

ANNEX I

U.S. Trade in 2011

I. 2011 Overview

U.S. trade (exports and imports of goods and services, and the receipt and payment of earnings on foreign investment)¹ increased by 13 percent in 2011 to a record \$6.1 trillion.² The strong growth in trade in both 2010 (up 16 percent) and 2011 was a marked contrast to the 21 percent decline in 2009. The economic recovery in the world also continued in 2011 with real GDP up 4 percent and real world trade up 7.5 percent.³

U.S. trade in goods and services increased by 14.6 percent in 2011 – U.S. trade of goods alone increased by 16.5 percent and U.S. trade of services increased by 8.3 percent. U.S. exports of goods and services are up by 15.0 percent in 2011. U.S. goods exports were up 17.0 percent and U.S. services exports were up 10.4 percent. U.S. imports of goods and services increased 14.3 percent in 2011. U.S. imports of goods increased by 16.1 percent and U.S. imports of services increased by 5.5 percent.

Over the past 9 quarters of recovery (from the 3rd quarter of 2009 to the 3rd quarter of 2011), U.S. real GDP is up 2.4 percent at an annual rate, and exports have contributed 1.2 percentage points to this growth. Over the twelve month period, December 2010 to November 2011, goods and services exports are 32.6 percent above the level of exports in 2009, growing at an annualized rate of 15.9 percent, a pace greater than the 15 percent required to achieve the President's goal of doubling exports by the end of 2014.

U.S. trade expansion over the past 41 years (1970 to 2011) 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 9.8 percent per year since 1970 compared to U.S. GDP whose average annual growth over the same period was 6.7 percent. In real terms, the average annual growth in trade was more than double the pace of GDP growth, 5.9 percent versus 2.8 percent. Through 2011, the value of U.S. trade increased dramatically from \$135 billion in 1970 to \$6.1 trillion in 2011 (figure 1).⁴ As a share of the value of GDP, trade was up from 13 percent in 1970 to 41 percent in 2011 (figure 2), but was still below the record 42 percent reached 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.

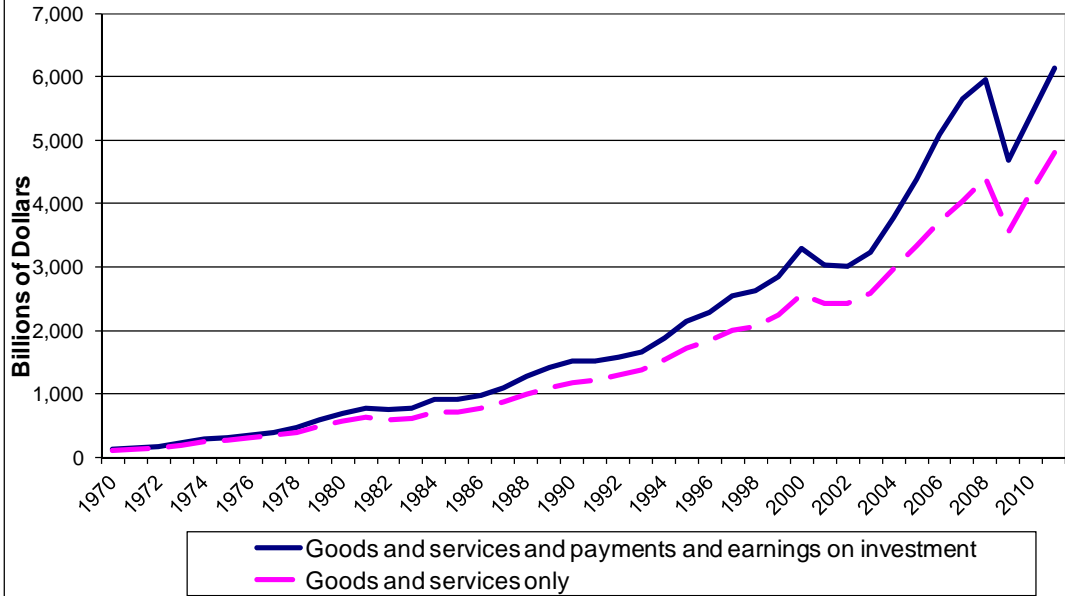
² In this Chapter, 2011 is estimated based on partial year data (January-November, or the first 3 quarters of 2011).

³ According to the International Monetary Fund.

⁴ Trade in goods and services alone has increased from \$116 billion in 1970 to \$4.8 trillion in 2011.

⁵ For goods and services, excluding investment earnings and payments, U.S. trade represented a record 32 percent of the value of GDP in 2011, up from 11 percent in 1970.

