

ANNEX I

Annex I. U.S. Trade in 2009

I. 2009 Overview

U.S. trade¹ declined by 25 percent in 2009 to a value of \$4.4 trillion.² This decline reflected severe global recessionary conditions, with world GDP and world trade down 2.3 percent, and 11.9 percent, respectively. For the United States, 2009 marked the first decline of overall trade since 2002, and the largest decline in decades. U.S. trade in goods and services declined by 24 percent in 2009 – U.S. trade of goods alone declined by 28 percent and U.S. trade of services declined by 9 percent. The rate of reduction of U.S. imports of goods, services, and payments on investment (28 percent) was nearly 26 percent greater than the rate of reduction of U.S. exports of goods, services, and earnings on investment (22 percent).

Although trade significantly declined in 2009, on a monthly basis, it appears that trade's low point occurred in the first half of the year. U.S. exports of goods and services have increased, on a month over month basis, for the seven month period from May 2009 to November 2009, while U.S. imports of goods and services have increased each month for the last four months (August 2009 to November 2009). Moreover, exports contributed 1.9 percentage points to the annualized growth rate of 4.0 percent in the second half of 2009.

Even including the fall in U.S. trade in 2009, U.S. trade expansion was more rapid over the past four decades (1970 to 2009) 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 9.3 percent per year since 1970, compared to a 6.9 percent annual average growth rate of U.S. gross domestic product (GDP) over the same period. In real terms, the average annual growth in trade was nearly double the pace of GDP growth, 5.5 percent versus 2.9 percent. Through 2009, the value of U.S. trade has increased over 3,100 percent since 1970, 132 percent since 1994 (the year before the start of the Uruguay Round implementation), and 32 percent since 2000 (*figure 1*).³ As a share of the value of GDP, trade was 31 percent in 2009 (*figure 2*), down from the record 40 percent of GDP in 2008 and below the 33 percent figure in 2000. However, this still represented an increase from 1994 (27 percent) and from 1970 (13 percent).⁴

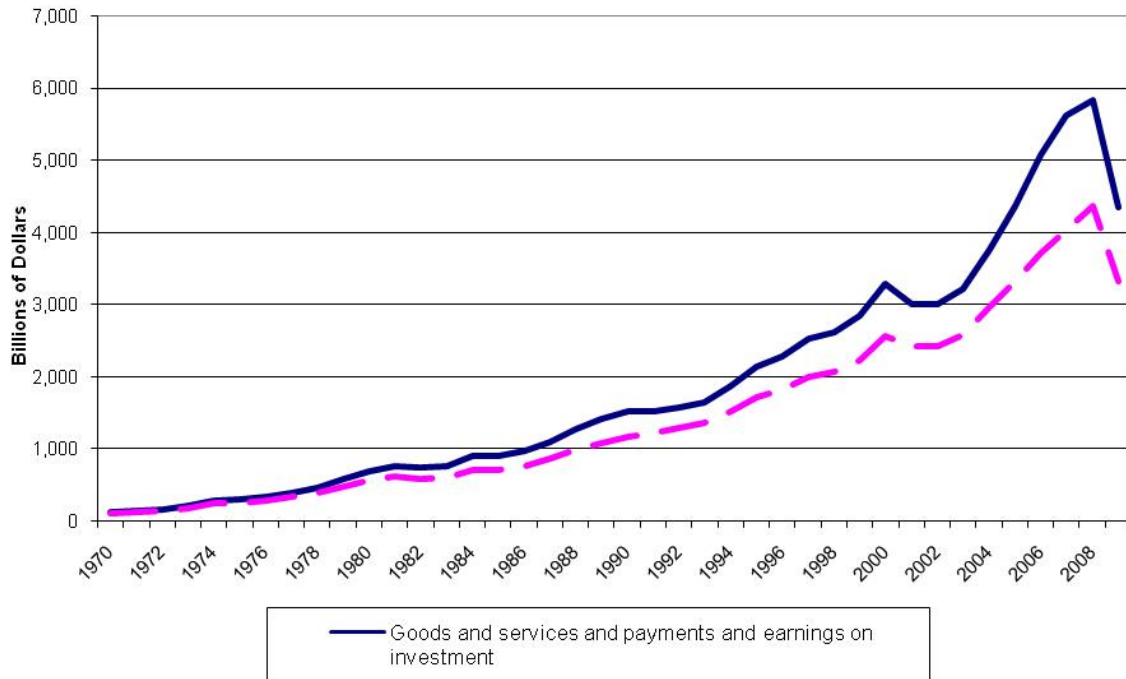
¹ For the purposes of this Annex, "Trade" is defined as exports and imports of goods and services, and the receipt and payment of earnings on foreign investment. Earnings on foreign investment are considered trade because they are conceptually the payment made to foreign residents for the service rendered 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 Annex, the full-year trade value for 2009 is an annualized estimate based on partial year data (January 1 to November 30, 2009).

