

# **ANNEX I**



# U.S. TRADE IN 2015

## I. 2015 Overview

U.S. trade (exports and imports of goods and services) decreased 3.9 percent in 2015,<sup>35</sup> following 4 years of record levels (figure 1). U.S. exports of goods and services declined by 4.8 percent while U.S. imports of goods and services declined by 3.1 percent. As a share of GDP, trade declined as well, accounting for 27.8 percent in 2015, down from 29.9 percent in 2014, and down from the high of 30.9 percent in 2011 (figure 2). Exports accounted for 12.4 percent of GDP in 2015, down from 13.5 percent in 2014 and from the high of 13.7 percent in 2012. Imports accounted for 15.4 percent in 2015, down from 16.4 percent in 2014, and down from the high of 17.3 percent in 2008.<sup>36</sup>



Source: U.S. Department of Commerce

Although trade was down in nominal terms for 2015, it was up 3.3 percent in real terms (adjusting for price fluctuations), though down from the 3.6 percent growth rate in 2014.<sup>37</sup> Real exports of goods and services were up 1.1 percent (down from 3.4 percent growth in 2014), while real imports of goods and services were up 5.0 percent (up from 3.8 percent growth in 2014).

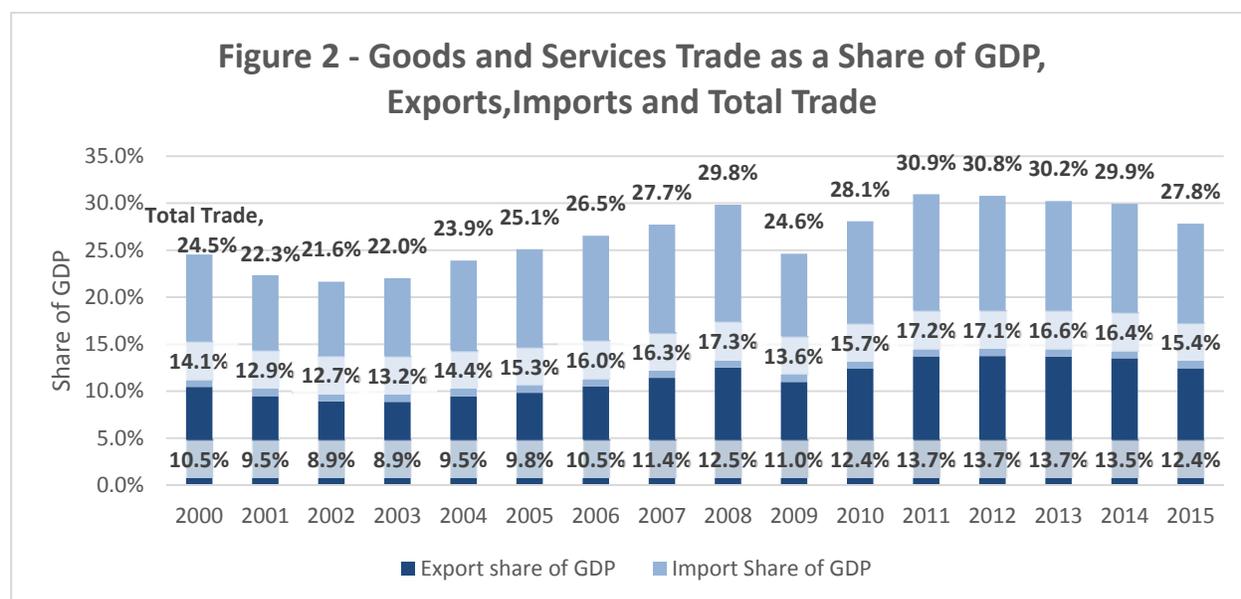
Exports contributed very little to economic growth in 2015 (0.15 percentage points of the 2.4 percent growth of the economy). This was a major change from the previous five and one half years (2<sup>nd</sup> Qtr 2009 to 4<sup>th</sup> Qtr 2014), where exports significantly contributed to the economy – nearly one-third (32.5 percent or 0.6 percentage points

<sup>35</sup> On a balance of payments (BOP) basis.

