
U.S. Trade in 2001

I. 2001 Overview

U.S. trade (exports and imports of goods and services, and the receipt and payment of earnings on foreign investment)¹ declined by 4 percent in 2001 to a value of approximately \$3.2 trillion.² This decline in trade represented a sharp change from the strong growth of 17 percent in 2000, and was the also first decline in total trade in nearly two decades, since the 3 percent decline in 1982. The decline in trade in 2001 largely reflected the slowdown of the U.S. economy into recession and a slowdown of a number of trade partners' economies. World economic growth in 2001 is estimated to be at its lowest pace since 1992 when the world economy grew by 2 percent. This slowdown was occurring even prior to the tragedy of September 11. U.S. trade of goods and services and U.S. trade of goods alone exhibited similar declines, both down 3 percent. U.S. trade in services also declined, down 1 percent in the past year.

Both U.S. exports and imports were similarly affected. Exports of goods and services, and earnings on investment declined by 4 percent in 2001, falling sharply from the 14 percent increase in 2000. It was the first decline in total exports since 1985 (down 2 percent). Imports

of goods and services, and payments on investment declined by 4 percent in 2001, significantly lower than the expansion of 19 percent in 2000 (their highest growth rate since 1984). This was the first decline in total imports since 1991 (down 3 percent).

Despite the trade decline in 2001, the United States remained the largest trading nation in the world for both exports and imports of goods and services. The United States accounts for roughly 20 percent of world goods trade³ and for roughly 16 percent of world services trade. The value of trade has increased 24-fold since 1970, and 70 percent since 1994, the year before the start of the Uruguay Round implementation (*figure 1*).⁴ U.S. trade expansion was more rapid in the 1970-2001 period than the growth of the overall U.S. economy, in both nominal and real terms. In nominal terms, trade has grown at an annual average rate of 10.8 percent per year since 1970, compared to U.S. gross domestic product (GDP) whose growth rate averaged 7.7 percent per year. In real terms, the growth in trade was more than double the pace of GDP growth, 6.6 percent versus 3.1 percent.

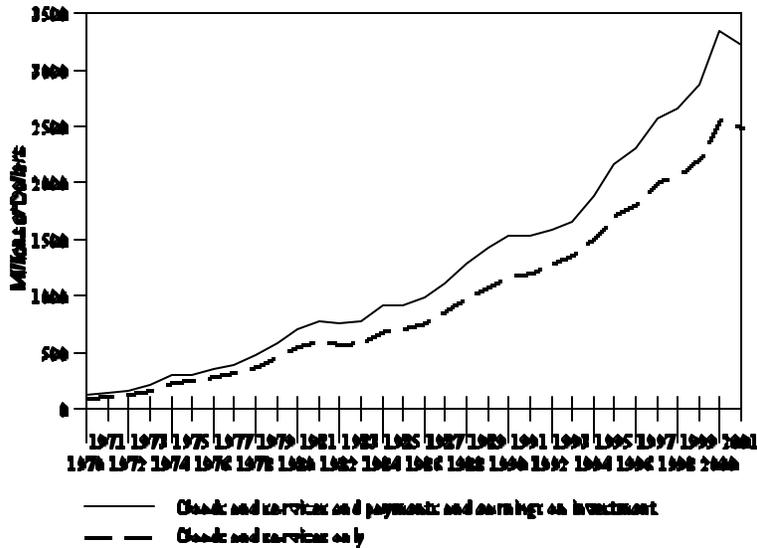
¹ Earnings on foreign investment are considered trade because they are conceptually the payment made to foreign residents for the service rendered by the use of foreign capital. Beyond the overview section, however, this chapter deals with goods and services trade, excluding foreign investment earnings. All trade values are nominal unless otherwise indicated.

² In this Chapter, 2001 is estimated based on partial year data (January-November).

³ Goods trade excluding intra-EU trade.

⁴ Trade in goods and services alone has increased 22-fold since 1970 and 63 percent since 1994.

