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U.S. International Trade: Data and Forecasts

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U.S. International Trade: Data and Forecasts

SUMMARY

In 2004 the United States incurred a record merchandise trade deficit of $651 billion on a census basis and $665 billion on a balance-of-payments basis (BoP). A surplus in services trade of $48 billion gave a deficit of $617 billion on goods and services (BoP) for the year — up $121 billion or 24.3% from the $496.5 billion deficit in 2003.

In 2004, U.S. exports of goods and services totaled $1.147 trillion, compared with $1.020 trillion in 2003 and $0.975 trillion in 2002. In 2004, U.S. imports were $1.764 trillion, compared with $1.517 trillion in 2003, and $1.387 trillion (balance of payments basis) in 2002. Year-to-date (November 2005), the trade deficit in goods and services, at $661.8 billion, was 17.5% higher compared to the same period in 2004.

Since 1976, the United States has incurred continual merchandise trade deficits. They increased dramatically from $36.5 billion in 1982 to a peak in 1987 at $159.6 billion. The deficit dropped to $74.1 billion in 1991 but rose to $436.1 billion in 2000 and to $532 billion in 2003 (census basis).

Overall U.S. trade deficits reflect a shortage of savings in the domestic economy and a reliance on capital imports to finance that shortfall. Capital inflows serve to offset the outflow of dollars to pay for imports. Movements in the exchange rate also help to balance trade. The rising trade deficit (when not matched by capital inflows) places downward pressure on the value of the dollar which, in turn, helps to shrink the deficit by making U.S. exports cheaper and imports more expensive. Central banks in countries, such as China and Japan, however, have been intervening in foreign exchange markets to keep the value of their currencies from appreciating significantly (if at all) against the dollar.

Trade deficits are a concern for Congress because they may generate trade friction and pressures for the government to do more to open foreign markets, to shield U.S. producers from foreign competition, or to assist U.S. industries to become more competitive. As the deficit increases, the risk also rises of a precipitous drop in the value of the dollar and disruption in financial markets.

The broadest measure of U.S. international economic transactions is the balance on current account. In addition to merchandise trade, it includes trade in services and unilateral transfers. In 2004, the current account deficit rose to $665.9 billion from $530.6 billion in 2003. After reaching a peak of $160.7 billion in 1987, the current account deficit fell steadily through 1991, when it attained a surplus of $3.8 billion, before turning into deficit again. Higher oil prices and imports are expected to worsen the current account deficit, to $821 billion in 2005 and $922 billion in 2006.

In trade in advanced technology products, the U.S. balance dropped from a surplus of $32.2 billion in 1997 to a deficit of $37.0 billion in 2004. In trade in passenger automobiles, the $98 billion U.S. deficit was mainly with Canada, Germany, Korea, Japan, and Mexico. In imports of crude oil, major sources of the $132 billion in imports were Saudi Arabia, Canada, Venezuela, Mexico, and Nigeria.

Most Recent Developments

In 2004, the trade deficit in goods and services, at a record $617 billion (BoP basis), was 24% higher than in 2003. The 2004 deficit on goods trade with China was $162 billion (Census basis), with the European Union (EU-15) was $104.5 billion, with Japan was $75.2 billion, with Canada was $65.8 billion, with Mexico was $45.1 billion, and with the Asian Newly Industrialized Countries (Hong Kong, South Korea, Singapore, and Taiwan) was $21.9 billion. Merchandise imports of $1,763.9 billion increased by 17% — particularly of crude oil (up $32.7 billion), capital goods except automotive (up $48.0 billion), automotive vehicles and parts (up $18.2 billion), and consumer goods (up $39.3 billion). Merchandise exports of $807.6 billion rose by 13%, particularly of industrial supplies (up $30.5 billion), capital goods except automotive (up $37.5 billion), automotive vehicles and parts (up $7.5 billion), and consumer goods (up $12.9 billion), but this was not enough to narrow the trade deficit. Year-to-date (November 2005), the United States trade deficit in goods and services, at $661.8 billion, was 17.5% higher compared to the same period in 2004. The year-to-date deficit on goods trade with China (Census basis) was $185 billion, with Japan was $75.8 billion, with OPEC was $85 billion, with the European Union was $112 billion, with Canada was $68 billion, and with Mexico was $45.8 billion.

On July 21, 2005, Beijing announced that it would no longer peg China's currency, the yuan, to the U.S. dollar, and instead link it to a basket of major currencies. However, China's central bank continues to intervene in the currency market in order to maintain a stable exchange rate. It is uncertain how far the yuan will rise over time, and what effect such an appreciation would have on the U.S. trade deficit. Some analysts argue that since about half of China's exports contain foreign components, an appreciation of the yuan would not result in a proportionate rise in the prices of many Chinese exports.[1]

Higher oil prices and anticipated higher oil import volumes are expected to worsen the current account deficit, to $821 billion in 2005 and $922 billion in 2006 (6.6% and 7.0% of GDP, respectively).[2]

Background and Analysis

Between 1980 and 1987, both the trade and current account deficits increased but then diminished substantially between 1988 and 1991. As the American economy boomed over the 1990s and into 2000, these deficits ballooned and became one of the few negatives in an otherwise upbeat economic picture. Despite eliminating the federal budget deficit from FY1998-FY2001, the trade deficit side of the so-called twin deficits continued to increase. The recession of 2001 brought a slight easing of the trade deficit as import demand slackened, but as the economy has been recovering in 2002-2004, the negative balances have grown dramatically. This issue brief provides historical and current data as well as forecasts of U.S. trade and current accounts.

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[1] Paul Blustein, "China's Currency Change May Ultimately Mean Little," *Washington Post*, July 22, 2005.

[2] *Global Insight, Inc.*, October 2005.

