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Reporters Memo on Tomorrow's 2012 Annual Trade Deficit Data:

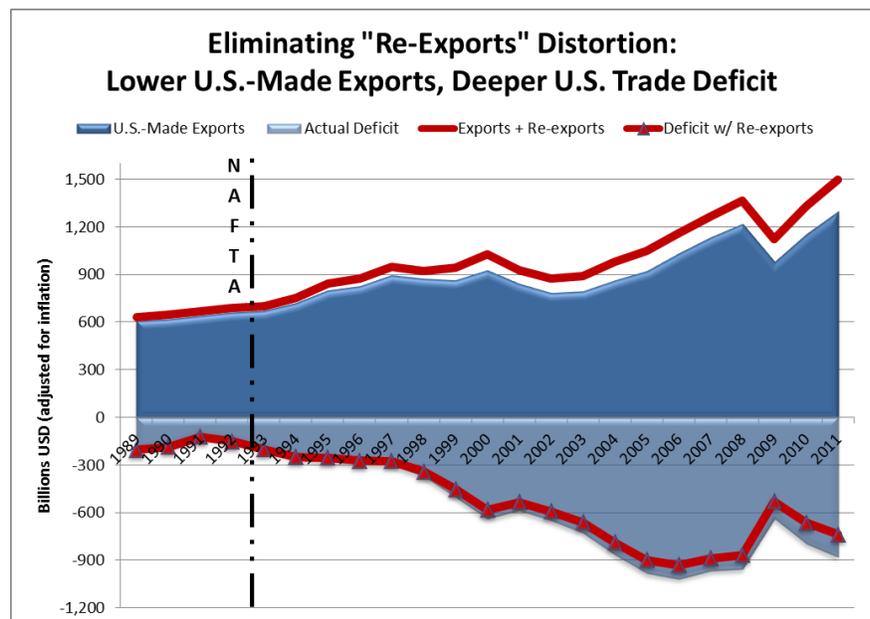
Tomorrow's Census Bureau 2012 Trade Data Will Include Foreign-Made "Re-exports" but Even with Inflated Data, Obama Goal of Doubling Exports in Five Years Lags

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Tomorrow the U.S. Census Bureau will release 2012 trade data showing yet another year of massive U.S. trade deficits. Two things can be certain about the initial data and accompanying press reports: **the Census data will be skewed in a way that inflates U.S. export levels, and even the inflated export figures will show that the president's goal of doubling exports in five years is lagging.** U.S. export growth has been slow even despite being measured from the starting point of a serious drop-off in overall trade flows related to the global recession, and U.S. exports to the three countries with which Obama-pushed Free Trade Agreements (FTAs) took effect in 2012 have actually fallen 5 percent relative to the same months of 2011.

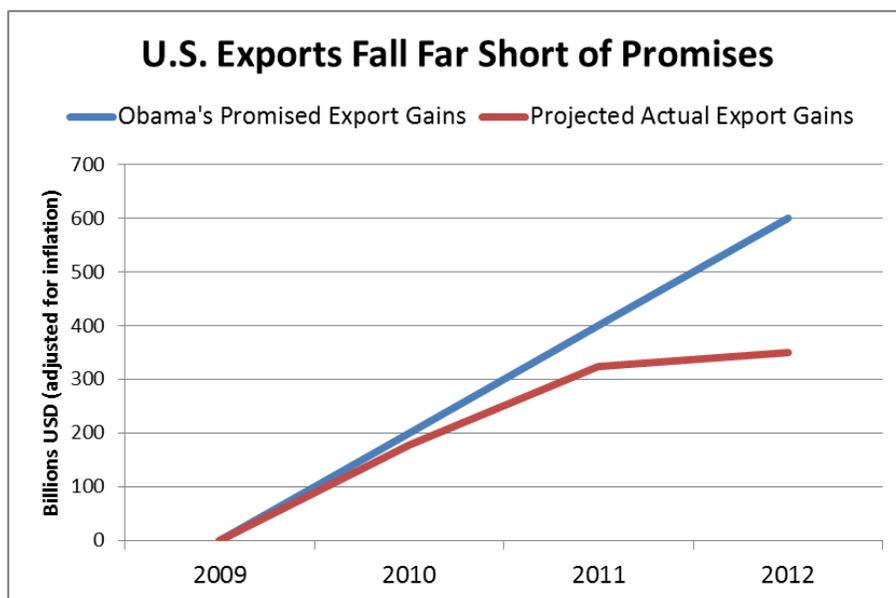
The U.S. Census Bureau methodology inflates the value of U.S. exports by counting goods that actually are made overseas – not by U.S. workers. These "re-exports" are goods made elsewhere that are shipped through the United States en route to a final destination. **Accurately determining the impact of status quo trade policy on U.S. jobs requires counting only U.S.-made exports, which will be quietly reported by the U.S. International Trade Commission (USITC), probably over the weekend.** Global Trade Watch will send out the USITC 2012 year end data Monday.



