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# CRS Issue Brief for Congress



## U.S. International Trade: Data and Forecasts

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# U.S. International Trade: Data and Forecasts

## SUMMARY

In 2005 the United States incurred a record merchandise trade deficit of $766 billion on a census basis and $782 billion on a balance-of-payments basis (BoP). A surplus in services trade of $58 billion gave a deficit of $724 billion on goods and services (BoP) for the year — up $108 billion or 17.2% from the $618 billion deficit in 2004.

In 2005, U.S. exports of goods and services totaled $1.272 trillion, compared with $1.151 trillion in 2004 and $1.023 trillion in 2003. In 2005, U.S. imports were $1.996 trillion, compared with $1.769 trillion in 2004, and $1.517 trillion (balance of payments basis) in 2003. The trade deficit in goods and services at $724 billion, was 17% higher than the $617 billion in 2004. Year-to-date (January 2006), the trade deficit in goods and services at $68.5 billion was up $10.2 billion from the same period in 2005.

Since 1976, the United States has incurred continual merchandise trade deficits. They increased dramatically from $36.4 billion in 1982 to a peak in 1987 at $159.6 billion. The deficit dropped to $76.9 billion in 1991 but rose to $452.4 billion in 2000 and to $787.7 billion in 2005 (Balance-of-payments 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 used to pay for imports. Movements in the exchange rate 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 intervened in foreign exchange markets to keep the value of their currencies from appreciating significantly 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 2005, the current account deficit rose to $804.9 billion from $668.1 billion in 2004. 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 more imports are expected to continue to worsen the current account deficit 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 $44.4 billion in 2005. In trade in passenger automobiles, the $93 billion U.S. deficit was mainly with Canada, Germany, Korea, Japan, and Mexico. In imports of crude oil, major sources of the $176 billion in imports were Venezuela, Saudi Arabia, Canada, Mexico, and Nigeria.

## MOST RECENT DEVELOPMENTS

In 2005, the trade deficit in goods at a record $781.7 billion (BoP basis), was 17.5% higher than in 2004. The 2005 deficit on goods trade with China was $201.6 billion (Census basis), with the European Union (EU-15) was $122.4 billion, with Japan was $82.7 billion, with Canada was $76.5 billion, with Mexico was $50.1 billion, and with the Asian Newly Industrialized Countries (Hong Kong, South Korea, Singapore, and Taiwan) was $15.9 billion. Merchandise imports of $1,674.6 billion increased by 12% — particularly of crude oil (up $43.8 billion), capital goods except automotive (up $36.1 billion), automotive vehicles and parts (up $11.7 billion), and consumer goods (up $34.1 billion). Merchandise exports of $892.5 billion rose by 11%, particularly of industrial supplies (up $27.8 billion), capital goods except automotive (up $30.3 billion), automotive vehicles and parts (up $8.5 billion), and consumer goods (up $12.4billion), but this was not enough to narrow the trade deficit.

Year-to-date (January 2006), the U.S. trade deficit in goods and services, at $68.5 billion, was 17.5% higher compared to the same period in 2005. The year-to-date deficit on goods trade with China (Census basis) was $17.9 billion, with Japan was $6.5 billion, with OPEC was $8.4 billion, with the European Union was $9.7 billion, with Canada was $8.9 billion, and with Mexico was $4.6 billion.

For 2005. the trade deficit on goods and services reached another record, $724 billion or 5.7% of gross domestic product. This upward trend is expected to continue into 2006 (see forecast) U.S. consumer demand remains strong and continues to pull in imports at a rapid pace. The rest of the world is not growing fast enough to generate the vigorous export growth needed to hold the deficit steady — let alone reduce it.

## 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 growing since 2002, 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.

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 5.7% 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 $819 billion in December 2005; in U.S. Treasury securities, as of December 2005, Japan held $685 billion and China $257 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. On July 21, 2005, China announced a 2.1% revaluation of its currency, but the value of the renminbi has changed little since then. In the International Monetary Fund's May 2005 consultation with the United States, its directors reiterated their long-standing concerns about the large U.S. current account deficit. They stated that the deficit is widely viewed as "unsustainable," that the U.S. exchange rate likely would have to adjust, and that there is a risk that an abrupt and disorderly shift in investor preferences could have a significant adverse effect on interest rates and global capital markets.[1]

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.