U.S. trade balances are macroeconomic variables that may or may not indicate underlying problems with the competitiveness of particular industries or what some refer to as the competitiveness of a nation. The reason is that overall trade flows are determined, within the framework of institutional barriers to trade and the activities of individual industries, primarily by macroeconomic factors such as rates of growth, savings and investment behavior (including government budget deficits/surpluses), international capital flows, and exchange rates.

Increases in trade deficits may diminish economic growth, since net exports (exports minus imports) are a component of gross domestic product. In the late 1980s and early 1990s, export growth was an important element in overall U.S. economic growth. In 1999, merchandise exports accounted for about 8.5% of GDP, compared with 5.9% in 1990. Recently, however, rising trade deficits have reduced total domestic demand in the economy, although the deficits have been offset by rising consumer, business, and government demand.

Many economists fear that the rising U.S. trade and current account deficits could lead to a large drop in the value of the U.S. dollar. The current account deficit now exceeds 5% of GDP and is placing downward pressure on the dollar. If foreign investors stop offsetting the deficit by buying dollar-denominated assets (in order to balance U.S. inflows and outflows of dollars), the value of the dollar could drop precipitously. In that case, U.S. interest rates would have to rise to attract more foreign investment, financial markets could be disrupted, and inflationary pressures would increase. Foreign investment in dollar assets along with purchases of securities by central banks of countries such as Japan and China have been sufficient to keep the value of the dollar from falling too far. These central banks have intervened regularly in currency markets to keep the value of their currencies relatively stable with respect to the dollar. (In foreign currency reserves, Japan held $834 billion and China $711 billion in June 2005; in U.S. Treasury securities, as of August 2005, Japan held $684.5 billion and China $248 billion.) The Bank of Japan did intervene extensively by buying dollars in 2003 and early 2004, but apparently has not done so since early 2004. Despite this intervention, the value of the yen rose from 119 yen per dollar in January 2003 to about 106 yen per dollar in March 2004. In the International Monetary Fund's July 2004 consultation with the United States, its directors reiterated their long-standing concerns about the large U.S. current account deficit, which leaves the United States "highly dependent upon private and official inflows from abroad." The accompanying IMF staff report concluded that the deficit is expected to remain at 5% and has the attendant risk of abrupt adjustments of interest and exchange rates. Treasury officials countered that they viewed the current account deficit as a reflection of the buoyancy of the U.S. economy and weakness of foreign demand rather than a policy concern.[3]

The U.S. government compiles trade data in four different ways. The data on goods trade are first compiled on a Census basis. These numbers are then adjusted and reported monthly on a balance of payments (BoP) basis that includes adjustments for valuation, coverage, and timing and excludes military transactions. The data are finally reported in terms of national income and product accounts (NIPA). Bilateral and sectoral data are reported only on a census basis.

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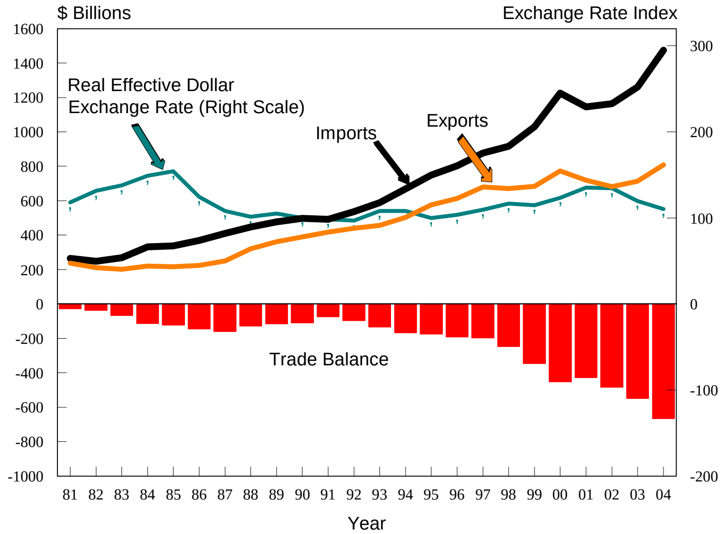
[3] IMF, Public Information Notice 04/77, July 30, 2004; IMF, IMF Country Report No. 04/230, July 2004, pp. 28, 38.

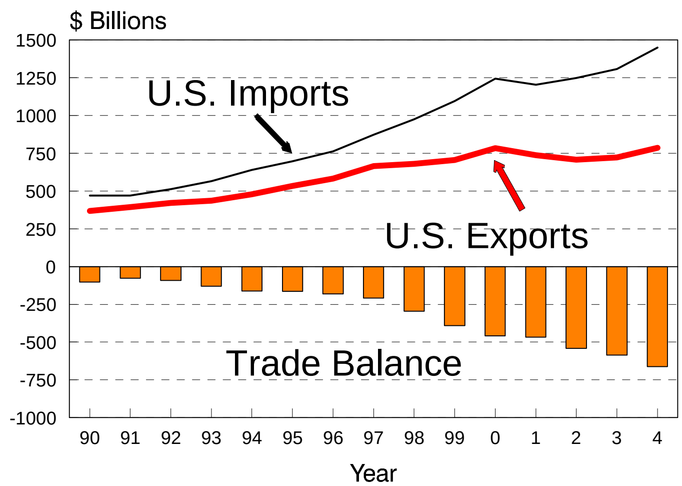
Export and import data also may be adjusted for inflation to gauge movement in trade volumes as distinct from trade values. Conceptually, this procedure is analogous to adjusting macroeconomic data from nominal to real values. The Census Bureau also reports imports on a c.i.f. (cost-insurance-freight) basis which includes the value of insurance, international shipping, and other charges incurred in bringing merchandise to U.S. ports of entry. The Customs, or f.a.s. (free-alongside-ship), data do not include these supplementary costs. The data on merchandise trade for the United States do not include insurance and freight charges. These are counted in U.S. services trade, but other countries commonly report merchandise trade figures that include insurance and freight charges.

