

ANNEX I

U.S. Trade in 2010

I. 2010 Overview

U.S. trade (exports and imports of goods and services, and the receipt and payment of earnings on foreign investment)¹ increased by 17 percent in 2010 to a value of \$5.5 trillion.² This marked the largest growth in U.S. trade in decades (since 1984), reflecting a significant reversal from 2009's 21 percent decline which was due, in most part, to recessionary conditions in the United States and the rest of the world. The value of U.S. trade in 2010 is only seven percent below the record level set in 2008. The U.S. recovery, which began in the 3rd quarter of 2009, continued in 2010, with real U.S. Gross Domestic Product (GDP) up an estimated three percent. Real GDP in the world increased an estimated five percent in 2010, while real world trade increased an estimated 11 percent.³

U.S. trade in goods and services increased by 20 percent in 2010 – U.S. trade of goods alone increased by 24 percent and U.S. trade of services increased by eight percent. The growth of U.S. exports of goods and services, up 17 percent, is above the 15 percent annual growth rate needed to achieve the President's announced goal of doubling U.S. exports by the end of 2014. U.S. imports of goods and services increased 22 percent in 2010.

U.S. trade expansion over the past four decades (1970 to 2010) was more rapid than the growth of the overall U.S. economy, in both nominal and real terms. In nominal terms, trade has grown at an average annual rate of 9.7 percent per year since 1970, compared to U.S. GDP whose average annual growth over the same period was 6.8 percent. In real terms, the average annual growth in trade was more than double the pace of GDP growth, 5.9 percent versus 2.9 percent. Through 2010, the value of U.S. trade has increased over 3,900 percent since 1970 and 66 percent since 2000 (*figure 1*).⁴ As a share of the value of GDP, trade was up from 33 percent in 2009 to 37 percent in 2010 (*figure 2*). While the increase in 2010 was significant, trade as a share of GDP was still down from the record 41 percent in 2008.⁵

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, 2010 is estimated based on partial year data (January-November).

³ According to the International Monetary Fund.

⁴ Trade in goods and services trade alone has increased over 3,500 percent since 1970, and 65 percent since 2000.

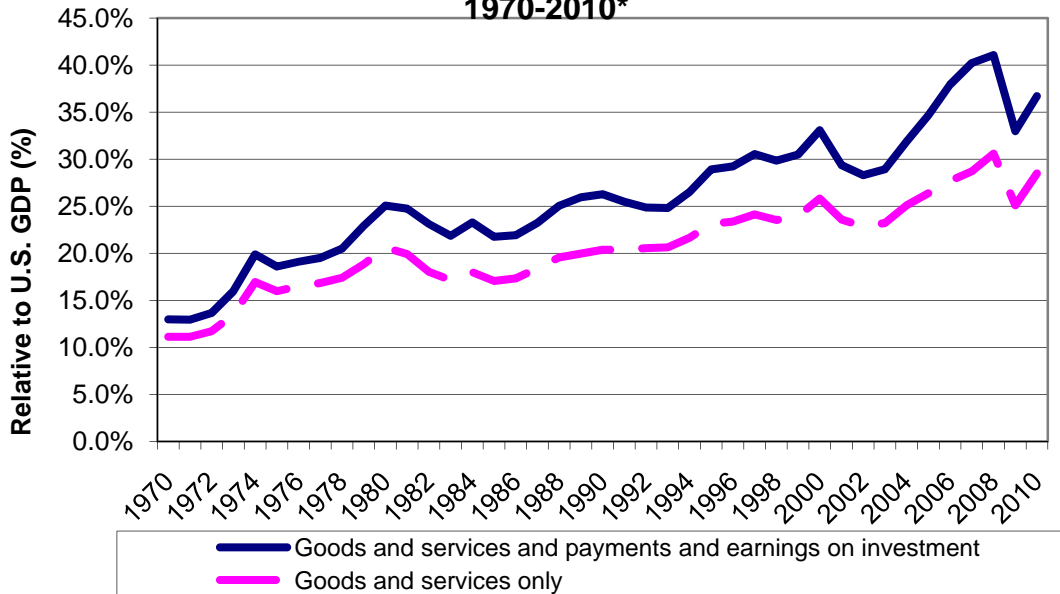
⁵ For goods and services, excluding investment earnings and payments, U.S. trade represented 29 percent of the value of GDP in 2010, up from 25 percent in 2009, but still down from the record 31 percent in 2008.