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.

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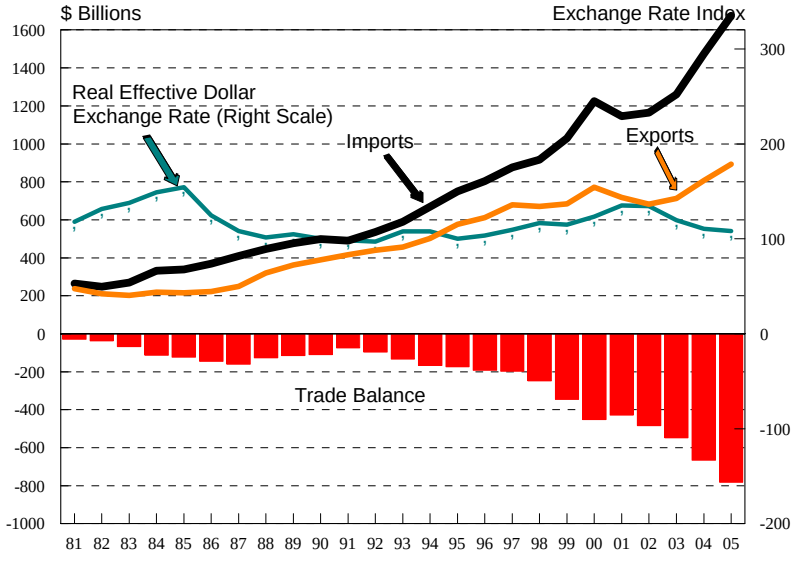
[1] IMF, 2005 Article IV Consultation with the United States of America. Concluding Statement of the IMF Mission. May 25, 2005

# 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 2005, total U.S. merchandise trade on a balance of payments basis amounted to $2.57 trillion, with exports of $893 billion and imports of $1,674 billion. The U.S. merchandise trade deficit rose 17% in 2005 to $782 billion following a 22% rise in both 2004. Prior to 1992, the deficit had decreased for four consecutive years, from a previous peak of $159.6 billion in 1987 to $76.9 billion in 1991. The increase in the trade deficit in recent years has been due largely to sluggish demand for U.S. exports and rising demand for imports caused primarily by capital inflows into the U.S. market, slow economic recoveries in other countries, and 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 about 5.7% in 2005.

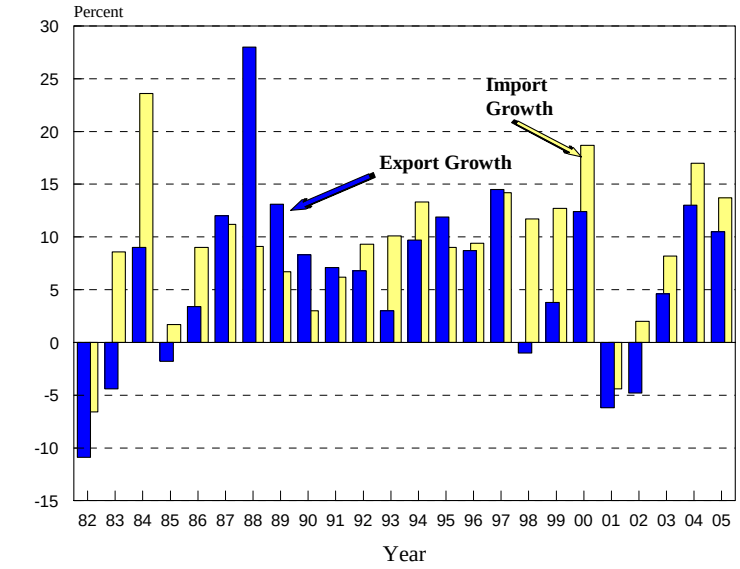
**Figure 1. U.S. Merchandise Exports, Imports, Trade Balance, and Real Effective Dollar Exchange Rate Index, 1982-2005**




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

As for U.S. merchandise exports (as shown in **Table 1** and **Figure 2**), they decreased in 2001 and 2002 in response to the global slowdown, but they generally have been increasing each year. The growth of imports has also been steady, 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, and in 2005, both dropped slightly (11% for exports and 14% for imports). Since U.S. imports are about 88% greater than U.S. exports, exports must grow 88% faster than imports just for the deficit to remain constant.