**Figure 1:
U.S. Trade Growth 1970-2011***

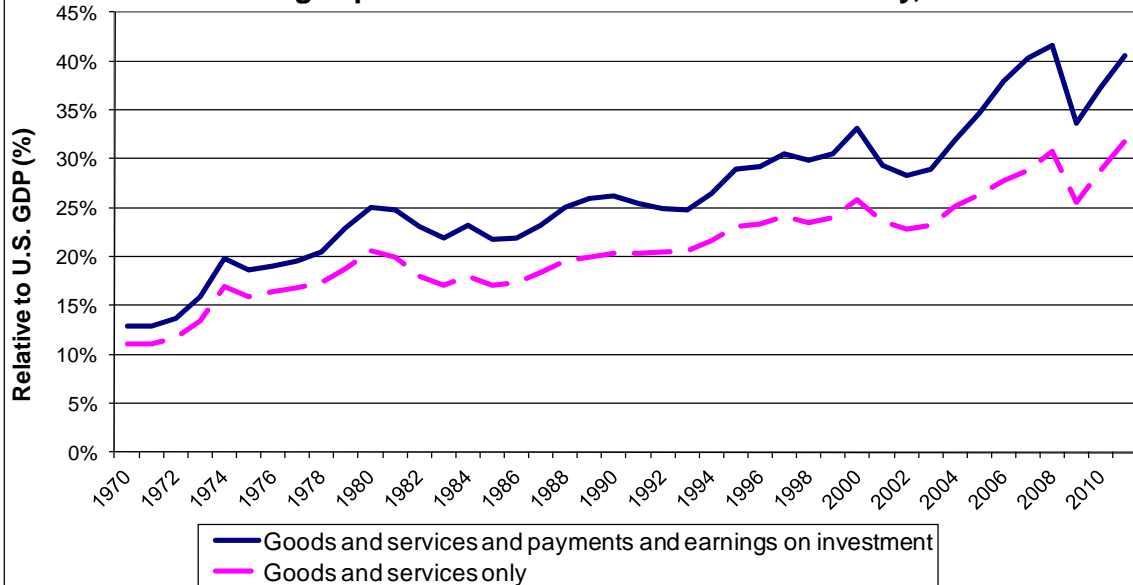


Total exports + imports

* 2011 Annualized based on the first 3 quarters of 2011 data.

Source: U.S. Department of Commerce

**Figure 2:
Growing Importance of Trade in the U.S. Economy, 1970-2011***



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

*2011 Annualized based on the first 3 quarters of 2011 data.

Source: U.S. Department of Commerce

The total deficit on goods and services trade (excluding earnings and payments on foreign investment) increased by approximately \$58 billion in 2011 to \$558 billion. However, the deficit was more than one-fourth lower than its pre-recession high of \$698 billion in 2008. As a share of GDP, the deficit increased from 3.4 percent of GDP in 2010 to approximately 3.7 percent of GDP in 2011, but was still below the 4.9 percent level recorded in 2008.

The U.S. deficit in goods trade alone increased by \$91 billion from \$646 billion in 2010 (4.4 percent of GDP) to \$738 billion in 2011 (4.9 percent of GDP), while the services trade surplus increased by \$35 billion, from \$146 billion in 2010 (1.0 percent of GDP) to \$181 billion in 2011 (1.2 percent of GDP).

II. Goods Trade

A. Export Growth

As with total trade, goods exports increased significantly in 2011, up 17 percent, to a record \$1.5 trillion, surpassing the previous pre-recession high in 2008 (*table 1 and figure 3*). Manufacturing exports, which accounted for 77 percent of total goods exports, were up 12.5 percent in 2011, while agriculture exports, which accounted for 10 percent of total goods exports, were up 20 percent in 2011. Advanced technology exports, a subset of manufacturing exports, accounted for 19 percent of total goods exports and were up 5 percent in 2011. U.S. goods exports increased for every major end-use category in 2011, with the largest increases in the industrial supplies and materials category, up 29 percent, and in the autos and auto parts and food, feeds, and beverages categories, each up 18 percent.

Since 2000, U.S. goods exports have increased over 95 percent. U.S. agricultural exports grew by 176 percent since 2000, over double the growth of manufacturing exports. U.S. advanced technology exports grew by 27 percent. Of the major end-use categories, exports of industrial supplies and materials (up 193 percent) led growth in the 2000-2011 timeframe over both the foods, feeds, and beverages category (up 166 percent) and the consumer goods category (up 98 percent). Of the more than half-trillion dollar increase in goods exports since 2000, capital goods and industrial supplies and materials each accounted for 33 percent of the increase, and consumer goods accounted for 12 percent.

