

U.S. TRADE DEVELOPMENTS

Michael Youseff¹
 myouseff@usitc.gov
 202-205-3269

The U.S. Department of Commerce (Commerce News FT 900 (00-09)) reported that seasonally adjusted exports of goods and services of \$92.4 billion and imports of \$126.6 billion in September 2000 resulted in a goods and services trade deficit of \$34.4 billion, \$4.5 billion (15.4 percent) more than the \$29.8 billion deficit of the month of August 2000. September 2000 exports of goods and services were \$0.6 billion less than August 2000 exports of \$93.0 billion. September 2000 imports of goods and services were \$3.8 billion more than August 2000 imports of \$122.8 billion.

September 2000 merchandise exports decreased to \$67.3 billion from \$68.0 billion in August 2000. Merchandise imports increased to \$107.5 billion from \$104.7 billion, causing the merchandise trade deficit to

increase to \$40.2 billion from \$36.7 billion, an increase of 9.5 percent. For services, exports were virtually unchanged at \$25.0 billion but imports of services increased to \$19.1 billion from \$18.1 billion, resulting in a surplus of \$5.9 billion on trade in services, about \$1.0 billion lower than the August surplus of \$6.9 billion.

Exports of merchandise goods in August-September 2000 reflected decreases in capital goods; automotive vehicles, parts and engines; consumer goods; and foods, feeds, and beverages; as well as other product categories. An increase occurred in exports of industrial supplies and materials. Imports of merchandise goods reflected increases in industrial supplies and materials, capital goods, and consumer goods. A decrease occurred in other product categories. Automotive vehicles, parts and engines, and foods, feeds, and beverages were virtually unchanged. Additional information on U.S. trade developments in agriculture and specified manufacturing sectors, in January-September 2000, are highlighted in tables 1 and 2 and figures 1 and 2. Services trade developments are highlighted in table 3.

¹ The views and conclusions expressed in this article are those of the author. They are not necessarily the views of the U.S. International Trade Commission as a whole or of any individual Commissioner.

Table 1
U.S. trade in goods and services, seasonally adjusted, Aug.-Sep. 2000

(Billion dollars)

Item	Exports		Imports		Trade balance	
	Sep. 2000	Aug. 2000	Sep. 2000	Aug. 2000	Sep. 2000	Aug. 2000
Trade in goods (see note)						
Current dollars—						
Including oil	67.3	68.0	107.5	104.7	-40.2	-36.7
Excluding oil	66.8	67.7	96.2	94.0	-29.4	-26.3
Trade in services						
Current dollars	25.0	25.0	19.1	18.1	6.0	6.9
Trade in goods and services:						
Current dollars	92.4	93.0	126.6	122.8	-34.3	-29.8
Trade in goods (Census basis)						
1996 dollars	74.5	75.6	114.9	112.8	-40.4	-37.3
Advanced-technology products (not seasonally adjusted)	20.1	19.7	21.2	20.1	-.1	-0.4

Note.—Data on goods trade are presented on a balance-of-payments (BOP) basis that reflects adjustments for timing, coverage, and valuation of data compiled by the Census Bureau. The major adjustments on BOP basis exclude military trade, but include non-monetary gold transactions and estimates of inland freight in Canada and Mexico not included in the Census Bureau data. Because of rounding details may not add to totals shown.

