

ANNEX I

U.S. TRADE IN 2017

I. 2017 Overview

U.S. trade (exports and imports of goods and services) increased by 6.2 percent in 2017,⁷⁸ after two consecutive years of nominal decreases (figure 1). U.S. exports of goods and services increased by 5.5 percent while U.S. imports of goods and services increased by 6.7 percent. As a percent of GDP, total trade (exports plus imports) increased as well, representing 26.9 percent in 2017, up from 26.4 percent in 2016, but still down from the high of 30.9 percent in 2011 (figure 2). Exports represented 12.0 percent of GDP in 2017, up from 11.9 percent in 2016, but down from the high of 13.7 percent in 2013. Imports represented for 14.9 percent in 2017, up from 14.6 percent in 2016, but down from the high of 17.3 percent in 2008.⁷⁹



Source: U.S. Department of Commerce

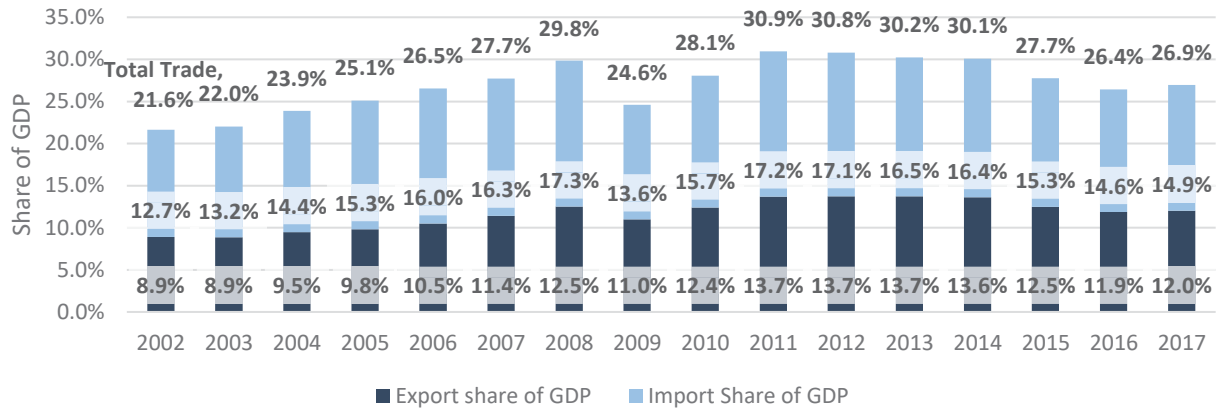
In real terms trade was up by 3.7 percent (adjusting for price fluctuations), an increase from the 0.6 percent growth rate in 2017.⁸⁰ Real exports of goods and services were up 3.4 percent (up from 0.3 percent decline in 2016), while real imports of goods and services were up 3.9 percent (up from 1.3 percent growth in 2016). Exports contributed 0.4 percentage points of the 2.3 percent growth of the economy.

⁷⁸ On a balance of payments (BOP) basis.

⁷⁹ The broadest measure of commercial trade is from the Current Account and includes goods and services as well as earnings/payments on foreign investment (but not transfer payments). Earnings are considered trade because they are the payment made/received to foreign/U.S. residents for the service rendered by the use of foreign/U.S. capital. Based on the Current Account, trade increased by 7.1 percent in 2017 and representing 37.4 percent of GDP, up from 36.3 percent in 2016, but down from the high of 42.1 percent in 2008. Data are annualized based on the first 3 quarters of 2017.

⁸⁰ On a National Income Products Account basis.

Figure 2 - Goods and Services Trade as a Share of GDP, Exports, Imports and Total Trade



Source: U.S. Department of Commerce

The deficit in goods and services trade increased by \$61.2 billion (12.1 percent) in 2017 to \$566.0 billion. Although this was the fourth consecutive year of the deficit increasing, it was still 20.1 percent lower than its pre-recession level of \$708.7 billion in 2008 and 25.7 percent lower than the 2006 high of \$761.7 billion. As a share of GDP, the deficit increased from 2.7 percent of GDP in 2016 to 2.9 percent of GDP in 2017, but is down from its high of 5.5 percent in 2006.

