efficient trade routes, fostering job creation in manufacturing, port-related activities, agriculture, and services. Additionally, Maryland's education service exports to China, driven by Chinese students' influx into institutions like Johns Hopkins University and University of Maryland, promote cultural understanding and international collaboration, draw tuition and spending in Maryland. By examining various sectors and emphasizing the importance of this relationship, the paper underscores Maryland's pivotal role in fostering mutual understanding, trust, and cooperation between China and the United States, contributing to a more interconnected and harmonious global community.

Introduction

With most of the world's population and purchasing power outside of the United States, the future development and growth of Maryland will be dependent on expanding trade and investment with the rest of the world. One trade relationship that this paper would like to highlight is between China and Maryland. China has been an important trading partner with Maryland since the normalization of diplomatic relations between the United States and the People's Republic of China. Maryland might not be the biggest trading partner with China compared to other U.S. states, but China represents a massive market for Maryland's goods and services that cannot be overlooked. China's rapidly growing middle class has an increasing demand for high-quality goods and services, offering Maryland's businesses significant potential for a wide range of export opportunities.

This paper will attempt to highlight a few key features that exist in the trade relationship between Maryland and China that will showcase that building strong economic ties with China can lead to a strategic partnership that ensures Maryland businesses have access to stable and efficient supply chains, as well as fostering a strong cultural understanding between nations through Maryland's competitive academic programs.

Key traded goods and services

Maryland exported \$17.8 billion in 2022, ranking 27th largest exporter of the U.S. Among Maryland's trade partners, China is the 4th largest goods export market in 2022 and 6th largest services export market in 2021. Making China the destination for 7% of Maryland's total global goods export and 5% of Maryland's global services export.

Maryland’s exports to China are diverse, including coal & petroleum gases, pharmaceuticals & medicines, oil seeds & grains, pulp & paperboard mill products, and basic chemicals. Two of the top three exported goods, coal & petroleum gases, and oil seeds & grains, are all goods which the U.S. has significant comparative advantage against China. Realistically, China will only see increased demand for these goods in the coming years as its growing economy demands higher energy consumption.

Maryland's Exports to China

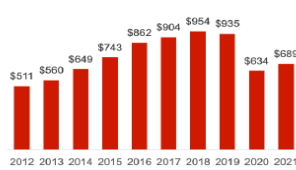
Maryland's goods and services exports to China supported 11,580 American jobs in 2021.

Goods
(\$ billion)



Change (2021-2022): -9%

Services
(\$ million)



Growth (2020-2021): 9%

Top Goods Export Markets, 2022

1. Canada	\$2.2 billion
2. France	\$1.7 billion
3. Netherlands	\$1.4 billion
4. China	\$1.2 billion
5. India	\$1.2 billion

Top Goods Exports to China, 2022

1. Coal & petroleum gases	\$288 million
2. Pharmaceuticals & medicines	\$152 million
3. Oilseeds & grains	\$138 million
4. Pulp & paperboard mill products	\$115 million
5. Basic chemicals	\$65 million

7% of Maryland's global goods exports went to China in 2022

Top Services Export Markets, 2021

1. Ireland	\$1.7 billion
2. U.K. Caribbean	\$1.4 billion
3. Switzerland	\$1.1 billion
4. United Kingdom	\$1.1 billion
6. China	\$689 million

Top Services Exports to China, 2021

1. Education	\$259 million
2. Royalties from industrial processes	\$72 million
3. Computer software services	\$48 million
4. Misc. personal & recreational	\$45 million
5. Business mgmt. & consulting	\$42 million

5% of Maryland's global services exports went to China in 2021



Note: Full-year services export data are available only through year-end 2021
Source: Estimated by Trade Partnership Worldwide (Washington, DC)

Source: the figure is murky

Despite several other countries ranking higher than China in 2021-2022, China still possesses the most market potential as the largest developing economy in the world. China is a rapidly growing economic power, including its digital economy. One of Maryland’s top imports is Communication Apparatus, and China was the top exporter of it in 2021, with a total export