Figure 1. U.S. Merchandise Exports, Imports, Trade Balance, and Real Effective Dollar Exchange Rate Index, 1981-2004



Sources: U.S. Department ofCommerce; IMF. Note: For Exchange Rate, 1995= 100

Figure 2. U.S. Exports, Imports, and Trade Balance by Volume (2000 base), 1990-2004



Source: U.S. Bureau of Economic Analysis

U.S. Merchandise Trade Balance

The merchandise (goods) trade balance is the most widely known and frequently used indicator of U.S. international economic activity (see **Figure 1**). In 2004, total U.S. merchandise trade on a balance of payments basis amounted to $2.28 trillion, with exports of $807 billion and imports of $1,473 billion. The U.S. merchandise trade deficit rose 22% in 2004 to $665 billion following a 13% rise in both 2003 and in 2002. Prior to 1992, the deficit had decreased for 4 consecutive years, from a previous peak of $159.6 billion in 1987 to $76.9 billion in 1991. The increase in the trade deficit to 2000 was due largely to sluggish demand for U.S. exports, caused primarily by a combination of capital inflows into the U.S. market, slow economic recoveries in other countries, and increasing demand for imports caused mainly by faster economic growth in the United States. As a share of gross domestic product (GDP), the deficit on goods trade rose from 1.9% in 1990 to 5.1% in 2003 and 5.6% in 2004.

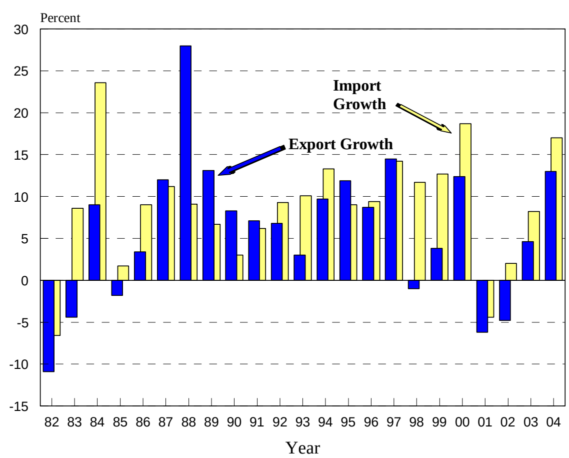
As shown in **Table 1** and **Figure 2**, U.S. merchandise exports decreased in 1998 for the first time since 1985, and again fell in 2001 and 2002 in response to the global slowdown. In general, however, they have been increasing each year. The growth of imports has also been high, although they too fell by 4.4% in 2001 before recovering in 2002. In 2003, import growth was nearly double export growth, although in 2004, export growth almost caught up with that of imports. However, since U.S. imports are about 80% greater than U.S. exports, exports must grow 80% faster than imports just for the deficit to remain constant.

Merchandise Trade Balance in Volume Terms

Like other economic variables, exports and imports, reported in terms of their values, can change merely because prices change. Trade data, therefore, can be adjusted for inflation by dividing by a price index. Such corrected data are referred to as "volume" and not "real," because some trade commodities actually are reported in volume terms (e.g., tons of wheat). The volume data provide a more accurate picture of how the underlying flows of merchandise are changing.

As shown in **Table 2** and **Figure 3**, the constant-dollar value, or physical volume, of merchandise exports increased by 8.8% in 2004, up from 2.6% in 2003, -4.5% in 2002, and 6.3% in 2001. The physical volume of imports rose by 10.8% in 2004, an increase from 5.4% in 2003, 3.4% in 2002, and a fall of 3.6% in 2001. Because the growth of merchandise imports is higher than the growth of exports and because imports exceed exports by more than 80% on a physical volume basis, exports would have to grow more than 80% faster than

Figure 3. Annual Growth in U.S. Merchandise Exports and Imports 1982-2004



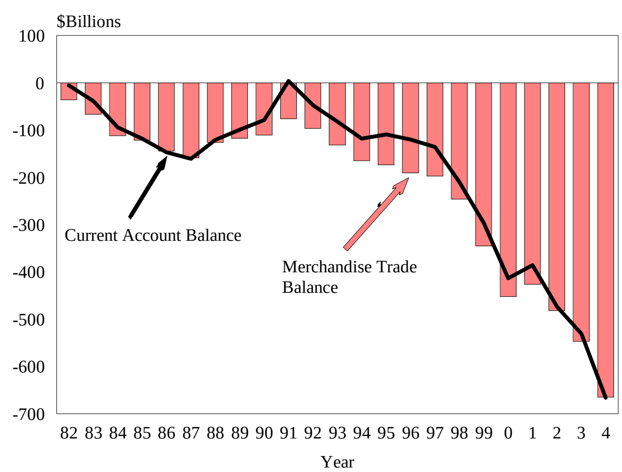
Source: U.S. Department of Commerce

imports just for the U.S. trade deficit in terms of volume to remain constant. Since import growth actually exceeded export growth in 2004, the deficit increased. In recent years, the deficit in volume terms has varied relative to the deficit in value terms partly because of fluctuations in oil import prices (when oil prices rise, the deficit in value rises relative to that in volume terms).

Current Account Balance

The current account provides a broader measure of U.S. trade because it includes services, investment income, and unilateral transfers in addition to merchandise. (See **Figure 4**) The balance on services includes travel, transportation, fees and royalties, insurance payments, and other government and private services. The balance on investment income includes income received on U.S. assets abroad minus income paid on foreign assets in the United States. Unilateral transfers are international transfers of funds for which there is no quid pro quo. These include private gifts, remittances, pension payments, and government grants (foreign aid). Data on the current account lag those on trade by several months.