³ Trade in goods and services alone has increased nearly 2,800 percent since 1970, 117 percent since 1994, and 30 percent since 2000.

⁴ For goods and services, excluding investment earnings and payments, U.S. trade represented 24 percent of the value of GDP in 2009, down from the record 30 percent in 2008, and down from 26 percent in 2000, but was up from 22 percent in 1994, and 11 percent in 1970.

**Figure 1:
U.S. Trade Growth 1970-2009***

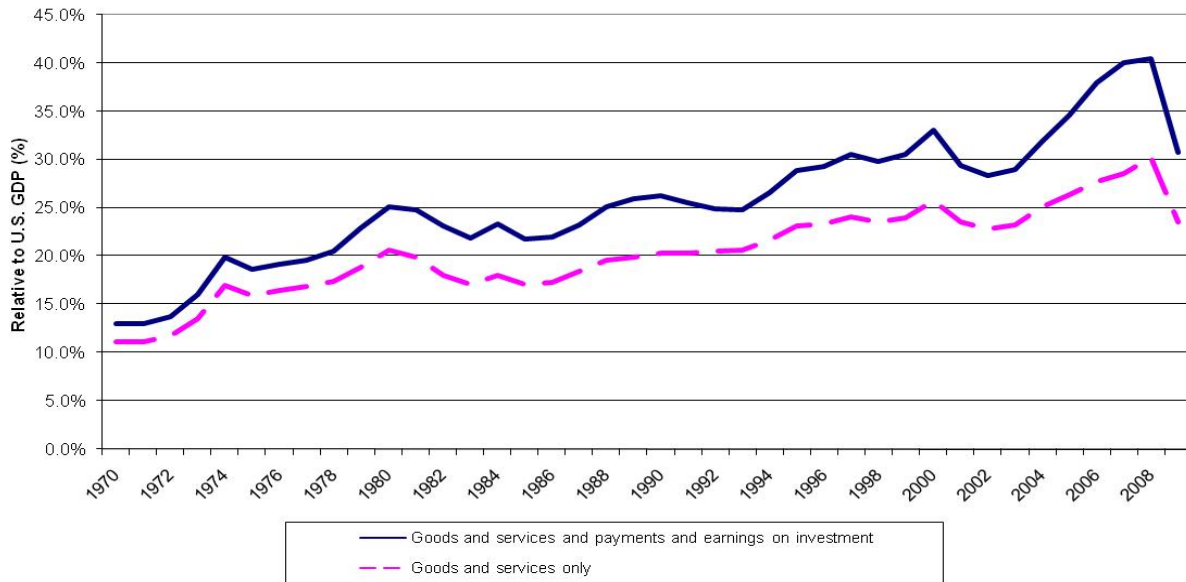


Total exports + imports

*2009 Annualized based on January-November

Source: U.S. Department of Commerce

**Figure 2:
Growing Importance of Trade in the U.S. Economy, 1970-2009***



Total exports + imports as a percentage of the value of U.S. GDP

*2009 Annualized based on January-November 2009 data.

Source: U.S. Department of Commerce

The long-term growth in trade has occurred in both U.S. exports and imports, despite the decline in 2009. U.S. exports of goods and services (including investment earnings) in 2009 are 2,700 percent greater than 1970, 127 percent greater than 1994, and 39 percent greater than 2000. U.S. imports of goods and services are 3,600 percent greater than 1970, 137 percent greater than 1994, and 27 percent greater than 2000.

The total deficit in goods and services trade (excluding earnings and payments on foreign investment) declined in 2009 by approximately \$335 billion, from \$696 billion in 2008 to \$361 billion. This was the third consecutive year that the deficit declined. As a share of GDP, the deficit declined from 4.8 percent of GDP in 2008 to approximately 2.5 percent of GDP in 2009.

The U.S. deficit in goods trade alone decreased by \$344 billion from \$840 billion in 2008 (5.8 percent of GDP) to \$496 billion in 2009 (3.5 percent of GDP), while the services trade surplus decreased by \$9 billion from \$144 billion in 2008 (1.0 percent of GDP) to \$135 billion in 2009 (1.0 percent of GDP). The deficit in petroleum decreased by 51 percent in 2009, but still accounted for 53 percent of the total goods and services deficit.

II. Goods Trade

A. Export Growth

As with total trade, goods exports also declined significantly in 2009. U.S. goods exports decreased by 20 percent in 2009, as compared to the 12 percent increase in the preceding year (*table 1 and figure 3*). Manufacturing exports, which accounted for over 80 percent of total goods exports, were down 19 percent in 2009, while agriculture exports, which accounted for 10 percent of total goods exports, decreased 17 percent in 2009. High-technology exports, a subset of manufacturing exports, accounted for 23 percent of total goods exports and were down 11 percent in 2009. U.S. goods exports decreased for every major end-use category in 2009, with the largest declines in the autos and auto parts category, down 36 percent, and in the industrial supplies and materials category, down 27 percent.

