

U.S. TRADE IN 2013

I. 2013 Overview

The slowdown in real global economic growth from 4.1 percent in 2010 to 2.6 percent in 2012, and 2.3 percent in 2013 has presented challenges for global trade and U.S. trade in particular. In 2013, U.S. trade (exports and imports of goods and services, and the receipt and payment of earnings on foreign investment)¹ reached a record \$6.4 trillion,² however, the growth rate for U.S. trade (up 1.4 percent) was significantly lower than in either 2011 (up 12.4 percent) or 2012 (up 3.4 percent).³ Similarly, the real growth rate in world trade of goods and services in 2013 (up 2.9 percent) remained significantly below the growth rates in 2011 (up 6.1 percent) and 2010 (up 12.8 percent), although it was slightly higher than the growth rate in 2012 (up 2.7 percent).⁴

In 2013, U.S. trade in goods and services alone increased by 1.2 percent⁵ – U.S. trade of goods alone increased by 0.5 percent and U.S. trade of services increased by 3.7 percent. U.S. exports of goods and services were up by 2.8 percent in 2013. U.S. goods exports were up 1.9 percent and U.S. services exports were up by 5.0 percent. U.S. imports of goods and services were down by 0.1 percent in 2013. U.S. imports of goods were down by 0.4 percent and U.S. imports of services increased by 1.8 percent.

U.S. exports of goods and services over the past four years have made a significant contribution to the U.S. recovery from the Great Recession. Over the past 18 quarters of recovery (from the 3rd quarter of 2009 to the 4th quarter of 2013), U.S. real GDP was up nearly 2.4 percent at an annual rate, and exports of goods and services have contributed 0.8 percentage points (or 33 percent) to this growth. In 2013, U.S. goods and services exports were nearly 44 percent above the level of exports in 2009.

Historically, U.S. trade expansion over the past 43 years (1970 to 2013) 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 9.4 percent per year between 1970 and 2013 (from \$135 billion to \$6.4 trillion – figure 1)⁶ as compared to U.S. GDP whose average annual growth over the same period was 6.6 percent. In real terms, the average annual growth in trade was 5.6 percent compared to the pace of GDP growth of 2.8 percent over the same period. As a share of the value of GDP, trade was up from 13 percent in 1970 to 38 percent in 2013 (figure 2), but was still below the record 40 percent reached in 2008.⁷

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 On a National Income Products Account basis.

³ In this Chapter, earnings and payments on foreign investment are annualized based on the first 3 quarters of 2013.

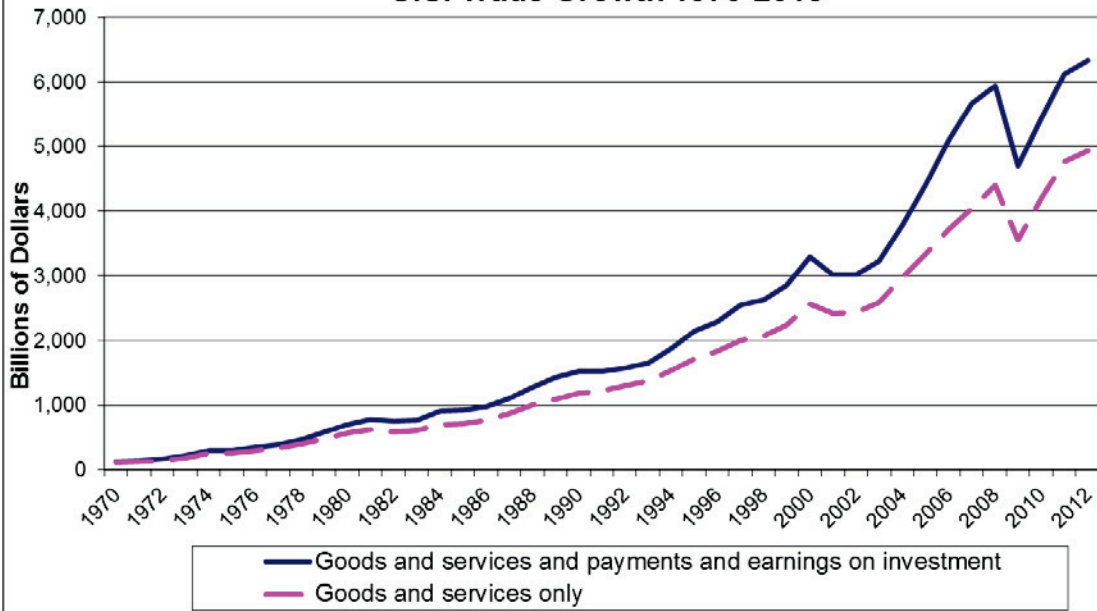
⁴ According to the International Monetary Fund.

⁵ On a balance of payments basis.

⁶ Trade in goods and services alone has increased from \$116 billion in 1970 to \$5.0 trillion in 2013.