**Figure 1:
U.S. Trade Growth 1970-2010***



Total exports + imports
 * 2010 Annualized based on January-November 2010 data.
 Source: U.S. Department of Commerce

**Figure 2:
Growing Importance of Trade in the U.S. Economy,
1970-2010***



Total exports + imports as a percentage of the value of U.S. GDP
 *2010 Annualized based on January-November 2010
 Source: U.S. Department of Commerce

The growth in trade over the long term in both U.S. exports and imports has been striking. U.S. exports of goods and services (including investment earnings) in 2010 are 3,400 percent greater than in 1970 and 74 percent greater than in 2000. U.S. imports of goods and services are nearly 4,600 percent greater than in 1970 and 60 percent greater than in 2000.

The total deficit on goods and services trade (excluding earnings and payments on foreign investment) increased in 2010 by approximately \$134 billion from \$375 billion in 2009 to \$509 billion. The deficit was more than one-quarter lower than its high of \$699 billion in 2008. As a share of GDP, the deficit increased from 2.7 percent of GDP in 2009 to approximately 3.5 percent of GDP in 2010, still below the 4.9 percent level in 2008.

The U.S. deficit in goods trade alone increased by \$151 billion from \$507 billion in 2009 (3.6 percent of GDP) to \$658 billion in 2010 (4.5 percent of GDP), while the services trade surplus increased by \$17 billion from \$132 billion in 2009 (0.9% of GDP) to \$149 billion in 2010 (1.0 percent of GDP). The deficit in petroleum increased by 33 percent in 2010 and accounted for 52 percent of the total goods and services deficit.

II. Goods Trade

A. Export Growth

As with total trade, goods exports increased significantly in 2010. U.S. goods exports increased by 21 percent in 2010, as compared to the 18 percent decline in the preceding year (*table 1 and figure 3*). The strong growth of U.S. goods exports in 2010 brought the level of U.S. exports back to within 1% of 2008's record level. Manufacturing exports, which accounted for 80 percent of total goods exports, were up 19.5 percent, while agriculture exports, which accounted for nine percent of total goods exports, were up 17 percent. Advanced technology exports, a subset of manufacturing exports, accounted for 21 percent of total goods exports and were up 12 percent in 2010. U.S. goods exports increased for every major end-use category in 2010, with the largest increases in the automobiles and automotive parts category, up 40 percent, and in the industrial supplies and materials category, up 32 percent.

Over the past 10 years, U.S. goods exports have increased 67 percent. U.S. agricultural exports grew by 121 percent since 2000, nearly double the growth of manufacturing exports and six times the growth of advanced technology exports. Of the major end-use categories, exports of industrial supplies and materials (up 127 percent) led growth in the 2000-2010 timeframe over both the foods, feeds, and beverages category (up 119 percent) and the consumer goods category (up 85 percent). Of the more than a half trillion dollar increase in goods exports since 2000, capital goods accounted for 35 percent, industrial supplies and materials accounted for 31 percent of the increase, and consumer goods accounted for 13 percent.