Although U.S. goods exports in 2009 were down compared to 2008, 2009 exports were up 32 percent compared to 2000, and up 103 percent since 1994. U.S. agriculture exports grew faster than manufacturing exports and high technology exports in both timeframes; U.S. agriculture exports were up 88 percent since 2000 and up 114 percent since 1994. Of the major end-use categories, exports of foods, feeds, and beverages (up 90 percent) led growth in the 2000 to 2009 timeframe over both the consumer goods category (up 66 percent) and industrial supplies and materials (up 65 percent). From 1994 to 2009, this trend was reversed with exports of consumer goods (up 147 percent) leading industrial supplies and materials (up 135 percent) and foods, feed, and beverages (up 117 percent). Of the \$516 billion increase in goods exports since 1994, capital goods accounted for 35 percent, industrial supplies and materials accounted for 32 percent of the increase, and consumer goods accounted for 17 percent.

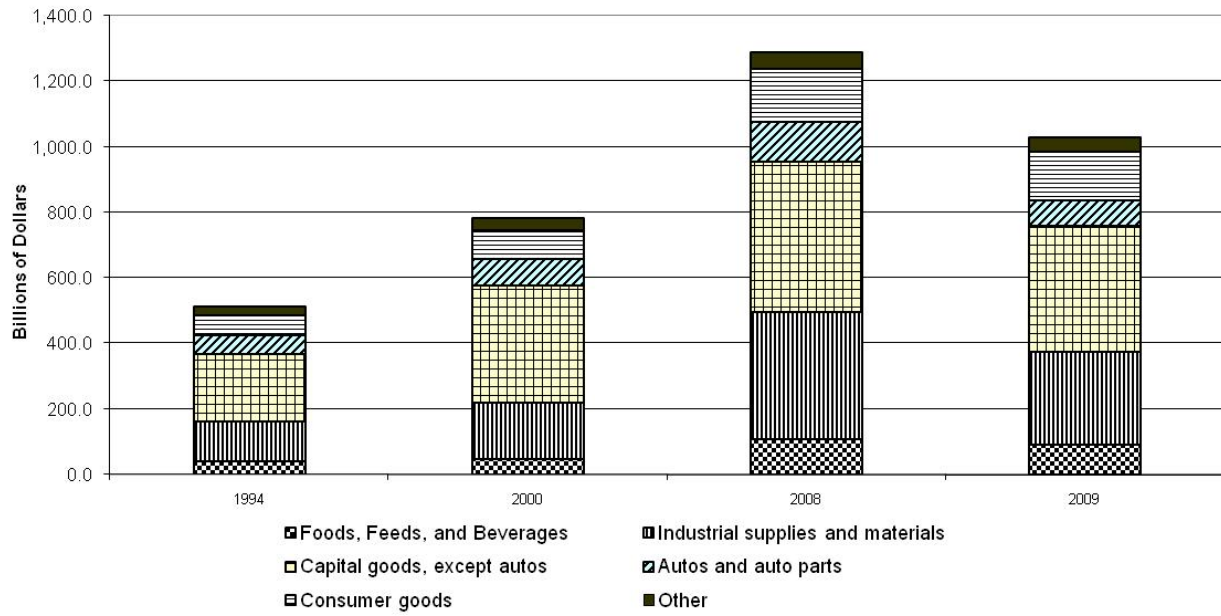
Table 1**U.S. Goods Exports**

Exports:	1994	2000	2008	2009*	08-09*	00-09*	94-09*
	<i>Billions of Dollars</i>				<i>Percent Changes</i>		
Total (BOP basis)	502.9	772.0	1,277.0	1,018.7	-20.2%	32.0%	102.6%
Food, feeds, and beverages	42.0	47.9	108.3	91.0	-16.0%	90.1%	116.9%
Industrial supplies and materials	121.4	172.6	388.0	284.8	-26.6%	65.0%	134.6%
Capital goods, except autos	205.0	356.9	457.7	384.6	-16.0%	7.7%	87.6%
Autos and auto parts	57.8	80.4	121.5	77.6	-36.1%	-3.5%	34.2%
Consumer goods	60.0	89.4	161.3	148.4	-8.0%	66.0%	147.3%
Other	26.5	34.8	50.7	44.1	-13.0%	26.8%	66.4%
Addendum: Agriculture	45.9	52.1	118.2	98.1	-17.0%	88.4%	113.6%
Addendum: Manufacturing	431.1	689.5	1,038.6	839.8	-19.1%	21.8%	94.8%
Addendum: High Technology	120.7	227.4	270.1	239.5	-11.3%	5.3%	98.4%

* Annualized based on January-November 2009 data.