<sup>36</sup> 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 declined by 3.5 percent in 2015 and accounted for 35.5 percent of GDP, down from 38.1 percent in 2014 and the high of 40.0 percent in 2008. Earnings/payments are annualized based on the first 3 quarters of 2015.

<sup>37</sup> On a National Income Products Account basis.

on average per year). Over this earlier time frame, real exports of goods and services grew more than 2.5 times the rate of the overall economy (6.0% at an annual rate for exports compared to 2.2% at an annual rate for the economy). In 2015, real exports of goods and services grew at a rate that was less than half that of the economy as whole (1.1% vs 2.4%). In 2015, U.S. nominal exports of goods and services were 41 percent above the level of exports in 2009.



Source: U.S. Department of Commerce

The deficit on goods and services trade increased by \$23.2 billion (4.6 percent) in 2015 to \$531.5 billion. Although this was the second consecutive year of the deficit increasing, it was still 25.0 percent lower than its pre-recession level of \$708.7 billion in 2008 and 30.2 percent lower than the 2006 high of \$761.7 billion. As a share of GDP, the deficit increased from 2.9 percent of GDP in 2014 to 3.0 percent of GDP in 2015, but was still lower than its high of 5.5 percent in 2006.

The U.S. deficit in goods trade alone increased by \$17.5 billion (2.4 percent) from \$741.5 billion in 2014 to \$758.9 billion in 2015, while the services trade surplus decreased by \$5.7 billion (2.4 percent), from \$233.1 billion in 2014 to \$227.4 billion in 2015. As a share of GDP, the goods deficit declined from 4.3% to 4.2%, while the services surplus remained at 1.3%.

## II. Export Growth

U.S. exports of goods and services were down by 4.8 percent in 2015 (but up 40.9 percent since 2009), to \$2.2 trillion (table 2). Goods exports were down 7.3 percent (\$118.8 billion) to \$1.5 trillion, while services exports were up 0.8 percent (\$5.9 billion) to a record \$716.4 billion (table 1).

U.S. exports to related parties (either to a foreign parent or affiliate) accounted for 30% of goods exports and 28% of U.S. exports of services, in 2014 (latest year available).

