



Wal-Mart's Reliance on Chinese Goods Costs U.S. Jobs

Last year, the retail giant Wal-Mart imported \$26.7 billion of Chinese goods into the United States. The cost of those goods to Americans went far beyond the sticker prices, however. Wal-Mart's reliance on Chinese goods cost the United States over 308,000 jobs in 2006 – or about 77 jobs for every Wal-Mart store in the United States.

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These calculations come from a new analysis by the Economic Policy Institute's leading expert on international trade, economist Robert Scott. His findings are published in a new issue brief published today, [*The Wal-Mart Effect*](#).

Wal-Mart's increased dependence on cheap imports from China is reflected in the nation's increasing trade imbalance with that country. The United States buys imports from other countries, especially China, at a much higher rate than it sells exports, causing a trade deficit and the loss of domestic jobs. Wal-Mart was responsible for 9.3 percent of U.S. China imports from 2001-2006, and for 11.2 percent of U.S. job losses due to the trade deficit with China. The growth of Wal-Mart's share of the trade deficit with China alone eliminated nearly 200,000 U.S. jobs in this period.

"Now we know the impact that imports from China to the world's largest retailer has on our nation's jobs," said Scott. "What's good for Wal-Mart is not always good for U.S. workers."

In Scott's previous paper, [*Costly Trade with China*](#), he showed how the growth in the trade deficit with China from 2001 to 2006 has displaced production that supported 1.8 million U.S. jobs. Chinese monetary policy, seen as illegal under World Trade Organization rules, keeps the Yuan artificially low, making its exports cheap, and imports from the United States and other countries expensive.

Ironically, Wal-Mart markets its cheap wares to some of the same people who may have been laid-off because their jobs moved to China. Job losses in manufacturing account for 68 percent of total jobs displaced due to growing imports from China between 2001 (when China joined the World Trade Organization) and 2006. The manufacturing sector in the United States pays higher wages and provides better benefits than most other industries. More than one-third of manufacturing workers displaced by trade dropped out of the labor market, and the average wages of those who found new jobs fell by 11 percent - 13 percent.

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