The U.S. deficit in goods trade alone increased by \$57.5 billion (7.6 percent) from \$752.5 billion in 2016 to \$810.0 billion in 2017, while the services trade surplus decreased by \$3.7 billion (1.5 percent), from \$247.7 billion in 2016 to \$244.0 billion in 2017. As a share of GDP, the goods deficit increased from 4.0 percent to 4.2 percent, and the services surplus declined from 1.33 percent in 2016 to 1.26 percent in 2017.

II. Export Growth

U.S. exports of goods and services were up by 5.5 percent in 2017 (and up 5.0 percent since 2012), to \$2.3 trillion (table 2). Goods exports were up 6.6 percent (\$95.7 billion) to \$1.6 trillion, while services exports were up 3.4 percent (\$25.5 billion) to \$777.9 billion (table 1).

Table 1 - U.S. Exports					
	Value (\$Billions)			% Change	
	2012	2016	2017	12-17	16-17
Total Goods and Services	2,219.0	2,208.1	2,329.3	5.0%	5.5%
Goods on a BOP Basis	1,562.6	1,455.7	1,551.4	-0.7%	6.6%
Foods, Feeds, Beverages	133.0	130.6	133.0	-0.1%	1.8%
Industrial Supplies	501.2	396.4	462.8	-7.6%	16.8%
Capital Goods	527.2	519.6	532.8	1.1%	2.5%
Automotive Vehicles	146.2	150.3	157.6	7.8%	4.8%
Consumer Goods	181.7	193.8	197.8	8.9%	2.0%
Other Goods	56.6	60.3	62.8	11.0%	4.1%
Petroleum (Addendum)	123.5	88.7	124.3	0.7%	40.2%
Manufacturing (Addendum)	1,341.4	1,263.6	1,322.5	-1.4%	4.7%
Agriculture (Addendum)	145.6	139.2	143.1	-1.7%	2.8%
Services	656.4	752.4	777.9	18.5%	3.4%
Maintenance and repair services	17.2	25.6	27.2	58.3%	6.2%
Transport	83.9	84.3	86.0	2.4%	2.0%
Travel	161.6	205.9	205.1	26.9%	-0.4%
Insurance services	16.8	16.3	17.3	3.1%	5.9%
Financial services	76.7	98.2	104.2	35.8%	6.1%
Charges for the use of intellectual property	124.4	124.5	124.3	-0.1%	-0.1%
Telecom, computer, and information services	32.5	36.5	38.6	18.8%	6.0%
Other business services	120.4	142.2	155.5	29.2%	9.4%
Government goods and services	22.8	18.8	19.6	-14.0%	4.4%

Source: U.S. Department of Commerce, Balance of Payments basis for total, Census basis for sectors.

A. Goods Exports

Goods exports increased in 2017, by 6.6 percent to \$1.55 trillion (*table 1*). Manufacturing exports, which accounted for 85.5 percent of total goods exports, were up 4.7 percent in 2017. Agricultural exports, which accounted for 9.3 percent of total goods exports, were up 2.8 percent in 2017. U.S. goods exports increased for all of the major end-use categories in 2017, with the largest increases in industrial supplies, up 16.8 percent (\$66.4 billion). U.S. petroleum exports, a subset of industrial supplies, were up 40.2 percent (\$35.7 billion), mainly due to the increase in oil prices. Industrial supplies was followed by increases in capital goods, up 2.5 percent (\$13.2 billion), automotive vehicles and parts, up 4.8 percent (\$7.2 billion), consumer goods, up 2.0 percent (\$4.0 billion), and foods, feeds, and beverages, up 1.8 percent (\$2.4 billion).

Over the last 5 years, between 2012 and 2017, U.S. goods exports have decreased by 0.7 percent (\$11.1 billion). U.S. agricultural exports decreased by 1.7 percent (\$2.5 billion) and manufacturing exports decreased by 1.4 percent (\$18.9 billion), over the same time period. Of the major end-use categories, industrial supplies and materials had the largest decrease, down \$38.3 billion (7.6 percent). U.S. petroleum exports, a subset of industrial supplies and materials, increased by 0.7 percent (\$880 million) from 2012 to 2017. The largest increases occurred in consumer goods (up \$16.1 billion, or 8.9 percent), followed by automotive vehicles and parts, up \$11.4 billion (7.8 percent).

