AAPA Maritime Economic Development Committee
Export Development Report 2016 – 17

The growth of U.S. trade with the world is vital to American ports. Increased exports also help our national interest through an improvement in our balance of trade. A little-known fact is that the U.S. has *a positive balance of trade* (more exports than imports) with those countries, as a whole, with whom we have Free Trade Agreements. FTA's should be called fair trade agreements, as they help U.S. businesses, large and small, by opening up new markets. As well as eliminating most duties, they help cut the red tape which U.S. exporters face. As an example, and as may be noted below, we do *not* have FTA's with those three countries with whom we have the largest trade deficits. (These notes refer to goods or cargo statistics and does not include the value of services.)

The 2016 Trade Picture

Total U.S. trade for 2016 was $3.64 trillion, according to a WorldCity analysis of the latest U.S. Census Bureau data. That's a 2.76 percent decrease since the previous year. The nation's exports dropped 3.38 percent to $1.45 trillion and imports dropped 2.34 percent to $2.19 trillion. The overall trade deficit was $735.46 billion down compared to the same period last year, when the deficit was $737.07 billion.

Top US Trading Partners

The nation's top trade partners were No. 1 China, No. 2 Canada, No. 3 Mexico, No. 4 Japan and No. 5 Germany. Of course, when one adds all the European nations together, this brings their ranking up considerably.

Trade Surpluses and Deficits

The U.S. had trade surpluses with 133 countries and deficits with 101 through December. That compares with 132 surpluses and 102 deficits for the same period one year earlier. The top three surpluses through December of this year were with Hong Kong, $27.52 billion; The Netherlands, $24.23 billion; United Arab Emirates, $19.03 billion. The top three deficits were with China, $347.04 billion; Japan, $68.94 billion; and Germany, $64.87 billion.

Top 10 Export Products (2016 YTD)

Rank	Commodity	Total YTD
1	Civilian aircraft and parts	$120,784,293,905
2	Gasoline, other fuels	$64,060,949,502
3	Motor vehicles for transporting people	$53,807,477,416
4	Motor vehicle parts	$42,833,167,467
5	Computer chips	$35,139,418,244
6	Landline, cellular phone equipment	$33,838,955,703

7	Low value shipments	$33,110,520,081
8	Medical instruments for surgeons, dentists, vets	$26,426,548,276
9	Computers	$24,313,545,250
10	Soybeans	$22,912,858,376

A closer look at U.S. exports:

- No. 1 Civilian aircraft and parts rose 1.57 percent compared to last year to $120.78 billion.
- No. 2 Gasoline, other fuels fell 14.25 percent compared to last year to $64.06 billion.
- No. 3 Motor vehicles fell 2.78 percent compared to last year to $53.81 billion.
- No. 4 Motor vehicle parts fell 2.37 percent compared to last year to $42.83 billion.
- No. 5 Computer chips rose 4.98 percent compared to last year to $35.14 billion.

[Source: WorldCity]

Significant Strategic Trade Developments

1. TPP

After many years of negotiations the current U.S. administration has withdrawn from the prospective agreement. However, five ministers met on March 14 with ministers from key TPP negotiating countries, including Chile and Canada. Some have proposed proceeding with TPP without U.S. participation. The TPP was to include Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam.

In a hopeful sign, the administration has indicated their interest in pursuing additional bilateral FTA's, and they have specifically mentioned Japan and Vietnam.

2. TTIP

It appears that the U.S. administration will not be pursuing a TTIP FTA with the European Union. The European Commission estimated that a trans-Atlantic trade pact would have increased overall trade between the EU and the U.S. by as much as 50%.

3. RCEP

China is moving quickly to fill the vacuum created by U.S. withdrawal from TPP. China's RCEP, or Regional Comprehensive Economic Partnership, now hopes to conclude its own Asia-wide trade pact. It has 16 member nations, including all ASEAN countries, as well as Japan, China, South

Korea, India, Australia and New Zealand. It will represent about 30 percent of the world's GDP, and half the world's population.

4. The Pacific Alliance

Since it's founding six years ago, the Pacific Alliance has made rapid progress towards a model common market which also extends to harmonization of educational and professional standards. The Alliance is comprised of Peru, Chile, Colombia and Mexico. The initial goal of the alliance was to further free trade and economic integration.

The Pacific Alliance represents nearly 36% of Latin American GDP. As a single country this group would be the sixth largest economy in the world with a GDP of more than US $3 trillion. Fortunately, the U.S. has trade agreements with all four countries. Panama and Costa Rica are on the list as prospective future members.

With a recent policy shifts away from protectionism in both Brazil and Argentina, important sectors of Latin America may now represent an opportunity for diversification of U.S. trade with market – oriented economies.

Conclusion

These observations do not include analysis of the potential effect on trade (imports and exports) through U.S. ports that may be caused by the proposed border adjustment tax. NAFTA renegotiation impacts have also not been referred to, as the main focus of this brief report was intended to be maritime cargo; although maritime cargo would ultimately be effected, a statistical analysis would be complex. However, both these volatile factors merit analysis in order to measure future impacts on the financial health of our U.S. ports. Our ports may be the bellwether for our overall economy.