Figure 4. U.S. Current Account and Merchandise Trade Balances, 1982- 2004



Source: U.S. Bureau of Economic Analysis

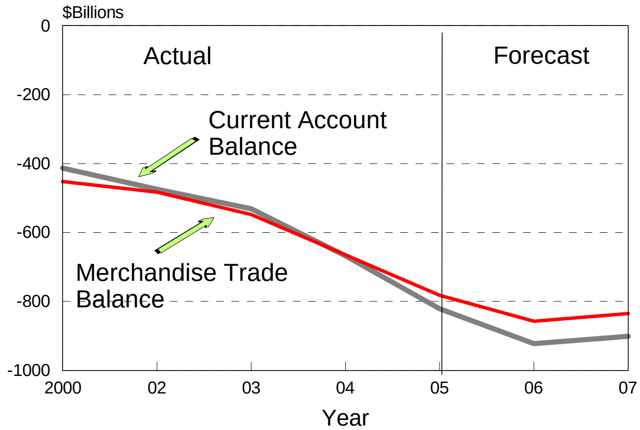
Table 3 summarizes the components of the U.S. current account. The U.S. deficit on current account increased to $665.9 billion from $530.7 billion in 2003. As a share of U.S. GDP, this deficit rose to 5.7% from 4.8% in 2003. Historically, the current account deficit fell from a then record-high $160.7 billion in 1987, to $79.0 billion in 1990, and rose to a $3.7 billion surplus in 1991 (primarily because of payments to fund the Gulf War by Japan and other nations). However, in 1992, the current account deficit increased significantly to $48.0 billion and again to $82.0 billion in 1993 and $118.0 billion in 1994. It rose to $209.6 billion in 1998 and to $413.4 billion in 2000 or 4.2% of GDP — up from 1.3% in 1990. In 2001, the current account deficit fell to $385.7 billion or 3.9% of GDP, but rose again to $473.9 billion in 2002, $530.7 billion in 2003, and $665.9 billion in 2004.

Since the merchandise trade balance comprises the greater part of the current account, the two tend to track each other. Unlike the merchandise trade balance, however, the services account has been in surplus since 1975. In 2004, the United States surplus in its services trade was $48.5 billion. Since Americans are such large investors in foreign economies, the United States traditionally has had a surplus in its investment income. This surplus on income from investments, which reached a high of $36.3 billion in 1983, dropped to $7.2 billion in 2002, rebounded to $33.3 billion in 2003, and was $24 billion in 2004. The U.S. deficit in unilateral transfers (primarily dollars sent abroad by foreign workers and recent immigrants) at an estimated $72.9 billion in 2004 reflects a rising trend and more than double the level of the late-1980s. This partially offsets the U.S. surplus in services.

Forecasts

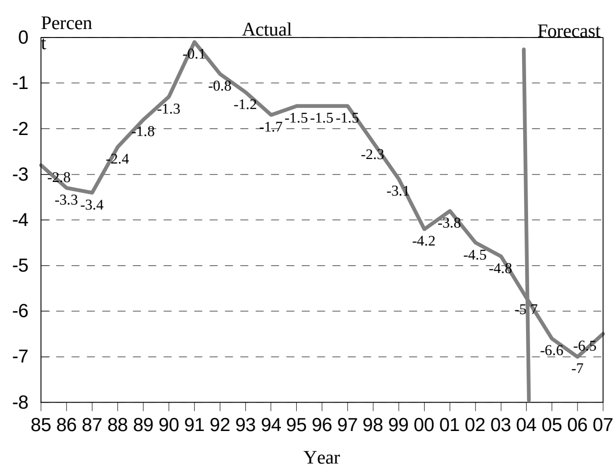
According to Global Insight, Inc., a leading U.S. economic forecasting firm, in 2005 the U.S. merchandise (goods) trade deficit is expected to increase to about $782 billion on a balance-of-payments basis. In 2006, the deficit is expected to rise to $857 billion (see **Figure 5** and **Table 4**). As for the U.S. current account deficit, Global Insight projects it to peak at $922 billion in 2006.

Figure 5. U.S. Merchandise Trade and Current Account Deficit, 1997 to 2007 (forecast) in Current Dollars



Source: See Table 4.

Figure 6. U.S. Current Account Balance as a Percent of U.S. Gross Domestic Product, 1985 to 2007 (forecast)



Data from U.S. Department of Commerce. Forecasts by Global Insight, Inc.

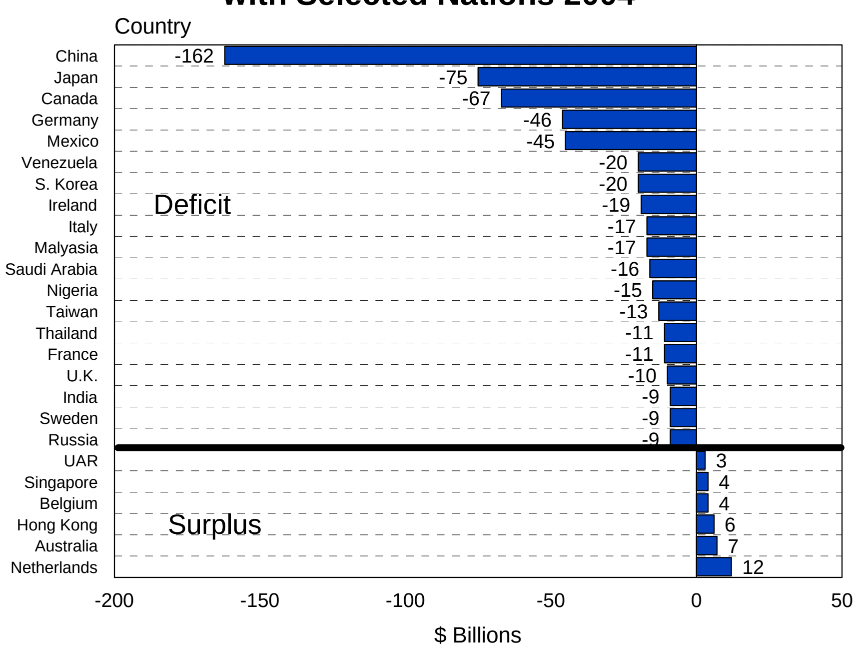
Figure 6 shows the current account balance as a percent of U.S. gross domestic product. It grew in magnitude from near zero in 1980 to 3.4% in 1987, dropped to about zero in 1991 and rose to 5.7% in 2004 (exceeding the 5% level considered to warrant caution by the International Monetary Fund). Rising energy costs are expected to push the current account deficit to 7% of GDP in 2006 before declining.