⁷ For goods and services, excluding investment earnings and payments, U.S. trade represented 30 percent of the value of GDP in 2013, up from 11 percent in 1970.

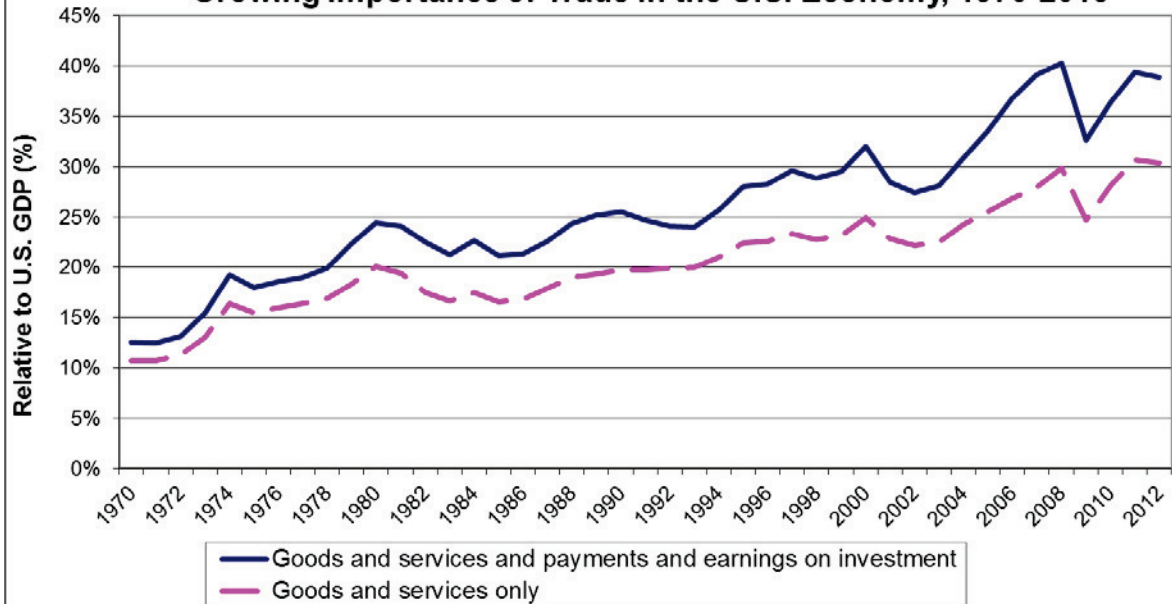
**Figure 1:
U.S. Trade Growth 1970-2013**



Total exports + imports

Source: U.S. Department of Commerce

**Figure 2:
Growing Importance of Trade in the U.S. Economy, 1970-2013**



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

Source: U.S. Department of Commerce

The total deficit on goods and services trade⁸ (excluding earnings and payments on foreign investment) decreased by \$63 billion in 2013 to \$472 billion. The deficit was also about 33 percent lower than its pre-recession high of \$702 billion in 2008. As a share of GDP, the deficit decreased from 3.3 percent of GDP in 2012 to approximately 2.8 percent of GDP in 2013.

The U.S. deficit in goods trade alone decreased by \$38 billion from \$741 billion in 2012 (4.6 percent of GDP) to \$703 billion in 2013 (4.2 percent of GDP), while the services trade surplus increased by \$26 billion, from \$207 billion in 2012 (1.3 percent of GDP) to \$232 billion in 2013 (1.4 percent of GDP).

II. Goods Trade

A. Export Growth

Goods exports increased in 2013, by 1.9 percent to a record \$1.6 trillion (*table 1 and figure 3*). Manufacturing exports, which accounted for 87.4 percent of total goods exports, were up 2.4 percent in 2013, while agriculture exports, which accounted for 9.4 percent of total goods exports, were up 2.1 percent in 2013. Advanced technology exports, a subset of manufacturing exports, accounted for 20.2 percent of total goods exports and were up 4.7 percent in 2013. U.S. goods exports increased for all major end-use categories in 2013, with the largest increases in the autos and auto parts category, up 4.1 percent, and in the consumer goods category, up 3.7 percent. Petroleum exports were up 10.9 percent, while non-petroleum exports increased by 2.3 percent.

U.S. goods exports have more than doubled over the past 10 years. U.S. agricultural exports grew by 141.8 percent since 2003, while manufacturing exports grew by 113.4 percent since 2003. U.S. advanced technology exports grew by 77.7 percent. Of the major end-use categories, exports of industrial supplies and materials (up 193.7 percent) led growth in the 2003-2013 timeframe over both the foods, feeds, and beverages category (up 147.2 percent) and the consumer goods category (up 109.7 percent). Of the more than \$854 billion increase in goods exports since 2003, industrial supplies and materials accounted for 39 percent of the increase, and capital goods accounted for 28 percent.

⁸ On a balance of payments basis.