Table 1

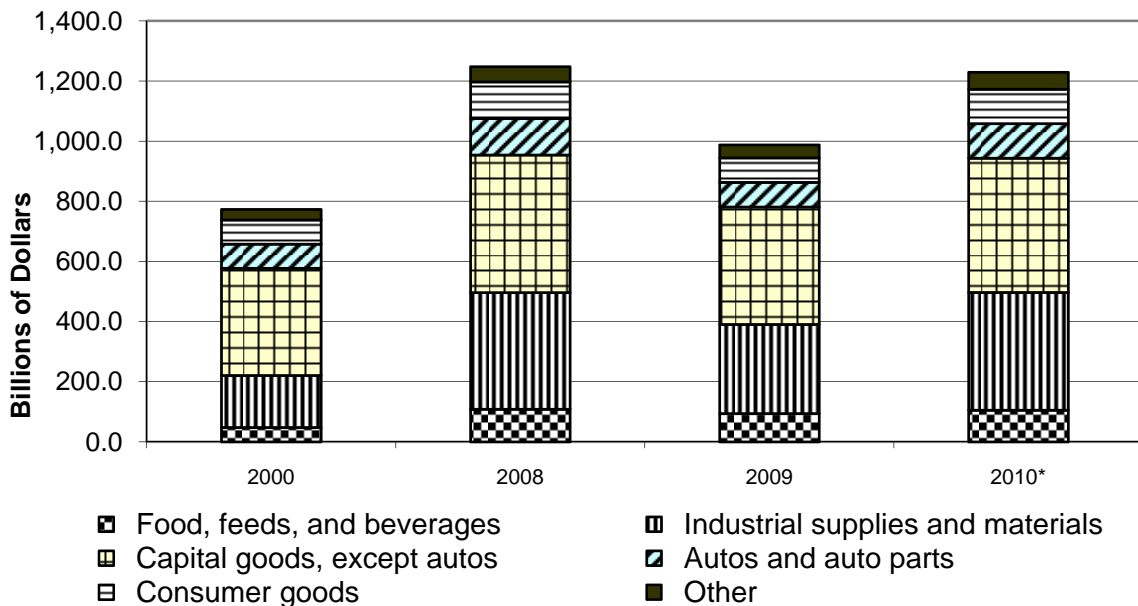
U.S. Goods Exports

	2000	2008	2009	2010*	09-10*	08-10*	00-10*
Exports:	<i>Billions of Dollars</i>				<i>Percent Changes</i>		
Total (BOP basis)	772.0	1,304.9	1,068.5	1,290.9	20.8%	-1.1%	67.2%
Food, feeds, and beverages	47.9	108.3	93.9	105.0	11.9%	-3.0%	119.4%
Industrial supplies and materials	172.6	388.0	296.7	391.8	32.1%	1.0%	127.0%
Capital goods, except autos	356.9	457.7	390.5	446.7	14.4%	-2.4%	25.1%
Autos and auto parts	80.4	121.5	81.7	114.6	40.2%	-5.6%	42.6%
Consumer goods	89.4	161.3	150.0	165.6	10.4%	2.7%	85.3%
Other	34.8	50.7	43.2	56.5	30.8%	11.6%	62.6%
Addendum: Agriculture	52.1	118.2	101.2	118.5	17.0%	0.2%	127.6%
Addendum: Manufacturing	689.5	1,038.6	859.7	1,027.7	19.5%	-1.1%	49.0%
Addendum: Advanced Technology	227.4	270.1	244.7	273.4	11.7%	1.2%	20.2%

* Annualized based on January-November 2010 data.

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

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



*2010 Annualized based on January-November 2010 data
Source: U.S. Department of Commerce

Table 2							
U.S. Goods Exports to Selected Countries/Regions							
Exports from:	2000	2008	2009	2010*	09-10*	08-10*	00-10*
	<i>Billions of Dollars</i>				<i>Percent Changes</i>		
Canada	178.9	261.2	204.7	251.0	22.7%	-3.9%	40.3%
Mexico	111.3	151.2	128.9	163.8	27.1%	8.3%	47.1%
China	16.2	69.7	69.5	92.9	33.7%	33.2%	473.9%
Japan	64.9	65.1	51.1	61.0	19.2%	-6.4%	-6.1%
European Union (EU27)	168.5	271.8	220.6	238.1	7.9%	-12.4%	41.3%
Asian Pacific Rim, except Japan and China	121.5	161.1	133.9	176.0	31.4%	9.3%	44.9%
Latin America, except Mexico	59.3	136.9	109.5	139.8	27.6%	2.0%	135.7%
Addendum: Industrial Countries**	435.2	637.5	511.7	588.9	15.1%	-7.6%	35.3%
Addendum: Developing Countries**	346.7	650.0	544.3	691.1	27.0%	6.3%	99.3%
* Annualized based on January-November 2010 data.							
** As defined by the International Monetary Fund.							
Source: U.S. Department of Commerce, Census basis.							

In 2010, U.S. goods exports increased to all major markets specified above (*table 2*), ranging from a high of 33.7 percent to China to a low of 7.9 percent to the European Union. Other markets in which U.S. goods exports increased by over 20 percent include Mexico, Canada, the Asian Pacific Rim (excluding Japan and China), and Latin America (excluding Mexico). Over the last year, U.S. goods exports increased by 27 percent to developing countries, and by 15 percent to industrial countries. Since 2000, U.S. goods exports to developing countries have grown almost three times as fast as U.S. goods exports to industrial countries, 99 percent compared to 35 percent. As a result, the share of U.S. goods exports going to developing countries has grown from 44 percent in 2000 to 54 percent in 2010.