U.S. Bilateral and Sectoral Trade Balances

The overall U.S. merchandise trade balance consists of deficits or surpluses with all trading partners. Many economists view this figure as more significant than bilateral trade balances, since rising deficits with some nations are often offset by declining deficits or growing surpluses with others. Nonetheless, abnormally large or rapidly increasing trade deficits with particular countries are often viewed as indicators that underlying problems may exist with market access, the competitiveness of particular industries, currency misalignment, or macroeconomic adjustment. **Table 5** shows U.S. trade balances with selected nations.

Most of the U.S. trade deficit can be accounted for by trade with China, Japan, Canada, Mexico, and Germany. Trade with the oil exporting countries also is in deficit. U.S. trade surpluses occur in trade with the Netherlands, Australia, Belgium, Hong Kong, and other countries (see **Figure 7**). In 2004, Canada was America's largest merchandise trading partner, followed by Mexico, China, Japan, and Germany (China overtook Japan for third place in 2003). **Table 6** lists the United States' top trading partners ranked by trade turnover (imports plus exports). Trade with Canada accounts for 20% of total U.S. trade. By far, Canada is the largest supplier of U.S. imports and the top purchaser of U.S. exports. Trade with Mexico accounts for 12%, and trade with China at 10% now exceeds that with Japan at 8%.

Figure 7. U.S. Merchandise Trade Balances with Selected Nations 2004



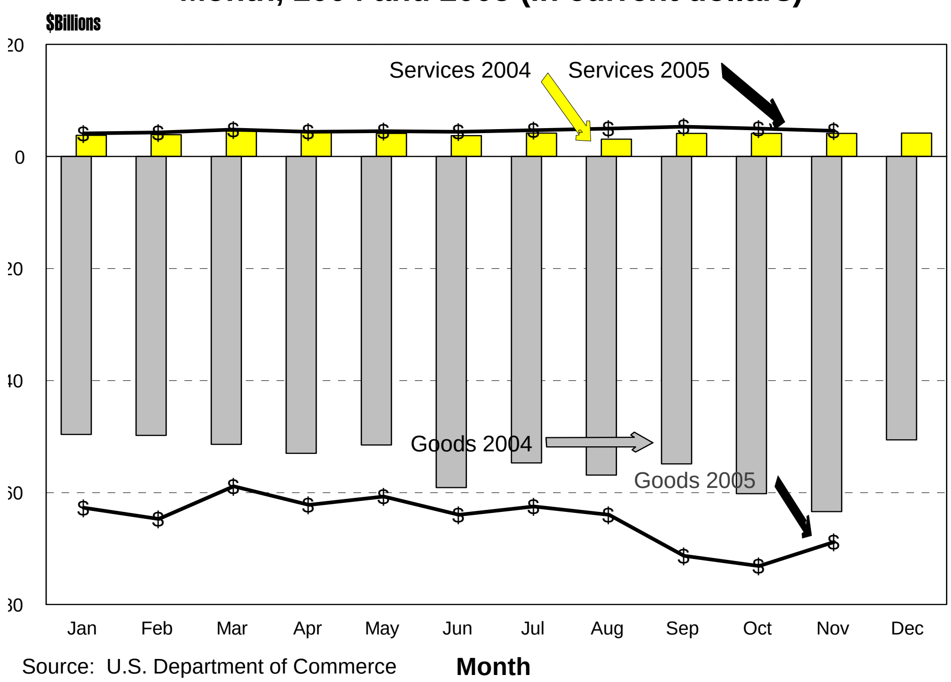
Source: U.S. Department of Commerce

Table 7 lists the U.S. top deficit trading partners (merchandise trade). In 2000, China overtook Japan as the top U.S. deficit trading partner. The next highest deficit trading partners are Japan, Canada, Germany, Mexico, and Venezuela. China disputes U.S. data which counts Chinese exports that pass through Hong Kong. China shows a trade surplus with the United States of only $80.3 billion in 2004. **Table 8** lists trade balances on goods, services, and income, net unilateral transfers and current account balances for selected U.S. trading partners in 2003.

Table 9 shows U.S. trade in advanced technology products. This includes about 500 commodity codes representing products whose technology is from a recognized high technology field (e.g., biotechnology) or that represent the leading technology in a field. The United States long ran a surplus in these products, but that surplus dropped sharply in 2000 and turned into a deficit in 2002. The surplus decreased from $32.2 billion in 1997 to $29.6 billion in 1998, $19.1 billion in 1999, and $5.3 billion in 2000. In 2003, the $27.4 billion deficit in U.S. trade in advanced technology products was a jump of 65% over 2002. In 2004, the deficit came to $37.0 billion.

Table 10 provides data on trade in passenger cars with major automobile producing nations for 2003. This does not include foreign cars assembled in the United States. The United States incurs the largest deficits in this trade with Japan, Canada, Germany, Mexico, and South Korea.