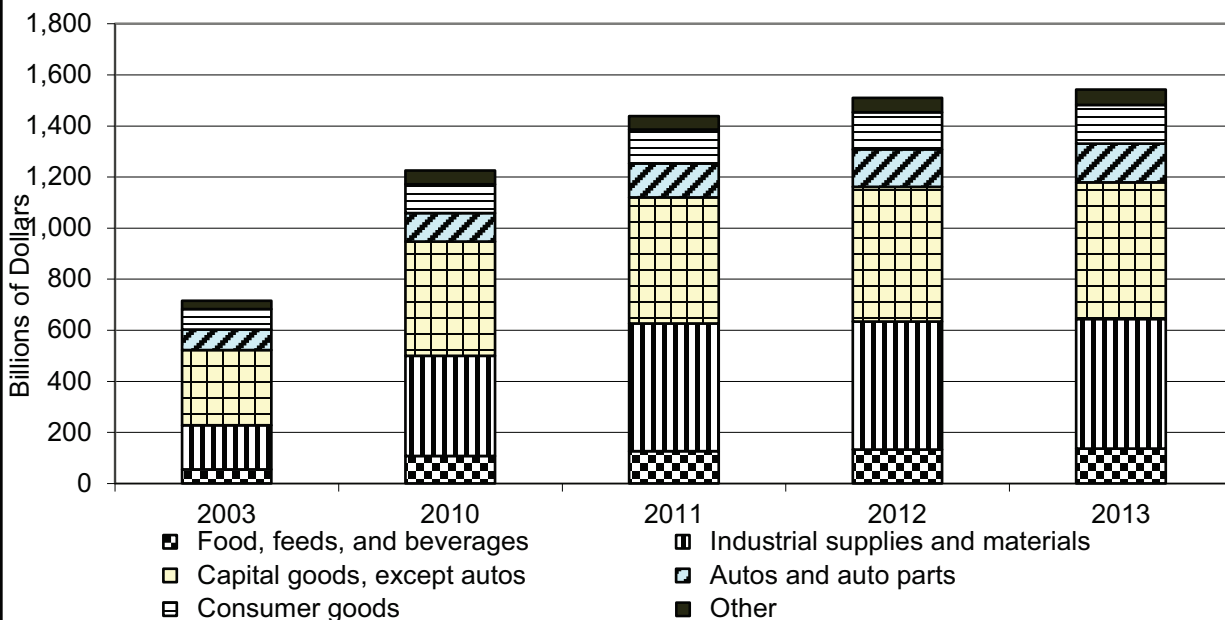
Table 1

U.S. Goods Exports

	2003	2010	2011	2012	2013	12-13	10-13	03-13
Exports:	<i>Billions of Dollars</i>					<i>Percent Changes</i>		
Total (BOP basis)	713.4	1,288.8	1,495.9	1,561.2	1,590.4	1.9%	23.4%	122.9%
Food, feeds, and beverages	55.0	107.7	126.2	132.8	136.0	2.4%	26.3%	147.2%
Industrial supplies and materials	173.0	391.7	500.5	501.1	508.2	1.4%	29.8%	193.7%
Capital goods, except autos	293.7	447.5	493.0	527.4	534.1	1.3%	19.3%	81.9%
Autos and auto parts	80.6	112.0	132.8	146.1	152.1	4.1%	35.8%	88.6%
Consumer goods	89.9	165.2	175.0	181.7	188.5	3.7%	14.1%	109.7%
Other	32.5	54.3	52.8	56.6	60.0	6.0%	10.4%	84.7%
Addendum: Agriculture	61.4	119.3	140.3	145.3	148.4	2.1%	24.4%	141.8%
Addendum: Manufacturing	647.0	1,101.4	1,275.8	1,348.2	1,380.5	2.4%	25.3%	113.4%
Addendum: High Technology	180.2	273.3	286.8	305.2	319.5	4.7%	16.9%	77.3%

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

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



Source: U.S. Department of Commerce

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

Exports to:	2003	2010	2011	2012	2013	12-13	10-13	03-13
	<i>Billions of Dollars</i>					<i>Percent Changes</i>		
Canada	169.9	249.3	281.3	292.5	300.3	2.7%	20.5%	76.8%
Mexico	97.4	163.7	198.1	215.9	226.2	4.7%	38.2%	132.2%
China	28.4	91.9	104.0	110.5	122.0	10.4%	32.8%	330.1%
Japan	52.0	60.5	65.7	70.0	65.1	-6.9%	7.7%	25.3%
European Union (EU 28)	155.9	239.9	269.0	265.7	262.3	-1.3%	9.3%	68.2%
Asian Pacific Rim, except Japan and China	108.1	174.0	198.1	198.8	201.2	1.2%	15.6%	86.2%
Latin America, except Mexico	51.9	138.6	168.7	183.2	184.3	0.6%	33.0%	254.7%
Addendum: Advanced Economies*	478.9	723.7	818.5	834.1	834.7	0.1%	15.3%	74.3%
Addendum: Emerging Markets and Developing Economies*	245.9	554.8	661.8	711.6	744.2	4.6%	34.1%	202.7%
Addendum: FTA Countries	354.8	579.4	679.4	717.8	732.0	2.0%	26.3%	106.3%

* As defined by the International Monetary Fund.