Source: U.S. Department of Commerce News (FT 900), Nov. 21, 2000

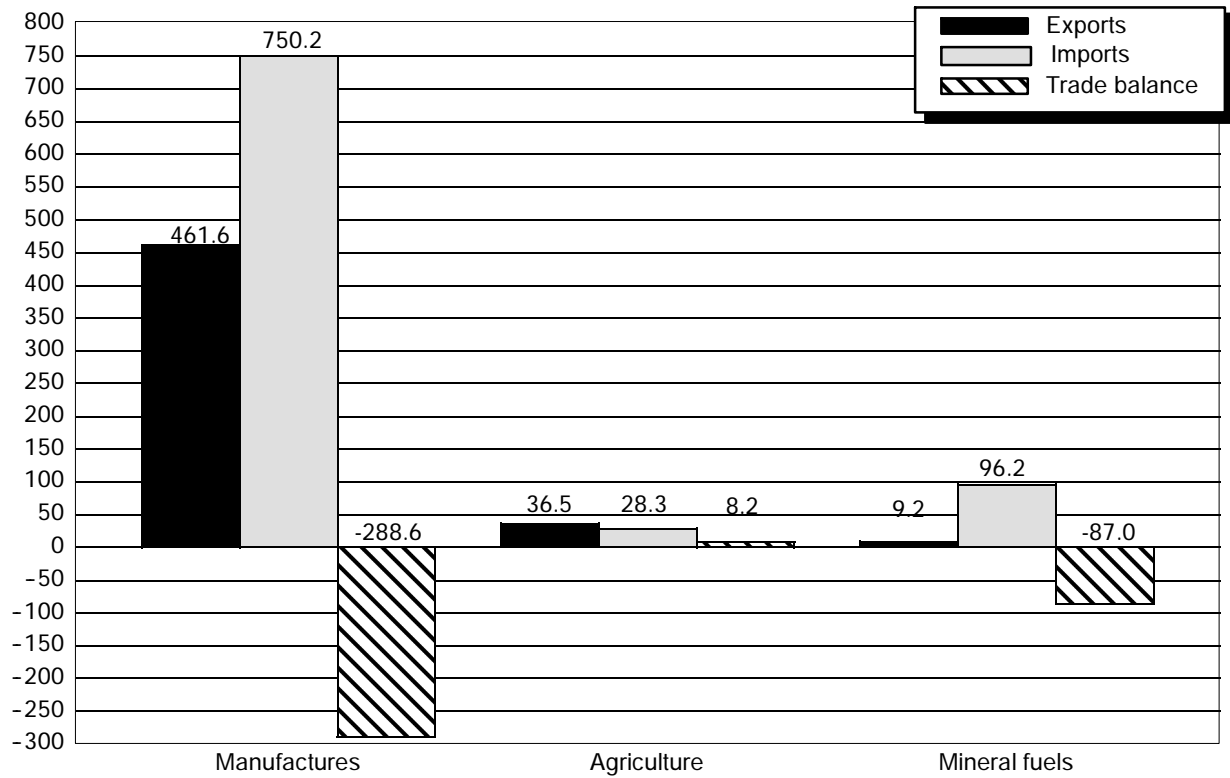
Table 2
Nominal U.S. exports and trade balances, of agriculture and specified manufacturing sectors, Jan.1999 Sep. 2000

	Exports		Change Jan.-Sep. 2000 over Jan.-Sep. 1999	Share of total Jan.- Sep. 2000	Trade balance	
	Sep. 2000	Jan.-Sep. 2000			Jan.-Sep. 2000	Jan.-Sep. 1999
	<i>Billion dollars</i>		<i>Percentage</i>		<i>Billion dollars</i>	
ADP equipment & office machinery	4.3	33.9	13.8	5.9	-34.0	-31.7
Airplanes	1.7	18.3	-23.8	3.2	9.8	17.3
Airplane parts	1.3	11.1	-3.5	1.9	7.0	7.1
Electrical machinery	8.3	65.9	20.0	11.4	-14.2	-9.1
General industrial machinery	2.7	24.4	9.9	4.2	-2.0	-1.3
Iron & steel mill products	0.5	4.3	16.2	0.7	-8.2	-6.2
Inorganic chemicals	0.5	4.0	17.6	0.7	-0.5	-0.3
Organic chemicals	1.5	13.3	20.9	2.3	-7.6	-5.0
Power-generating machinery	2.8	24.4	7.0	4.2	-1.0	-0.3
Scientific instruments	2.6	22.2	18.1	3.8	6.2	6.0
Specialized industrial machinery	2.6	22.8	24.6	3.9	5.6	1.9
Televisions, VCRs, etc	2.6	20.6	17.0	3.6	-29.3	-17.9
Textile yarns, fabrics and articles	0.9	7.9	14.5	1.4	-3.7	-3.3
Vehicles	4.5	42.6	6.5	7.4	-76.8	-66.1
Manufactured exports not included above	16.3	145.9	12.5	25.3	-139.9	-120.7
Total manufactures	53.1	461.6	11.3	79.9	-288.6	-229.6
Agriculture	4.0	36.5	8.3	6.3	8.2	6.4
Other exports not included above	10.0	79.3	32.6	13.7	-40.6	-14.0
Total exports of goods	67.1	577.4	13.6	100.0	-321.0	-237.2

Note.—Because of rounding, figures may not add to the totals shown. Data are presented on a Census basis.