Figure 8. U.S. Balances of Trade Goods and Services by Month, 2004 and 2005 (in current dollars)



Source: U.S. Department of Commerce

Table 11 show imports of crude petroleum by major country source. Roughly half comes from OPEC with Saudi Arabia, Venezuela, and Nigeria the predominant suppliers. Half, however, comes from non-OPEC sources, such as Canada, Mexico, and Angola.

Table 1. U.S. Exports, Imports, and Merchandise Trade Balances, 1982-2004

(billions of U.S. dollars)

	Census basis			Balance of payments basis		
Year	Exports f.a.s.[a]	Imports customs [b]	Trade balance	Exports f.a.s.[a]	Imports customs [b]	Trade balance
1982	212.3	243.9	-31.6	211.2	247.6	-36.4
1983	201.7	261.7	-60.0	201.8	268.9	-67.1
1984	218.7	330.5	-111.8	219.9	332.4	-112.5
1985	212.6	336.4	-123.8	215.9	338.1	-122.2
1986	226.4	365.7	-139.3	223.3	368.4	-145.1
1987	253.9	406.3	-152.4	250.2	409.8	-159.6
1988	323.3	441.9	-118.6	320.2	447.2	-127
1989	362.9	473.4	-110.5	359.9	477.7	-117.8
1990	392.9	495.2	-102.3	387.4	498.4	-111
1991	421.8	487.1	-65.3	414.1	491	-76.9
1992	448.2	532.6	-84.4	439.6	536.5	-96.9
1993	464.8	580.5	-115.7	456.9	589.4	-132.5
1994	512.6	663.2	-150.6	502.9	668.7	-165.8
1995	584.7	743.5	-158.8	575.2	749.4	-174.2
1996	625.1	795.3	-170.2	612.1	803.1	-191
1997	689.2	869.7	-180.5	678.4	876.5	-198.1
1998	682.1	911.9	-229.8	670.4	917.1	-246.7
1999	695.8	1,024.6	-328.8	684	1030	-346
2000	781.9	1,218.0	-436.1	772	1224.4	-452.4
2001	730.9	1,142.3	-411.4	718.7	1145.9	-427.2
2002	693.5	1,163.6	-470.1	681.8	1,164.7	-482.9
2003	724.8	1,257.1	-532.3	713.1	1,260.7	-547.6
2004	819.0	1,469.9	-650.9	807.6	1,473.1	-665.5

Source: U.S. Department of Commerce, Bureau of Economic Analysis, U.S. International Transactions Accounts Data.

Note: Goods on a Census basis are adjusted to a Balance of Payments basis to include changes in ownership that occur without goods passing into or out of the customs territory of the United States, to eliminate duplication, and to value transactions according to a standard definition. Export adjustments include counting military sales as services not goods, adding private gift parcels, and foreign official gold sales from U.S. private dealers. Import adjustments include adding in inland freight in Canada, foreign official gold sales to U.S. private dealers , and subtracting imports by U.S. military agencies.

a. Exports are valued on the f.a.s. basis, which refers to the free-alongside-ship value at the port of export and generally includes inland freight, insurance, and other charges incurred in placing the goods alongside the carrier at the port of exportation.

b. Imports are valued as reported by the U.S. Customs Service. (Excludes import duties, the cost of freight, insurance, and other charges incurred in bringing merchandise to the United States.)

Table 2. U.S. Merchandise Trade in Volume Terms, 2001-2004

(billions of chained 2000 dollars)

Year	Exports	Export growth	Imports	Import growth	Net exports
2001	723.6	-6.3	1,180.90	-3.6	-457.3
2002	691.1	-4.5	1,221.60	3.4	-530.5
2003	721.7	4.4	1,307.30	7.0	-585.6
2004	785.5	8.8	1,448.20	10.8	-662.7

Source: Bureau of Economic Analysis, National Income and Products Accounts Table.

Table 3. U.S. Current Account Balances: 1985-2004

(billions of U.S. dollars)

Calendar year	Merchandise trade balance [a]	Services balance [b]	Investment income balance [c]	Net unilateral transfers [d]	Current account balance [e]
1985	-122.2	0.3	25.7	-22.0	-118.2
1986	-145.1	6.5	15.5	-24.1	-147.2
1987	-159.6	7.9	14.3	-23.3	-160.7
1988	-127.0	12.4	18.7	-25.3	-121.2
1989	-117.7	24.6	19.8	-26.2	- 99.5
1990	-111.0	30.2	28.6	-26.7	-79.0
1991	-76.9	45.8	24.1	10.8	3.7
1992	-96.9	57.8	24.2	-33.1	-48.0
1993	-132.5	62.3	25.3	-37.1	-82.0
1994	-165.8	67.4	17.1	-36.8	-118.0
1995	-174.2	77.9	20.9	-34.1	-109.5
1996	-191.0	87.1	22.3	-38.6	-120.2
1997	-198.1	89.8	12.6	-45.2	-140.9
1998	-246.7	81.7	4.3	-53.2	-214.9
1999	-346.0	82.6	13.9	-50.6	-300.1
2000	-452.4	74.1	21.0	-58.8	-416.4
2001	-427.2	64.5	25.2	-51.9	-389.4
2002	-482.9	61.1	10.0	-64.0	-475.2
2003	-547.3	52.5	46.3	-71.2	-519.7
2004	-665.4	47.8	30.4	-80.9	-668.1

Source: U.S. Bureau of Economic Analysis, U.S. International Transactions. On Internet at [http://www.bea.gov/bea/international/bp_web/list.cfm?anon=71].

a. On a balance-of-payments basis.

b. Includes travel, transportation, fees and royalties, insurance payments, other government and private services, and investment income.

c. Income receipts on U.S. assets abroad minus income payments on foreign assets in the United States.

d. International transfers of funds, such as private gifts, pension payments, and government grants for which there is no *quid pro quo*.

e. The trade balance plus the service balance plus investment income balance plus net unilateral transfers, although conceptually equal to the current account balance, may differ slightly as a result of rounding.