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

In 2013, U.S. goods exports increased to most of the specified major markets led by an increase of 10.4 percent to China and 4.7 percent to Mexico. U.S. goods exports to the Pacific Rim (excluding China and Japan) and Latin America (excluding Mexico) increased slightly by 1.2 percent and 0.6 percent, respectively, while goods exports to Japan and the European Union declined by 6.9 percent and 1.3 percent, respectively (*table 2*). U.S. goods exports to the 20 FTA countries grew by 2.0 percent in 2013.⁹ Over the last year, U.S. goods exports increased by 4.6 percent to emerging markets and developing economies, while U.S. goods exports to advanced economies increased by 0.1 percent. Since 2003, U.S. goods exports to emerging markets and developing economies have grown more than twice as fast as U.S. goods exports to advanced economies, 202.7 percent compared to 74.3 percent.¹⁰ Due to this long-term higher-growth difference, the share of U.S. goods exports to emerging markets and developing economies grew from 33.9 percent in 2003 to 47.2 percent in 2013.

B. Import Growth

U.S. goods imports decreased slightly by 0.4 percent in 2013, and were valued at \$2.3 trillion (*table 3 and figure 4*). U.S. manufacturing imports, which accounted for 80.7 percent of total goods imports, increased by 1.3 percent in 2013. Agriculture imports, accounting for 4.6 percent of total goods imports, increased by 1.1 percent, and advanced technology imports, accounting for 17.7 percent of total goods imports, increased by 1.2 percent in 2013.

⁹ The 20 FTA countries currently entered into force accounted for 46.4 percent of total goods exports in 2013.

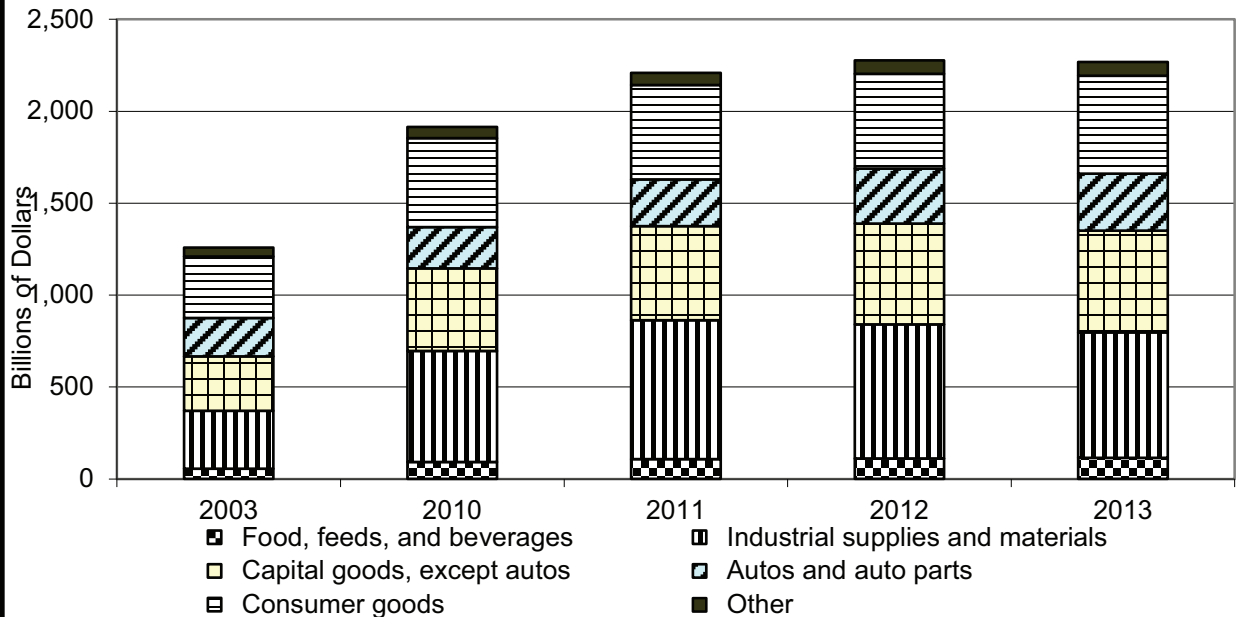
¹⁰ Since 2003, U.S. exports to emerging markets and developing economies (excluding China) grew more than twice as fast as advanced economies (186.1 percent compared to 74.3 percent).