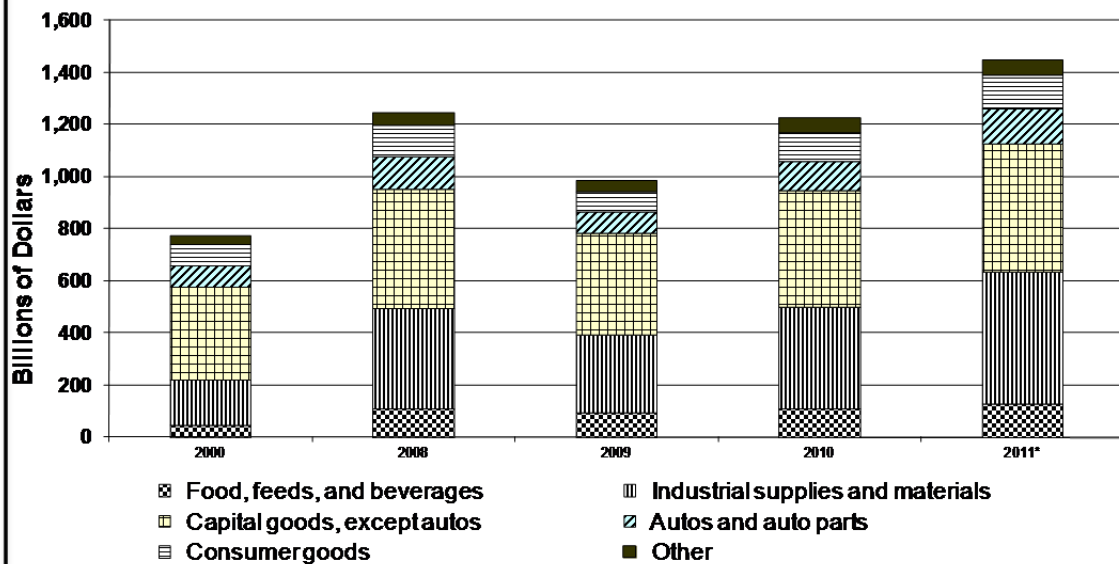
Table 1
U.S. Goods Exports

Exports:	2000	2008	2009	2010	2011*	10-11*	08-11*	00-11*
	<i>Billions of Dollars</i>					<i>Percent Changes</i>		
Total (BOP basis)	772.0	1,307.5	1,069.5	1,288.7	1,508.0	17.0%	15.3%	95.3%
Food, feeds, and beverages	47.9	108.3	93.9	107.7	127.2	18.1%	17.4%	165.8%
Industrial supplies and materials	172.6	388.0	296.7	391.7	504.8	28.9%	30.1%	192.5%
Capital goods, except autos	356.9	457.7	390.5	446.6	493.5	10.5%	7.8%	38.3%
Autos and auto parts	80.4	121.5	81.7	112.0	132.6	18.4%	9.2%	65.0%
Consumer goods	89.4	161.3	150.0	165.9	177.1	6.7%	9.8%	98.1%
Other	34.8	50.7	43.2	54.3	55.1	1.5%	8.8%	58.6%
Addendum: Agriculture	52.1	118.2	98.7	119.3	143.7	20.4%	21.5%	176.0%
Addendum: Manufacturing	689.5	1,038.6	859.7	1,023.5	1,151.6	12.5%	10.9%	67.0%
Addendum: Advanced Technology	227.4	270.1	244.7	273.3	288.1	5.4%	6.6%	26.7%

* Annualized based on January-November 2011 data.

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

Figure 3:
U.S. Goods Exports



*2011 Annualized based on January-November 2011 data

Source: U.S. Department of Commerce

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

Exports to:	2000	2008	2009	2010	2011*	10-11*	08-11*	00-11*
	<i>Billions of Dollars</i>					<i>Percent Changes</i>		
Canada	178.9	261.2	204.7	249.1	281.6	13.1%	7.8%	57.4%
Mexico	111.3	151.2	128.9	163.5	199.1	21.8%	31.6%	78.8%
China	16.2	69.7	69.5	91.9	105.9	15.2%	51.8%	554.0%
Japan	64.9	65.1	51.1	60.5	66.9	10.5%	2.6%	3.0%
European Union (EU 27)	168.5	272.2	220.6	239.6	271.0	13.1%	-0.5%	60.8%
Asian Pacific Rim, except Japan and China	121.5	161.1	133.9	174.0	200.1	15.0%	24.2%	64.7%
Latin America, except Mexico	59.3	136.9	109.5	138.6	169.0	22.0%	23.4%	185.1%
Addendum: Industrial Countries**	432.7	637.5	511.7	589.1	668.0	13.4%	4.8%	54.4%
Addendum: Developing Countries**	349.2	650.0	544.3	689.2	822.2	19.3%	26.5%	135.5%
Addendum: FTA Countries	346.3	525.0	423.8	522.1	614.7	17.7%	17.1%	77.5%

* Annualized based on January-November 2011 data.