Table 2 - U.S. Goods Exports to Selected Countries/Regions					
	Value (\$Billions)			% Change	
	2012	2016	2017	12-17	16-17
Canada	292.7	266.8	282.4	-3.5%	5.8%
Mexico	215.9	229.7	243.0	12.6%	5.8%
China	110.5	115.6	130.4	18.0%	12.8%
Japan	70.0	63.2	67.7	-3.3%	7.1%
European Union (28)	265.7	269.6	283.5	6.7%	5.2%
Latin America (excluding Mexico)	183.2	136.0	150.2	-18.0%	10.5%
Pacific Rim (excluding Japan and China)	198.8	183.1	201.2	1.2%	9.9%
FTA Countries (Addendum)	717.8	675.8	720.5	0.4%	6.6%
Advanced Economies (Addendum)	917.0	873.1	938.7	2.4%	7.5%
Emerging Markets and Developing Economies (Addendum)	628.8	577.9	608.0	-3.3%	5.2%

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

Advanced Economies and Emerging Markets as defined by the IMF

Note: The shipment of goods through multiple countries can make standard measures of bilateral trade potentially misleading. (For a more thorough discussion of this issue, refer to footnote 3 under Chapter II.A.1.)

In 2017, U.S. goods exports increased to the top 4 export markets: Canada (up 5.8 percent), Mexico (5.8 percent), China (12.8 percent), and Japan (7.1 percent) (table 2). In addition, U.S. goods exports to our 20 FTA partners increased by 6.6 percent⁸¹. U.S. goods exports to advanced economies, accounting for 60.7 percent of U.S. total goods exports, increased by 7.5 percent, while goods exports to emerging markets and developing economies increased by 5.2 percent.

B. Services Exports

U.S. exports of services increased by 3.4 percent to a record \$777.9 billion in 2017 (table 1). U.S. services exports accounted for 33.4 percent of the level of U.S. goods and services exports in 2017.

The increase in U.S. services exports was led by other business services (e.g. professional and management consulting services, and research and development services) (up 9.4 percent, \$13.3 billion), financial services (up 6.1 percent, \$6.0 billion), and telecommunication, computer and information services (up 6.0 percent, \$2.2 billion). The top decrease was in travel services (down 0.4 percent, \$862 million).

U.S. services exports have increased by 18.5 percent over the past 5 years. Of the \$121.5 billion increase in U.S. services exports between 2012 and 2017, travel services accounted for 35.8 percent (\$43.4 billion) of the increase, while other business services and financial services accounted for 28.9 percent (\$35.2 billion) and 22.6 percent (27.5 billion), respectively.

Detailed services exports to countries/regions are available through 2016. The United Kingdom was the largest purchaser of U.S. services exports in 2016, accounting for 8.7 percent (\$65.7 billion) of total U.S. services exports. The next 5 largest purchasers of services exports in 2016 were: China (\$54.2 billion), Canada (\$54.0 billion), Ireland (\$46.6 billion), Japan (\$44.2 billion), and Switzerland (\$32.6 billion). Regionally, in 2016, the United States exported \$231.2 billion in services to the EU, \$224.6 billion to the

⁸¹ The 20 FTA countries currently entered into force accounted for 46.7 percent of total goods exports in 2017.

Asia/Pacific region (\$126.3 billion excluding Japan and China), \$86.0 billion to the NAFTA countries, and \$65.7 billion to South and Central America (excluding Mexico).

III. Imports

U.S. imports of goods and services were up by 6.7 percent in 2017, to a record \$2.9 trillion. Goods imports were up 6.9 percent (\$153.2 billion) to \$2.4 trillion, and services imports are up 5.8 percent (\$29.2 billion) to a record \$533.9 billion (*table 3*).