Table 4. U.S. Merchandise and Current Account Trade: Actual and Forecasts
(billions of U.S. dollars)

					Forecast		
	2000	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Merchandise Trade							
Exports							
Actual	771.9	682.4	713.4	807.5	—	—	—
Global Insight	—	—	—	—	908.0	995.7	1074.8
Imports							
Actual	1224.4	1164.7	1260.7	1472.9	—	—	—
Global Insight	—	—	—	—	1697.8	1835.2	1906.3
Trade Balance							
Actual	-452.4	-482.3	-547.3	-665.4	—	—	—
Global Insight	—	—	—	—	-777.1	-826.9	-819.2
Services Trade Balance							
Actual	74.1	61.1	52.5	47.8	—	—	—
Global Insight	—	—	—	—	56.8	69.7	89.1
Current Account Balance							
Actual	-416.0	-475.2	-519.7	-668.1	—	—	—
Global Insight	—	—	—	—	-807.0	-893.7	-886.4

Sources: U.S. Bureau of Economic Analysis, December 2005; Global Insight, *Interim Annual Forecast*, December 2005. All actual figures on a balance-of-payments basis.

a. Global Insight was created through the 2002 merger of Standard & Poor's *Data Resources Inc. (DRI)* and *Wharton Econometric Forecasting Associates (WEFA).*

Table 5. U.S. Merchandise Trade Balances with Selected Nations: 2000-2004

(millions of U.S. dollars, census basis)

Country	2000	2001	2002	2003	2004
Total	-436,104	-411,389	-470,104	-535,699	-651,521
North America	-76,475	-83,190	-86,920	-95,012	-110,832
Canada	-51,897	-53,266	-49,760	-54,396	-65,765
Mexico	-24,577	-29,924	-37,202	-40,616	-45,068
Western Europe	-59,152	-63,985	-89,218	-101,325	-114,077
European Union	-54,954	-60,856	-82,368	-94,262	-104,510
United Kingdom	-1,775	-599	-7,617	-8,772	-10,442
Germany	-29,064	-29,037	-35,852	-39,199	-45,855
France	-9,439	-10,400	-9,389	-12,153	-10,574
Italy	-13,982	-13,908	-14,201	-14,867	-17,378
Netherlands	12,165	10,024	8,471	9,731	11,682
European Free Trade Association (EFTA)	-4,634	-3,332	-6,324	-6,039	-7,544
Former Soviet Republics	-6,922	-4,096	-4,503	-6,615	-9,829
Eastern Europe	-10,166	-7,678	-8,283	-11,211	-14,859
Pacific Rim Countries	-215,434	-194,393	-215,005	-229,968	-282,534
Japan	-81,555	-68,962	-70,055	-65,965	-75,194
China	-83,833	-83,045	-103,115	-123,961	-161,978
Newly Industrialized Countries (NICS)	-26,814	-21,093	-22,073	-20,867	-21,925
Singapore	-1,372	2,712	1,429	1,418	4,295
Hong Kong	3,133	4,423	3,283	4,692	6,496
Taiwan	-16,097	-15,240	-13,805	-14,122	-12,886
Republic of Korea	-12,478	-12,988	-12,979	-12,865	-19,829
South/Central American Countries	-38,233	-38,982	-17,902	-26,821	-37,323
Argentina	1,596	913	-1,595	-734	-359
Brazil	1,468	1,466	-3,403	-6,666	-7,294
Colombia	-3,297	-2,091	-2,018	-2,631	-2,785
OPEC	-48,012	-39,688	-34,482	-51,037	-71,867
Venezuela	-13,073	-9,552	-10,662	-14,305	-20,181
Indonesia	-7,965	-7,605	-7,063	-7,000	-8,142
Saudi Arabia	-8,131	-7,363	-8,364	-13,473	-15,678
Nigeria	-9,816	-7,829	-4,907	-9,365	-14,694

Sources: United States Census Bureau, Foreign Trade Statistics.

Note: Trade Balance equals Total Exports (f.a.s. value) minus General Imports (Customs value).

Table 6. Top U.S. Trading Partners Ranked by Total Merchandise Trade in 2004

(millions of U.S. dollars, customs basis)

Rank	Country	Balance	Exports	Imports	Total Trade
	World Total	-651,521	819,026	1,470,547	2,289,573
1	Canada	-65,765	190,163	255,928	446,091
2	Mexico	-45,068	110,775	155,843	266,618
3	China	-161,978	34,721	196,699	231,420
4	Japan	-75,194	54,400	129,595	183,995
5	Germany	-45,855	31,381	77,236	108,617
6	U.K.	-10,442	35,960	46,402	82,362
7	S. Korea	-19,829	26,333	46,163	72,496
8	Taiwan	-12,886	21,731	34,617	56,348
9	France	-10,574	21,240	31,814	53,054
10	Malaysia	-17,288	10,897	28,185	39,082
11	Italy	-17,378	10,711	28,089	38,800
12	Netherlands	11,682	24,286	12,605	36,891
13	Ireland	-19,276	8,166	27,442	35,608
14	Brazil	-7,294	13,863	21,157	35,020
15	Singapore	4,295	19,601	15,306	34,907
16	Venezuela	-20,181	4,782	24,962	29,744
17	Belgium	4,428	16,877	12,448	29,325
18	Saudi Arabia	-15,678	5,245	20,924	26,169
19	Hong Kong	6,496	15,809	9,314	25,123
20	Thailand	-11,214	6,363	17,577	23,940
21	Israel	-5,329	-9,198	14,527	23,725
22	Australia	6,727	14,271	7,544	21,815
23	India	-9,467	6,095	15,562	21,657
24	Switzerland	-2,374	9,268	11,643	20,911
25	Nigeria	-14,694	1,552	16,246	17,798
26	Philippines	-2,072	7,072	9,144	16,216
27	Sweden	-9,421	3,265	12,687	15,952
28	Russia	-8,889	2,959	11,847	14,806
29	Spain	-835	6,640	7,476	14,116
30	Indonesia	-8,142	2,669	10,811	13,480
31	Colombia	-2,785	4,504	7,290	11,794
32	Iraq	-7,658	856	8,515	9,371
33	South Africa	-2,772	3,172	5,944	9,116

Source: U.S. Census Bureau.
Note: Data are on a census basis.