** As defined by the International Monetary Fund.

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

In 2011, U.S. goods exports increased to all major markets specified above (*table 2*), ranging from a high of 22 percent to Latin America, excluding Mexico, to a low of 10.5 percent to Japan. U.S. goods exports to the 17 FTA countries grew by 17.7 percent in 2011, surpassing the 17.0 percent growth rate to the rest of the world.⁶ Over the last year, U.S. goods exports increased by 19.3 percent to developing countries, and by 13.4 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, 135 percent compared to 54 percent. Due to this long-term higher-growth difference, the share of U.S. goods exports to developing countries have grown from 45 percent in 2000 to 55 percent in 2011.

B. Import Growth

U.S. goods imports increased by 16 percent in 2011 to a record \$2.2 trillion (*table 3 and figure 4*). U.S. manufacturing imports, accounting for 72 percent of total goods imports, increased by 12 percent in 2011. Agriculture imports, accounting for 4 percent of total goods imports, increased by 21 percent, and advanced technology imports, accounting for 17 percent of total goods imports, increased by 9 percent in 2011.

⁶ The 17 FTA countries currently entered into force accounted for 41 percent of total goods exports and 30 percent of total goods imports in 2011. These percentages would have increased to 45 percent for goods exports and 34 percent for goods imports if the additional FTAs (Korea, Colombia, and Panama), that have been passed by Congress but have not yet entered into force, are included.