**Figure 2. Annual Growth in U.S. Merchandise Exports and Imports, 1982-2005**

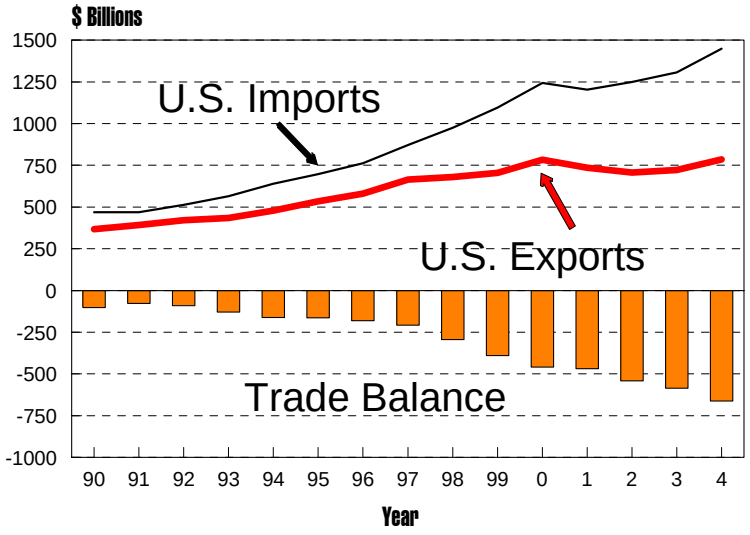



Source: Underlying data from U.S. Department of Commerce

## 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.

**Figure 3. U.S. Exports, Imports, and Trade Balance by Volume (2000 base), 1990-2004**



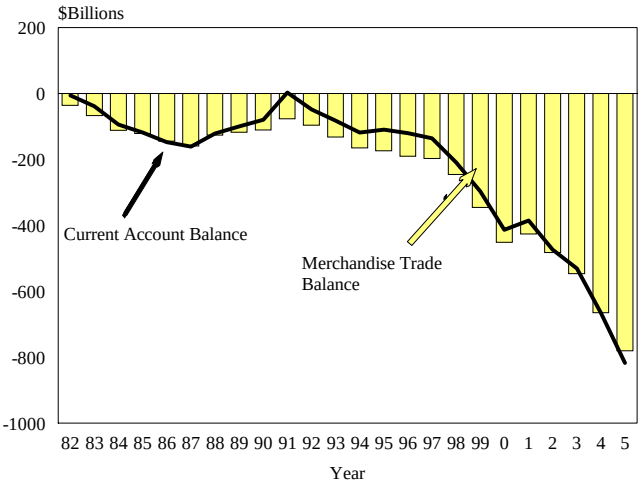

Source: U.S. Bureau of Economic Analysis

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 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**