**Figure 1:
U.S. Trade Growth**



Total exports + imports

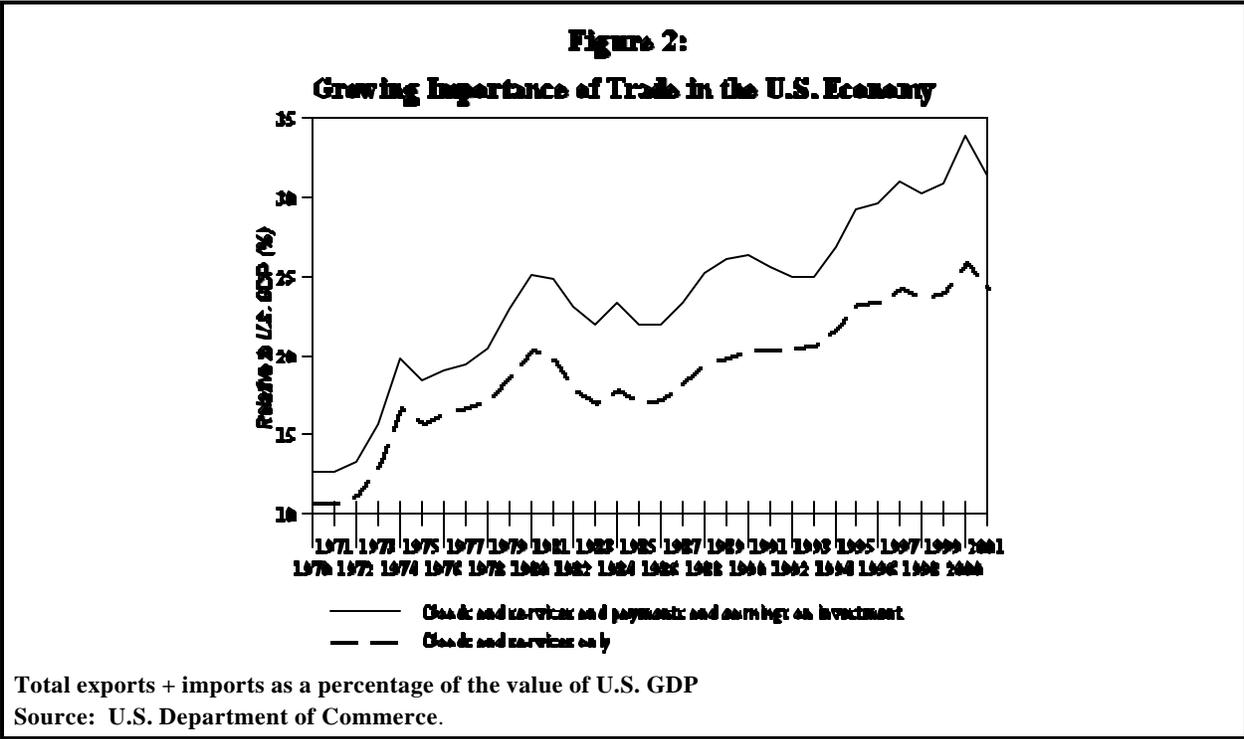
Source: U.S. Department of Commerce.

The value of trade in goods and services, including earnings and payments on investment, was 31.4 percent of the value of U.S. GDP in 2001 (*figure 2*). This represented a decline from the corresponding figure in 2000 (34 percent), but was still an increase from the ratio in 1994 (27 percent), and 1970 (13 percent). For goods and services, excluding investment earnings and payments, U.S. trade represented 24.4 percent of U.S. GDP in 2001, down from 26 percent in 2000, but up from 22 percent in 1994, and 11 percent in 1970.

This growth in trade has occurred in both U.S. exports and imports. U.S. exports of goods and services (including investment earnings) in 2001 is 20-fold greater than 1970 and 58 percent greater than 1994. U.S. imports of goods and services is 28-fold greater than 1970 and 82 percent greater than 1994.

With the dollar decline in U.S. imports outpacing that of exports, the total deficit on goods and services trade (excluding earnings and payments

on foreign investment) declined by approximately \$25 billion from \$376 billion in 2000 (3.8 percent of GDP) to \$351 billion in 2001 (3.4 percent of GDP). This marked the first decline in the overall U.S. goods and services deficit since 1995 (down \$0.3 billion), and the largest decline since 1991 (down \$50 billion). The U.S. deficit in goods trade alone decreased by \$20 billion from \$452 billion in 2000 (4.6 percent of GDP) to \$432 billion in 2001 (4.2% of GDP). This marked the first decline in the U.S. goods trade deficit since 1991 (down \$35 billion). The services trade surplus, however, slightly increased from \$76 billion in 2000 to \$81 billion in 2001 (still 0.8 percent of GDP).



II. Goods Trade

A. Export Growth

U.S. goods exports declined by 6 percent in 2001, as compared to the 14 percent increase of the preceding year. Manufacturing exports, accounting for 88 percent of total goods exports, also declined 6 percent in 2001 (*table 1*). High technology exports, a subset of manufacturing exports, declined 10 percent in 2001. However, agriculture exports, accounting for 7 percent of total goods exports, increased 4 percent in 2001.

