

Balance of Trade

ANTONIO NEVES, *the.News* Correspondent

U.S. Treasury Secretary Henry Paulson is meeting this week in Washington D.C. with Chinese officials to try to reduce tensions over trade. What happens could affect businesses large and small – even five hundred miles away in the hills of West Virginia.

COACH AND POCA PLAYERS

1, 2, 3 // Win!!

CROWD

Come on Poca, you got it, own it, come on now!

ANTONIO NEVES

It's the playoffs, Sherman High versus Poca.

CROWD

[Cheering]

ANTONIO NEVES

It may be an American pastime, but more and more it's played with uniforms and equipment from somewhere else.

STUDENT

Everything you look at now is made in China, your computers. Even like boxes are made in China.

ANTONIO NEVES

Walking around Poca High School it sure seems that way. Shoes, Bags, Clothing, Cell Phones – All made in China. But the Chinese are also customers for things made in America

When you think about international trade, you might not think about West Virginia. But right here in the small town of Poca – home of the Poca Dots- China plays a major role in the local economy.

Just down the road, workers are designing and building machines to sell to China.

Kanawha Scales and Systems builds equipment to move and weigh raw materials like iron ore and coal.

Business in China makes up one third of the Kanawha's operations. That makes the Chinese important customers for the company and Poca.

Without their business, Kanawha Scales would lose millions of dollars. And Poca would lose the money the company and its employees bring to the local economy.

LESLIE DRAKE, US Department of Commerce

In the last couple of years, the amount of exports from the US and West Virginia has really increased.

We're one of the top coal producing states in the nation and always have been. Because of that, the state has been able to develop a very specialized, highly regarded equipment industry.

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Equipment sales from West Virginia are part of the balance of trade between the US and China – the total amount of goods and services exchanged between the two countries. The United States mainly sends equipment and raw materials. The Chinese send back food and consumer goods.

JAMES ZIMMERMAN, President US China Chamber of Commerce

One good example is the iPod versus a Boeing airplane. It takes thousands and thousands of iPods to equal one Boeing airplane

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Still, sales between China and the United States are way out of balance.

JAMES ZIMMERMAN

China has a comparative advantage in a number of areas. Land, resources, labor costs.

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And doing business in China can be a challenge. It took Kanawha Scales six years to get their first contract.

DON SCHLEUTER, Kanawha Scales and Systems International

The biggest challenge, just like anywhere else, is to establish relationships and get credibility.

ANTONIO NEVES

Don Schleuter runs Kanawha operations in Beijing. He has to deal with Chinese regulations, business practices, and traditions.

DON SCHLEUTER

The biggest cultural difference is the Chinese in my opinion are far more astute politically and socially than we are. We do not pay enough attention to the social aspects of the Chinese culture.

ANTONIO NEVES

And it is a big country. Kanawha Scale's operations are thousands of miles apart.

JIM BRADBURY, President, Kanawha Scales and Systems

This job is in Sansui, China. It's right here. Kunming. It's kind of difficult to get there. It's about a twelve hundred mile flight from Beijing to Kunming, then it is a seven hour train ride through approximately one hundred tunnels.

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But overcoming those challenges is important to bring trade back into balance. The growing US – China deficit is a large part of the debate over how open world markets should be.

What do you say to people who say that Globalization is a bad thing?

JIM BRADBURY

I think they are wrong. I think it is good. I think it's inevitable. It's going to happen whether you like it or not. The more you understand them, their culture, there's less turmoil, less animosity, that sort of thing when you get to know people.

CROWD

[Cheering]

ANTONIO NEVES

For the people of Poca, West Virginia the hope is that traffic will keep flowing - in both directions. This is Antonio Neves reporting for *the.News*.