



U.S. Trade Highlights: July 2008

Prepared by the U.S. Chamber of Commerce based on data from the U.S. Census Bureau/Bureau of Economic Analysis

- Statistics released on September 11, 2008 for the month of July confirm that exports are providing a significant boost to the U.S. economy. Exports contributed 2.93% to GDP growth in the second quarter, while overall GDP growth was 2.8%. Driving this growth was the July 2008 increase in exports of \$5.4 billion from June's level of \$162.8 billion to \$168.1 billion.
- U.S. exports of goods and services in July 2008 were 20% higher than in July 2007. In dollar terms, monthly exports rose \$28 billion. Increased goods export demand was driven by foreign demand for U.S. industrial supplies and materials, food, feeds and beverages, and both capital and consumer goods.
- For January – July 2008, U.S. exports were \$170 billion higher than in the corresponding period in 2007. Over three-quarters of this jump in total exports was due to a \$129 billion increase in goods exports.
- The U.S. trade deficit for January – July 2008 was approximately \$25 billion higher than in the corresponding period in 2007. The non-petroleum goods deficit fell by \$63 billion relative to the corresponding period in 2007, but the U.S. trade deficit in petroleum products increased \$89 billion in this period.

BACKGROUND: TRADE HIGHLIGHTS FOR 2007

- In 2007, a steep rise in exports generated more than a quarter of U.S. GDP growth. The United States was once again the world's largest exporter.
- The U.S. exported a record \$1.6 trillion in goods and services, an increase of 12% over the previous year.
- Exports of manufactured goods reached \$870 billion, an increase of 11% from the previous year. U.S. imports of manufactured goods expanded by 4.6%.
- Services exports grew by \$50 billion in 2007, reaching \$473 billion. The U.S. has a trade surplus in services of \$104 billion.
- Agricultural exports rose to \$90 billion, and are projected by the U.S. Department of Agriculture to pass the \$100 billion mark in 2008.
- The U.S. trade deficit declined for the first time since 2001, falling to 5.1% of GDP from 5.7% in 2006.

LARGEST MARKETS IN 2007

- The top ten U.S. export markets were (1) Canada, (2) Mexico, (3) China, (4) Japan, (5) the United Kingdom, (6) Germany, (7) South Korea, (8) the Netherlands, (9) France, and (10) Taiwan.
- Of the top 10 overseas markets for U.S. goods and services, Germany and China generated the fastest growth in exports. U.S. exports to Germany grew by 20%, reaching nearly \$50 billion. U.S. exports to China grew by 16%, reaching \$65 billion.
- While Mexico remains by far the largest U.S. trading partner in Latin America, U.S. exports to the rest of Latin America (that is, Central and South America and the Caribbean) rose by 20%, passing the \$100 billion mark.

PERFORMANCE OF EXISTING TRADE AGREEMENTS

- Under the North American Free Trade Agreement (NAFTA), U.S. exports to Canada and Mexico have nearly tripled, rising from \$142 billion in 1993 (the year before the agreement entered into force) to nearly \$400 billion last year. Fully 35% of all U.S. exports go to these two countries. Total trade with these countries surpassed \$900 billion last year.
- Since the United States entered into a free trade agreement with Chile in 2004, U.S. exports have almost tripled.
- Trade with Jordan has risen six-fold since the U.S.-Jordan Free Trade Agreement was signed in 2000, fostering the creation of tens of thousands of jobs in a country that is a close ally of the United States.
- The U.S. trade surplus with Singapore quintupled over the first three years of implementation of the U.S.-Singapore Free Trade Agreement (2004-2007), reaching \$7.9 billion.
- Implemented in January 2005, the free trade agreement with Australia helped boost U.S. exports down under by over 30% in just three years.
- Since the United States entered into a free trade agreement with Central America and the Dominican Republic, the U.S. trade balance with the six countries has gone from a deficit to a surplus of \$3.7 billion. U.S. exports to these countries have risen \$5.6 billion or 33% since 2005, the last year before DR-CAFTA came into force.
- U.S. exports to new free trade agreement partners in the Middle East and North Africa are enjoying extremely rapid growth. In 2007, U.S. exports to Morocco increased by 53%, those to Oman increased by 28%, and U.S. exports to Bahrain increased by 25%.

PENDING TRADE AGREEMENTS

- Exports to Colombia, Peru, and Panama — countries with which the United States has recently signed but not yet implemented trade agreements — rose in 2007 by 28%, 41% and 39%, respectively. U.S. trade with the three countries reached \$31 billion last year.
- U.S. trade with South Korea reached \$82 billion, making the country the seventh-largest U.S. trading partner.