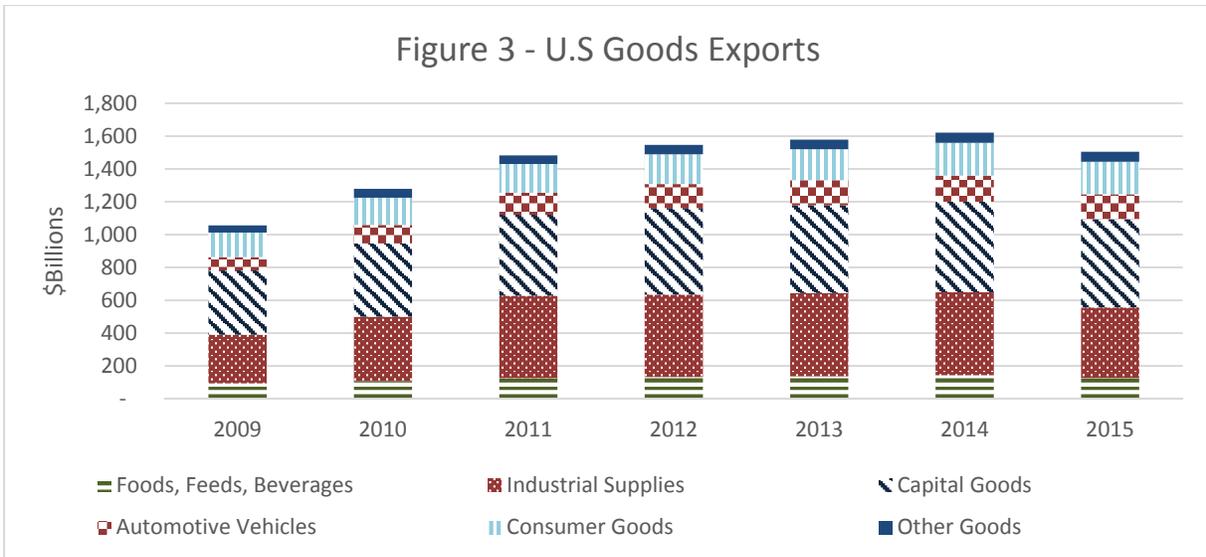
**Table 1 - U.S. Exports**

	Value (\$Billions)			% Change	
	2009	2014	2015	09-15	14-15
<b>Total Goods and Services</b>	1,583.1	2,343.2	2,230.3	40.9%	-4.8%
<b>Goods</b>	1,070.3	1,632.6	1,513.9	41.4%	-7.3%
Foods, Feeds, Beverages	93.9	143.8	127.7	36.0%	-11.2%
Industrial Supplies	296.5	505.1	428.2	44.4%	-15.2%
Capital Goods	391.2	551.1	538.3	37.6%	-2.3%
Automotive Vehicles	81.7	159.7	151.6	85.5%	-5.1%
Consumer Goods	149.5	198.9	197.8	32.4%	-0.5%
Other Goods	43.2	62.0	61.3	41.9%	-1.1%
Petroleum (Addendum)	49.2	144.3	99.5	102.3%	-31.1%
Manufacturing (Addendum)	917.9	1,402.3	1,316.8	43.4%	-6.1%
Agriculture (Addendum)	101.3	154.6	137.2	35.5%	-11.3%
<b>Services</b>	512.7	710.6	716.4	39.7%	0.8%
Maintenance and repair services	12.9	22.4	22.9	77.9%	2.2%
Transport	62.2	90.0	84.6	36.1%	-6.0%
Travel	119.9	177.2	178.6	48.9%	0.8%
Insurance services	14.6	17.4	18.4	25.8%	5.4%
Financial services	64.4	87.3	89.0	38.1%	1.9%
Charges for the use of intellectual property	98.4	130.4	126.5	28.5%	-3.0%
Telecom, computer, and information services	23.8	35.9	37.9	59.0%	5.5%
Other business services	96.0	129.5	138.8	44.6%	7.1%
Government goods and services	20.5	20.4	19.9	-3.0%	-2.6%

Source: U.S. Department of Commerce, BOP basis for total and services, Census basis for goods sectors.

### A. Goods Exports

Goods exports decreased in 2015, by 7.3 percent to \$1.5 trillion (*table 1 and figure 3*). Manufacturing exports, which accounted for 81 percent of total goods exports, were down 6.1 percent in 2015. Agricultural exports, which accounted for 8.5 percent of total goods exports, were down 11.3 percent in 2015. U.S. goods exports decreased for all major end-use categories in 2015, with the largest decrease in industrial supplies, down 15.2% (\$76.9 billion). U.S. petroleum exports, a subset of industrial supplies, were down 31.1% (\$44.8 billion), due to the decline in oil prices. The next largest decreases were in foods feeds and beverages, down 11.2 percent (\$16.0 billion) and capital goods, down 2.3 percent (\$12.7 billion).



Source: U.S. Census Bureau, Census Basis

Over the last 6 years, between 2009 and 2015, U.S. goods exports have increased by 41.4% (\$443.6 billion). U.S. agricultural exports grew by 35.5% (\$35.9 billion) and manufacturing exports grew by 43.4% (\$398.8 billion), over the same time period. Of the major end-use categories, exports of capital goods (up \$147.1 billion, or 37.6%) led export growth in the 2009-2015 timeframe. Industrial supplies and materials saw the second largest increase (up \$131.7 billion, or 44.4%). U.S. petroleum exports, a subset of industrial supplies and materials, grew by 102.3 percent (\$50.3 billion) from 2009 to 2015. Automotive vehicles and parts were up \$69.8 billion (85.5 percent) and consumer goods were up \$48.4 billion (32.4 percent).