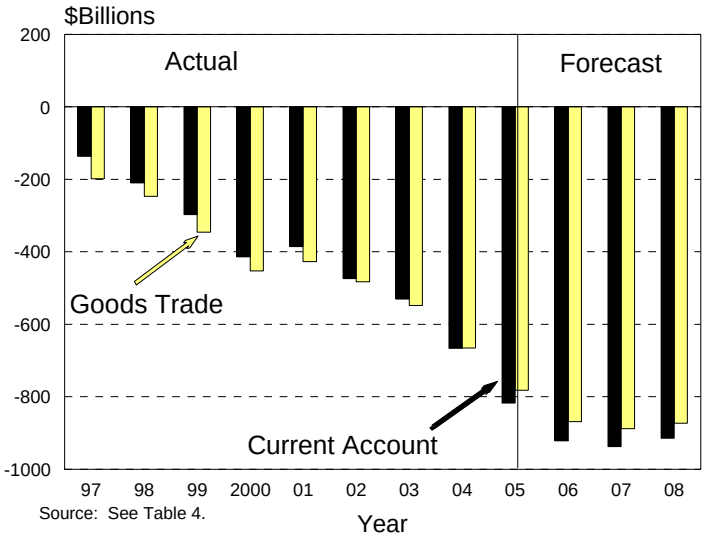



Source: U.S. Bureau of Economic Analysis

**Table 3** summarizes the components of the U.S. current account. In 2005, the U.S. deficit on current account increased to $804.9 billion from $668.1 billion in 2004. In 2006, it is forecast to rise to about $921 billion. 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 $475.2 billion in 2002, $519.7 billion in 2003, $668.1 billion in 2004, and $805 billion in 2005.

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 2005, the United States surplus in its services trade was $58.0 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 $10.0 billion in 2002, rebounded to $46.3 billion in 2003, and was $30.4 billion in 2004. The U.S. deficit in unilateral transfers (primarily dollars sent abroad by foreign workers and recent immigrants) at $82.9 billion in 2005 reflects a rising trend and more than double the level of the late-1980s. This partially offsets the U.S. surplus in services.

**Figure 5. U.S. Merchandise Trade and Current Account Deficit, 1997-2008 (forecast, in current dollars)**



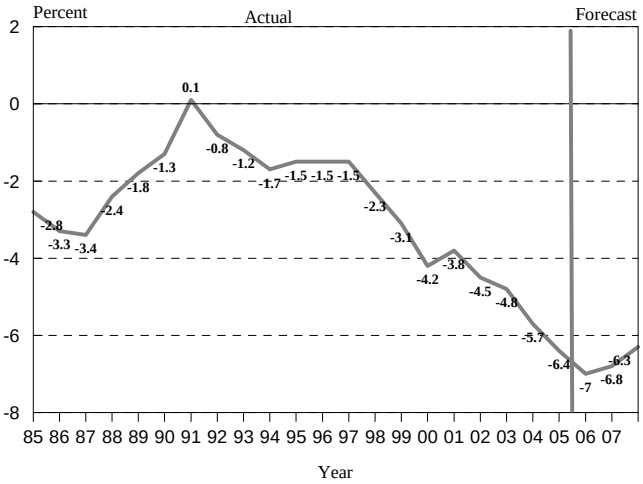

Source: See Table 4.

## Forecasts

According to Global Insight, Inc., a leading U.S. economic forecasting firm, in 2006 the U.S. merchandise (goods) trade deficit is expected to increase to about $869 billion on a balance-of-payments basis. In 2007, the deficit is expected to rise to $888 billion and then decline somewhat in 2008 (see **Figure 5** and **Table 4**).

**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 6.4% in 2005 (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 about 7% of GDP in 2006 before declining.