Table 3
U.S. Goods Imports

	2003	2010	2011	2012	2013	12-13	10-13	03-13
Imports:	<i>Billions of Dollars</i>					<i>Percent Changes</i>		
Total (BOP basis)	1,264.3	1,939.0	2,240.0	2,302.7	2,293.5	-0.4%	18.3%	81.4%
Food, feeds, and beverages	55.8	91.7	107.5	110.3	115.2	4.5%	25.6%	106.3%
Industrial supplies and materials	313.8	603.1	755.8	730.4	681.4	-6.7%	13.0%	117.1%
Capital goods, except autos	295.9	449.4	510.9	548.6	553.8	1.0%	23.2%	87.2%
Autos and auto parts	210.1	225.1	254.6	297.8	308.8	3.7%	37.2%	47.0%
Consumer goods	333.9	483.2	514.1	516.3	533.2	3.3%	10.3%	59.7%
Other	47.6	61.3	65.2	71.9	75.1	4.4%	22.5%	57.9%
Addendum: Agriculture	47.5	82.0	99.1	103.2	104.4	1.1%	27.3%	119.9%
Addendum: Manufacturing	1,048.4	1,513.1	1,717.6	1,805.3	1,829.2	1.3%	20.9%	74.5%
Addendum: High Technology	207.0	354.3	386.5	396.1	400.9	1.2%	13.2%	93.6%

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

Figure 4:
U.S. Goods Imports



Source: U.S. Department of Commerce

U.S. goods imports increased for nearly every major end-use category in 2013, with only the industrial supplies and materials category declining (down 6.7 percent). The growth of U.S. goods imports for the remaining major end-use categories ranged between an increase of 4.5 percent for the foods, feeds, and beverages category and 1.0 percent for the capital goods, except autos category. In 2013, U.S. imports of petroleum, a subset of the industrial supplies and materials category, decreased by 11.5 percent to \$367.3 billion, while imports of non-petroleum goods increased by 2.1 percent to \$1.9 trillion.

U.S. goods imports have increased by 81.4 percent since 2003, which was one-third lower than the 122.9 percent increase in goods exports. U.S. agriculture imports have increased by 119.9 percent since 2003, while imports of advanced technology products and manufactured goods have increased by 93.6 percent and 74.5 percent, respectively. For the major end-use categories, U.S. imports of industrial supplies and materials led growth since 2003 (up 117.1 percent), followed by foods, feeds, and beverages (up 106.3 percent), and capital goods, except autos (up 87.2 percent).

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

Imports from:	2003	2010	2011	2012	2013	12-13	10-13	03-13
	<i>Billions of Dollars</i>					<i>Percent Changes</i>		
Canada	221.6	277.6	315.4	323.9	332.1	2.5%	19.6%	49.9%
Mexico	138.1	230.0	262.9	277.6	280.5	1.1%	22.0%	103.2%
China	152.4	365.0	399.4	425.6	440.4	3.5%	20.7%	188.9%
Japan	118.0	120.6	128.9	146.4	138.5	-5.4%	14.9%	17.3%
European Union (EU28)	254.4	319.6	368.9	381.7	387.3	1.5%	21.2%	52.2%
Asian Pacific Rim, except Japan and China	148.5	168.4	189.3	190.2	192.0	0.9%	14.0%	29.3%
Latin America, except Mexico	78.8	131.4	174.3	171.8	158.4	-7.8%	20.5%	100.9%
Addendum: Advanced Economies*	718.5	875.0	993.1	1,031.2	1,037.9	0.6%	18.6%	44.4%
Addendum: Emerging Markets and Developing Economies*	538.6	1,038.9	1,214.9	1,244.1	1,229.6	-1.2%	18.4%	128.3%
Addendum: FTA Countries	463.0	658.7	759.9	788.3	799.0	1.4%	21.3%	72.6%

* As defined by the International Monetary Fund.

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

On a major country/region basis, the growth of U.S. goods imports from major markets in 2013 ranged between an increase of 3.5 percent from China and 1.0 percent from Mexico (*table 4*). However, U.S. goods imports from Japan declined by 6.7 percent, primarily due to a decline in U.S. imports of machinery, vehicles and parts and electrical machinery. U.S. goods imports from Latin America (excluding Mexico) also declined by 7.8 percent, primarily due to a decline in imports of petroleum (down 17 percent). U.S. goods imports from the 20 FTA countries grew by 1.2 percent in 2013.¹¹ The

¹¹ The 20 FTA countries currently entered into force accounted for 35.2 percent of total goods imports in 2013.

import growth from our FTA partners was slightly lower than U.S. export growth to these countries (2.0 percent).

In 2013, U.S. imports from advanced economies increased by 0.6 percent, while U.S. imports from emerging markets and developing economies declined by 1.2 percent. Since 2003, U.S. goods imports from emerging markets and developing economies have exhibited higher growth (nearly three times as much) than that from advanced economies, 128.3 percent compared with 44.5 percent.¹² Accordingly, the share of U.S. imports from emerging markets and developing economies has increased from 42.8 percent in 2003 to 54.2 percent in 2013.

