
U.S. TRADE DEVELOPMENTS

Recent Developments

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The U.S. Department of Commerce reported that seasonally adjusted total exports of goods and services of \$81.2 billion and imports of \$125.4 billion in December 2002 resulted in a goods and services trade deficit of \$44.2 billion; this was \$4.2 billion more than the \$40.0 billion deficit in November 2002.² December exports were \$2.1 billion less than November exports of \$83.3 billion; imports of goods and services in December were \$2.1 billion more than November imports of \$123.3 billion.

December 2002 merchandise exports decreased \$2.3 billion from November 2002 to \$55.6 billion. Merchandise imports increased \$1.8 billion to \$103.9 billion, causing the merchandise trade deficit to increase by about \$4.1 billion in December to \$48.4 billion from \$44.3 billion in November 2002. For services, exports increased to \$25.6 billion in December from \$25.5 billion in November. Imports of services increased to \$21.5 billion in December from \$21.2 billion in November, resulting in a services trade surplus in December of about \$4.1 billion, nearly \$0.2 billion less than the \$4.3 billion surplus in November 2002.

Changes in merchandise exports from November to December 2002 reflected increases in industrial supplies and materials (\$0.1 billion); and foods, feeds, and beverages (\$0.1 billion), and automotive vehicles,

parts, and engines (\$0.1 billion). Decreases occurred in capital goods (\$2.2 billion); consumer goods (\$0.3 billion); and the statistical category "other goods" (\$0.1 billion).

Imports of goods from November to December 2002 reflected increases in industrial supplies and materials (\$0.7 billion); capital goods (\$0.3 billion); consumer goods (\$0.1 billion); automotive vehicles, parts and engines (\$0.3 billion); foods, feeds, and beverages (\$0.2 billion); and in the "other goods" category (\$0.3 billion). Additional information on U.S. trade developments in agriculture and specified manufacturing sectors during November-December 2002 are highlighted in tables 1 and 2, and figures 1 and 2. Services trade developments are highlighted in table 3.

In December 2002, exports of advanced technology products were \$14.2 billion and imports of the same were about \$17.3 billion, resulting in a deficit of \$3.0 billion, following a deficit of \$3.1 billion in November 2002. Exports of these products in November 2002 of \$14.7 billion were about \$1.0 billion less than the \$15.7 billion recorded in October 2002, while November imports of \$17.8 billion were about \$0.3 billion more than the \$17.5 billion imports in October 2002.

The December 2002 trade data showed U.S. surpluses with the following countries (preceding month in parentheses): Australia, \$0.7 billion (\$0.5 billion in November 2002); Hong Kong, \$0.3 billion (\$0.3 billion), and Egypt, \$0.2 billion (virtually zero). Deficits were recorded in December with China, \$9.5 billion (\$10.5 billion); Singapore, \$0.2 billion (\$0.1 billion); Argentina, \$0.2 billion (\$0.2 billion); Brazil, \$0.6 billion (\$0.2 billion); Canada, \$4.6 billion (\$3.7 billion); Mexico, \$2.8 billion (\$2.9 billion); Japan, \$7.1 billion (\$6.5 billion); Korea, \$1.1 billion (\$1.6 billion); OPEC member countries, \$3.2 (\$2.9 billion); Taiwan,

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² Data for this article were taken largely from U.S. Department of Commerce, Bureau of Economic Analysis, "U.S. International Trade in Goods and Services," *Commerce News*, FT-900, release of Feb. 20, 2003, found at <http://www.census.gov/foreign-trade/www/press.html#current>, as well as at Internet address <http://www.bea.doc.gov/bea/newsrel/>.

Table 1
U.S. trade in goods and services, seasonally adjusted, November 2002 to December 2002

Item	Exports		Imports		Trade balance	
	Dec. 2002	Nov. 2002	Dec. 2002	Nov. 2002	Dec. 2002	Nov. 2002
<i>Billion dollars</i>						
Trade in goods ¹ (see note)						
Including oil	55.6	57.8	103.9	102.1	-48.4	-44.3
Excluding oil	55.3	57.8	94.3	92.2	-39.1	-34.4
Trade in services ¹	25.6	25.5	21.5	21.2	4.1	4.3
Trade in goods and services ¹ ...	81.2	83.3	125.4	123.3	-44.2	-40.0
Trade in goods ²	61.5	63.4	113.7	112.6	-52.3	-49.3
Advanced technology products ³	14.2	14.7	17.3	17.7	-3.0	-3.1

¹ Current dollars (balance-of-payments basis).