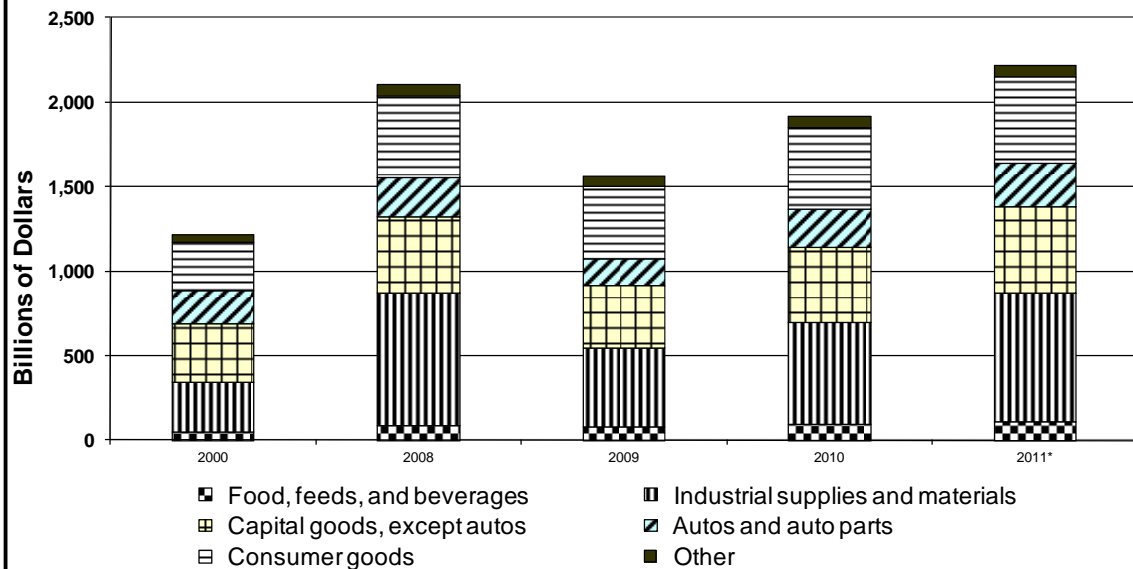
Table 3
U.S. Goods Imports

	2000	2008	2009	2010	2011*	10-11*	08-11*	00-11*
Imports:	<i>Billions of Dollars</i>					<i>Percent Changes</i>		
Total (BOP basis)	1,226.7	2,137.6	1,575.4	1,934.6	2,246.5	16.1%	5.1%	83.1%
Food, feeds, and beverages	46.0	89.0	81.6	91.7	108.1	17.9%	21.5%	135.2%
Industrial supplies and materials	299.0	779.5	462.5	602.7	761.8	26.4%	-2.3%	154.8%
Capital goods, except autos	347.0	453.7	369.3	449.2	512.8	14.2%	13.0%	47.8%
Autos and auto parts	195.9	231.2	157.6	225.0	254.5	13.1%	10.0%	29.9%
Consumer goods	281.8	481.6	428.4	483.3	516.1	6.8%	7.2%	83.1%
Other	48.3	68.5	60.2	61.3	64.6	5.5%	-5.7%	33.7%
Addendum: Agriculture	39.2	80.7	71.8	82.0	99.6	21.4%	23.4%	154.1%
Addendum: Manufacturing	1,013.5	1,490.4	1,185.9	1,438.6	1,614.7	12.2%	8.3%	59.3%
Addendum: Advanced Technology	222.1	331.2	300.9	354.2	386.3	9.1%	16.6%	73.9%

* Annualized based on January-November 2011 data.

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

Figure 4:
U.S. Goods Imports



*2011 Annualized based on January-November 2011 data
Source: U.S. Department of Commerce

Similar to U.S. goods exports, U.S. goods imports increased for every major end-use category in 2011, with increases ranging between 7 percent for the consumer goods category and 26 percent for the industrial supplies category. U.S. imports of petroleum increased by 31 percent to \$442 billion in 2011, while imports of non-petroleum imports increased by 13 percent.

U.S. goods imports have increased by 83 percent since 2000, lower than the 95 percent increase in goods exports. U.S. agriculture imports have more than doubled since 2000, while imports of advanced technology products and manufactured goods have increased by 74 percent and 59 percent, respectively. For the major end-use categories, U.S. imports of industrial supplies and materials led growth since 2000 (up 155 percent), followed by foods, feeds, and beverages (up 135 percent) and consumer goods (up 83 percent).

On a major country/region basis, the growth of U.S. goods imports in 2011 ranged between an increase of 7 percent from Japan and 33 percent from Latin America (excluding Mexico) (*table 4*). The slowdown in U.S. goods imports from Japan from 26 percent growth in 2010 to 7 percent growth in 2011 was due mostly to the effects from the earthquake and tsunami disaster in March 2011.

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

Imports from:	2000	2008	2009	2010	2011*	10-11*	08-11*	00-11*
	<i>Billions of Dollars</i>					<i>Percent Changes</i>		
Canada	230.8	339.5	226.2	277.6	317.7	14.4%	-6.4%	37.6%
Mexico	135.9	215.9	176.7	229.9	264.1	14.9%	22.3%	94.3%
China	100.0	337.8	296.4	364.9	400.3	9.7%	18.5%	300.2%
Japan	146.5	139.3	95.8	120.5	129.1	7.1%	-7.3%	-11.9%
European Union (EU27)	227.6	368.4	281.8	319.2	368.6	15.5%	0.0%	61.9%
Asian Pacific Rim, except Japan and China	171.5	176.9	140.8	168.4	190.6	13.2%	7.7%	11.1%
Latin America, except Mexico	73.3	160.0	108.1	130.9	173.9	32.9%	8.7%	137.1%
Addendum: Industrial Countries**	621.1	872.6	627.2	742.8	845.0	13.8%	-3.2%	36.0%
Addendum: Developing Countries**	596.9	1,231.1	932.4	1,170.4	1,372.6	17.3%	11.5%	130.0%
Addendum: FTA Countries	426.2	641.0	477.1	593.2	683.1	15.2%	6.6%	60.3%

* Annualized based on January-November 2011 data.

**As defined by the International Monetary Fund.

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

U.S. imports from industrial countries increased by 14 percent in 2011, compared to the 17 percent increase in imports from developing countries. Since 2000, U.S. goods imports from developing countries have exhibited higher growth (almost 4 times as much) than that from industrial countries, 130 percent compared with 36 percent. Accordingly, the share of U.S. imports from developing countries has increased from 49 percent in 2000 to 61 percent in 2011.

III. Services Trade

A. Export Growth

U.S. exports of services increased by 10 percent to a record \$606 billion in 2011 (*table 5 and figure 5*). U.S. services exports accounted for 29 percent of the level of U.S. goods and services exports in 2011.

All of the major services export categories exhibited increases in 2011, led by passenger fares (up 19 percent), royalties and licensing fees (up 13 percent), travel (up 12 percent), and other private services (up 9 percent).

U.S. services exports have increased by 112 percent over the past 11 years. Of the \$319 billion increase in U.S. services exports between 2000 and 2011, the other private services category accounted for 51 percent of the increase, while the royalties and licensing fees category accounted for 24 percent.