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

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



2009 Annualized based on January-November 2009 data
Source: U.S. Department of Commerce

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

Exports from:	1994	2000	2008	2009*	08-09*	00-09*	94-09*
	<i>Billions of Dollars</i>				<i>Percent Changes</i>		
European Union (EU27)	110.1	168.5	271.8	217.6	-20.0%	29.1%	97.7%
Canada	114.4	178.9	261.2	199.4	-23.6%	11.4%	74.2%
Asian Pacific Rim, except Japan and China	85.0	121.5	161.1	127.9	-20.6%	5.3%	50.5%
Mexico	50.8	111.3	151.2	125.6	-16.9%	12.8%	147.1%
Latin America, except Mexico	41.7	59.3	136.9	106.7	-22.1%	80.0%	155.8%
China	9.3	16.2	69.7	66.1	-5.3%	308.1%	611.6%
Japan	53.5	64.9	65.1	49.7	-23.7%	-23.5%	-7.1%
Addendum: Industrial Countries**	294.0	435.2	637.5	500.8	-21.4%	15.1%	70.3%
Addendum: Developing Countries**	218.6	346.7	650.0	527.7	-18.8%	52.2%	141.4%
* Annualized based on January-November 2009 data. ** As defined by the International Monetary Fund.							
Source: U.S. Department of Commerce, Census basis.							

In 2009, U.S. goods exports declined to all major markets, ranging from a low of a 5.3 percent drop in exports to China to a high of a 23.7 percent drop in exports to Japan (*table 2*). Other markets to which U.S. goods exports declined by over 20 percent include Canada, Latin America (excluding Mexico), the Asian Pacific Rim (excluding Japan and China), and the European Union. U.S. goods exports declined by 21 percent to industrial countries and by 19 percent to developing countries. Since 1994, U.S. goods exports to developing countries grew twice as fast as U.S. goods exports to industrial countries, 141 percent compared to 70 percent. Due to this long-term higher growth difference, the share of U.S. goods exports to developing countries have grown from 43 percent in 1994 to 51 percent in 2009.

B. Import Growth

U.S. goods imports declined by 28 percent in 2009 (*table 3 and figure 4*), in contrast to an 8 percent increase from 2007 to 2008. Manufacturing imports, accounting for 77 percent of total goods imports, decreased by 22 percent in 2009. High-technology imports, accounting for 19 percent of total goods imports, decreased by 11 percent, while agriculture imports, accounting for 5 percent of total goods imports, decreased by 12 percent in 2009. Similar to U.S. goods exports, U.S. goods imports decreased for every