**Figure 6. U.S. Current Account Balance as a Percent of Gross Domestic Product 1985-2008 (forecast)**

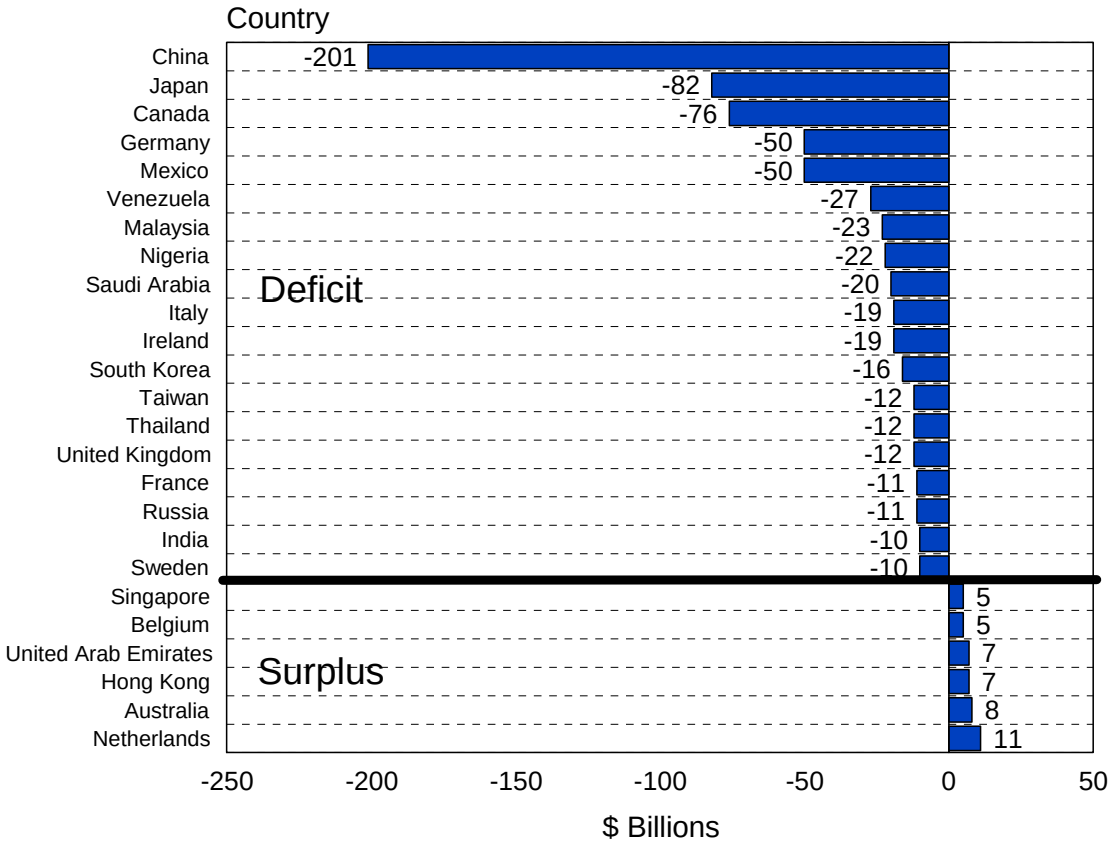



Data from U.S. Department of Commerce. Forecasts by Global Insight, Inc.

# 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.

**Figure 7. U.S. Merchandise Trade Balances with Selected Nations, 2005**




Source: U.S. Department of Commerce

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, particularly Venezuela, Nigeria, and Saudi Arabia, also is in deficit. U.S. trade surpluses occur in trade with the Netherlands, Australia, Hong Kong, and the United Arab Emirates (see **Figure 7**). In 2005, 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%.

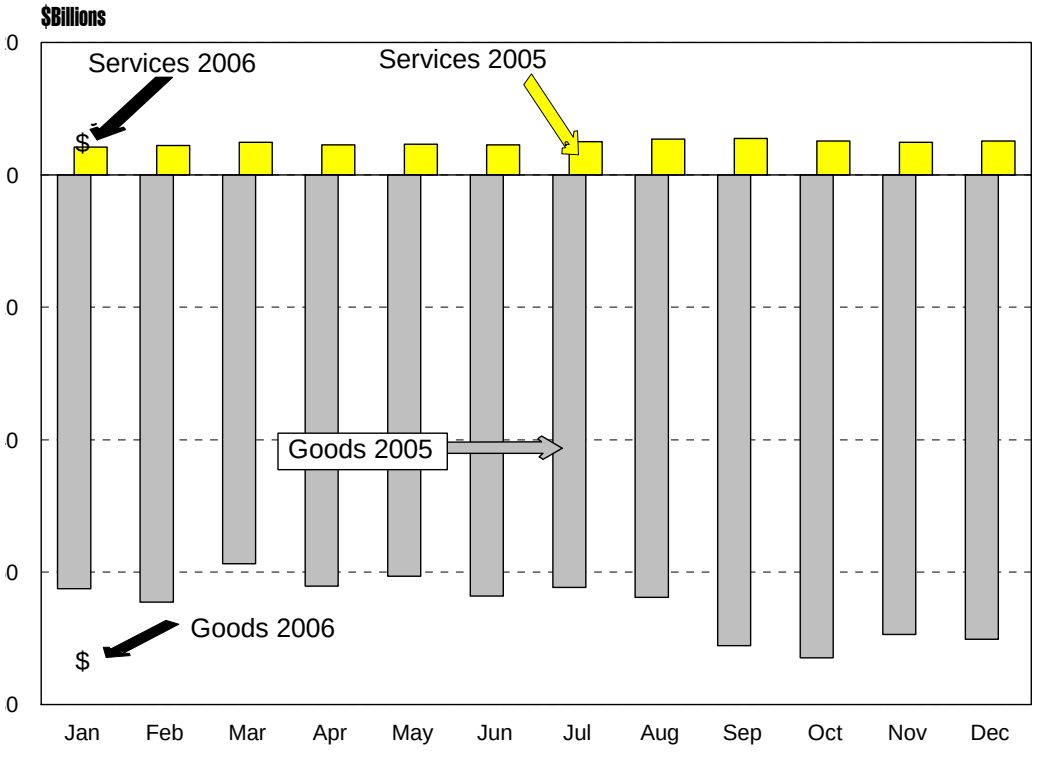
**Table 7** lists the U.S. top deficit trading partners (merchandise trade). In 2000, China overtook Japan as the top U.S. deficit trading partner. The next highest deficit trading partners are Japan, Canada, Germany, Mexico, and Venezuela. China disputes U.S. data which counts Chinese exports that pass 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.

