Trade Deficit Up 5 Percent in Trump’s First Year, Raising Stakes for Quick NAFTA Replacement Deal that Stops Outsourcing, China Trade Action

With Trade Policy Unchanged in Trump’s First Year, Outcomes He Attacked Continue

WASHINGTON, D.C. – Contrary to candidate Donald Trump’s pledge to speedily reduce the U.S. trade deficit, in Trump’s first year in office the goods trade deficit is larger than any time since 2008 and up 5 percent overall even in inflation-controlled terms from last year, with a significant jump in the China trade deficit and a 8 percent increase in the North American Free Trade Agreement deficit. Trump has not exercised his available executive authority to fulfill campaign pledges to limit imports, including those from firms that outsource jobs; label China a currency manipulator; revoke trade agreement waivers on “Buy America” procurement policies that outsource U.S. tax dollars to purchase imports for government use; or limit government contracts to firms that outsource jobs.

“Right now, the same trade policy that Trump attacked ferociously and promised to speedily replace is still in place,” said Lori Wallach. “The first-year Trump jump in the U.S. trade deficit adds urgency to the administration actually securing a NAFTA replacement deal that ends NAFTA’s job outsourcing incentives and implementing a new China trade policy.”

The overall 2017 U.S. goods trade deficit in inflation-controlled terms was $796 billion in 2017, up 5.4 percent or $40.9 billion from 2016, which was led by a U.S.-China goods deficit of $375 billion in 2017, up 5.5 percent and $19.5 billion from 2016. The 2017 U.S-NAFTA goods trade deficit was up 7.8 percent or $13.8 billion from 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 (excluding re-exports). This decline has been consistent except for a small 2.9 percent increase in 2014. 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](image)

Source: U.S. Census Bureau