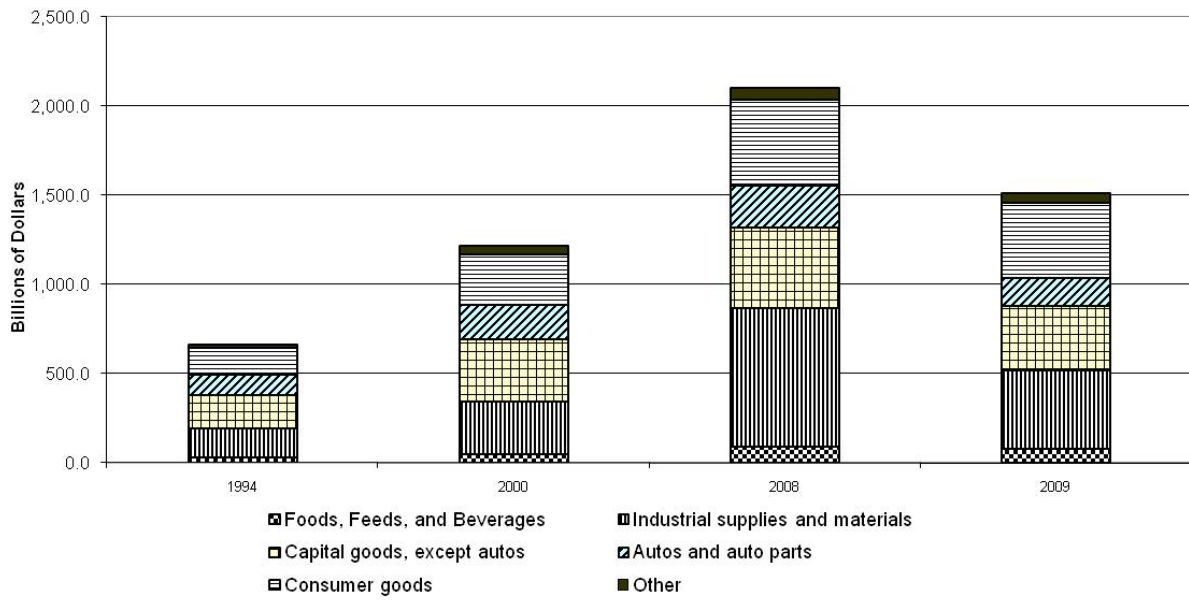
Table 3**U.S. Goods Imports**

Imports:	1994	2000	2008	2009*	08-09*	00-09*	94-09*
	<i>Billions of Dollars</i>				<i>Percent Changes</i>		
Total (BOP basis)	668.7	1,226.7	2,117.2	1,514.6	-28.5%	23.5%	126.5%
Food, feeds, and beverages	31.0	46.0	89.0	81.2	-8.7%	76.7%	162.4%
Industrial supplies and materials	162.1	299.0	779.5	438.4	-43.8%	46.6%	170.4%
Capital goods, except autos	184.4	347.0	453.7	361.4	-20.4%	4.1%	96.0%
Autos and auto parts	118.3	195.9	233.8	152.2	-34.9%	-22.3%	28.7%
Consumer goods	146.3	281.8	481.6	423.1	-12.1%	50.1%	189.3%
Other	21.3	48.3	66.0	57.1	-13.5%	18.2%	168.6%
Addendum: Agriculture	26.0	39.2	80.7	71.3	-11.6%	82.1%	174.9%
Addendum: Manufacturing	557.3	1,013.5	1,490.4	1,159.3	-22.2%	14.4%	108.0%
Addendum: High Technology	98.1	222.1	331.2	293.2	-11.5%	32.0%	198.8%

* Annualized based on January-November 2009 data.

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

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



2009 Annualized based on January-November 2009 data
Source: U.S. Department of Commerce

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

Imports from:	1994	2000	2008	2009*	08-09*	00-09*	94-09*
	<i>Billions of Dollars</i>				<i>Percent Changes</i>		
European Union (EU27)	121.9	227.6	367.6	275.9	-25.0%	21.2%	126.3%
Canada	128.4	230.8	339.5	216.1	-36.3%	-6.4%	68.3%
China	38.8	100.0	337.8	291.6	-13.7%	191.5%	651.7%
Mexico	49.5	135.9	215.9	170.8	-20.9%	25.7%	245.1%
Asian Pacific Rim, except Japan and China	103.2	171.5	176.9	137.5	-22.3%	-19.8%	33.3%
Latin America, except Mexico	38.5	73.3	160.0	103.9	-35.1%	41.6%	170.0%
Japan	119.2	146.5	139.3	93.0	-33.3%	-36.5%	-22.0%
Addendum: Industrial Countries**	380.7	622.3	872.6	607.4	-30.4%	-2.4%	59.5%
Addendum: Developing Countries**	282.5	595.7	1,231.1	904.1	-26.6%	51.8%	220.0%
*Annualized based on January-November 2009 data. **As defined by the International Monetary Fund.							
Source: U.S. Department of Commerce, Census basis.							

major end-use category in 2009, with declines ranging between 9 percent and 44 percent. The category with the largest import decline was industrial supplies and materials, down 44 percent, primarily due to the decline in petroleum imports in 2009 (down 7 percent on a volume basis, with oil prices also down 56 percent). In fact, the decrease in petroleum imports accounted for roughly 35 percent of the overall decline in U.S. goods imports in 2009.

Despite the significant decline in U.S. goods imports in 2009, U.S. goods imports have increased 24 percent since 2000, and 127 percent since 1994. U.S. agriculture imports grew nearly seven times faster than manufacturing imports since 2000, but only grew 62 percent faster than manufacturing imports since 1994. For the major end-use categories, U.S. imports of foods, feeds, and beverages led growth since 2000 (up 77 percent), followed by consumer goods (up 50 percent) and industrial supplies and materials (up 44 percent). In contrast, since 1994, U.S. imports of consumer goods were up 189 percent, industrial supplies and materials were up 170 percent, and foods, feeds, and beverages were up 162 percent.

On a major country/region basis, the decrease in U.S. goods imports ranged from 14 percent to 36 percent in 2009 (*table 4*). The decline in U.S. goods imports from Canada, Latin America (excluding Mexico), and Japan all exceeded 30 percent in 2009. U.S. goods imports from industrial countries declined by 30 percent in 2009, somewhat greater than the 26 percent decline

in goods imports from developing countries. Since 1994, U.S. goods imports from developing countries grew by a rate of more than triple than U.S. goods imports from industrial countries (220 percent compared with 60 percent). Accordingly, the share of U.S. goods imports from developing countries has increased from 43 percent of total goods imports in 1994 to 60 percent in 2009.

III. Services Trade

A. Export Growth

U.S. exports of services declined 8 percent in 2009 to \$504 billion. This rate of decline was more than half the rate of decline for goods exports in 2009 (down 20 percent). Despite this decline, U.S. services exports have grown 69 percent since 2000 and 152 percent since 1994 (*table 5 and figure 5*). U.S. services exports accounted for 33 percent of the level of U.S. goods and services exports in 2009.