U.S. Exports Inching Along at Half the Promised Pace, Exports to Korea Drop since FTA

In his [2010 State of the Union address](#), President Obama set a goal to double exports over the following five years. With two years left, the United States should be 60 percent of the way toward

achieving this goal. Instead, the new 2012 trade data is likely to show that we are just 35 percent of the way, with U.S.-made goods exports growing at about half the promised pace. Even with the inflated Census figures that include foreign-made re-exports, the 2012 data is likely to fall short of the promised exports level. U.S. exports have been particularly sluggish to countries that have an FTA with the United States. Indeed, under the [FTAs with Korea, Colombia and Panama](#), which the Obama administration pushed to passage in 2011 and which were implemented in 2012, **U.S. exports to the three countries have actually fallen 5 percent relative to the same months of 2011.** Overall, growth of U.S. exports to countries that *are not* FTA partners has exceeded U.S. export growth to countries that *are* FTA partners by 44 percent over the last decade.



Meanwhile, President Obama’s export promise omits imports – the other critical, job-displacing side of the trade equation. Since President Obama’s 2010 State of the Union address, U.S. imports have increased more rapidly than U.S. exports, further inflating the massive, job-killing U.S. trade deficit. Trade with U.S. FTA partners has disproportionately fueled the deficit. The aggregate U.S. trade deficit with FTA partners is more than ten times as high as before the deals went into effect, while the aggregate deficit with non-FTA countries has actually fallen slightly. The aggregate trade deficit with FTA partners *increased* by more than \$151 billion (inflation-adjusted) since the FTAs were implemented, implying the loss of about one million U.S. jobs. By comparison, the aggregate deficit with all non-FTA countries *decreased* by more than \$61 billion since 2006 (the median entry date of existing FTAs).

Beware the Re-Export Data Trap...

As the chart above shows, the U.S. Census Bureau methodology inflates the value of U.S. exports by counting goods that actually are made overseas – not by U.S. workers. These “re-exports” are goods made elsewhere that are shipped through the United States en route to a final destination. Since passage of the North American Free Trade Agreement (NAFTA) and similar FTAs, re-exports have increased dramatically, causing an increasing gap between U.S.-made exports and the inflated export numbers reported by the U.S. Census Bureau.

As a result, the actual U.S. trade deficit in goods has exceeded the re-exports-skewed trade deficit data to an increasing degree, soaring more than 20 percent above the skewed number for the last three years. **In 2011, the actual trade deficit exceeded the distorted trade deficit by nearly \$150 billion, a difference that implies an additional one million net U.S. jobs displaced by unbalanced trade,** according to [a ratio](#) used by the Obama administration.

Over the weekend, the U.S. International Trade Commission will release the actual U.S. trade deficit data that incorporates only U.S.-made exports. **Keep posted for a press release from Public Citizen on Monday that will report the more accurate 2012 trade data and what it means for U.S. jobs.**