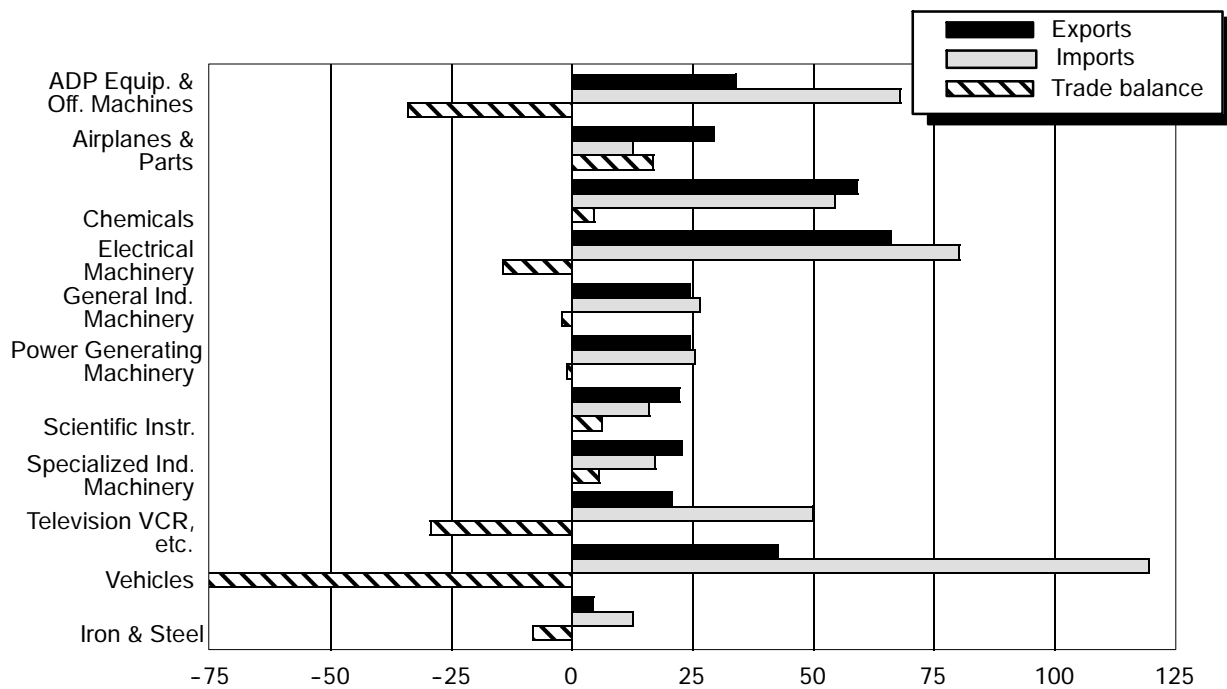
Source: U.S. Department of Commerce News (FT 900), Nov.21, 2000

Figure 1
U.S. trade by major commodity, billion dollars, Jan.-September 2000



Source: U.S. Department of Commerce, FT 900 (00-07).

Figure 2
U.S. trade in principal goods, billion dollars, Jan.-September 2000



Source: U.S. Department of Commerce, FT 900 (00-07).

Table 3
Nominal U.S. exports and trade balances of services, by sectors, Jan.1999-Sep. 2000, seasonally adjusted

	Jan.- Sep. 2000	Exports Jan.- Sep. 1999	Change Jan.- Sep. 2000 over Jan.- Sep. 1999	Trade balances	
	Jan.- Sep. 2000	Jan.- Sep. 1999	Jan.- Sep. 1999	Jan.- Sep. 2000	Jan.- Sep. 1999
	Billion dollars		Percent	Billion dollars	
Travel	62.6	55.4	13.0	14.0	11.3
Passenger fares	15.4	14.8	4.1	-2.6	-1.0
Other transportation	22.2	19.9	11.6	-7.5	-5.0
Royalties and license fees	28.9	27.4	5.5	17.1	17.8
Other private sales	79.7	71.4	11.6	41.0	36.6
Transfers under U.S. military sales contracts	10.9	12.8	-14.8	0.8	2.5
U.S. Govt. miscellaneous service	0.6	0.7	-14.3	-1.6	-1.4
Total	220.4	202.3	8.8	61.2	60.8

Source: U.S. Department of Commerce News (FT 900), Nov.21, 2000.