Exports in nearly all of the major services categories declined in 2009, led by the categories of other transportation (down 25 percent), passenger fares (down 14 percent), and travel (down 15 percent). Only the military sales transfers and government categories showed increases in 2009, though these exports together accounted for only 5 percent of total U.S. goods exports in 2009.

Since 2000, services export growth has been led by other private services (up 112 percent), and royalties and licensing fees (up 92 percent). Similarly, these two categories exhibited the strongest export growth since 1994 (other private services up 276 percent and royalties and licensing fees up 211 percent). Of the \$304 billion increase in U.S. services exports between 1994 and 2009, the other private services category accounted for 55 percent of the increase, while the royalties and licensing fees category accounted for 19 percent.

Detailed sectoral breakdowns for exports in the other private services category as well as exports to countries/regions are available only through 2008.

In 2008, 32 percent of U.S. exports of other private services were to business-related parties (to a foreign parent or affiliate). The largest categories for U.S. exports of other private services to related and unrelated parties in 2008 were: business, professional and technical services (\$114 billion); financial services (\$60 billion); and education (\$18 billion). The business, professional and technical services category was led by management and consulting services (\$27 billion), research and development and testing services (\$17 billion), computer and information services (\$13 billion), and the installation, maintenance, and repair of equipment (\$10 billion).

The United Kingdom was the largest purchaser of U.S. private services exports in 2008, accounting for 12 percent (\$63 billion) of total U.S. private services exports. The next four-largest purchasers of U.S. private services exports in 2008 were: Canada (\$46 billion), Japan (\$41 billion), Germany (\$28 billion), and Mexico (\$24 billion). Regionally, in 2008, the United States exported \$196 billion to the EU, \$130 billion to the Asia/Pacific Region (\$56 billion excluding Japan and China), \$70 billion to NAFTA countries, and \$40 billion to Latin America (excluding Mexico).

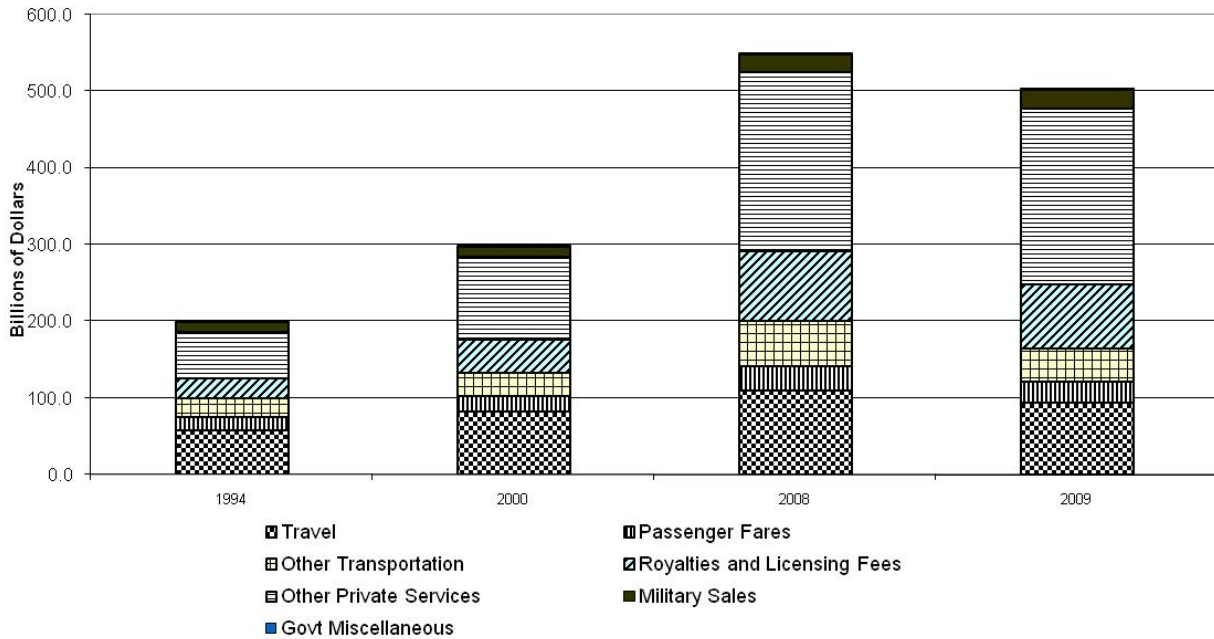
Table 5
U.S. Services Exports

Exports:	1994	2000	2008	2009*	08-09*	00-09*	94-09*
	<i>Billions of Dollars</i>				<i>Percent Changes</i>		
Total (BOP basis)	200.4	298.6	549.6	504.0	-8.3%	68.8%	151.5%
Travel	58.4	82.4	110.1	93.5	-15.1%	13.5%	60.1%
Passenger Fares	17.0	20.7	31.6	27.3	-13.8%	31.8%	60.4%
Other Transportation	23.8	29.8	58.9	44.0	-25.4%	47.6%	85.1%
Royalties and Licensing Fees	26.7	43.2	91.6	82.9	-9.5%	91.8%	210.5%
Other Private Services	60.8	107.9	233.5	229.1	-1.9%	112.3%	276.5%
Transfers under U.S. Military Sales Contracts	12.8	13.8	22.6	26.0	15.2%	88.5%	103.3%
U.S. Government Miscellaneous Services	0.9	0.8	1.2	1.3	6.9%	69.3%	50.0%

*Annualized based on January-November 2009 data.