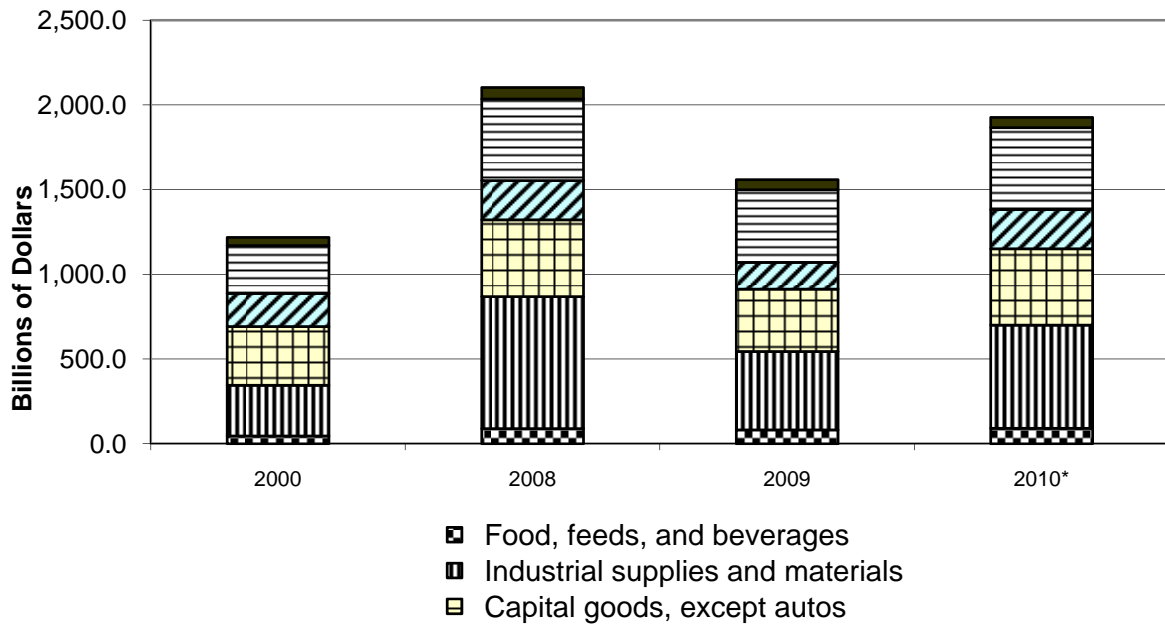
B. Import Growth

U.S. goods imports increased by 24 percent in 2010 (*table 3 and figure 4*), in contrast to the 26 percent decrease in 2009. Although U.S. goods imports recovered in 2010, they were still nine percent lower than the 2008 level. U.S. manufacturing imports, accounting for 75 percent of total goods imports, increased by 22 percent in 2010. Advanced technology imports, accounting for 19 percent of total goods imports, increased by 22 percent, while agriculture imports, accounting for four percent of total goods imports, increased by 14 percent in 2010.

Similar to U.S. goods exports, U.S. goods imports increased for every major end-use category in 2010, with increases ranging between 12 percent for the foods, feeds, and beverages category to 47 percent for the autos and auto parts category.

Table 3							
U.S. Goods Imports							
	2000	2008	2009	2010*	09-10*	08-10*	00-10*
Imports:	<i>Billions of Dollars</i>				<i>Percent Changes</i>		
Total (BOP basis)	1,226.7	2,139.5	1,575.4	1,948.8	23.7%	-8.9%	58.9%
Food, feeds, and beverages	46.0	89.0	81.6	91.5	12.2%	2.8%	99.0%
Industrial supplies and materials	299.0	779.5	462.5	609.1	31.7%	-21.9%	103.7%
Capital goods, except autos	347.0	453.7	369.3	450.3	21.9%	-0.8%	29.8%
Autos and auto parts	195.9	231.2	157.6	231.3	46.8%	0.0%	18.1%
Consumer goods	281.8	481.6	428.4	483.5	12.9%	0.4%	71.6%
Other	48.3	68.5	60.2	60.9	1.2%	-11.1%	26.0%
Addendum: Agriculture	39.2	80.7	71.8	82.0	14.1%	1.6%	109.2%
Addendum: Manufacturing	1,013.5	1,490.4	1,185.9	1,446.6	22.0%	-2.9%	42.7%
Addendum: Advanced Technology	222.1	331.2	300.9	357.3	18.7%	7.9%	60.9%
* Annualized based on January-November 2010 data.							
Source: U.S. Department of Commerce, Balance of Payments basis for total, Census basis for sectors.							