**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.

**Figure 8. U.S. Balances of Trade in Goods and Services by Month, 2005 and 2006 (in current dollars)**




Source: U.S. Department of Commerce

## Table 1. U.S. Exports, Imports, and Merchandise Trade Balances, 1982-2005

(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 | -127.0 |
| 1989 | 362.9 | 473.4 | -110.5 | 359.9 | 477.7 | -117.8 |
| 1990 | 392.9 | 495.2 | -102.3 | 387.4 | 498.4 | -111.0 |
| 1991 | 421.8 | 487.1 | -65.3 | 414.1 | 491.0 | -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 | -191.0 |
| 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 | 684.0 | 1,030.0 | -346.0 |
| 2000 | 781.9 | 1,218.0 | -436.1 | 772.0 | 1,224.4 | -452.4 |
| 2001 | 730.9 | 1,142.3 | -411.4 | 718.7 | 1,145.9 | -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 | 818.8 | 1,469.7 | -650.9 | 807.5 | 1,472.9 | -665.4 |
| 2005 | 904.4 | 1,670.8 | -766.4 | 892.6 | 1,674.3 | -781.7 |

**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: 1985-2005

(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 |
| 2005 | -781.6 | 58.0 | 1.6 | -82.9 | -804.9 |

**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 2002 to 2008 (forecast)

(billions of U.S. dollars)

| | | | | | Forecast | | |
|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| **Merchandise Trade** | | | | | | | |
| **Exports** | | | | | | | |
| Actual | 682.4 | 713.4 | 807.5 | 892.6 | — | — | |
| Global Insight | — | — | — | — | 905.5 | 997.2 | 1,069.8 |
| **Imports** | | | | | | | |
| Actual | 1164.7 | 1260.7 | 1472.9 | 1,674.3 | — | — | |
| Global Insight | — | — | — | — | 1874.6 | 1,966.6 | 2,062.3 |
| **Trade Balance** | | | | | | | |
| Actual | -482.3 | -547.3 | -665.4 | -781.6 | — | — | — |
| Global Insight | — | — | — | — | -868.8 | -888.1 | -873.0 |
| **Services Trade Balance** | | | | | | | |
| Actual | 61.1 | 52.5 | 47.8 | 58.0 | — | — | — |
| Global Insight | — | — | — | — | 66.5 | 92.1 | 117.6 |
| **Current Account Balance** | | | | | | | |
| Actual | -475.2 | -519.7 | -668.1 | -804.9 | — | — | |
| Global Insight | — | — | — | | -921.8 | -937.5 | -914.7 |

**Sources:** U.S. Bureau of Economic Analysis, December 2005; Global Insight, *Interim Annual Forecast*, March 2006. 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: 2000-2005