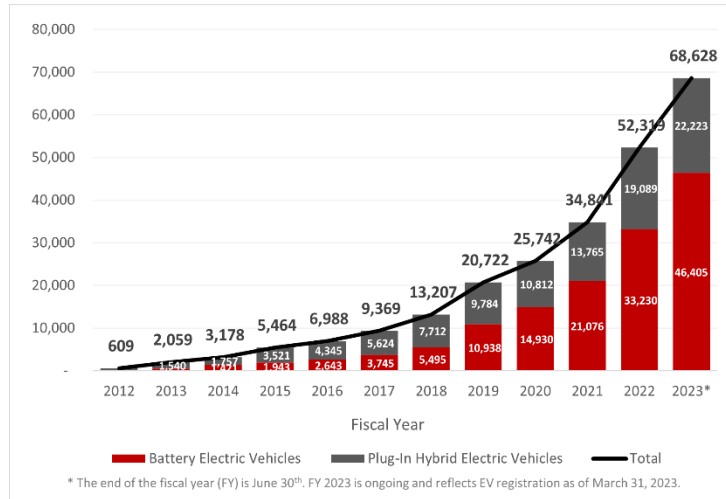
amounting to 71 billion dollars. Other items high on the import lists are medium-sized cars, which Anhui province in China, Maryland's sister state, is also a top exporter of.

Building a strong trade relationship with China can position Maryland as a competitive player in the global marketplace. In 2022, sister state Anhui province had a total import and export trade of goods with the United States of \$15.27 billion USD, a growth of 9.7%. Among this, exports to the United States amounted to \$12.17 billion USD, showing an increase of 16.5%. Anhui Province also relies on Maryland's exported goods, such as bituminous coal, which is among Maryland's top exported goods to the world and *the* top exported goods to China. Anhui Province has seen a growth in bituminous coal demand in its import portfolio. Last year, the province experienced a 98.7% growth of imported bituminous coal from the United States.

Electric Vehicles

According to the Maryland Department of Transportation, the number of electric vehicles in the state continues to rise, with 68,628 in the state as of March 31st. An increase of 2,500 since February and an 11,169% increase from 10 years ago. The demand for EVs is projected to grow exponentially with Maryland's commitment to green energy, and further cooperation with China's EV market is expected to be beneficial for both parties. China, in the past few years, has emerged as the leading market in the EV supply chain, producing three quarters of the world's batteries. Overall, China has become the top global supplier of EV batteries. This is due to the vastly developing domestic industrial capabilities and the rising awareness for clean transportation methods both at the governmental level and the societal level, cheaper labor costs, and land management; Chinese EVs are inexpensive compared to other markets. Anhui Province has emerged as the 4th largest EV producer in China, with a yearly growth of 20%. Further

cooperation in this field will likely expedite the process of meeting the goal of net-zero emissions by 2045.



Source:

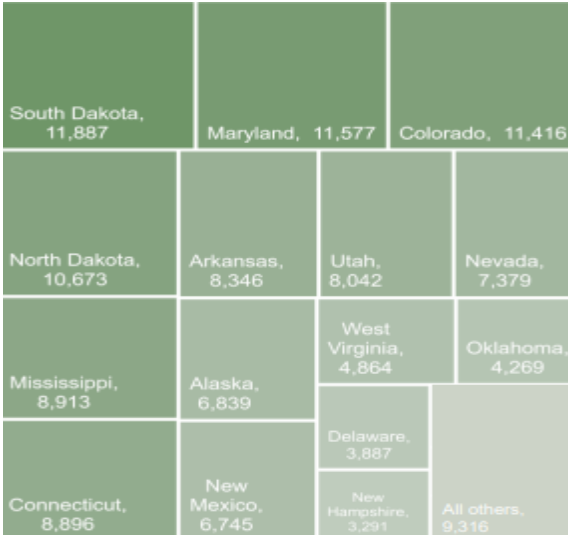
Adding discussion on Maryland Legislation to have all EV in 2035. Affordable EVs, EV charging stations, etc. (Ref: <https://www.marylandmatters.org/2023/03/13/moore-recommits-maryland-to-highest-national-climate-goals-for-electric-vehicle-sales/>)