Note.—Services trade data are on a balance-of-payments (BOP) basis. Numbers may not add to totals because of seasonal adjustment and rounding.

In September 2000, exports of advanced technology products increased slightly to \$20.1 billion from \$19.7 billion in August. Imports of the same increased to \$21.2 billion in September 2000 from \$20.1 billion in August 2000, resulting in a September deficit of \$1.1 billion higher than the August deficit of \$0.4 billion.

The September 2000 trade data showed U.S. surpluses with Australia, Argentina, Brazil, Egypt, and Hong Kong. Deficits were recorded with Canada, Mexico, Western Europe, China, Japan, Korea, Taiwan, Singapore, and OPEC member countries.

The export of goods and services during January-September 2000 increased to \$796.2 billion, up from \$706.6 billion during January-September 1999, an increase of 12.7 percent. However, imports of goods and services also increased to \$1066.4 billion, up from \$895.3 billion during the same periods, an increase of 19.1 percent. As a consequence, the current-account deficit increased to \$270.2 billion for the January-September 2000 period, up from \$188.7 billion during January-September 1999, an increase of 43.2 percent.

The export of merchandise goods during January-September 2000 increased to \$575.9 billion from \$504.3 billion during the same 1999 period, an increase of 14.2 percent, but imports of merchandise goods rose to \$907.4 billion, up from \$753.6 billion in

January-September 1999, an increase of 20.4 percent. Consequently, the merchandise trade deficit rose to \$331.5 billion from \$249.3 billion, a 33.0 percent increase. Regarding trade in services, exports in January-September 2000 increased to \$220.3 billion up from \$202.3 billion in the same period of 1999, an increase of 8.9 percent. Imports of services rose to \$159.0 billion up from \$141.7 billion, an increase of 12.2 percent. The surplus on trade in services increased to \$61.3 billion from \$60.6 billion, an increase of about 1.2 percent.

The January-September 2000 exports of advanced technology products rose to \$166.1 billion up from \$146.2 billion in January-September 1999, an increase of 13.6 percent. Imports rose to \$160.9 billion from \$130.5 billion, an increase of 23.3 percent. The trade surplus decreased to \$5.1 billion from \$15.7 billion in January-September 1999, a decline of 67.5 percent.

The January-September 2000 trade data in goods and services showed trade deficits with Canada, Mexico, Western Europe, the so-called Euro area (EU-11), the European Union (EU-15), EFTA, Eastern Europe, China, Japan, Korea, Singapore, Taiwan and OPEC. Trade surpluses were recorded with Belgium, the Netherlands, Spain, Australia, Argentina, Brazil, Hong Kong, and Egypt. U.S. trade developments with major trading partners are highlighted in table 4.

Table 4
U.S. exports and imports of goods with major trading partners, Jan. 1999-Sep. 2000

(Billion dollars)