Most of the major end-use categories for goods exports also declined in 2001 (*figure 3*). Exports of capital goods were down 8 percent in 2001, while autos and autoparts were down 7 percent and industrial supplies and materials were down 6 percent. Exports of foods, feeds, and beverages increased slightly (up 2 percent) in 2001, while exports of consumer goods remained relatively flat (down less than 1 percent). Capital goods and

industrial supplies and materials remained the largest categories for U.S. exports in 2001, at 44 percent and 22 percent, respectively.

Since 1994, exports of capital goods have risen 60 percent, while consumer goods have increased 50 percent. Exports of advanced technology products have increased 69 percent while exports of manufactured products overall, of which capital goods and high technology products are subcomponents, have increased 50 percent. Exports of agricultural products have increased 19 percent since 1994. Of the \$226 billion increase in goods exports since 1994, capital goods accounted for 54 percent of the increase, industrial materials and supplies accounted for 18 percent and consumer goods accounted for 13 percent.

On a regional basis, U.S. goods exports in 2001 declined to nearly all of the major regions (*table 2*), except China and Latin America (excluding Mexico). U.S. exports also declined to both high income (down 6 percent) and low to middle

Table 1: U.S. Goods Exports						
Exports:	1998	1999	2000	2001*	00-01*	94-00*
	<i>Billions of Dollars</i>				<i>Percent Change</i>	
Total (BOP basis)	670.4	684.6	772.2	728.3	-5.7	44.8
Food, feeds, and beverages	46.4	45.5	47.5	48.6	2.5	15.9
Industrial supplies and materials	148.3	147.0	171.9	161.6	-6.0	33.1
Capital goods, except autos	299.4	310.9	357.0	327.7	-8.2	59.8
Autos and auto parts	72.4	75.1	80.2	74.7	-6.8	29.4
Consumer goods	80.3	82.0	90.6	90.1	-0.5	50.2
Other	35.4	35.3	34.8	35.5	2.2	34.1
Addendum: Agriculture	52.0	48.2	53.0	55.3	4.3	19.4
Addendum: Manufacturing	595.2	611.8	691.5	647.9	-6.3	50.4
Addendum: High technology	186.4	200.3	227.4	203.7	-10.4	68.7
* Annualized based on January-November 2001 data.						
Source: U.S. Department of Commerce, Balance of Payments Basis for Total, Census Basis for Sectors.						

**Figure 3:
U.S. Goods Exports**



* Annualized based on January-November 2001 data

Source: U.S. Department of Commerce, Census Basis.

**Table 2:
U.S. Goods Exports to Selected Countries/Regions**

Exports to:	1998	1999	2000	2001*	00-01*	94-00*
	<i>Billions of Dollars</i>				<i>Percent Change</i>	
Canada	156.6	166.6	178.9	164.7	-8.0	43.9
European Union	149.0	151.8	165.1	161.5	-2.1	49.9
Japan	57.8	57.5	64.9	58.5	-9.8	9.4
Mexico	78.8	86.9	111.3	101.6	-8.8	99.8
China	14.2	13.1	16.2	19.2	18.6	106.8
Pacific Rim, except Japan and China	95.3	103.2	121.5	105.4	-13.2	24.0
Latin America, except Mexico	63.4	55.2	59.3	59.3	0.0	42.2
Addendum: High Income Countries	394.4	406.3	442.9	416.8	-5.9	39.1

Addendum: Low to Middle Income Countries	287.3	289.1	338.7	321.2	-5.2	50.9
* Annualized based on January-November 2001 data.						
Source: U.S. Department of Commerce, Census Basis.						

income countries (down 5 percent). Since 1994, however, U.S. export growth from low and middle income countries has been significantly higher than that from high income countries (up 51 percent vs. up 39 percent). The share of low and middle income countries in U.S. total goods exports was 44 percent to 2001.

Goods exports to China continued to increase in 2001, up 19 percent, though slightly less than the 2000 increase of 23 percent. Most of the U.S. export growth to China was in capital goods, which were up 29 percent. Exports of capital goods and industrial supplies and materials accounted for nearly 85 percent of U.S. exports to China. U.S. exports to China have more than doubled since 1994.

U.S. exports to Latin America (excluding Mexico) were relatively flat in 2001, up less than \$10 million. In 2000, exports had grown 7.5 percent. Capital goods accounted for most of U.S. export growth, while exports of consumer goods declined 11 percent. U.S. exports to Latin America excluding Mexico have increased by 42 percent since 1994.

Exports to our NAFTA partners declined 9 percent in 2001, but are up 87 percent since 1993, the year before NAFTA implementation started. Over 36 percent of aggregate U.S. goods exports went to NAFTA countries in 2001, up from nearly 31 percent in 1993.