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



*2010 Annualized based on January-November 2010 data

Source: U.S. Department of Commerce

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

Imports from:	2000	2008	2009	2010*	09-10*	08-10*	00-10*
	<i>Billions of Dollars</i>				<i>Percent Changes</i>		
Canada	230.8	339.5	226.2	279.1	23.4%	-17.8%	20.9%
Mexico	135.9	215.9	176.7	233.0	31.9%	7.9%	71.4%
China	100.0	337.8	296.4	366.9	23.8%	8.6%	266.8%
Japan	146.5	139.3	95.8	121.0	26.3%	-13.1%	-17.4%
European Union (EU27)	227.6	367.6	281.8	319.6	13.4%	-13.1%	40.4%
Asian Pacific Rim, except Japan and China	171.5	176.9	140.8	169.3	20.3%	-4.3%	-1.3%
Latin America, except Mexico	73.3	160.0	108.1	131.8	21.9%	-17.6%	79.7%
Addendum: Industrial Countries**	622.3	872.6	627.2	745.5	18.9%	-14.6%	19.8%
Addendum: Developing Countries**	595.7	1,231.1	932.4	1,179.7	26.5%	-4.2%	98.0%
* Annualized based on January-November 2010 data.							
**As defined by the International Monetary Fund.							
Source: U.S. Department of Commerce, Census basis.							

The category with the second largest increase was in industrial supplies and materials, up 32 percent, primarily due to the increase in petroleum imports in 2010 (up two percent on a volume basis and up 36 percent on price). In fact, the increase in petroleum imports accounted for roughly 24 percent of the overall increase in U.S. goods imports in 2010.

U.S. goods imports have increased by 59 percent since 2000. U.S. agriculture imports have more than doubled since 2000, while imports of advanced technology products and manufactured goods have increased by 61 percent and 42 percent, respectively. For the major end-use categories, U.S. imports of industrial supplies and materials led growth since 2000 (up 104 percent), followed by foods, feeds, and beverages (up 99 percent) and consumer goods (up 72 percent).

On a major country/region basis, the growth of U.S. goods imports ranged between an increase of 13 percent from the European Union and 32 percent from Mexico in 2010 from those specified above (*table 4*). The increase in U.S. imports from Mexico, Japan, China, Canada, the Asian Pacific Rim (excluding Japan and China), and Latin America (excluding Mexico) all exceeded 20 percent in 2010. U.S. imports from industrial countries increased by 19 percent in 2010, compared to the 27 percent increase in imports from developing countries. Since 2000, U.S. goods imports from developing countries have exhibited higher growth (almost five times as much) than those from industrial countries, 98 percent compared with 20 percent. Accordingly, the share of U.S. imports from developing countries has increased from 49 percent in 2000 to 61 percent in 2010.

III. Services Trade

A. Export Growth

U.S. exports of services increased by eight percent in 2010 to \$543 billion. Services exports have fully recovered from their decline in 2009, and are two percent higher than the 2008 level (*table 5 and figure 5*). U.S. services exports accounted for 30 percent of the level of U.S. goods and services exports in 2010.

All of the major services export categories exhibited increases in 2010, led by passenger fares (up 18 percent), other transportation (up 12 percent), and the government category (up 12 percent). The increases in royalties and licensing fees (up nine percent) and other private services (up six percent) together accounted for 77 percent of total increase in U.S. services exports in 2010.

U.S. services exports have increased by 90 percent over the past 10 years. Of the \$257 billion increase in U.S. services exports between 2000 and 2010, the other private services category accounted for 56 percent of the increase, while the royalties and licensing fees category accounted for 21 percent.

Detailed sectoral breakdowns for exports of the other private services category as well as exports to countries/regions are available only through 2009.