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

Figure 5:
U.S. Services Exports



2009 Annualized based on January-November 2009 data
Source: U.S. Department of Commerce

B. Import Growth

U.S. services imports decreased in 2009 by 9 percent to \$369 billion (*table 6, figure 6*). This decline was slightly greater than the 8 percent decline in services exports, but was one-third the rate of decline in goods imports (down 28 percent). The other transportation and passenger fees categories showed the largest declines in 2009, down 26 percent and 22 percent, respectively. U.S. services imports accounted for roughly 20 percent of the level of U.S. goods and services imports in 2009.

Despite the decline in 2009, U.S. services imports have grown both between 2000 and 2009 (up 65 percent) and between 1994 and 2009 (up 177 percent). Since 2000, import growth has been led by direct defense expenditures (up 164 percent) and other private services (up 153 percent). Since 1994, U.S. imports have grown over 300 percent for both the other private services category and the royalties and licensing fees category. Of the \$236 billion growth in imports since 1994, the other private services category accounted for 52 percent of the increase and the other transportation category accounted for 12 percent of the increase.

As with exports, detailed sectoral breakdowns for imports of other private services are available only through 2008.

In 2008, 40 percent of U.S. imports of other private services were from business related parties (from a foreign parent or affiliate). The largest categories for U.S. imports of other private services from related and unrelated parties in 2008 were: business professional and technical services (\$76 billion); insurance services (\$43 billion); and financial services (\$19 billion). The business, professional and technical services category were led by management, and consulting services (\$22 billion), computer and information services (\$16 billion), and research, development, and testing services (\$15 billion).

The United Kingdom remained our largest supplier of private services, accounting for 13 percent of total U.S. private services imports in 2008. The top five suppliers of U.S. private services imports in 2008 were: the United Kingdom (\$44 billion), Germany (\$26 billion), Japan (\$24 billion), Canada (\$24 billion), and Bermuda (\$17 billion).

Regionally, the U.S. imported \$139 billion of services from the EU in 2008, \$91 billion from the Asia/Pacific region (\$39 billion excluding Japan and China), \$40 billion from NAFTA, and \$21 billion from Latin America (excluding Mexico).

Table 6
U.S. Services Imports

Imports:	1994	2000	2008	2009*	08-09*	00-09*	94-09*
	<i>Billions of Dollars</i>				<i>Percent Changes</i>		
Total (BOP basis)	133.1	223.7	405.3	368.8	-9.0%	64.8%	177.2%
Travel	43.8	64.7	79.7	72.4	-9.2%	11.9%	65.4%
Passenger Fares	13.1	24.3	32.6	25.5	-21.8%	5.0%	95.2%
Other Transportation	26.0	41.4	72.1	53.4	-26.0%	28.9%	105.3%
Royalties and Licensing Fees	5.9	16.5	26.6	24.1	-9.3%	46.6%	312.4%
Other Private Services	31.6	60.5	153.3	153.2	0.0%	153.2%	385.5%
Direct Defense Expenditures	10.2	13.5	36.5	35.5	-2.6%	163.5%	247.5%
U.S. Government Miscellaneous Services	2.6	2.9	4.5	4.7	5.6%	63.6%	84.3%

*Annualized based on January-November 2009 data.