U.S. exports to Canada, the largest U.S. export market accounting for 23 percent of U.S. exports, declined by 8 percent in 2001. U.S. exports to Canada of both autos and autoparts

and capital goods declined in 2001, both down 11 percent. Despite this decline, U.S. exports to Canada are up by nearly 44 percent since 1994.

U.S. exports to Mexico, the second largest single country export market accounting for 14 percent of U.S. exports, declined by roughly 9 percent in 2001. The decline in U.S. exports to Mexico marked the first decline since 1995, the year of the peso crisis. U.S. exports of industrial supplies, capital goods, and consumer goods exhibited declines of 12 percent, 10 percent, and 12 percent, respectively. Still, however, U.S. exports to Mexico have nearly doubled since 1994.

Export sales to Japan, after increasing 13 percent in 2000, declined 10 percent in 2001. U.S. exports to Japan have declined in four of the past five years. Japan continues to be mired in economic stagnation, with total industrial production down 3.6 percent between 1994 and October 2001 (down 12 percent between October 2000 and October 2001). Japan's GDP is estimated to have declined one percent in 2001. Accordingly, U.S. exports to Japan are down across the board: 14 percent in industrial supplies, 13 percent in capital goods, 11 percent in autos and autoparts, 7 percent in consumer goods, and 4 percent in foods, feeds, and beverages. Since 1994, U.S. exports to Japan are up only 9 percent.

Goods exports from the United States to the Asian Pacific Rim countries (excluding Japan and China) declined by 13 percent in 2001, reversing the export growth trend that has occurred since the 1998 Asian financial crisis.

U.S. exports, after declining by 17 percent in 1998, had grown by 8 percent in 1999 and 18 percent in 2000. Most of the export decline was in capital goods and industrial supplies, down 16 percent and 12 percent, respectively. Since 1994, U.S. exports to the Asian Pacific Rim are up 24 percent.

U.S. exports to the European Union were down 2 percent in 2001. Exports grew in consumer goods (up 12 percent) and autos and autoparts (up 14 percent), but declined in capital goods and industrial supplies (down 7 percent and 6 percent, respectively). In 2001, the EU accounted for 22 percent of aggregate U.S. exports. Since 1994, U.S. exports to the EU have increased by nearly 50 percent.

B. Import Growth

U.S. goods imports declined 5 percent in 2001, the first decline in imports since 1991, the year of the last U.S. recession. The decline in U.S. imports also reversed an increasing import growth trend over the past 3 years (up 5 percent in 1998, up 12 percent in 1999, and up 19 percent in 2000) (*table 3 and figure 4*). A major factor in this decline has been the overall weakness in the U.S. economy. Real GDP growth over the first three quarters of 2001 has slowed considerably, (up 1.3 percent in the first quarter on an annualized basis, up 0.3 percent in the second quarter, and down 1.3 percent in the third quarter).

Manufacturing imports, accounting for 83 percent of total goods imports, declined by 6 percent in 2001. High technology imports, a subset of manufacturing imports, declined by 11 percent in 2001. However, agriculture imports, accounting for 3 percent of total goods imports, increased by 1 percent in 2001.

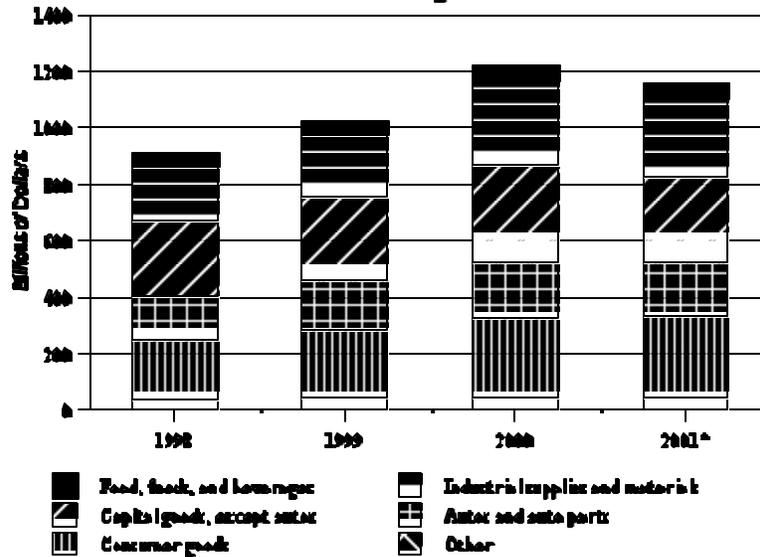
Most of the end-use categories of goods imports also declined in 2001. Capital goods imports declined by 13 percent in 2001, industrial

supplies and materials declined by 6 percent, and autos and autoparts declined by 4 percent. U.S. imports of consumer goods and foods, feeds, and beverages, however, increased by nearly 2 percent. Capital goods, consumer goods, and industrial supplies and materials accounted for most of U.S. imports in 2001, at 26 percent, 25 percent, and 24 percent, respectively.