Table 3 - U.S. Imports					
	Value (\$Billions)			% Change	
	2012	2016	2017	12-17	16-17
Total Goods and Services	2,755.8	2,712.9	2,895.3	5.1%	6.7%
Goods on a BOP Basis	2,303.7	2,208.2	2,361.5	2.5%	6.9%
Foods, Feeds, Beverages	110.3	130.0	137.8	25.0%	6.0%
Industrial Supplies	730.6	443.3	507.6	-30.5%	14.5%
Capital Goods	548.7	590.0	640.6	16.8%	8.6%
Automotive Vehicles	297.8	350.1	359.0	20.6%	2.5%
Consumer Goods	516.9	583.6	602.2	16.5%	3.2%
Other Goods	72.0	90.8	95.6	32.9%	5.3%
Petroleum (Addendum)	415.2	146.6	186.1	-55.2%	27.0%
Manufacturing (Addendum)	1,809.1	1,912.3	2,022.2	11.8%	5.7%
Agriculture (Addendum)	103.2	114.4	121.0	17.2%	5.8%
Services	452.0	504.7	533.9	18.1%	5.8%
Maintenance and repair services	8.0	8.8	9.0	12.1%	2.0%
Transport	85.0	96.8	100.9	18.7%	4.2%
Travel	100.3	123.6	135.3	34.9%	9.5%
Insurance services	55.5	48.1	48.9	-11.9%	1.7%
Financial services	16.7	25.6	27.6	65.1%	7.6%
Charges for the use of intellectual property	38.7	44.4	49.3	27.6%	11.1%
Telecom, computer, and information services	32.8	36.9	39.9	21.7%	8.3%
Other business services	87.2	98.9	100.9	15.8%	2.0%
Government goods and services	27.9	21.5	22.1	-20.6%	2.8%

Source: U.S. Department of Commerce, Balance of Payments basis, Census basis for goods sectors.

A. Goods Imports

U.S. goods imports increased by 6.9 percent in 2017 to \$2.4 trillion, accounting for 81.6% of total imports (*table 3*). U.S. manufacturing imports, which accounted for 86.3 percent of total goods imports, increased by 5.7 percent in 2017. Agriculture imports, accounting for 5.2 percent of total goods imports, increased by 5.8 percent.

All broad end-use categories increased, led by industrial supplies and materials which increased (up 14.5 percent, \$64.3 billion). Petroleum imports, a subset of industrial goods imports, increased by 27.0 percent (\$39.5 billion); 92 percent of this decrease in petroleum imports was driven by price. After industrial supplies and materials, the next largest increases were in capital goods (up 8.6 percent, \$50.7 billion), consumer goods (up 3.2 percent, \$18.6 billion), automotive vehicles and parts (up 2.5 percent, \$8.9 billion), and food feeds and beverages (up 6.0 percent, \$7.8 billion).

U.S. goods imports have increased by 2.5 percent since 2012. Over this same time period imports of agriculture and manufactured goods have increased by 17.2 percent and 11.8 percent, respectively. For the major end-use categories increases were led by capital goods (up 16.8 percent, \$91.9 billion), consumer goods (up 16.5 percent, \$85.3 billion), and automotive vehicles and parts (up 20.6 percent, \$61.2 billion). The only decline was in industrial supplies and materials (down 30.5 percent, \$223.0 billion); petroleum products, a subset of this category, decreased by 55.2 percent (\$229.0 billion).

	Value (\$Billions)			% Change	
	2012	2016	2017	12-17	16-17
China	425.6	462.6	505.6	18.8%	9.3%
Mexico	277.6	294.1	314.0	13.1%	6.8%
Canada	324.3	277.8	300.0	-7.5%	8.0%
Japan	146.4	132.0	136.5	-6.8%	3.4%
European Union (28)	382.2	416.4	434.9	13.8%	4.5%
Latin America (excluding Mexico)	171.8	107.7	116.0	-32.5%	7.7%
Pacific Rim (excluding Japan and China)	190.3	214.0	224.3	17.9%	4.8%
FTA Countries (Addendum)	788.7	748.3	797.0	1.1%	6.5%
Advanced Economies (Addendum)	1,442.0	1,468.8	1,564.8	8.5%	6.5%
Emerging Markets and Developing Economies (Addendum)	834.3	719.0	778.1	-6.7%	8.2%

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

Advanced Economies and Emerging Markets as defined by the IMF

Note: The shipment of goods through multiple countries can make standard measures of bilateral trade potentially misleading. (For a more thorough discussion of this issue, refer to footnote 3 under Chapter II.A.1.)