III. Services Trade

A. Export Growth

U.S. exports of services increased by 5.0 percent to a record \$682.0 billion in 2013 (*table 5 and figure 5*). U.S. services exports accounted for 30 percent of the level of U.S. goods and services exports in 2013.

All of the major services export categories exhibited increases in 2013. The growth of U.S. services exports was led by travel (up 10.6 percent), U.S. Government miscellaneous services (up 7.3 percent) and transfers under U.S. military sales (up 5.9 percent).

U.S. services exports have increased by 131.9 percent over the past decade. Of the \$387.8 billion increase in U.S. services exports between 2003 and 2013, the other private services category accounted for 46.3 percent of the increase, while the travel and the royalties and licensing fees categories accounted for 19.2 percent and 18.8 percent, respectively.

Detailed sectoral breakdowns for exports of the other private services category as well as exports to countries/regions are available only through 2012.

In 2012, 28.5 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 2012 were: business, professional and technical services, \$153.1 billion; financial services, \$76.4 billion; and education, \$24.7 billion. The business, professional and technical services category were led by management, consulting, and public relations services (\$37 billion), research, development and testing services (\$26.7 billion), computer and information services (\$17.3 billion), and the installation, maintenance, and repair of equipment (\$15.2 billion).

Canada was the largest purchaser of U.S. private services exports in 2012, accounting for 9.7 percent (\$61.2 billion) of total U.S. private services exports. The next 5 largest purchasers of U.S. private services exports in 2012 were: the United Kingdom (\$58.3 billion), Japan (\$46.5 billion), China (\$30 billion), Ireland (\$28.3 billion), and Mexico (\$27.4 billion). Regionally, in 2012, the United States exported \$199.1 billion to the EU, \$170.4 billion to the Asia/Pacific region (\$93.9 billion excluding Japan and China), \$88.6 billion to NAFTA countries, and \$60.6 billion to Latin America (excluding Mexico).

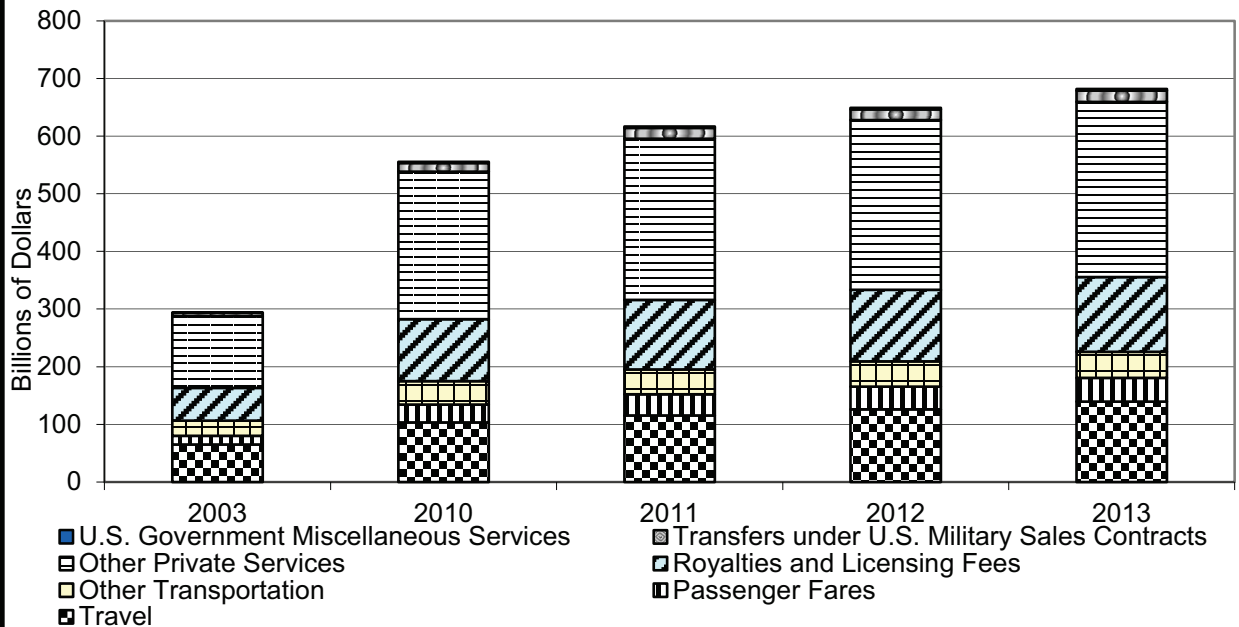
¹² Since 2003, U.S. imports from emerging markets and developing economies (excluding China) grew more than twice as fast as that from advanced economies (104.4 percent compared to 44.5 percent).