In 2009, 33 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 2009 were: business, professional, and technical services, \$117 billion; financial services, \$55 billion; and education, \$20 billion. The business, professional, and technical services category was led by management and consulting services (\$28 billion), research and development and testing services (\$18 billion), computer and information services (\$13 billion), and the installation, maintenance, and repair of equipment (\$11 billion).

The United Kingdom was the largest purchaser of U.S. private services exports in 2009, accounting for 11 percent (\$51 billion) of total U.S. private services exports. The next four largest purchasers of U.S. private services exports in 2009 were: Canada (\$42 billion); Japan (\$41 billion); Germany (\$24 billion); and Mexico (\$22 billion). Regionally, in 2009, the United States exported \$172 billion to the EU, \$125 billion to the Asia/Pacific region (\$69 billion excluding Japan and China), \$64 billion to NAFTA countries, and \$40 billion to Latin America (excluding Mexico).

Table 5

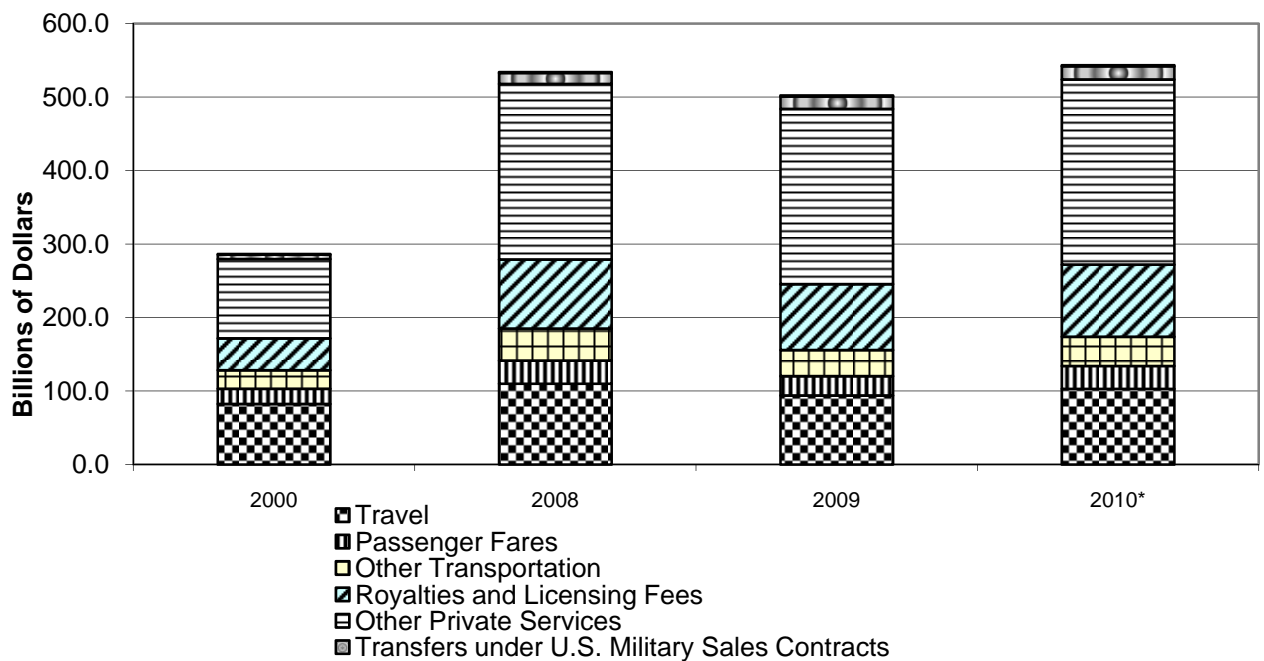
U.S. Services Exports

Exports:	2000	2008	2009	2010*	09-10*	08-10*	00-10*
	<i>Billions of Dollars</i>				<i>Percent Changes</i>		
Total (BOP basis)	286.4	534.1	502.3	543.4	8.2%	1.7%	89.7%
Travel	82.4	110.0	93.9	103.0	9.6%	-6.4%	24.9%
Passenger Fares	20.7	31.4	26.4	31.1	17.8%	-0.9%	50.5%
Other Transportation	25.3	43.7	35.4	39.8	12.3%	-9.0%	57.1%
Royalties and Licensing Fees	43.2	93.9	89.8	98.2	9.3%	4.5%	127.0%
Other Private Services	107.9	238.9	238.3	252.0	5.7%	5.5%	133.5%
Transfers under U.S. Military Sales Contracts	6.1	14.9	17.1	17.9	4.9%	20.1%	194.6%
U.S. Government Miscellaneous Services	0.8	1.2	1.3	1.5	12.1%	21.1%	90.1%

* Annualized based on January-November 2010 data.