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

| Country | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---|---|---|---|---|
| **Total** | -411,389 | -470,104 | -535,699 | -651,521 | -766,561 |
| **North America** | -83,190 | -86,920 | -95,012 | -110,832 | -126,671 |
| Canada | -53,266 | -49,760 | -54,396 | -65,765 | -76,522 |
| Mexico | -29,924 | -37,202 | -40,616 | -45,068 | -50,149 |
| **Western Europe** | -63,985 | -89,218 | -101,325 | -114,077 | -144,065 |
| **European Union** | -60,856 | -82,368 | -94,262 | -104,510 | -122,427 |
| United Kingdom | -599 | -7,617 | -8,772 | -10,442 | -12,435 |
| Germany | -29,037 | -35,852 | -39,199 | -45,855 | -50,663 |
| France | -10,400 | -9,389 | -12,153 | -10,574 | -11,445 |
| Italy | -13,908 | -14,201 | -14,867 | -17,378 | -19,496 |
| Netherlands | 10,024 | 8,471 | 9,731 | 11,682 | 11,634 |
| **Russia** | -3,548 | -4,473 | -6,170 | -8,930 | -11,336 |
| **Pacific Rim Countries** | -194,393 | -215,005 | -229,968 | -282,534 | -328,567 |
| Japan | -68,962 | -70,055 | -65,965 | -75,194 | -82,682 |
| China | -83,045 | -103,115 | -123,961 | -161,978 | -201,626 |
| **Newly Industrialized Countries (NICS)** | -21,093 | -22,073 | -20,867 | -21,925 | -15,939 |
| Singapore | 2,712 | 1,429 | 1,418 | 4,295 | 5,529 |
| Hong Kong | 4,423 | 3,283 | 4,692 | 6,496 | 7,429 |
| Taiwan | -15,240 | -13,805 | -14,122 | -12,886 | -12,788 |
| Republic of Korea | -12,988 | -12,979 | -12,865 | -19,829 | -16,109 |
| **South/Central American Countries** | -38,982 | -17,902 | -26,821 | -37,323 | -50,691 |
| Argentina | 913 | -1,595 | -734 | -359 | -472 |
| Brazil | 1,466 | -3,403 | -6,666 | -7,294 | -9,091 |
| Colombia | -2,091 | -2,018 | -2,631 | -2,785 | -3,431 |
| **OPEC** | -39,688 | -34,482 | -51,037 | -71,867 | -92,732 |
| Venezuela | -9,552 | -10,662 | -14,305 | -20,181 | -27,556 |
| Indonesia | -7,605 | -7,063 | -7,000 | -8,142 | -8,971 |
| Saudi Arabia | -7,363 | -8,364 | -13,473 | -15,678 | -20,398 |
| Nigeria | -7,829 | -4,907 | -9,365 | -14,694 | -22,573 |

**Sources:** United States Census Bureau, Foreign Trade Statistics. For other countries and further detail, see U.S. International Trade in Goods and Services, December 2005, FT 900 (05-12), released February 10, 2006.

**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 2005

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

| Rank | Country/group | Balance | U.s. Exports | U.S. Imports | Total trade |
|---|---|---|---|---|---|
| — | Total, all countries | -766.4 | 904.4 | 1,670.7 | 2,575.1 |
| — | Total, top 15 countries | -601.5 | 653.1 | 1,254.6 | 1,907.60 |
| 1 | Canada | -76.6 | 211.3 | 287.9 | 499.2 |
| 2 | Mexico | -50.2 | 120 | 170.2 | 290.2 |
| 3 | China | -201.7 | 41.8 | 243.5 | 285.3 |
| 4 | Japan | -82.7 | 55.4 | 138.1 | 193.5 |
| 5 | Germany | -50.7 | 34.1 | 84.8 | 119.0 |
| 6 | United Kingdom | -12.5 | 38.6 | 51.1 | 89.7 |
| 7 | Korea, South | -16.1 | 27.7 | 43.8 | 71.4 |
| 8 | Taiwan | -12.8 | 22.0 | 34.8 | 56.9 |
| 9 | France | -11.4 | 22.4 | 33.8 | 56.2 |
| 10 | Malaysia | -23.3 | 10.5 | 33.7 | 44.2 |
| 11 | Italy | -19.5 | 11.5 | 31.0 | 42.5 |
| 12 | Netherlands | 11.6 | 26.5 | 14.9 | 41.4 |
| 13 | Venezuela | -27.6 | 6.4 | 34.0 | 40.4 |
| 14 | Brazil | -9.1 | 15.3 | 24.4 | 39.8 |
| 15 | Ireland | -19.3 | 9.3 | 28.6 | 38.0 |