Table 5
U.S. Services Exports

	2003	2010	2011	2012	2013	12-13	10-13	03-13
Exports:	<i>Billions of Dollars</i>					<i>Percent Changes</i>		
Total (BOP basis)	294.1	555.7	617.0	649.3	682.0	5.0%	22.7%	131.9%
Travel	65.2	103.5	115.6	126.2	139.6	10.6%	34.9%	114.2%
Passenger Fares	15.1	31.0	36.8	39.4	41.2	4.6%	33.0%	173.0%
Other Transportation	26.4	40.7	43.1	43.9	45.2	3.2%	11.2%	71.7%
Royalties and Licensing Fees	56.8	107.5	120.7	124.2	129.7	4.5%	20.6%	128.3%
Other Private Services	124.2	256.0	279.6	294.5	303.9	3.2%	18.7%	144.8%
Transfers under U.S. Military Sales Contracts	5.9	15.0	18.8	18.5	19.6	5.9%	31.0%	231.2%
U.S. Government Miscellaneous Services	0.6	2.1	2.4	2.7	2.9	6.8%	37.5%	354.9%

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

Figure 5:
U.S. Services Exports



Source: U.S. Department of Commerce

B. Import Growth

U.S. services imports increased by 1.8 percent to \$450.3 billion in 2013 (*table 6, figure 6*). This increase was less than the increase in services exports (up 5.0 percent). The passenger fares category showed the largest increase in 2013, up 8.1 percent. U.S. services imports accounted for roughly 16 percent of the level of U.S. goods and services imports in 2013.

U.S. services imports in 2013 have nearly doubled since 2003, up 85.8 percent, again lower than the growth in services exports during this same time period (up 132 percent). Of the \$208.0 billion growth in services imports since 2003, the other private services category accounted for 58.0 percent of the increase.

As with exports, detailed sectoral breakdowns for imports of other private services are available only through 2012.

In 2012, 29.2 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 2012 were: business professional and technical services, \$116.2 billion; insurance services, \$52.6 billion; and financial services, \$17.0 billion. The business, professional and technical services category was led by research, development, and testing services (\$28.8 billion), management, consulting, and public relations services (\$27.2 billion), and computer and information services (\$25.7 billion).

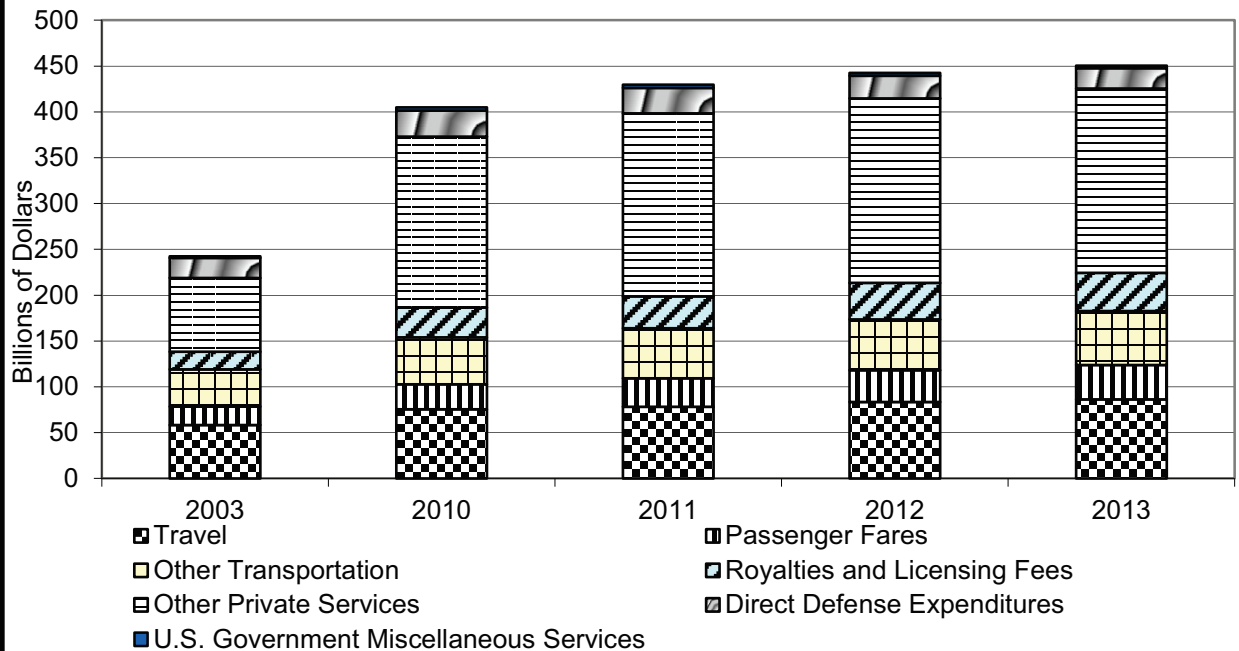
The United Kingdom remained our largest supplier of private services, accounting for 11.2 percent of total U.S. private services imports in 2012. The next 5 largest suppliers of U.S. private services imports in 2012 were: Canada (\$29.8 billion), Japan (\$26.9 billion), Bermuda (\$25.9 billion), Germany (\$25.7 billion), and Switzerland (\$21.1 billion). Regionally, the United States imported \$143.2 billion of services from the EU-27 in 2012, \$107.3 billion from the Asia/Pacific region (\$67.4 billion excluding Japan and China), \$44.9 billion from NAFTA, and \$24.6 billion from Latin America (excluding Mexico).