² Constant 1996 dollars (Census Bureau basis).

³ Not seasonally adjusted.

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

Source: Calculated from official data of the U.S. Department of Commerce, Exhibits 1, 9, 10, and 16, FT-900 release of Feb. 20, 2003, found at Internet address <http://www.bea.doc.gov/bea/newsrel/tradnewsrelease.htm>.

Table 2

Nominal U.S. exports, imports, and trade balances, agriculture and specified manufacturing sectors, January 2001 to December 2002

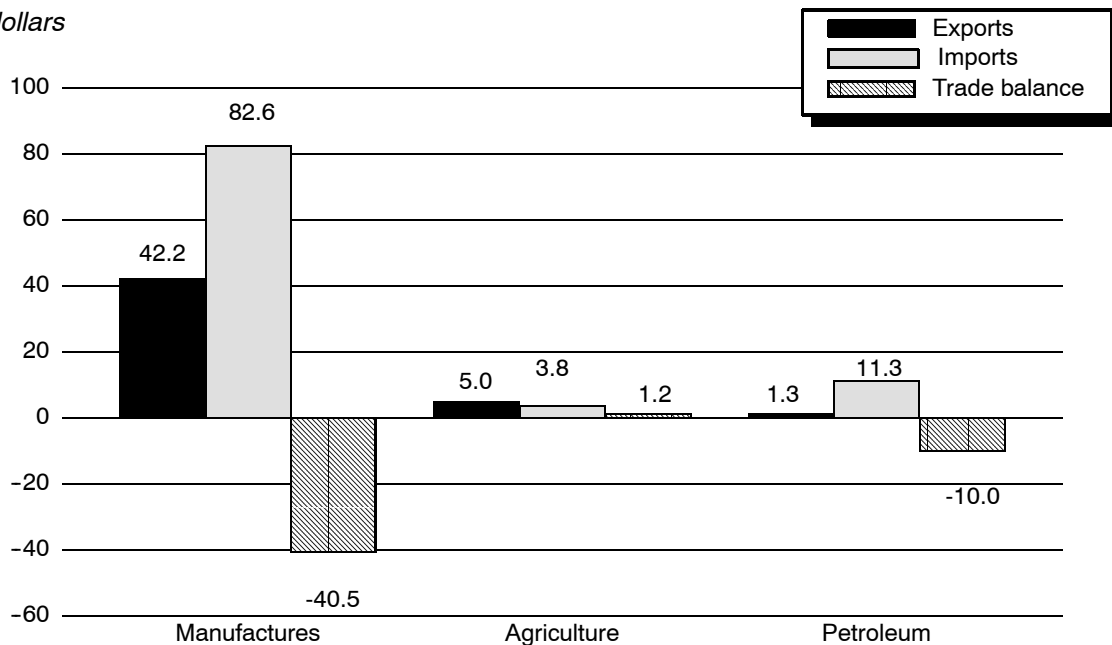
Manufacture sector	Exports			Imports			Trade balance		Change in exports, Jan.-Dec. 2002 over Jan.-Dec. 2001	Change in trade balance, Jan.-Dec. 2002 over Jan.-Dec. 2001	Share of total exports, Jan.-Dec. 2002
	Dec. 2002	Jan.-Dec. 2002	Jan.-Dec. 2001	Dec. 2002	Jan.-Dec. 2002	Jan.-Dec. 2001	Jan.-Dec. 2002	Jan.-Dec. 2001			
	<i>Billion dollars</i>								<i>Percent</i>		
ADP equipment & office machinery	2.8	30.4	39.2	7.0	77.0	75.9	-46.6	-36.6	-22.5	27.2	5.0
Airplane parts	1.2	14.3	15.7	0.4	5.0	6.3	9.3	9.4	-8.9	-1.3	2.2
Airplanes	1.9	27.2	27.0	1.5	12.7	14.9	14.5	12.1	0.8	20.2	3.5
Chemicals - inorganic	0.4	5.5	5.6	0.5	6.0	6.2	-0.5	-0.6	-1.8	-5.6	0.8