**Source:** U.S. Department of Commerce.

**Note:** Data are on a census basis. Imports are on a Customs basis.

## Table 7. Top U.S. Merchandise Deficit Trading Partners, 2005

(Billions of U.S. Dollars)

| | Balance | Exports | Imports |
|---|---|---|---|
| **Total census basis** | **-766.8** | **904.3** | **1,671.1** |
| China | -201.6 | 41.8 | 243.5 |
| Japan | -82.7 | 55.4 | 138.1 |
| Canada | -76.5 | 211.3 | 287.9 |
| Germany | -50.7 | 34.1 | 84.8 |
| Mexico | -50.1 | 120.0 | 170.2 |
| Venezuela | -27.6 | 6.4 | 34.0 |
| Malaysia | -23.3 | 10.5 | 33.7 |
| Nigeria | -22.6 | 1.6 | 24.2 |
| Saudi Arabia | -20.4 | 6.8 | 27.2 |
| Italy | -19.5 | 11.5 | 31.0 |
| Ireland | -19.3 | 9.3 | 28.6 |
| Korea | -16.1 | 27.7 | 43.8 |
| Taiwan | -12.8 | 22.1 | 34.8 |
| Thailand | -12.7 | 7.2 | 19.9 |
| United Kingdom | -12.4 | 38.6 | 51.1 |
| France | -11.4 | 22.4 | 33.8 |
| Russia | -11.3 | 3.9 | 15.3 |
| India | -10.8 | 8.0 | 18.8 |

**Source:** U.S. Department of Commerce.

**Note:** Data are on a census basis. Imports are on a Customs basis.

## 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 |
| 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 | 201.4 | 238.3 | -36.9 |
| 2005 | 215.6 | 260.0 | -44.4 |
| December 2005 | 20.3 | 23.6 | -3.3 |
| January 2005 | 18.3 | 21.7 | -3.4 |

**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, 2005

(millions of U.S. dollars)

| Trading Partner | U.S. Exports | U.S. Imports | Trade Balance |
|---|---|---|---|
| Total World | 30,410 | 123,644 | -93,234 |
| Canada | 12,038 | 36,330 | -24,292 |
| Germany | 3,701 | 20,308 | -16,607 |
| Korea | 115 | 8,769 | -8,654 |
| Japan | 536 | 35,139 | -34,603 |
| Mexico | 3,374 | 10,826 | -7,452 |
| United Kingdom | 844 | 5,701 | -4,857 |

**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, 2005

(Quantity and Customs Value)

| Country | Quantity (Thousand barrels) | Customs value ($million) |
|---|---|---|
| Total World | 3,753,088 | 175,563 |
| OPEC Total | 1,818,357 | 88,303 |
| Saudi Arabia | 524,129 | 24,739 |
| Venezuela | 535,718 | 24,074 |
| Nigeria | 396,918 | 21,904 |
| Kuwait | 80,396 | 3,702 |
| Algeria | 82,383 | 4,670 |
| Other OPEC | 198,813 | 9,214 |
| Non-OPEC Total | 1,934,732 | 87,260 |
| Canada | 567,676 | 24,148 |
| Mexico | 552,076 | 23,096 |
| Angola | 161,507 | 8,161 |
| Ecuador | 99,128 | 4,223 |
| Norway | 43,107 | 1,947 |
| Gabon | 55,792 | 2,759 |
| Other Non-OPEC | 455,446 | 22,926 |

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