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

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



*2010 Annualized based on January-November 2010 data

Source: U.S. Department of Commerce

B. Import Growth

U.S. services imports increased in 2010 by six percent to \$394 billion (*table 6, figure 6*). This increase was less than the increase in services exports (up eight percent), and one fourth the rate of increase in goods imports (up 24 percent). Despite the increase in 2010, U.S. services imports are still slightly down (one percent) from 2008 levels. The other transportation category and royalties and licensing fees category showed the largest increases in 2009, up 18 percent and 17 percent, respectively. U.S. services imports accounted for roughly 17 percent of the level of U.S. goods and services imports in 2010.

U.S. services imports in 2010 are up 80 percent since 2000. Of the \$175 billion growth in services imports since 2000, the other private services category accounted for 66 percent of the increase.

As with exports, detailed sectoral breakdowns for imports of other private services are available only through 2009.

In 2009, 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 2009 were: business professional and technical services, \$82 billion; insurance services, \$55 billion; and financial services, \$16 billion. The business, professional and technical services category was led by management, and consulting services (\$22 billion), computer and information services (\$17 billion), and research, development, and testing services (\$16 billion).

The United Kingdom remained the largest supplier of private services to the United States, accounting for 13 percent of total U.S. private services imports in 2009. The top five suppliers of U.S. private services imports in 2009 were the United Kingdom (\$38 billion), Bermuda (\$24 billion), Germany (\$23 billion), Canada (\$22 billion), and Japan (\$21 billion).

Regionally, the U.S. imported \$145 billion of services from the EU in 2009, \$79 billion from the Asia/Pacific region (\$50 billion excluding Japan and China), \$36 billion from NAFTA, and \$20 billion from Latin America (excluding Mexico).