Chemicals - organic	1.4	16.4	16.4	2.4	30.2	29.7	-13.8	-13.3	-0.0	3.8	2.4
Electrical machinery	5.0	66.9	72.1	6.6	81.2	84.7	-14.4	-12.6	-7.2	13.8	9.0
General industrial machinery	2.3	30.1	32.2	2.9	35.2	33.3	-5.1	-1.1	-6.5	361.0	4.1
Iron & steel mill products	0.4	5.2	5.5	1.2	12.9	12.4	-7.7	-7.0	-4.2	10.0	0.7
Power-generating machinery	2.4	32.3	33.6	2.6	34.0	36.1	-1.7	-2.5	-3.7	-33.5	4.4
Scientific instruments	2.1	27.1	29.1	1.8	20.9	21.4	6.2	7.8	-7.0	-20.6	3.9
Specialized industrial machinery	1.8	23.6	25.7	1.6	18.4	19.6	5.1	6.2	-8.5	-17.2	3.3
Televisions, VCRs, etc.	1.4	19.4	24.2	5.4	66.3	62.8	-46.9	-38.6	-20.0	21.5	2.5
Textile yarn and fabric	0.7	10.3	10.1	1.3	16.1	14.6	-5.8	-4.5	1.9	28.4	1.3
Vehicles	4.3	57.5	54.3	14.9	168.2	157.4	-110.7	-103.1	5.7	7.4	7.8
Other manufactures, not included above	13.9	179.3	187.0	32.6	391.3	375.5	-212.0	-188.5	-4.1	12.4	25.1
Manufactures	42.2	545.3	577.7	82.6	975.4	950.7	-430.0	-373.0	-5.6	15.3	75.9
Agriculture	5.0	53.0	53.7	3.8	42.0	39.5	11.0	14.2	-1.3	-22.6	8.9
Other goods, not included above	8.4	95.2	97.7	13.7	146.2	150.8	-51.0	-53.1	-2.6	-3.9	15.2
Total (Census basis)	55.6	693.5	729.1	100.2	1163.6	1141.0	-470.1	-411.9	-4.9	14.1	100.0