Since 1994, U.S. imports of consumer goods have nearly doubled, while imports of industrial supplies and materials, capital goods, and autos and autoparts have increased 74 percent, 64 percent, and 60 percent, respectively. Imports of advanced technology products have doubled, imports of manufactured products have increased 71 percent, and imports of agricultural products have increased 53 percent since 1994.

Table 3: U.S. Goods Imports						
Imports:	1998	1999	2000	2001*	00-01*	94-00*
	<i>Billions of Dollars</i>				<i>Percent Change</i>	
Total (BOP Basis)	917.1	1,030.0	1,224.4	1,160.6	-5.2	73.6
Food, feeds, and beverages	41.2	43.6	46.0	46.8	1.7	51.0
Industrial supplies and materials	200.1	222.0	299.8	282.6	-5.7	74.3
Capital goods, except autos	269.5	295.3	346.7	302.4	-12.8	64.0
Autos and auto parts	148.7	179.0	195.9	189.1	-3.5	59.9
Consumer goods	217.0	241.7	281.4	285.8	1.6	95.4
Other	35.4	43.0	48.3	48.5	0.3	127.9
Addendum: Agriculture	35.7	36.7	39.2	39.7	1.2	52.8
Addendum: Manufacturing	792.4	882.7	1,012.9	956.1	-5.6	71.4
Addendum: High technology	156.8	181.2	222.1	197.5	-11.1	101.3
* Annualized based on January-November 2001 data.						
Source: U.S. Department of Commerce, Balance of Payments Basis for Total, Census Basis for Sectors.						

**Figure 4:
U.S. Goods Imports**



* Annualized based on January-November 2001 data.

Source: U.S. Department of Commerce, Census Basis.

**Table 4:
U.S. Goods Imports from Selected Countries/Regions**

Imports from:	1998	1999	2000	2001*	00-01*	94-01*
	<i>Billions of Dollars</i>				<i>Percent Change</i>	
Canada	173.3	198.7	230.8	219.9	-4.7	71.3
European Union	176.4	195.2	220.0	222.0	0.9	85.9
Japan	121.8	130.9	146.5	127.8	-12.8	7.2
Mexico	94.6	109.7	135.9	131.9	-3.0	166.5
China	71.2	81.8	100.0	102.7	2.7	164.7
Pacific Rim, except Japan and China	134.7	147.1	171.5	148.7	-13.3	44.0
Latin America, except Mexico	50.3	58.5	73.3	68.4	-6.8	77.8
Addendum: High Income Countries	497.2	552.8	630.7	602.7	-4.4	56.6

Addendum: Low to Middle Income Countries	414.7	471.9	587.3	552.5	-5.9	98.5
* Annualized based on January-November 2001 data.						
Source: U.S. Department of Commerce, Census Basis.						

Of the \$492 billion increase in goods imports since 1994, consumer goods increased 28 percent, while industrial materials and supplies and capital goods both increased 25 percent.

On a regional basis, U.S. goods imports declined from nearly all of the major regions, except the European Union and China which exhibited moderate growth (*table 4*). U.S. imports from high income countries and low and middle income countries also declined, by 4 percent and 6 percent respectively. Since 1994, however, U.S. import growth to low and middle income countries has been significantly higher than that to high income countries (up 99 percent vs. up 57 percent). The share of low and middle income countries in U.S. total goods imports was 48 percent to 2001.

U.S. goods imports from the European Union, accounting for 19 percent of total U.S. imports, stayed relatively level in 2001 (up only 1 percent). Increasing import categories included consumer goods (up 7 percent), autos and autoparts (up 2 percent) and foods, feeds, and beverages (up less than 1 percent). Imports of industrial supplies and materials declined 6 percent while capital goods were down slightly. Imports from the EU have increased 86 percent since 1994.

Imports from our NAFTA partners declined 4 percent in 2001, but are up by 133 percent since 1993, the year before NAFTA implementation started. Nearly 31 percent of aggregate U.S. goods imports were from NAFTA countries in 2001, up from 26 percent in 1993.

U.S. imports from Canada, the largest single country supplier of goods to the United States accounting for 19 percent of U.S. exports, declined by 5 percent in 2001. U.S. imports of capital goods, autos and autoparts, and consumer goods declined in 2001, down 15 percent, 10 percent, and 2 percent, respectively. However, imports of foods, feeds, and beverages and industrial supplies and materials grew in 2001, up 12 percent and 3 percent, respectively. Despite the overall import decline from Canada, U.S. imports from Canada have grown by 71 percent since 1994.