Job creation

Trade with China significantly boosts employment in Maryland across various sectors. Maryland businesses exporting goods to China, such as machinery, electronics, and agricultural products, often expand their operations to meet the rising demand, creating jobs in manufacturing and production. The state's Port of Baltimore plays a crucial role, necessitating more workers in port-related activities like cargo handling and logistics due to increased trade volumes. Maryland's agricultural sector benefits from higher demand for products like poultry and seafood, leading to job growth in farming and processing. Collaborations in technology and innovation between Maryland and China companies result in employment opportunities in research, development,

and engineering. Additionally, the service industry experiences growth, with professionals specializing in international trade law, finance, and consulting in demand. The retail sector also benefits, leading to job creation in sales and distribution. Overall, the multiplier effect of increased trade stimulates other sectors, such as education, healthcare, and construction, contributing to Maryland's economic growth and creating a more robust job market.

According to the U.S.-China Business Council, 11,580 jobs were supported by the exports of goods and services to China in 2022. Pre-COVID data have shown that more jobs (30,000+) were supported by exports with China, showing that expanding trade relationships with China can potentially increase employment opportunities.



Source:

Cultural exchange

The U.S. hosts the most Chinese international students in the world, and Maryland is a popular destination for Chinese students when they choose their ideal place to study. Education is the number one service exported to China by Maryland.

Any numbers and figures for this section)

Maryland's education service exports to China are crucial in fostering cultural understanding, international collaboration, and economic ties between the United States and China. Maryland's esteemed higher education institutions, such as Johns Hopkins University and the University of Maryland, attract a significant number of students from China, contributing to the state's education service exports. These students engage in academic programs, cultural exchanges, and research initiatives, fostering mutual understanding between the two nations. Maryland also facilitates collaborative academic programs, professional development, and online learning opportunities, enriching educational experiences for Chinese students and educators. The importance of fostering cultural understanding between the U.S. and China cannot be overstated, as it promotes peaceful coexistence, reduces misunderstandings, and nurtures global cooperation. Maryland, with its diverse and inclusive educational environment, plays a vital role in promoting these values. By welcoming Chinese students, fostering academic collaborations, and encouraging cultural exchange, Maryland contributes significantly to building bridges between the two nations, paving the way for a more interconnected and harmonious world.

Sister state Anhui's features

A short introduction of sister state program will be good. When it was started, how it was started. Etc.

Anhui is closely connected to Shanghai, with container trucks reaching Shanghai Port in just 3 hours thanks to a well-developed highway network. From there, goods can be shipped by sea to New York Port and then transported by train to Maryland, making the entire shipping process take around 25 days, ensuring convenient trade transport. Business professionals traveling between Maryland and Anhui find it very convenient. There are direct flights from DC to

Shanghai, and it takes only about 3 hours to drive from Shanghai to Anhui, thanks to the extensive highway network. Additionally, the high-speed train ride takes just 1 hour. It's also worth mentioning that Anhui has a longstanding tradition of commerce dating back thousands of years. Huizhou merchants (Anhui merchants) have a strong reputation in China for their trustworthiness, strong execution skills, and cooperative spirit.

What the sister state has achieved so far? Any figures, numbers?

Summary

In summary, Maryland's trade relationship with China is robust and multifaceted, encompassing diverse sectors such as manufacturing, agriculture, technology, and education. In 2022, Maryland exported \$17.8 billion worth of goods to China, making it the 4th largest goods export market for the state. This trade relationship not only boosts Maryland's economy but also leads to job creation, especially in sectors like manufacturing, port-related activities, agriculture, and the service industry. The state's education service exports to China, driven by the influx of Chinese students to esteemed institutions like Johns Hopkins University and the University of Maryland, foster cultural understanding and promote international collaboration between the two nations.

Maryland's strategic position as a gateway to China, particularly through its sister state Anhui, ensures convenient trade transport, with goods reaching New York Port in around 25 days.

Moreover, the historical tradition of commerce and the cooperative spirit of Anhui merchants further facilitate trade ties. With the increasing demand for goods and services from China, the state's continued engagement in trade with China not only strengthens its economic foundation but also contributes significantly to the reconstruction and enhancement of the relationship between China and the United States. By nurturing these economic ties, Maryland plays a crucial role in fostering mutual understanding, building trust, and promoting cooperation between the

two nations, ultimately paving the way for a more interconnected and harmonious global community.