Note.—Data on trade in manufactures are presented on a Census Bureau basis. Data may not add to totals due to rounding.

Source: Calculated from official data of the U.S. Department of Commerce, Exhibit 15, FT-900 release of Feb. 20, 2003, found at Internet address <http://www.bea.doc.gov/bea/newsrel/tradnewsrelease.htm>.

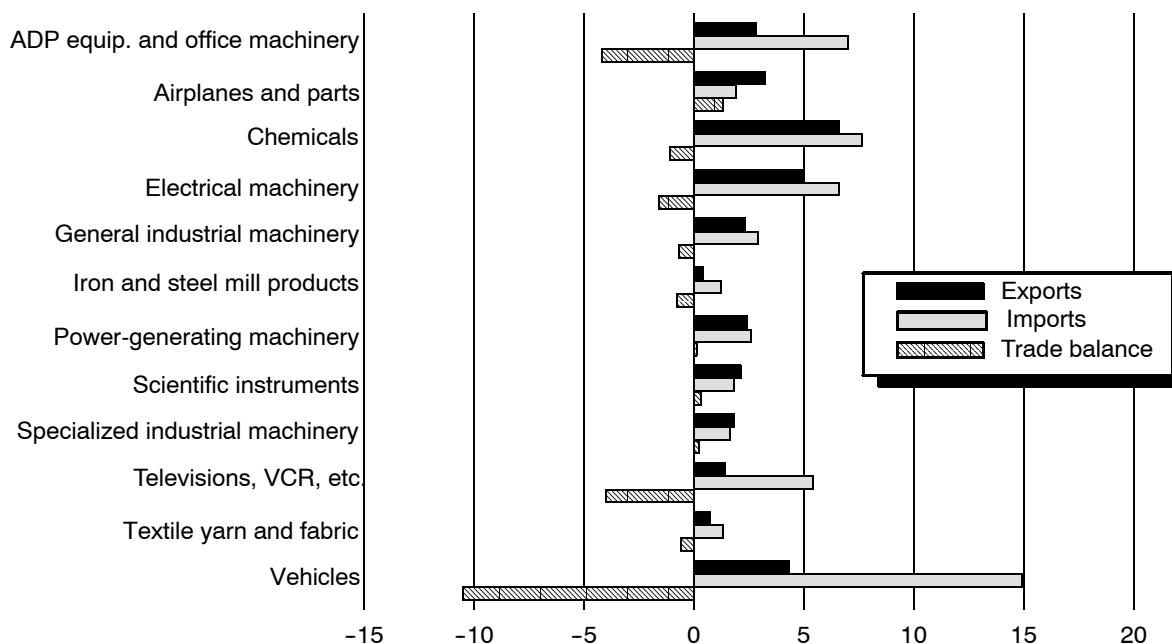
Figure 1
U.S. trade by major commodity, December 2002

Billion dollars



Source: Calculated from official data of the U.S. Department of Commerce, Exhibit 15, FT-900 release of Feb. 20, 2003.

Figure 2
U.S. trade in principal goods, December 2002



Source: Calculated from official data of the U.S. Department of Commerce, Exhibit 15, FT-900 release of Feb. 20, 2003.

Table 3**Nominal U.S. exports, imports, and trade balances of services, by sectors, January 2001 to December 2002, seasonally adjusted**

Service sector	Exports		Imports		Trade balance		Change in exports Jan.-Dec. 2002 over Jan.-Dec. 2001	Change in imports Jan.-Dec. 2002 over Jan.-Dec. 2001
	Jan.-Dec. 2002	Jan.-Dec. 2001	Jan.-Dec. 2002	Jan.-Dec. 2001	Jan.-Dec. 2002	Jan.-Dec. 2001		
	<i>Billion dollars</i>						<i>Percent</i>	
Travel	70.6	73.1	59.5	60.1	11.1	13.0	-3.5	-1.0
Passenger fares	17.4	18.0	21.0	22.4	-3.6	-4.4	-3.1	-6.2
Other transportation services	28.3	28.3	38.6	38.8	-10.3	-10.5	-0.0	-0.6
Royalties and license fees	43.2	38.7	20.4	16.4	22.8	22.3	11.7	24.6
Other private sales	118.1	108.1	79.4	54.6	38.6	53.5	9.2	45.5
Transfers under U.S. military sales contracts	12.0	12.2	19.4	15.2	-7.4	-3.0	-1.4	27.6
U.S. Government miscellaneous services	0.8	0.8	2.9	2.9	-2.1	-2.1	-5.1	1.0
Total	290.4	279.3	241.3	210.4	49.1	68.9	4.0	14.7

Note.—Data on trade in services are presented on a balance-of-payments basis. Data may not add to totals due to rounding and seasonal adjustments.

Source: Calculated from official data of the U.S. Department of Commerce, Exhibits 3 and 4, FT-900 release of Feb. 20, 2003, found at Internet address <http://www.bea.doc.gov/bea/newsrel/tradnewsrelease.htm>.

\$1.3 billion (\$1.3 billion); and Western Europe, \$9.6 billion (\$7.9 billion).

Annual Summary for 2002

Goods and Services

Exports of goods and services during January-December 2002 totaled \$973.0 billion, and imports totaled \$1,408.2 billion resulting in a deficit in goods and services of \$435.2 billion, \$76.9 billion more than the 2001 deficit of \$358.3 billion. Exports of goods in 2002 were \$682.6 billion and imports were \$1,166.9 billion, resulting in a deficit on goods of \$484.4 billion, \$57.2 billion more than the 2001 deficit of \$427.2 billion. Exports of services in 2002 were \$290.4 billion, and imports were \$241.3 billion, resulting in a services surplus of \$49.1 billion, \$19.7 billion less than the 2001 surplus of \$68.9 billion. Exports of advanced technology products in 2002 declined to \$178.6 billion from \$199.6 billion. Imports increased to \$196.1 billion in 2002 from \$195.2 billion in 2001. As a consequence, the trade surplus in these products of nearly \$4.5 billion in 2001 turned into a deficit of about \$17.5 billion in 2002.