U.S. imports from Mexico, the third largest single country supplier of goods to the United States accounting for nearly 12 percent of U.S. imports, declined by 3 percent in 2001. 2001 marked the first decline in U.S. imports from Mexico since 1986. U.S. imports of industrial supplies from Mexico declined 13 percent in 2001, while imports of capital goods and autos and autoparts both declined by 1 percent. However, U.S. imports of foods, feeds, and beverages increased by 3 percent. U.S. imports from Mexico have grown 167 percent since 1994.

Imports from Japan, the second largest single country supplier of goods to the United States, declined 13 percent in 2001, and have increased only 7 percent since 1994, in sharp contrast to strong import growth from Japan in the 1980s. Purchases from Japan in 2001 accounted for 11 percent of total U.S. imports, as compared to 18 percent in 1994. U.S. imports from Japan declined in nearly all of the major end use

categories in 2001: down 23 percent in capital goods, down 13 percent in foods, feeds, and beverages, down 11 percent in industrial supplies, and down 6 percent in autos and autoparts. U.S. imports of consumer goods, however, increased by 1 percent in 2001.

Although U.S. imports from China increased by 3 percent in 2001, this marked a significant decline from the double-digit import growth exhibited since 1983. U.S. imports from China were up 22 percent in 2000 and were up by 165 percent since 1994. U.S. imports from China accounted for 9 percent of total U.S. goods imports in 2001. U.S. imports from China are primarily low value-added consumer goods, such as toys, footwear, apparel and some areas of consumer electronics. Consumer goods made up 66 percent of U.S. imports from China in 2001.

Imports from Latin America (excluding Mexico) declined by 7 percent in 2001, but were up by 78 percent since 1994. U.S. imports of foods, feeds, and beverages were down 9 percent in 2001, while imports of industrial supplies were down by 11 percent.⁵ U.S. imports of capital goods and autos and autoparts, however, were up 6 percent and 4 percent, respectively, in 2001.

Imports from the Pacific Rim (excluding Japan and China) declined 13 percent in 2001, but were up 44 percent since 1994. This region represented 13 percent of total U.S. imports in 2001. U.S. imports of capital goods, industrial supplies, and consumer goods declined by 21 percent, 8 percent, and 6 percent, respectively,

⁵ U.S. imports of industrial supplies accounted for more than half of U.S. imports from Latin America in 2001.

while imports of autos and autoparts and foods, feeds, and beverages increased by 18 percent and 2 percent, respectively.

III. Services Trade

A. Export Growth

U.S. exports of services declined nearly 3 percent in 2001, the only decline in services exports in the past 40 years (*table 5 and figure 5*). Since 1994, U.S. services exports have increased by 41 percent. U.S. services exports accounted for 39 percent of the level of U.S. goods exports in 2001, down slightly from 40 percent in 1994.

The decline in U.S. services exports in 2001 was led by the passenger fares and travel categories, down 13 percent and 11 percent, respectively. These tourism-related categories together accounted for one-third of total U.S. services exports.⁶ Exports of other transportation services (freight) also declined, down 7 percent in 2001. Only two of the major services export categories, the other private services category (including business and professional services, education, and financial services) and the royalties and licensing fees category, exhibited export growth in 2001. U.S. exports of other private services were up 4 percent in 2001, while exports of royalties and licensing fees services were up 1 percent.

Since 1994, nearly all of the major services export categories have grown. Export growth has been led by the other private services category (up 83 percent) and the royalties and licensing fees category (up 44 percent). The

⁶ Travel accounted for 26 percent and passenger fares accounted for 6 percent.

travel and other transportation categories also were up 26 percent and 19 percent, respectively. Of the \$83 billion increase in U.S. services exports between 1994 and 2001, the other private services category accounted for 61 percent of the increase, the travel services category accounted for 18 percent of the increase, and the royalties and licensing fees category accounted for 14 percent of the increase.

Detailed sectoral breakdowns for exports of the other private services category are available only through 2000. In 2000, other private services exports totaled \$107.6 billion. Of this, U.S. exports to business related parties (to a foreign parent or affiliate) accounted for \$31.6 billion, or 29 percent of total other private service exports. For the remaining exports of other private services to unaffiliated parties, the values of exports in 2000 were: business, professional and technical services, \$28.0 billion; financial services, \$17.0 billion; education, \$10.3 billion; insurance premiums, \$8.9 billion; and telecommunications, \$3.8 billion. The largest exporting categories within the business, professional and technical services category were construction, engineering, architectural, and mining services (\$5.3 billion) and installation, maintenance and repair of equipment services (\$4.2 billion).