Table 6

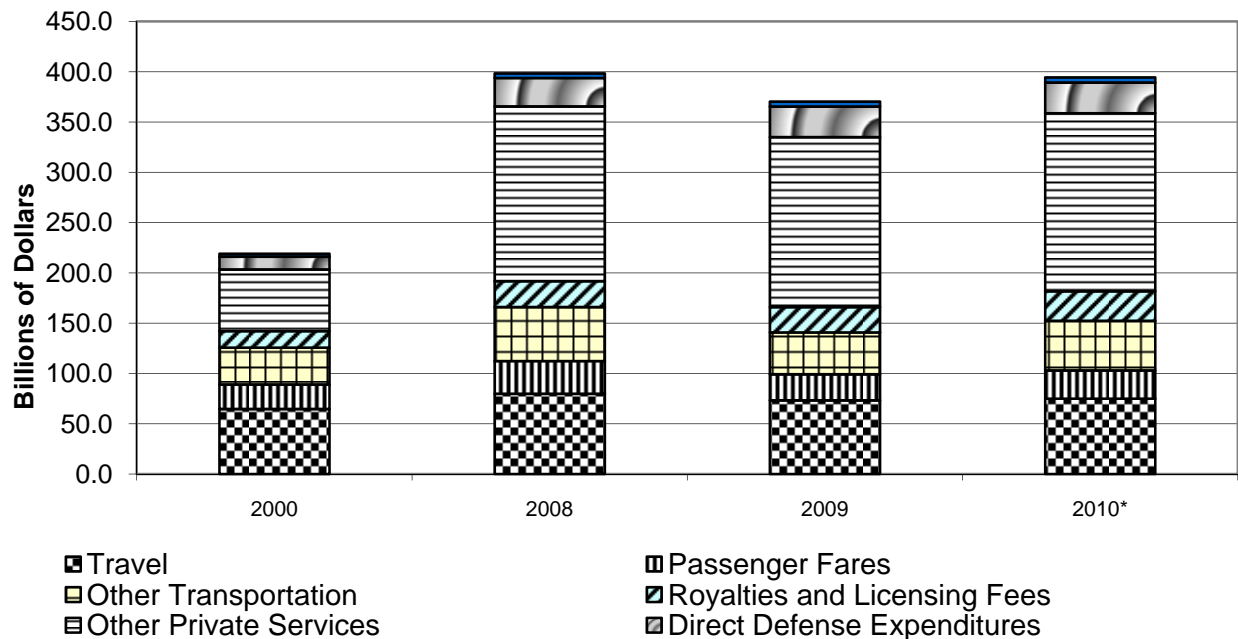
U.S. Services Imports

	2000	2008	2009	2010*	09-10*	08-10*	00-10*
Imports:	<i>Billions of Dollars</i>				<i>Percent Changes</i>		
Total (BOP basis)	219.0	398.3	370.3	394.3	6.5%	-1.0%	80.1%
Travel	64.7	79.7	73.2	74.9	2.3%	-6.0%	15.8%
Passenger Fares	24.3	32.6	26.0	28.1	8.1%	-13.8%	15.7%
Other Transportation	36.7	53.7	41.6	49.3	18.5%	-8.2%	34.2%
Royalties and Licensing Fees	16.5	25.8	25.2	29.5	16.9%	14.4%	79.1%
Other Private Services	61.2	173.7	168.9	177.0	4.8%	1.9%	189.1%
Direct Defense Expenditures	12.7	28.3	30.5	30.5	0.1%	7.7%	140.1%
U.S. Government Miscellaneous Services	2.9	4.5	4.9	5.1	4.7%	13.4%	77.0%

* Annualized based on January-November 2010 data.

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

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



*2010 Annualized based on January-November 2010 data

Source: U.S. Department of Commerce

IV. The U.S. Trade Deficit

In 2010, the U.S. goods and services deficit increased by 36 percent (\$134 billion) to a level of \$509 billion (*table 7*) but was down by more than one quarter from 2008. The U.S. deficit in goods trade alone increased by \$151 billion to \$658 billion in 2010, while the U.S. surplus in services trade increased by \$17 billion to \$149 billion.

As a share of U.S. GDP, the goods and services trade deficit increased to 3.5 percent of GDP in 2010 from 2.7 percent of GDP in 2009, yet it was still below the 4.9 percent level in 2008 (*table 8*). The goods trade deficit increased from 3.6 percent of GDP in 2009 to 4.5 percent of GDP in 2010, while the services trade surplus increased from 0.9 percent of GDP in 2009 to 1.0 percent of GDP in 2010.

The regional distribution of the goods trade deficit for 2000, and 2008-2010 is shown in *table 9*.

Table 7				
U.S. Trade Balances with the World				
	2000	2008	2009	2010*
Balance:	<i>Billions of Dollars</i>			
Goods and Services (BOP Basis)	-387.2	-698.8	-374.9	-508.8
Goods (BOP Basis)	-454.7	-834.7	-506.9	-657.9
Services (BOP Basis)	67.5	135.9	132.0	149.1
* Annualized based on January-November 2010 data. Source: U.S. Department of Commerce				

Table 8				
U.S. Trade Balances as a Share of GDP				
	2000	2008	2009	2010*
Share of GDP:	<i>Percents</i>			
Goods and Services (BOP Basis)	-5.5	-7.0	-2.7	-3.5
Goods (BOP Basis)	-6.4	-8.4	-3.6	-4.5
Services (BOP Basis)	1.0	1.4	0.9	1.0
* Annualized based on January-November 2010 data. Source: U.S. Department of Commerce				

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

	2000	2008	2009	2010*
Balance:	<i>Billions of Dollars</i>			
Canada	-51.9	-78.3	-21.6	-28.1
Mexico	-24.6	-64.7	-47.8	-69.2
China	-83.8	-268.0	-226.9	-274.0
Japan	-81.6	-74.1	-44.7	-60.0
European Union (EU27)	-59.1	-95.8	-61.2	-81.4
Asian Pacific Rim, except Japan and China	-50.0	-15.8	-6.9	6.7
Latin America, except Mexico	-14.1	-23.0	1.5	7.9
Addendum: Industrial Countries**	-187.1	-235.1	-115.5	-156.5
Addendum: Developing Countries**	-249.0	-581.1	-388.1	-488.6
* Annualized based on January-November 2010 data.				
** As defined by the International Monetary Fund				
Source: U.S. Department of Commerce				