Goods

For 2002, exports of goods (Census Basis) were down \$35.6 billion from 2001. Decreases of \$31.1 billion occurred in capital goods (primarily computer accessories, telecommunications equipment, and semiconductors); consumer goods (\$3.9 billion); industrial supplies and materials (\$3.2 billion); and the "other goods" statistical category (\$0.6 billion). Increases occurred in automotive vehicles, parts, and engines (\$3.0 billion); and foods, feeds, and beverages (\$0.1 billion).

For 2002, imports of goods were up \$22.6 billion from 2001. Increases occurred in consumer goods (\$23.4 billion), primarily pharmaceutical preparations, other household goods, TVs, VCRs, furniture, and cotton apparel; automotive vehicles, parts, and engines (\$14.1 billion); and food, feeds and beverages (\$3.1 billion); and other goods statistical category (\$0.9 billion). Decreases occurred in capital goods (\$14.1 billion); and industrial supplies and materials (\$4.8 billion).

Services

For 2002, exports of services were \$290.4 billion, up \$11.1 billion from 2001. Increases occurred in other private services (\$10 billion), which includes items such as business, professional, and technical services, insurance services and financial services; and in royalties and license fees (\$4.5 billion). Decreases occurred in travel (\$2.5 billion); passenger fares (\$0.06 billion); and transfers under U.S. military sales contracts (\$0.2 billion). U.S. Government miscellaneous services and other transportation, which includes freight and port expenditure services, were virtually unchanged.

For 2002, imports of services were \$241.3 billion, up \$30.9 billion from 2001. Increases occurred in other private services (\$24.8 billion) due to large nonrecurring insurance claims received following the terrorist attacks of September 11, 2001; direct defense expenditures (\$4.2 billion); and royalties and license fees (\$4.0 billion). Decreases occurred in passenger fares (\$1.4 billion); travel (\$0.06 billion), and other transportation (\$0.2 billion). U.S. Government miscellaneous services were virtually unchanged.

Trade balances for 2002

For 2002, trade data in goods showed deficits with the following countries (same period a year ago in parentheses): Canada, \$49.8 billion (\$52.8 billion for 2001); Mexico, \$37.2 billion (\$30.0 billion); China, \$103.1 billion (\$83.1 billion); Eastern Europe, \$8.3 billion (\$7.5 billion); EFTA, \$6.3 billion, (\$3.5 billion); the euro area (EU-12), \$66.9 billion (\$53.5 billion); the European Union (EU-15), \$82.4 billion (\$61.3 billion); Japan, \$70.1 billion (\$69.0 billion); NICs, \$22.1 billion (\$21.2 billion); OPEC, \$34.5 billion (\$39.7 billion); and Western Europe, \$89.2 billion (\$64.7 billion). South and Central American countries—such as Argentina, Brazil, and Colombia—recorded small changes in their trade balances. Taiwan's merchandise trade deficit with the United States was \$13.8 billion, down from \$15.3 billion in 2001. Trade surpluses were recorded with Australia, Egypt, Hong Kong, Netherlands, and Singapore. 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, January 2001-December 2002