Table 7. Top U.S. Merchandise Deficit Trading Partners, 2004

(millions of U.S. Dollars, Customs Basis)

Country	Balance	Exports	Imports
World	-651,521.0	819,026.2	1,470,547.1
China	-161,978.0	34,721.0	196,699.0
Japan	-75,194.5	54,400.2	129,594.7
Canada	-65,764.5	190,163.4	255,927.9
Germany	-45,854.8	31,380.9	77,235.7
Mexico	-45,067.7	110,775.3	155,843.0
Venezuela	-20,180.6	4,781.8	24,962.5
S. Korea	-19,829.2	26,333.4	46,162.7
Ireland	-19,275.8	8,165.9	27,441.7
Italy	-17,377.9	10,710.8	28,088.6
Malaysia	-17,288.3	10,896.8	28,185.1
Saudi Arabia	-15,678.4	5,245.2	20,923.6
Nigeria	-14,694.0	1,552.2	16,246.3
Taiwan	-12,886.5	21,730.9	34,617.4
Thailand	-11,214.2	6,363.0	17,577.1

Source: Data from U.S. Census Bureau.

Table 8. U.S. Current Account Balances With Selected U.S. Trading Partners, 2004

(billions of U.S. dollars)

Country	Merchandise trade balance [a]	Services balance [b]	Investment income balance [c]	Net unilateral transfers [d]	Current account balance [e]
All Countries	-665.5	48.4	24.1	-72.9	-665.9
Mexico	-46.4	5.6	1.0	-7.7	-47.5
Canada	-68.5	9.3	15.4	-0.2	-44.0
Japan	-77.2	12.9	-27.6	0.1	-91.8
European Union	-111.3	6.9	-11.5	0.4	-115.4
Other Asia/Africa	-309.8	10.4	9.7	-34.2	-324.0
Latin America	-84.0	3.8	11.7	-28.6	-97.0

Source: U.S. Bureau of Economic Analysis, *Survey of Current Business*, April 2005.

a. On a balance-of-payments basis.
b. Includes travel, transportation, fees and royalties, insurance payments, other government and private services, and investment income.
c. Income receipts on U.S. assets abroad minus income payments on foreign assets in the United States.
d. International transfers of funds, such as private gifts, pension payments, and government grants for which there is no *quid pro quo*.
e. The trade balance plus the service balance plus investment income balance plus net unilateral transfers, although conceptually equal to the current account balance, may differ as a result of rounding errors.

Table 9. U.S. Trade in Advanced Technology Products

(billions of U.S. dollars)

Year	U.S. Exports	U.S. Imports	Trade balance
1990	93.4	59.3	34.1
1991	101.6	63.3	38.3
1992	107.1	71.9	35.2
1993	108.4	81.2	27.2
1994	120.7	98.1	22.6
1995	138.4	124.8	13.6
1996	154.9	130.4	24.5
1997	179.5	147.3	32.2
1998	186.4	156.8	29.6
1999	200.3	181.2	19.1
2000	227.4	222.1	5.3
2001	200.1	195.3	4.8
2002	178.6	195.2	-16.6
2003	180.2	207.0	-26.8
2004	201.5	238.5	-37.0
September 2005	17.1	22.6	-5.5
October 2005	18.8	23.7	-4.9
November 2005	18.9	23.7	-4.8

Source: U.S. Bureau of the Census. *U.S. International Trade in Goods and Services*. FT-900, issued monthly. Includes about 500 of some 22,000 commodity classification codes that meet the following criteria: (1) contains products whose technology is from a recognized high technology field (e.g., biotechnology), (2) represent leading edge technology in that field, and (3) constitute a significant part of all items covered in the selected classification code.

Table 10. U.S. Trade in Passenger Automobiles by Selected Countries, 2004

(millions of U.S. dollars)

Trading Partner	U.S. Exports	U.S. Imports	Trade Balance
Total World	24,420	122,372	-97,952
Canada	10,370	35,941	-25,571
Germany	3,996	20,346	-16,350
Korea	48	10,040	-9,992
Japan	485	32,228	-31,743
Mexico	3,099	11,167	-8,068
United Kingdom	871	4,846	-3,975

Source: U.S. Bureau of the Census, *U.S. International Trade in Goods and Services*, FT-900, issued monthly.

Table 11. U.S. Imports of Crude Oil by Selected Countries, 2004

(Quantity and Customs Value)

Country	Quantity (Thousand barrels)	Customs value ($million)
Total World	3,820,527	131,700
OPEC Total	1,924,242	67,316
Saudi Arabia	551,504	19,374
Venezuela	557,435	17,758
Nigeria	386,773	15,122
Kuwait	86,751	2,904
Algeria	78,958	3,233
Other OPEC	262,821	8,925
Non-OPEC Total	1,896,285	64,384
Canada	576,795	18,782
Mexico	563,947	17,893
Angola	116,943	4,300
Ecuador	85,357	2,835
Norway	73,504	2,735
Gabon	64,961	2,421
Other Non-OPEC	414,778	15,418

Source: U.S. Census Bureau, *U.S. International Trade in Goods and Services*, FT-900, issued monthly.