In 2015, U.S. goods exports decreased to the top 4 export markets, Canada (down 10.3%), China (6.1%), Japan (6.5%), and Mexico (1.6%) (table 2). In addition, U.S. goods exports to our 20 FTA partners decreased by 6.9%, and U.S. exports to prospective FTA countries also decreased (European Union down 1.3%, TPP countries down 6.3%).

<b>Table 2 - U.S. Goods Exports to Selected Countries/Regions</b>					
	<b>Value (\$Billions)</b>			<b>% Change</b>	
	2009	2014	2015	09-15	14-15
Canada	204.7	312.4	280.3	37.0%	-10.3%
China	69.5	123.7	116.2	67.2%	-6.1%
Japan	51.1	66.8	62.5	22.2%	-6.5%
Mexico	128.9	240.2	236.4	83.4%	-1.6%
European Union (28)	220.8	276.1	272.7	23.5%	-1.3%
Latin America (excluding Mexico)	109.5	184.0	153.3	39.9%	-16.7%
Pacific Rim (excluding Japan and China)	133.9	204.0	192.1	43.4%	-5.8%
FTA Countries (Addendum)	466.1	764.5	711.4	52.6%	-6.9%
TPP (Addendum)	456.5	726.5	680.4	49.0%	-6.3%
Advanced Economies (Addendum)	613.9	862.7	811.6	32.2%	-5.9%
Emerging Markets and Developing Economies (Addendum)	442.1	757.9	693.3	56.8%	-8.5%

Source: U.S. Census Bureau, Census Basis, Advanced Economies and Emerging Markets as defined by the IMF

U.S. goods exports to advanced economies, accounting for 53.9% of U.S. total goods exports, decreased by 5.9 percent, while goods exports to emerging markets and developing economies decreased by 8.5 percent. The share of U.S. goods exports going to emerging markets and developing countries increased from 36.1 percent in 2005 to 47.0 percent in 2013, before declining the last two years to 46.1 percent in 2015.

## **B. Services Exports**

U.S. exports of services increased by 0.8 percent to a record \$716.4 billion in 2015 (*table 1*). U.S. services exports accounted for 32.1 percent of the level of U.S. goods and services exports in 2015.

The growth of U.S. services exports was led by other business services (up 7.1 percent, \$9.3 billion), telecom, computer and information services (up 5.5 percent, \$2.0 billion), financial services (up 1.9 percent, \$1.7 billion) and travel (up 0.8 percent, \$1.3 billion). Somewhat offsetting these increases were declines in transport (down 6.0 percent, \$5.4 billion), and charges for the use of intellectual property (down 3.0 percent, \$3.9 billion).

U.S. services exports have increased by 39.7 percent over the past 6 years. Of the \$203.7 billion increase in U.S. services exports between 2009 and 2015, travel services accounted for 28.8 percent (\$58.7 billion) of the increase, while other business services and intellectual property accounted for 21.0 percent (\$42.8 billion) and 13.8 percent (28.1 billion), respectively.

Detailed services exports to countries/regions are available only through 2014. The United Kingdom was the largest purchaser of U.S. services exports in 2014, accounting for 9.0 percent (\$63.6 billion) of total U.S. services exports. The next 5 largest purchasers of services exports in 2014 were: Canada (\$61.4 billion), Japan (\$46.7 billion), China (\$42.5 billion), Ireland (\$40.5 billion), and Mexico (\$30.0 billion). Regionally, in 2014, the United States exported \$219.3 billion in services to the EU, \$205.2 billion to the Asia/Pacific region (\$116.1 billion excluding Japan and China), \$91.4 billion to NAFTA countries, and \$63.6 billion to South and Central America (excluding Mexico).

## **III. Imports**

U.S. imports of goods and services were down by 3.1 percent in 2015 to \$2.8 trillion, due in large part to the decline in oil prices, but up 40% since 2009. Goods imports were down 4.3 percent (\$101.3 billion) to \$2.3 trillion while services imports were up 2.4 percent (\$11.6 billion) to a record \$489.0 billion (*table 3*).