Country/areas	Exports			Imports			Trade balance		Change in exports, Jan.-Dec. 2002 over Jan.-Dec. 2001	Change in imports, Jan.-Dec. 2002 over Jan.-Dec. 2001
	Dec. 2002	Jan.-Dec. 2002	Jan.-Dec. 2001	Dec. 2002	Jan.-Dec. 2002	Jan.-Dec. 2001	Jan.-Dec. 2002	Jan.-Dec. 2001		
	<i>Billion dollars</i>								<i>Percent</i>	
Total (Census basis)	55.6	693.5	729.1	100.2	1163.6	1141.0	-470.1	-411.9	-4.9	2.0
North America	19.5	258.4	264.7	26.8	345.3	347.6	-87.0	-82.9	-2.4	-0.7
Canada	12.1	160.8	163.4	16.6	210.6	216.3	-49.8	-52.8	-1.6	-2.6
Mexico	7.4	97.5	101.3	10.1	134.7	131.3	-37.2	-30.0	-3.7	2.6
Western Europe	12.9	157.1	174.7	22.5	246.3	239.4	-89.2	-64.7	-10.1	2.9
Euro Area	8.7	105.8	112.9	16.2	172.7	166.4	-66.9	-53.5	-6.3	3.8
European Union (EU-15)	11.6	143.7	158.8	20.7	226.1	220.1	-82.4	-61.3	-9.5	2.8
France	1.4	19.0	19.9	2.5	28.4	30.4	-9.4	-10.5	-4.3	-6.6
Germany	2.2	26.6	30.0	6.3	62.5	59.1	-35.9	-29.1	-11.2	5.8
Italy	0.9	10.1	9.9	2.3	24.3	23.8	-14.2	-13.9	1.7	2.1
Netherlands	1.5	18.3	19.5	0.9	9.9	9.5	8.5	10.0	-5.9	3.7
United Kingdom	2.5	33.3	40.7	3.4	40.9	41.4	-7.6	-0.7	-18.3	-1.2
Other EU	1.0	10.7	11.8	2.4	28.1	24.3	-17.4	-12.4	-9.2	15.9
EFTA ¹	1.0	9.4	0.2	1.4	15.7	0.5	-6.3	-0.2	**	**
Eastern Europe/FSR ²	0.5	6.6	6.8	1.4	14.9	14.3	-8.3	-7.5	-3.4	3.8
Russia	0.2	2.4	2.7	0.7	6.8	6.3	-4.4	-3.5	-11.7	9.0
Pacific Rim Countries	14.9	178.6	181.4	35.2	393.6	376.1	-215.0	-194.7	-1.6	4.7
Australia	1.3	13.1	10.9	0.6	6.5	6.5	6.6	4.5	19.7	0.0
China	2.1	22.1	19.2	11.6	125.2	102.3	-103.1	-83.1	15.0	22.4
Japan	4.1	51.4	57.5	11.2	121.5	126.5	-70.1	-69.0	-10.5	-3.9
NICs ³	5.6	69.8	72.0	7.9	91.9	93.2	-22.1	-21.2	-3.0	-1.4
Latin America	4.1	51.6	58.2	5.9	69.5	67.4	-17.9	-9.2	-11.2	3.2
Argentina	0.2	1.6	3.9	0.3	3.2	3.0	-1.6	0.9	-59.4	5.7
Brazil	0.9	12.4	15.9	1.5	15.8	14.5	-3.4	1.4	-21.9	9.3
OPEC	1.5	18.9	20.1	4.7	53.3	59.8	-34.5	-39.7	-6.0	-10.7
Other Countries	2.6	29.0	31.2	5.4	65.4	61.8	-36.4	-30.6	-7.0	5.8
Egypt	0.3	2.9	3.6	0.1	1.4	0.9	1.5	2.7	-19.6	53.3
South Africa	0.2	2.5	3.0	0.4	4.0	4.4	-1.5	-1.5	-14.7	-9.2

¹ The European Free Trade Area (EFTA) includes Iceland, Liechtenstein, Norway, and Switzerland. **Extreme percentage change values result for EFTA from fractional division in the 2001 base year denominator.

² Former Soviet Republics (FSR).

³ The newly industrializing countries (NICs) include Hong Kong, Korea, Singapore, and Taiwan.

Note.—Country/area figures may not add to totals due to 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: Calculated from official data of the U.S. Department of Commerce, Exhibits 14 and 14a, FT-900 release of Feb. 20, 2003, found at Internet address <http://www.bea.doc.gov/bea/newsrel/tradnewsrelease.htm>.