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

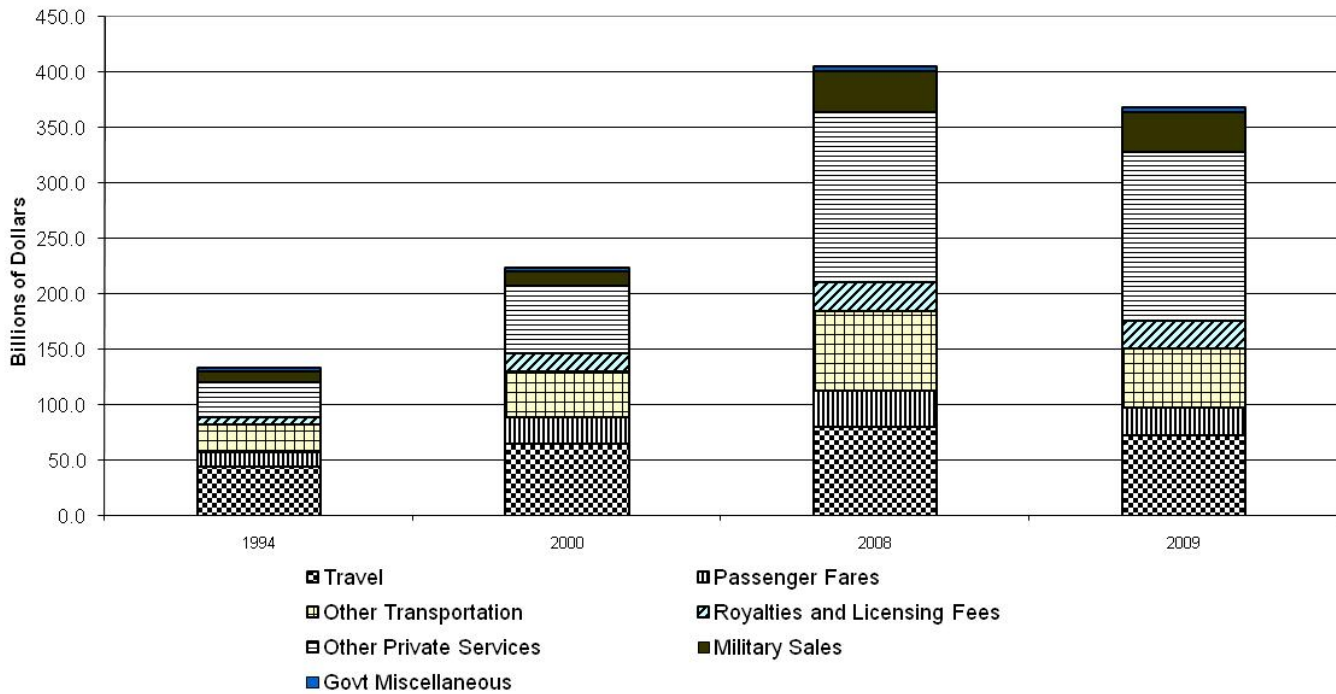
IV. The U.S. Trade Deficit

In 2009, the U.S. goods and services deficit decreased by nearly one-half (\$335 billion) to a level of \$361 billion (*table 7*), the third consecutive year the deficit declined. This was the lowest goods and services trade deficit since 1999. The U.S. deficit in goods trade alone decreased by \$344 billion to \$496 billion in 2009, while the U.S. surplus in services trade decreased by \$9 billion to \$135 billion.

As a share of U.S. GDP, the goods and services trade deficit declined from 4.8 percent of GDP in 2008 to 2.5 percent of GDP in 2009 (*table 8*). The goods trade deficit declined from 5.8 percent of GDP in 2008 to 3.5 percent of GDP in 2009, while the services trade surplus stayed at 1.0 percent of GDP in both 2008 and 2009.

The regional distribution of the goods trade deficit for 1994, 2000, and 2008 to 2009 is shown in *table 9*.

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



2009 Annualized based on January-November 2009 data
Source: U.S. Department of Commerce

Table 7
U.S. Trade Balances with the World

Balance:	1994	2000	2008	2009*
	<i>Billions of Dollars</i>			
Goods and Services (BOP Basis)	-98.5	-379.8	-695.9	-360.8
Goods (BOP Basis)	-165.8	-454.7	-840.3	-496.0
Services (BOP Basis)	67.3	74.9	144.3	135.2

* Annualized based on January-November 2009 data

Source: U.S. Department of Commerce

Table 8
U.S. Trade Balances as a Share of GDP

Share of GDP:	1994	2000	2008	2009*
	<i>Percents</i>			
Goods and Services (BOP Basis)	-1.4	-3.8	-4.8	-2.5
Goods (BOP Basis)	-2.3	-4.6	-5.8	-3.5
Services (BOP Basis)	1.0	0.8	1.0	1.0
* Annualized based on January-November 2009 data				
Source: U.S. Department of Commerce				

Table 9
U.S. Goods Trade Balances with Selected Countries/Regions

Balance:	1994	2000	2008	2009*
	<i>Billions of Dollars</i>			
Canada	-14.0	-51.9	-78.3	-16.7
European Union (EU27)	-11.8	-59.1	-95.8	-58.3
Japan	-65.7	-81.6	-74.1	-43.3
Mexico	1.4	-24.6	-64.7	-45.2
China	-29.5	-83.8	-268.0	-225.5
Asian Pacific Rim, except Japan and China	-18.2	-50.0	-15.8	-9.6
Latin America, except Mexico	3.2	-14.1	-23.0	2.9
Addendum: Industrial Countries**	-86.7	-187.1	-235.1	-106.6
Addendum: Developing Countries**	-63.9	-249.0	-581.1	-376.4
* Annualized based on January-November 2009 data				
** As defined by the International Monetary Fund				
Source: U.S. Department of Commerce				