U.S. imports from related parties (either from a foreign parent or affiliate) accounted for 51% of U.S. goods imports for consumption and 28% of U.S. imports of services, in 2014 (latest data available).

**Table 3 - U.S. Imports**

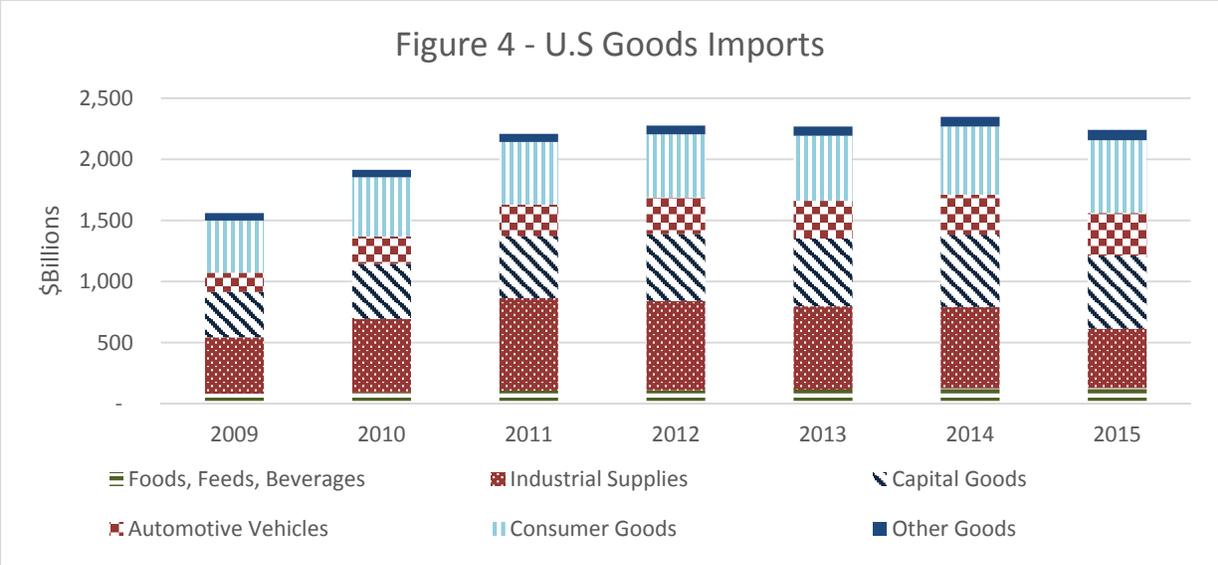
	Value (\$Billions)			% Change	
	2009	2014	2015	09-15	14-15
<b>Total Goods and Services</b>	<b>1,966.8</b>	<b>2,851.5</b>	<b>2,761.8</b>	<b>40.4%</b>	<b>-3.1%</b>
<b>Goods on a BOP Basis</b>	<b>1,580.0</b>	<b>2,374.1</b>	<b>2,272.8</b>	<b>43.8%</b>	<b>-4.3%</b>
Foods, Feeds, Beverages	81.6	125.8	127.7	56.5%	1.5%
Industrial Supplies	462.4	666.8	485.9	5.1%	-27.1%
Capital Goods	370.5	591.1	599.2	61.7%	1.4%
Automotive Vehicles	157.7	327.7	348.3	120.9%	6.3%
Consumer Goods	427.3	557.8	595.3	39.3%	6.7%
Other Goods	60.2	78.6	84.7	40.8%	7.8%
Petroleum (Addendum)	253.7	334.0	182.0	-28.3%	-45.5%
Manufacturing (Addendum)	1,236.4	1,927.0	1,943.8	57.2%	0.9%
Agriculture (Addendum)	71.8	111.9	113.7	58.2%	1.6%
<b>Services</b>	<b>386.8</b>	<b>477.4</b>	<b>489.0</b>	<b>26.4%</b>	<b>2.4%</b>
Maintenance and repair services	5.9	7.5	8.7	47.0%	16.9%
Transport	64.1	94.2	97.3	51.7%	3.2%
Travel	81.4	110.8	120.5	48.0%	8.8%
Insurance services	63.8	50.1	47.9	-24.9%	-4.3%
Financial services	14.4	19.5	19.8	37.3%	1.5%
Charges for the use of intellectual property	31.3	42.1	39.6	26.5%	-6.0%
Telecom, computer, and information services	25.8	33.3	32.7	26.9%	-1.8%
Other business services	68.6	95.8	100.9	47.2%	5.4%
Government goods and services	31.5	24.2	21.5	-31.5%	-10.9%