In 2017, U.S. goods imports increased from all of our top 4 import suppliers: China (up 9.3%), Mexico (up 6.8%), Canada (up 8.0%) and Japan (up 3.4%) (table 4). U.S. goods imports from our 20 FTA partners increased by 6.5 percent in 2017.⁸² U.S. goods imports from advanced economies, accounting for 66.8% of U.S. total goods imports, increased by 6.5 percent, while goods imports from emerging markets and developing economies increased by 8.2 percent.

B. Services Imports

U.S. services imports increased by 5.8 percent (\$29.2 billion) to \$533.9 billion in 2017 (table 3). All major categories of services imports increased, led by travel services (up 9.5 percent, \$11.7 billion), intellectual property (up 11.1 percent, \$4.9 billion), transport services (up 4.2 percent, \$4.0 billion) and telecommunications, computer, and information services (up 8.3 percent, \$3.0 billion).

U.S. services imports increased by 18.1 percent over the past 5 years. Of the \$81.9 billion increase in U.S. services imports between 2012 and 2017, travel services accounted for 42.7 percent (\$35.0 billion) of the increase, while transport services and other business services (e.g. professional and management consulting services, and research and development services) accounted for 19.4 percent (\$15.9 billion) and 16.8 percent (\$13.7 billion), respectively.

⁸² The 20 FTA countries currently entered into force accounted for 34.0 percent of total goods imports in 2017.

As with exports, services imports from countries/regions are available only through 2016. The United Kingdom remained our largest supplier of services, accounting for 10.2 percent (\$51.7 billion) of total U.S. services imports in 2016. The next 5 largest suppliers of U.S. services imports in 2016 were: Germany (\$33.4 billion), Japan (\$31.0 billion), Canada (\$30.0 billion), India (\$25.8 billion), and Bermuda (\$24.6 billion). Regionally, the United States imported \$176.5 billion of services from the European Union in 2016, \$135.3 billion from the Asia/Pacific region (\$88.1 billion, excluding Japan and China), \$54.5 billion from NAFTA, and \$26.6 billion from South and Central America (excluding Mexico).

IV. The U.S. Trade Balance

The total deficit in goods and services trade⁸³ increased by \$61.2 billion in 2017 to \$566.0 billion. The deficit was 20.1 percent lower than its pre-recession level of \$708.7 billion in 2008 and 25.7 percent lower than the 2006 high of \$761.7 billion. As a share of GDP the deficit increased from 2.7 percent of GDP in 2016 to 2.9 percent of GDP in 2017; however, this is still substantially lower than its high of 5.5 percent in 2006.

The U.S. deficit in goods trade alone increased by \$57.5 billion from \$752.5 billion in 2016 (4.0 percent of GDP) to \$810.0 billion in 2017 (4.2 percent of GDP), while the services trade surplus decreased by \$3.7 billion, from \$247.7 billion in 2016 (1.33 percent of GDP) to \$244.0 billion in 2017 (1.26 percent of GDP).

Table 5 - U.S. Trade Balances						
	2012	2013	2014	2015	2016	2017
U.S. Trade Balances as a share of GDP						
Goods and Services	-3.3%	-2.8%	-2.8%	-2.8%	-2.7%	-2.9%
Goods	-4.6%	-4.2%	-4.3%	-4.2%	-4.0%	-4.2%
Services	1.3%	1.4%	1.5%	1.4%	1.3%	1.3%
U.S. Trade Balances with the World (\$Billions)						
Goods and Services	-536.8	-461.9	-490.3	-500.4	-504.8	-566.0
Goods	-741.2	-702.2	-751.5	-761.9	-752.5	-810.0
Services	204.4	240.4	261.2	261.4	247.7	244.0

Source: U.S. Department of Commerce

In 2017, the increase in the overall deficit was due to an increase in the nonpetroleum goods deficit (up \$55.5 billion, 8.2 percent), a decrease in the services surplus, (down \$3.7 billion, 1.5 percent), and an increase in the petroleum deficit (up \$3.8 billion, 6.6 percent). The U.S. deficit in petroleum accounted for 10.9 percent of the overall goods and services trade deficit in 2017, down from 11.5 percent, in 2016.

⁸³ On a balance of payments basis.