Table 6
U.S. Services Imports

	2003	2010	2011	2012	2013	12-13	10-13	03-13
Imports:	<i>Billions of Dollars</i>					<i>Percent Changes</i>		
Total (BOP basis)	242.4	404.9	429.7	442.5	450.3	1.8%	11.2%	85.8%
Travel	58.3	75.5	78.2	83.5	86.3	3.4%	14.3%	48.0%
Passenger Fares	20.1	27.3	31.1	34.7	37.5	8.1%	37.4%	86.1%
Other Transportation	40.6	51.2	54.6	55.4	58.9	6.2%	15.0%	44.9%
Royalties and Licensing Fees	19.3	32.6	34.8	39.9	41.7	4.5%	28.0%	116.4%
Other Private Services	80.5	186.4	199.7	201.2	201.1	-0.1%	7.9%	149.9%
Direct Defense Expenditures	21.9	28.5	27.8	24.7	22.2	10.4%	-22.2%	1.3%
U.S. Government Miscellaneous Services	1.7	3.5	3.5	3.1	2.8	-11.2%	-20.3%	59.8%

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

Figure 6:
U.S. Services Imports



Source: U.S. Department of Commerce

IV. The U.S. Trade Deficit

In 2013, the U.S. goods and services deficit decreased by 11.8 percent (\$63 billion) to a level of \$471.5 billion (*table 7*). The U.S. deficit in goods trade alone decreased by \$38.3 billion to \$703.2 billion in 2013, while the U.S. surplus in services trade increased by \$24.8 billion to \$231.6 billion.

As a share of U.S. GDP, the goods and services trade deficit decreased to 2.8 percent of GDP in 2013 from 3.3 percent of GDP in 2012 (*table 8*). The goods trade deficit decreased from 4.6 percent of GDP in 2012 to 4.2 percent of GDP in 2013, while the services trade surplus increased slightly from 1.3 percent in 2012 to 1.4 percent of GDP in 2013.

The decrease in the overall deficit was due mostly to the decrease in petroleum deficit which declined by \$59.0 billion (20 percent). The U.S. deficit in petroleum accounted for 49.3 percent of the overall goods and services trade deficit in 2013, down from 54.5 percent in 2012. The non-petroleum goods and services deficit was down by 1.7 percent (\$4.2 billion) in 2013.

The regional distribution of the goods trade deficit for 2003, and 2010-2013 is shown in table 9.

Table 7					
U.S. Trade Balances with the World					
	2003	2010	2011	2012	2013
Balance:	<i>Billions of Dollars</i>				
Goods and Services (BOP Basis)	-499.2	-499.4	-556.8	-534.7	-471.5
Goods (BOP Basis)	-550.9	-650.2	-744.1	-741.5	-703.2
Services (BOP Basis)	51.7	150.8	187.3	206.8	231.6
Source: U.S. Department of Commerce					

Table 8					
U.S. Trade Balances as a Share of GDP					
	2003	2010	2011	2012	2013
Share of GDP:	<i>Percents</i>				
Goods and Services (BOP Basis)	-4.3	-3.3	-3.6	-3.3	-2.8
Goods (BOP Basis)	-4.8	-4.3	-4.8	-4.6	-4.2
Services (BOP Basis)	0.4	1.0	1.2	1.3	1.4
Source: U.S. Department of Commerce					

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

	2003	2010	2011	2012	2013
Balance:	<i>Billions of Dollars</i>				
Canada	-51.7	-28.4	-34.1	-31.4	-31.7
Mexico	-40.6	-66.3	-64.8	-61.6	-54.3
China	-124.1	-273.0	-295.4	-315.1	-318.4
Japan	-66.0	-60.1	-63.2	-76.4	-73.4
European Union (EU27)	-98.5	-79.7	-99.9	-116.0	-125.1
Asian Pacific Rim, except Japan and China	-40.4	5.6	8.8	8.6	9.2
Latin America, except Mexico	-26.9	7.2	-5.5	11.4	25.8
Addendum: Advanced Economies*	-239.6	-151.3	-174.7	-197.1	-203.3
Addendum: Emerging Markets and Developing Economies*	-292.7	-484.1	-553.1	-532.5	-485.4
Addendum: FTA Countries	-108.2	-79.3	-80.5	-70.5	-67.1

* As defined by the International Monetary Fund

Source: U.S. Department of Commerce