Source: U.S. Department of Commerce, BOP basis for total and services, Census basis for goods sectors

### A. Goods Imports

U.S. goods imports decreased by 4.3 percent in 2015 to \$2.3 trillion, accounting for 82% of total imports (*table 3 and figure 4*). U.S. manufacturing imports, which accounted for 86 percent of total goods imports, increased by 0.9 percent in 2015. Agriculture imports, accounting for 4.8 percent of total goods imports, increased by 1.6 percent.

U.S. goods imports increased for every major end-use category in 2015, with the exception of industrial supplies and materials which declined (down 27.1 percent, \$180.8 billion). Petroleum imports, a subset of industrial goods imports, declined by 45.5 percent (\$152.0 billion). Ninety seven percent of this decrease in petroleum imports was driven by a decline in price, while the other 3 percent was driven by quantity as the U.S. imported the lowest volume of petroleum since 1993. The largest increases were in consumer goods (up 6.7%, \$37.5 billion) and automotive vehicles and parts (up 6.3 percent, \$20.6 billion).



Source: U.S. Census Bureau, Census Basis

U.S. goods imports have increased by 43.8 percent since 2009. Over this same time period imports of agriculture and manufactured goods have increased by 58.2 percent and 57.2 percent, respectively, while imports of petroleum products have decreased by 28.3 percent. For the major end-use categories, U.S. imports of capital goods led growth from 2009 (up 61.7 percent, \$228.7 billion), followed by automotive vehicles and parts (up 120.9 percent, \$190.6 billion), and consumer goods (up 39.3 percent, \$167.9 billion).

	Value (\$Billions)			% Change	
	2009	2014	2015	09-15	14-15
Canada	226.2	347.8	295.2	30.5%	-15.1%
China	296.4	466.8	481.9	62.6%	3.2%
Japan	95.8	134.0	131.1	36.9%	-2.2%
Mexico	176.7	294.1	294.7	66.8%	0.2%
European Union (28)	282.1	418.2	426.0	51.0%	1.9%
Latin America (excluding Mexico)	108.1	150.7	115.9	7.2%	-23.1%
Pacific Rim (excluding Japan and China)	140.8	207.2	216.5	53.7%	4.5%
FTA Countries (Addendum)	528.0	828.4	771.8	46.2%	-6.8%
TPP (Addendum)	570.8	883.5	840.2	47.2%	-4.9%
Advanced Economies (Addendum)	736.1	1,092.2	1,050.0	42.6%	-3.9%
Emerging Markets and Developing Economies (Addendum)	823.5	1,255.5	1,191.0	44.6%	-5.1%

Source: U.S. Department of Commerce, BOP basis for total and services, Census basis for goods sectors.

In 2015, U.S. goods imports increased from 2 of our top 4 import suppliers, China (up 3.2%), and Mexico (up 0.2%), while imports decreased from Canada (down 15.1%) and Japan (down 2.2%) (table 4). U.S. goods imports from our 20 FTA partners shrunk by 6.8 percent in 2015<sup>38</sup>. Turning to prospective FTA

<sup>38</sup> The 20 FTA countries currently entered into force accounted for 34 percent of total goods imports in 2015.

countries, imports increased from the European Union (up 1.9%) while they decreased from TPP countries (down 4.9%).

U.S. goods imports from advanced economies, accounting for 47.9% of U.S. total goods imports, decreased by 3.9 percent, while goods imports from emerging markets and developing economies decreased by 5.1 percent. The share of U.S. goods imports coming from emerging markets and developing countries increased from 47.3 percent in 2005 to a high of 55.0 percent in 2011, since then it has fallen. In 2015, they accounted for 53.1 percent of goods imports.