Japan was the largest purchaser of U.S. private services exports in 2000, accounting for 12% of total U.S. private services exports. The top 5 purchasers of U.S. services exports in 2000 were: Japan (\$34.2 billion), the United Kingdom (\$30.1 billion), Canada (\$23.2 billion), Germany (\$16.0 billion), and Mexico (\$14.0 billion). Regionally, the United States exported \$78.7 billion to the Asia/Pacific Region (\$44.4 billion excluding Japan), \$90.0 billion to the EU, \$37.2 billion to NAFTA countries, and \$28.5 billion to

Latin America (excluding Mexico).

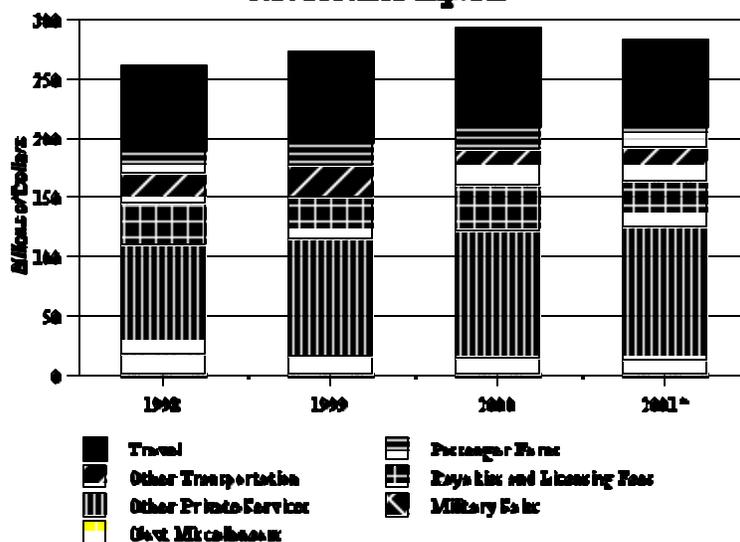
B. Import Growth

Services imports by the United States also declined in 2001, down almost 7 percent to \$203 billion (*table 6, figure 6*). This was the first decline in services imports since 1992. Although the rate of the decline in imports was greater than that of exports in 2001 (down 6.5 percent vs. down 3.2 percent), import growth has been greater than export growth since 1994 (up 54 percent vs. up 41 percent). U.S. imports of services in 2001 were led by two of the six major services import categories: the travel category and other private services category. These two categories accounted for over half of total services imports in 2001.

Nearly all of the major services import categories exhibited declines in 2001, mostly ranging between 5 percent and 11 percent. The largest decline occurred in travel services

Table 5: U.S. Services Exports						
Exports:	1998	1999	2000	2001*	00-01*	94-01*
	<i>Billions of Dollars</i>				<i>Percent Change</i>	
Total (BOP basis)	262.3	272.8	293.5	284.1	-3.2	41.3
Travel	71.3	74.7	82.0	73.4	-10.6	25.6
Passenger Fares	20.1	19.8	20.7	18.1	-12.8	6.4
Other Transportation	25.6	26.9	30.2	28.2	-6.5	18.8
Royalties and Licensing Fees	35.6	36.4	38.0	38.4	1.0	43.9
Other Private Services	91.3	98.1	107.6	112.4	4.4	82.8
Transfers under U.S. Military Sales Contracts	17.5	15.9	14.1	12.9	-8.6	0.5
U.S. Government Miscellaneous Services	0.9	0.9	0.9	0.9	-0.1	-2.9
* Annualized based on January-November 2001 data.						
Source: U.S. Department of Commerce, Balance of Payments Basis.						

**Figure 5:
U.S. Services Exports**



* Annualized based on January-November 2000 data

Source: U.S. Department of Commerce, Balance of Payments Basis.

imports, down 11 percent in 2001, but up 31 percent since 1994. Imports of other private services declined 9 percent in 2001, but were up 65 percent since 1994. On the import growth side, payments of royalties and licensing fees increased 4 percent in 2001 and were up nearly 186 percent since 1994. Of the \$71 billion increase in U.S. services imports between 1994 and 2001, the other private services category accounted for 28 percent of the increase, and the travel services category accounted for 19 percent of the increase.

As with exports, detailed sectoral breakdowns for imports of other private services are available only through 2000. In 2000, other private services imports totaled \$54.7 billion. Of this, U.S. imports from business related parties (from a foreign parent or affiliate) accounted for

\$25.3 billion or 46 percent of total other private service imports. For the remaining imports of other private services from unaffiliated parties, the values of imports in 2000 were: insurance premiums, \$27.9 billion; business professional and technical services, \$7.8 billion; telecommunications, \$5.4 billion; financial services, \$4.5 billion; and education, \$2.1 billion. The largest importing categories within the business, professional and technical services category were research, development and testing services (\$851 million), legal services (\$839 million), and computer and data processing services (\$837 million).