Country/areas	Exports			Imports			Trade balances	
	Jan.- Sep. 2000	Jan.- Sep. 2000	Jan.- Sep. 1999	Jan.- Sep. 2000	Jan.- Sep. 2000	Jan.- Sep. 1999	Jan.- Sep. 2000	Jan.- Sep. 1999
Total	67.1	577.4	508.1	106.7	898.4	745.3	-321.0	-237.2
North America	24.4	216.8	184.5	31.7	271.4	226.0	-54.5	-41.5
Canada	14.6	134.4	122.8	19.3	170.3	145.7	-35.9	-23.0
Mexico	9.7	82.5	61.7	12.4	101.1	80.3	-18.6	-18.6
Western Europe	15.4	132.7	121.9	19.8	177.2	154.8	-44.5	-32.8
Euro Area	10.0	84.6	78.0	13.8	120.2	105.2	-35.6	-27.2
European Union (EU-15)	14.2	120.3	112.1	18.1	161.7	142.1	-41.4	-30.0
France	1.6	14.5	13.9	2.3	21.4	18.9	-6.9	-4.9
Germany	2.4	21.6	19.7	4.8	43.7	40.1	-22.2	-20.4
Italy	1.4	8.2	7.2	2.3	18.8	16.5	-10.6	-9.3
Netherlands	1.8	15.8	14.2	0.8	7.2	5.9	8.6	8.3
United Kingdom	3.5	30.2	28.9	3.3	32.0	28.7	-1.8	0.2
Other EU	0.9	8.6	8.4	2.1	15.4	11.5	-6.8	-3.0
EFTA ¹	0.9	8.8	6.8	1.4	12.3	10.1	-3.5	-3.3
FSR/Eastern Europe	0.5	4.5	4.4	1.8	12.3	8.4	-7.8	-4.0
Russia	0.2	1.7	1.5	0.8	5.9	4.1	-4.2	-2.7
Pacific Rim Countries	17.6	150.3	127.2	37.7	307.3	261.6	-157.0	-134.4
Australia	1.0	9.4	8.4	0.6	4.8	3.9	4.7	4.4
China	1.4	11.7	9.9	10.1	72.8	59.4	-61.1	-49.4
Japan	5.5	47.9	42.1	11.6	108.0	95.0	-60.1	-52.8
NICs ²	7.5	63.1	51.9	10.3	82.2	69.0	-19.1	-17.1
Latin America	5.1	43.4	40.6	6.2	54.5	42.3	-11.1	-1.7
Argentina	0.4	3.5	3.6	0.3	2.3	1.9	1.2	1.7
Brazil	1.4	11.1	9.6	1.2	10.6	8.3	0.5	1.3
OPEC	1.9	13.9	14.2	6.1	49.3	29.3	-35.4	-15.2
Other Countries	2.9	22.1	20.7	5.9	48.2	37.9	-26.0	-17.1
Egypt	0.3	2.5	2.2	0.1	0.7	0.5	1.9	1.8
South Africa	0.4	2.3	1.9	0.4	3.1	2.3	-0.9	-0.4
Other	2.2	17.4	16.6	5.4	44.4	35.1	-27.0	-18.5

¹ EFTA includes Iceland, Liechtenstein, Norway, and Switzerland.

² The newly industrializing countries (NICs) include Hong Kong, the Republic of Korea, Singapore, and Taiwan. FSR = Former Soviet Republics.

Note.—Country/area figures may not add to the totals shown because of rounding. Exports of certain grains, oilseeds, and satellites are excluded from country/area exports but included in total export table. Also some countries are included in more than one area. Data are presented on a Census Bureau basis.

Source: U.S. Department of Commerce News (FT 900), Nov.21, 2000

World Trade

According to the most current trade statistics released recently by the World Trade Organization (WTO), world merchandise trade during 2000 is likely to record one of the highest growth rates of the past decade, reaching around 10 percent or twice the rate recorded in 1999.² The report also released the first comprehensive, detailed overview of goods and services trade in 1999, with data arrayed by region, country, and product category. Highlights from the report follow.

World economic growth accelerated during 1999, with recovery in Asia after the 1997-98 financial crisis and continued strong economic growth in the United States stimulating world trade growth in particular. Although world merchandise exports in 1999 remained the same as in 1998 on average—about 5 percent in volume terms—the rate of growth in world trade accelerated markedly in the second half of 1999 and more so into 2000. With economic activity outpacing most projections during the first half of 2000, world merchandise exports for 2000 are expected to exceed 10 percent on average, one of the highest growth rates for world trade recorded over the past decade. The report suggests a somewhat slower pace for world trade growth in 2001 to around 7 percent.

In value terms, world trade growth in 1999 was composed of world merchandise exports, which rose by 3.5 percent to \$5.47 trillion, whereas world commercial services exports rose more modestly, by 1.5 percent to \$1.35 trillion. The weakness of the Euro against the U.S. dollar led to decreased exports of commercial services from Western Europe, which typically account for nearly half of total services exports.

Growth in world trade varied widely by geographic region. North America and Asia accounted for strong import and export growth, whereas Africa and Latin America recorded contractions in merchandise and services imports. Nonetheless, merchandise exports from Africa and Latin America registered significant growth. Merchandise exports from developing countries grew by 9 percent during 1999. This increased the developing countries' share of world exports to over 27 percent, with increased manufactures exports as well as higher fuel prices and trade playing a major role. Over the past decade, developing country exports of manufactures have increased their world share from 17 percent of world manufactures trade to 25 percent.