Detailed sectoral breakdowns for exports of the other private services category as well as exports to countries/regions are available only through 2010.

In 2010, 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 2010 were: business, professional and technical services, \$126 billion; financial services, \$66 billion; and education, \$21 billion. The business, professional and technical services category were led by management and consulting services (\$31 billion), research and development and testing services (\$21 billion), computer and information services (\$14 billion), and the installation, maintenance, and repair of equipment (\$14 billion).

Canada was the largest purchaser of U.S. private services exports in 2010, accounting for 10 percent (\$51 billion) of total U.S. private services exports. The next 5 largest purchasers of U.S. private services exports in 2010 were: United Kingdom (\$49 billion), Japan (\$45 billion), Ireland (\$25 billion), Germany (\$24 billion), and Mexico (\$24 billion). Regionally, in 2010, the United States exported \$169 billion to the EU, \$126 billion to the Asia/Pacific region (\$60 billion excluding Japan and China), \$75 billion to NAFTA countries, and \$46 billion to Latin America (excluding Mexico).

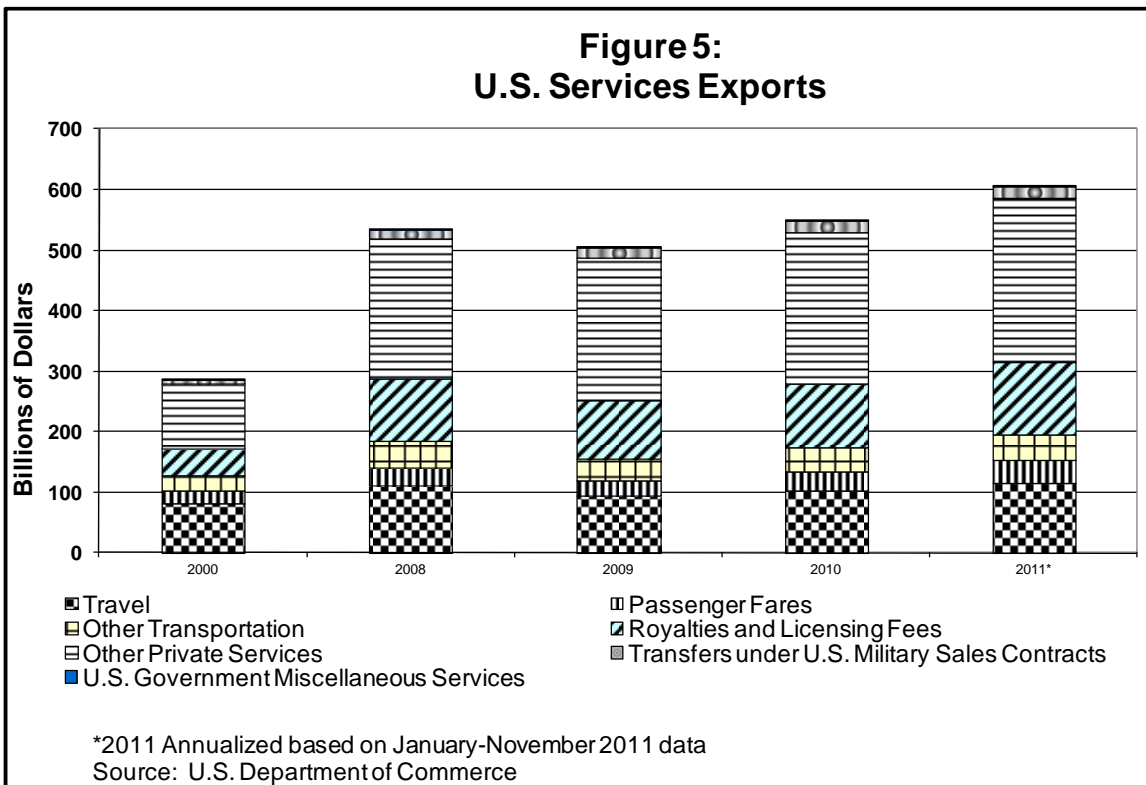
Table 5
U.S. Services Exports

Exports:	2000	2008	2009	2010	2011*	10-11*	08-11*	00-11*
	<i>Billions of Dollars</i>					<i>Percent Changes</i>		
Total (BOP basis)	286.4	535.2	505.5	548.9	605.8	10.4%	13.2%	111.5%
Travel	82.4	110.4	94.2	103.5	115.8	11.9%	4.9%	40.6%
Passenger Fares	20.7	31.0	26.1	30.9	36.7	18.6%	18.5%	77.4%
Other Transportation	25.3	44.0	35.5	39.9	42.6	6.7%	-3.2%	68.3%
Royalties and Licensing Fees	43.2	102.1	97.2	105.6	119.5	13.2%	17.0%	176.5%
Other Private Services	107.9	232.0	234.9	250.3	272.3	8.8%	17.4%	152.3%
Transfers under U.S. Military Sales Contracts	6.1	14.7	16.6	17.5	17.7	1.2%	20.3%	190.6%
U.S. Government Miscellaneous Services	0.8	0.9	1.1	1.1	1.2	2.9%	23.7%	46.8%

* Annualized based on January-November 2011 data.