## **B. Services Imports**

U.S. services imports increased by 2.4 percent (\$11.6 billion) to \$489.0 billion in 2015 (*table 3*). Increases in services imports were led by travel services, up 8.8 percent (\$9.7 billion), and other business services, up by 5.4 percent (\$5.2 billion). The largest decreases in broad services categories were in government goods and services (down 10.9 percent) and charges for the use of intellectual property (down 6.0 percent). U.S. services imports accounted for roughly 18 percent of the level of U.S. goods and services imports in 2015.

U.S. services imports have increased by 26.4% (\$102 billion) since 2009. Travel services accounted for 38 percent of the total increase in services imports over the last 6 years, while transport and other business services each accounted for 32 percent.

As with exports, services imports to countries/regions are available only through 2014. The United Kingdom remained our largest supplier of services, accounting for 10.4 percent of total U.S. services imports in 2014. The next 5 largest suppliers of U.S. services imports in 2014 were: Germany (\$32.8 billion), Japan (\$31.2 billion), Canada (\$30.1 billion), Bermuda (\$24.8 billion), and Switzerland (\$21.9 billion). Regionally, the United States imported \$168.7 billion of services from the European Union in 2014, \$123.6 billion from the Asia/Pacific region (\$78.0 billion excluding Japan and China), \$49.6 billion from NAFTA, and \$26.0 billion from South and Central America (excluding Mexico).

## **IV. The U.S. Trade Balance**

The total deficit in goods and services trade<sup>39</sup> increased by \$23.2 billion in 2015 to \$531.5 billion. The deficit was 25.0 percent lower than its pre-recession level of \$708.7 billion in 2008 and 30.2 percent lower than the 2006 high of \$761.7 billion. As a share of GDP the deficit increased as well, from 2.9 percent of GDP in 2014 to 3.0 percent of GDP in 2015, but was lower still than its high of 5.5% in 2006.

The U.S. deficit in goods trade alone increased by \$17.5 billion from \$741.5 billion in 2014 (4.3 percent of GDP) to \$758.9 billion in 2015 (4.2 percent of GDP), while the services trade surplus decreased by \$5.7 billion, from \$233.1 billion in 2014 (1.3 percent of GDP) to \$227.4 billion in 2015 (still 1.3 percent of GDP).

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<sup>39</sup> On a balance of payments basis.

<b>Table 5 - U.S. Trade Balances</b>							
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>U.S. Trade Balances as a share of GDP</b>							
<b>Goods and Services</b>	<b>-2.7%</b>	<b>-3.3%</b>	<b>-3.5%</b>	<b>-3.3%</b>	<b>-2.9%</b>	<b>-2.9%</b>	<b>-3.0%</b>
Goods	-3.5%	-4.3%	-4.8%	-4.6%	-4.2%	-4.3%	-4.2%
Services	0.9%	1.0%	1.2%	1.3%	1.3%	1.3%	1.3%
<b>U.S. Trade Balances with the World (\$Billions)</b>							
<b>Goods and Services</b>	<b>-383.8</b>	<b>-494.7</b>	<b>-548.6</b>	<b>-536.8</b>	<b>-478.4</b>	<b>-508.3</b>	<b>-531.5</b>
Goods on a BOP Basis	-509.7	-648.7	-740.6	-741.2	-702.6	-741	-758.9
Services	125.9	154.0	192.0	204.4	224.2	233.1	227.4

Source: U.S. Department of Commerce

In 2015, the increase in the overall deficit was more than accounted for by an increase in the nonpetroleum goods deficit (up \$116.2 billion, 21.6%) and the decrease in the services surplus, (down \$5.7 billion, 2.4 percent), as the petroleum deficit continued to decline in 2015, by \$107.2 billion (56.5 percent). The U.S. deficit in petroleum accounted for 15.5 percent of the overall goods and services trade deficit in 2015.