Trade among regional trading agreements also varied during 1999. Intra-NAFTA imports expanded by 11 percent, approximately the average rate worldwide,

² WTO, *International Trade Statistics 2000*, Nov. 30, 2000 (WTO: Geneva, 2000).

but NAFTA exports to other regions declined. The recession in Mercosur countries led to a contraction in intraregional trade of 25 percent. Intra-EU trade lagged behind imports from outside the EU. Only the ASEAN grouping recorded an expansion of intraregional trade, somewhat more than exports outside the region.

International capital flows, foreign direct investment in particular, were a major determinant of international trade. Large capital inflows into the United States sustained the large increase of U.S. imports, which reached the unprecedented level of 18.5 percent of world merchandise imports.

In 1999, growth of major product categories for merchandise trade ranged from an increase for fuels of nearly 20 percent, to a decrease for iron and steel products of more than 10 percent. World exports of office and telecom equipment rose by 10 percent to nearly \$770 billion, with a sharp rise in semiconductor sales and mobile phones contributing to this dynamic growth. Exports of automotive products rose by 5 percent, with suppliers from Mexico, Korea, the Czech Republic, Hungary, Poland, and other less typical exporters supplanting the large traditional producers. Weak Western European trade, in particular intraregional EU trade, was largely responsible for the decline in world textile exports and the near stagnation in clothing trade. In marked contrast, however, intraregional Asian trade in clothing recovered by 8 percent, and clothing exports from Latin America to North America rose by 15 percent. One of the major features of world clothing trade has been clothing exports from Latin America to North America and from the East European transition economies to Western European markets have begun to surpass clothing exports of developing countries in Asia to these markets.

World exports of commercial services in 1999 expanded by 1.5 percent to \$1.35 trillion, although growth in trade in services varied more strongly on a regional basis. Transport services were strong in the United States in particular, related to robust merchandise trade. Travel services were also strong in Asia, recovering from their steep decline following the 1997-98 financial crisis. Commercial services trade in Western Europe and Latin America were weaker than in North America and Asia. Services trade in Africa grew by 8.5 percent, the strongest increase of all regions during 1999, attributed largely to a recovery in Egyptian tourist earnings.

Trade by Region

North America

North America continued as the major engine of world trade expansion during 1999. North America, with roughly a one-fifth share of world imports, in-

creased its merchandise imports to \$128 billion and its commercial services imports to \$16 billion, accounting for more than half of the worldwide expansion in goods and services trade in 1999. North American GDP growth exceeded 4 percent for the third year in a row, contributing to a rise in merchandise imports of over 10 percent annually while merchandise exports remained closer to 6 percent annually. North American imports of services rose faster than exports of services. As the major factor in the North American economy, the U.S. merchandise trade deficit continued to widen in this event, the surplus on trade in services continued to erode, and the U.S. current-account deficit amounted to 3.7 percent of GDP, which exceeded the previous peak set in 1987.

Latin America

Latin America's GDP, which expanded by 3.5 percent annually between 1990 and 1997, slowed in 1998 and stagnated in 1999. Merchandise imports and commercial services declined for the first time in the 1990s, contrasting sharply with the dynamic growth of a decade earlier. Within Latin America, a sharp differ-

ence regarding output and trade is salient between Mexico on the one hand, and all other Latin American countries on the other hand, owing principally to Mexico's deep integration into the North American trading system through NAFTA. In 1999, Mexico accounted for about 45 percent of the region's merchandise trade, and recorded double-digit growth in both merchandise exports and imports. All other Latin American countries reported a steep fall in merchandise imports as well as stagnation in the value of merchandise exports. Brazil accounted for another 15 percent of the regional merchandise trade, whereas Mexico, Brazil, and the three other top traders in the region account for more than 75 percent of merchandise exports and imports.

Western Europe

The slowdown in Western Europe's GDP growth in 1999 is reflected in slower regional trade growth. Exports and imports of merchandise and commercial services stagnated in nominal dollar terms, although merchandise exports and imports in real terms expanded by nearly 4 percent.