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

Figure 5:
U.S. Services Exports



B. Import Growth

U.S. services imports increased by 6 percent to \$425 billion in 2011 (*table 6, figure 6*). This increase was less than the increase in services exports (up 10 percent), and nearly one third the rate of increase in goods imports (up 16 percent). The passenger fares category showed the largest increase in 2011, up 14 percent. U.S. services imports accounted for roughly 16 percent of the level of U.S. goods and services imports in 2011.

U.S. services imports in 2011 are up 94 percent since 2000, again lower than the growth in services exports during this same time period (up 112 percent). Of the \$206 billion growth in services imports since 2000, the other private services category accounted for 67 percent of the increase.

As with exports, detailed sectoral breakdowns for imports of other private services are available only through 2010.

In 2010, 38 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 2010 were: business professional and technical services, \$91 billion; insurance services, \$62 billion; and financial services, \$14 billion. The business, professional and technical services category was led by management, and consulting services (\$23 billion), computer and information services (\$19 billion), and research, development, and testing services (\$19 billion).

The United Kingdom remained our largest supplier of private services, accounting for 11 percent of total U.S. private services imports in 2010. The top 5 suppliers of U.S. private services imports in 2010 were: the United Kingdom (\$40 billion), Bermuda (\$32 billion), Canada (\$26 billion), Japan (\$24 billion), and Germany (\$22 billion). Regionally, the United States imported \$125 billion of services from the EU-27 in 2010, \$69 billion from the Asia/Pacific region (\$36 billion excluding Japan and China), \$39 billion from NAFTA, and \$21 billion from Latin America (excluding Mexico).

