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For Immediate Release:
Jan. 5, 2018

Contact: Ufuoma Otu, (202) 454-5108, uotu@citizen.org
Matthew Groch, (202) 454-5111, mgroch@citizen.org

Trade Deficits Up in Trump's 11 Months in Office; Rather Than Promised Speedy Reduction, 2017 Deficit Will Be Larger Than in 2016

Pressure Mounts for Trump to Deliver on Trade Pledges as Korea Trade Pact Renegotiation Talks Open in D.C. and NAFTA Talks Head to Showdown in Montreal Later This Month

WASHINGTON, D.C. – Today's November trade data release shows the U.S. trade deficit with Canada and Mexico is 7.9 percent higher and with China is 5.1 percent higher during the first 11 months of the Trump administration compared to the same period in 2016, spotlighting the gap between President Donald Trump's campaign pledges to [speedily reduce](#) the U.S. trade deficit and the lack of trade policy reforms achieved in his first year. The 2017 11-month China deficit is \$352 billion, Mexico is \$116 billion and Canada is \$59 billion, respectively, compared with \$335 billion, \$110 billion, and \$52 billion, respectively, at the 11-month mark in 2016.

Overall, the North American Free Trade Agreement (NAFTA) deficit has grown during the first year of the Trump administration after seeing a progressive decline from 2011 to 2016, while the China trade deficit continues its upward trajectory.

“The growing trade deficits and related lost jobs stands in stark contrast to Trump's promised speedy reduction of our trade deficit by transforming our China trade policy and securing a better NAFTA deal,” said Lori Wallach, director, Public Citizen's Global Trade Watch. “The administration has made some good proposals to transform NAFTA, but the corporate lobby's efforts to block those changes may derail the whole process, and so far the administration has taken no action on China trade at all.”

Since that pact's implementation in March 2012, U.S. exports to Korea have declined, while U.S. imports from Korea have increased, resulting in a large goods trade deficit increase of 85 percent in the pact's first five years in effect. Today's data shows that the U.S.-Korea trade deficit remains higher than before the agreement went into effect.

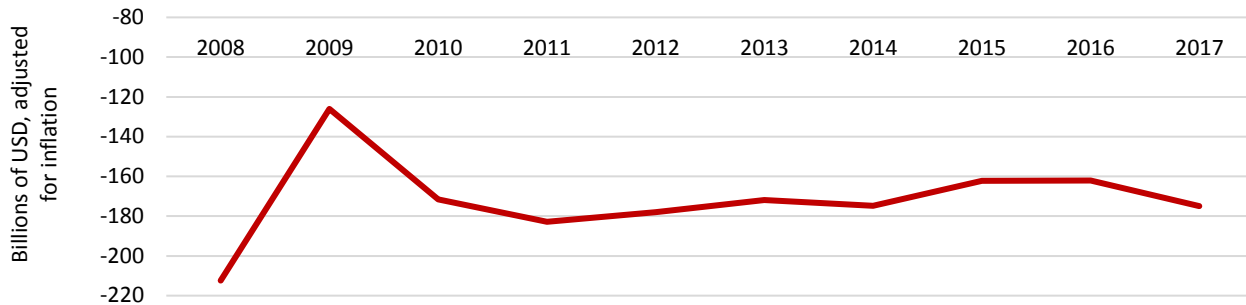
Trump launched the promised NAFTA renegotiation in August, but U.S. corporate interests have persuaded Canada and Mexico to not engage on U.S. proposals to transform NAFTA in ways that U.S. unions, small businesses and consumer groups have long argued would slow job outsourcing and downward pressure on U.S. wages. As a result, the January 23-28 Montreal round of NAFTA talks has become a pivot point. If Mexico and Canada do not engage, the prospect is heightened that Trump may give notice to withdraw from NAFTA. NAFTA entered its 24th year on Jan. 1, 2018.

With respect to China, Trump reversed his pledge to take [action on his first day](#) on currency issues and has achieved little since to expand U.S. exports to China or limit Chinese imports here. Trump also has not exercised [his authority](#) to revoke trade agreement waivers on “Buy America” procurement policies that outsource U.S. tax dollars to purchase imported goods for government use. Nor has he followed through on promised actions to limit Chinese steel and aluminum imports using section 232 of the Trade Expansion Act of 1962. Also outstanding is action on a Section 301 petition on China the administration initiated in mid-2016.

U.S. – NAFTA Trade

Between 2011 and 2016, the U.S. goods trade deficit with NAFTA nations declined 11.6 percent, or \$23.2 billion. This decline has been consistent except for a small 2.9 percent increase in 2014. During Trump’s first 11 months, however, the U.S. goods trade deficit increased 7.9 percent, or \$12.8 billion relative to the same period in 2016. The U.S. NAFTA goods trade deficit is now mostly manufactured and agricultural goods. Fossil fuels have declined as a share of the total deficit from 82 percent in 1993 before NAFTA to 16 percent in 2016.

U.S. Goods Trade Deficit with NAFTA: First 11 Months of Year



Source: U.S. International Trade Commission, in 2017 dollars

[View graphic covering NAFTA trade deficit data over longer timespan.](#)

The full-year trade data (January–December) show a similar trend. After the Great Recession, the NAFTA deficit hit its peak in 2011 but has been decreasing gradually each year, with a small increase in 2014.

Full Year Data (in billions of USD, adjusted for inflation)

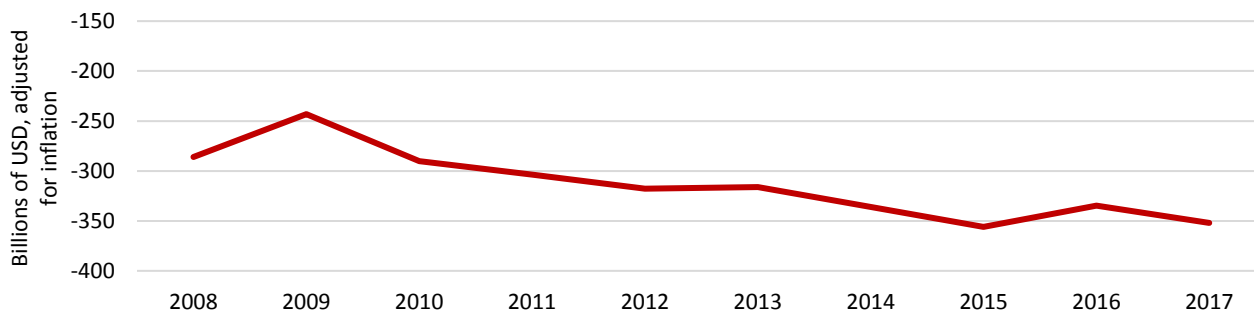
2008	2009	2010	2011	2012	2013	2014	2015	2016
-225	-142	-189	-201	-194	-187	-193	-177	-177

Source: U.S. International Trade Commission, in 2017 dollars

U.S. – China Trade

The U.S. goods trade deficit with China has increased every year since 2009, except for an insubstantial decrease in 2016. Under the Trump presidency, that small deficit reduction has been reversed, and the goods trade deficit is now rising again.

U.S. Goods Trade Deficit with China: First 11 Months of Year



Source: U.S. International Trade Commission, in 2017 dollars

[View graphic covering U.S.-China trade deficit data over longer timespan.](#)