In the import sector, the United Kingdom remained our largest supplier of private services, providing \$26.9 billion to the United States in 2000. This accounted for 13% of total U.S.

imports of private services in 2000. The United States imported \$17.2 billion from Japan, our second largest supplier, and \$16.3 billion from Canada, our third largest supplier. Germany and Mexico were our fourth and fifth largest import suppliers, exporting \$11.4 billion and \$11.0 billion worth of services to the United States, respectively, in 2000. Regionally, the United States imported \$74.7 billion of services from the EU, \$51.3 billion from the Asia/Pacific region (\$34.1 billion excluding Japan), \$27.3 billion from NAFTA, and \$11.1 billion from Latin America (excluding Mexico).

IV. The U.S. Trade Deficit

The U.S. goods and services deficit declined by \$25 billion in 2001 to a level of \$351 billion (*table 7*). The U.S. goods trade deficit alone decreased by \$20 billion to \$432 billion in 2001. However, the services trade surplus slightly increased by \$5 billion to \$81 billion in 2001.

As a share of U.S. GDP, the goods and services trade deficit was 3.4 percent of GDP in 2001, a decline from the 3.8 percent level in 2000, but still up from the 1.3 percent level of 1995-1997 (*table 8*). For goods alone, the trade deficit was 4.2 percent of GDP in 2001, down from 4.6 percent in 2000, but up from 2.4 percent in 1997. For services alone, the U.S. trade surplus was 0.8 percent of GDP in 2001, the same as in 2000.

The regional distribution of the goods trade deficit for the past four years is shown in *table 9*.

**Table 6:
U.S. Services Imports**

Imports:	1998	1999	2000	2001*	00-01*	94-01*
	<i>Billions of Dollars</i>				<i>Percent Change</i>	
Total (BOP basis)	182.4	189.2	217.0	203.0	-6.5	53.9
Travel	56.5	58.9	64.5	57.4	-11.0	31.2
Passenger Fares	20.0	21.3	24.2	22.9	-5.6	75.0
Other Transportation	30.4	34.1	41.1	38.5	-6.4	47.8
Royalties and Licensing Fees	11.2	12.6	16.1	16.7	3.8	185.7
Other Private Services	49.3	46.1	54.7	50.0	-8.5	64.7
Direct Defense Expenditures	12.2	13.3	13.6	14.6	7.4	42.6
U.S. Government Miscellaneous Services	2.8	2.8	2.9	2.9	1.6	14.3

* Annualized based on January-November 2001 data.

Source: U.S. Department of Commerce, Balance of Payments Basis.

**Table 7
U.S. Trade Balances with the World**

Balance:	1998	1999	2000	2001*
	<i>Billions of Dollars</i>			
Goods and Services (BOP Basis)	-166.8	-261.8	-375.7	-351.1
Goods (BOP Basis)	-246.7	-345.4	-452.2	-432.2
Services (BOP Basis)	79.9	83.6	76.5	81.1

* Annualized based on January-November 2001 data.

Source: U.S. Department of Commerce, Balance of Payments Basis for World.

Table 8				
U.S. Trade Balances as a share of GDP				
Share of GDP:	1998	1999	2000	2001*
	<i>Percent</i>			
Goods and Services (BOP Basis)	-1.9	-2.8	-3.8	-3.4
Goods (BOP Basis)	-2.8	-3.7	-4.6	-4.2
Services (BOP Basis)	0.9	0.9	0.8	0.8
* Annualized based on January-November 2001 data.				
Source: U.S. Department of Commerce.				

Table 9				
U.S. Goods Trade Balances with Selected Countries/Regions				
Balance:	1998	1999	2000	2001*
	<i>Billions of Dollars</i>			
Canada	-16.7	-32.1	-51.9	-55.2
European Union	-27.3	-43.4	-55.0	-60.5
Japan	-64.0	-73.4	-81.6	-69.2
Mexico	-15.9	-22.8	-24.6	-30.3
China	-56.9	-68.7	-83.8	-83.5
Pacific Rim, except Japan and China	-39.4	-43.9	-50.0	-43.3
Latin America, except Mexico	13.1	-3.3	-14.1	-9.1
Addendum: High Income Countries	-102.7	-146.4	-187.8	-185.8
Addendum: Low to Middle Income Countries	-127.4	-182.8	-248.6	-231.2

*** Annualized based on January-November 2001 data.**

Source: U.S. Department of Commerce, Census Basis.