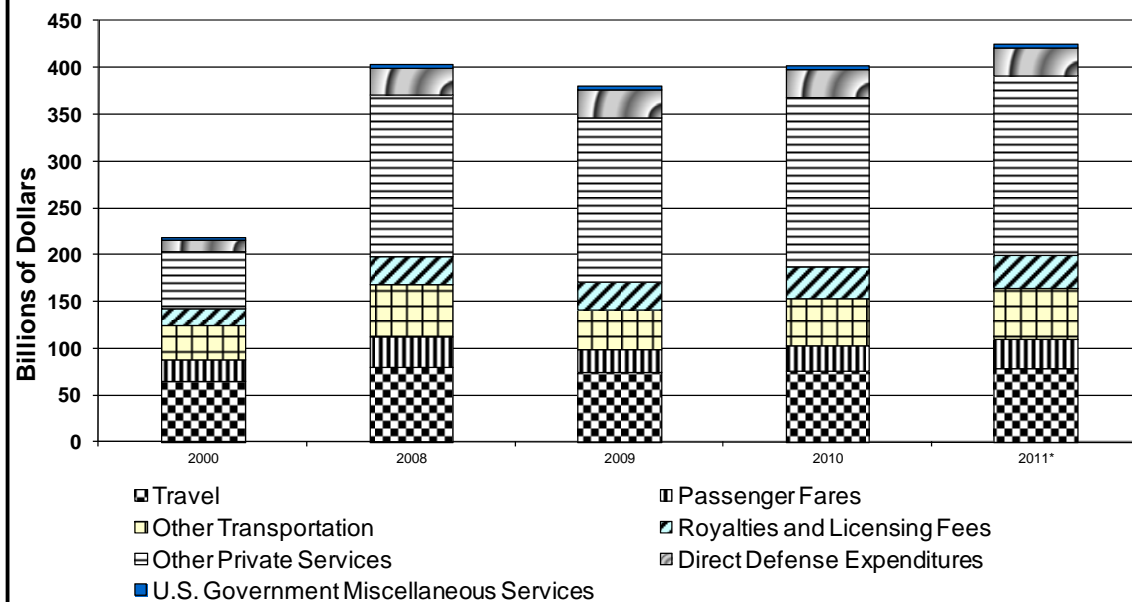
Table 6
U.S. Services Imports

Imports:	2000	2008	2009	2010	2011*	10-11*	08-11*	00-11*
	<i>Billions of Dollars</i>					<i>Percent Changes</i>		
Total (BOP basis)	219.0	403.4	380.9	403.0	425.2	5.5%	5.4%	94.2%
Travel	64.7	80.5	74.1	75.5	79.2	4.9%	-1.6%	22.4%
Passenger Fares	24.3	31.8	25.1	27.3	31.2	14.2%	-2.1%	28.4%
Other Transportation	36.7	56.7	42.6	51.2	54.6	6.6%	-3.7%	48.7%
Royalties and Licensing Fees	16.5	29.6	29.8	33.5	35.6	6.3%	20.1%	116.0%
Other Private Services	61.2	172.5	174.3	180.6	190.6	5.5%	10.4%	211.3%
Direct Defense Expenditures	12.7	28.3	30.5	30.4	29.8	-2.0%	5.2%	134.6%
U.S. Government Miscellaneous Services	2.9	3.9	4.4	4.6	4.4	-5.0%	12.4%	52.3%

* Annualized based on January-November 2011 data.

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

Figure 6:
U.S. Services Imports



*2011 Annualized based on January-November 2011 data

Source: U.S. Department of Commerce

IV. The U.S. Trade Deficit

In 2011, the U.S. goods and services deficit increased by 12 percent (\$58 billion) to a level of \$558 billion (*table 7*). However, it was still significantly lower, by 20 percent, than its level in 2008. The U.S. deficit in goods trade alone increased by \$92 billion to \$738 billion in 2011, while the U.S. surplus in services trade increased by \$35 billion to \$181 billion.

As a share of U.S. GDP, the goods and services trade deficit increased to 3.7 percent of GDP in 2011 from 3.4 percent of GDP in 2010, yet still below the 4.9 percent level in 2008 (*table 8*). The goods trade deficit increased from 4.4 percent of GDP in 2010 to 4.9 percent of GDP in 2011, while the services trade surplus increased from 1.0 percent of GDP in 2010 to 1.2 percent of GDP in 2011.

The increase in the overall deficit was due mostly to the increase in petroleum deficit. Moreover, the non-petroleum goods and services deficit actually decreased by approximately 2 percent in 2011. The U.S. deficit in petroleum accounted for approximately 58 percent of the overall goods and services trade deficit in 2011.

The regional distribution of the goods trade deficit for 2000, and 2008-2011 is shown in *table 9*.

Table 7					
U.S. Trade Balances with the World					
	2000	2008	2009	2010	2011*
Balance:	<i>Billions of Dollars</i>				
Goods and Services (BOP Basis)	-387.2	-698.3	-381.3	-500.0	-557.9
Goods (BOP Basis)	-454.7	-830.1	-505.9	-645.9	-738.4
Services (BOP Basis)	67.5	131.8	124.6	145.8	180.5
* Annualized based on January-November 2011 data.					
Source: U.S. Department of Commerce					

Table 8					
U.S. Trade Balances as a Share of GDP					
	2000	2008	2009	2010	2011*
Share of GDP:	<i>Percents</i>				
Goods and Services (BOP Basis)	-3.9	-4.9	-2.7	-3.4	-3.7
Goods (BOP Basis)	-4.6	-5.8	-3.6	-4.4	-4.9
Services (BOP Basis)	0.7	0.9	0.9	1.0	1.2
* Annualized based on January-November 2011 data.					
Source: U.S. Department of Commerce					

Table 9					
U.S. Goods Trade Balances with Selected Countries/Regions					
	2000	2008	2009	2010	2011*
Balance:	<i>Billions of Dollars</i>				
Canada	-51.9	-78.3	-21.6	-28.5	-36.1
Mexico	-24.6	-64.7	-47.8	-66.4	-65.0
China	-83.8	-268.0	-226.9	-273.1	-294.4
Japan	-81.6	-74.1	-44.7	-60.1	-62.2
European Union (EU27)	-59.1	-96.2	-61.2	-79.6	-97.6
Asian Pacific Rim, except Japan and China	-50.0	-15.8	-6.9	5.6	9.5
Latin America, except Mexico	-14.1	-23.0	1.5	7.7	-4.9
Addendum: Industrial Countries**	-188.4	-235.1	-115.5	-153.7	-177.0
Addendum: Developing Countries**	-247.7	-581.1	-388.1	-481.2	-550.4
Addendum: FTA Countries	-79.9	-116.1	-53.4	-71.1	-68.5
* Annualized based on January-November 2011 data.					
** As defined by the International Monetary Fund					
Source: U.S. Department of Commerce					