TRENDS IN INTERNATIONAL TRADE

UNITED STATES DEPARTMENT OF COMMERCE

Trade Overview

November exports rose by twice the amount of imports ($1.1 billion versus $0.5 billion), resulting in the third consecutive monthly decline in the deficit.

Petroleum, driven by sharply rising prices, accounted for 86% of the overall increase in the January-November 2006 deficit (up 7.5% from the same period in 2005). The nonpetroleum deficit increased only 1.6% from its year-ago level.

- Year to date, exports were up 13.1%; imports rose 11.1 %.
- The increase in petroleum imports was price-related.
- Global economic growth contributed to rising demand for U.S. exports.
- Through November 2006, U.S. goods and services exports grew to $1.31 trillion compared to $1.16 trillion over the same period in 2005.
- The monthly deficit of $58.2 billion in November was the lowest since July 2005.

Countries and Regions

China is now our second largest trading partner and November 2006 year-to-date, U.S. exports have risen 33%; imports have grown 18%.

- Much of China's export growth to the United States is coming at the expense of the rest of Asia.
- The Asia-Pacific share of U.S. imports has remained level over the past five years at about 33%—down from 39% in the early 1990s.
- U.S. import growth rates from most other Asian countries are much lower than imports from China: Japan (7%), Korea (5%), Taiwan (10%), Hong Kong (-9%), Malaysia (9%) and the Philippines (6%).
- Import shares from the EU and Canada have declined.

U.S. exports to the CAFTA countries were up 17%, year to date; imports were up 3%; and the balance has swung to a $1 billion surplus (annual rate) from a $1.2 billion deficit a year ago.

Sectors

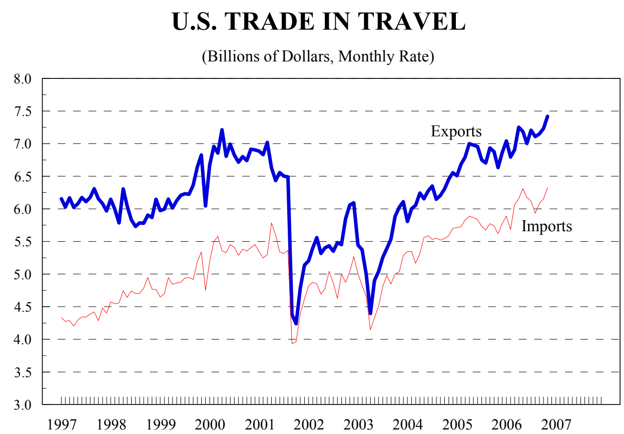
Goods exports rose 14.9% November year-to-date, while imports rose 11.5%.

- The United States saw export increases in all the major product categories, with increases being especially large for exports of Capital Goods (led by civilian aircraft and semiconductors) and Industrial Supplies (led by fuel oil and precious metals).
- Capital Goods (minus automotive) is the largest of our trade export categories. The deficit in this category declined by approximately 70% during the first 11 months of 2006.

January 2007

The services trade surplus continues to grow as both exports and imports both increased by 8.7% over the first 11 months of 2006.

- Approximately 60% of the YTD increase in services exports is accounted for "Other Private Services," which includes education services; financial services; insurance services; telecommunications services; and business, professional, and technical services.
- Purchases of services and goods, including expenditures for food, lodging, recreations, and gifts, by foreign visitors to the United States are counted as U.S. exports. Purchases by U.S. travelers abroad are counted as U.S. imports.
- Travel and tourism exports have increased by 2/3 since the lows after September 11, 2001. Travel expenditures by foreigners in the United States (U.S. exports) now exceed the peaks in the year 2000.



States

Forty states had double-digit increases in exports in the first 11 months of 2006.

- Over one-quarter of all U.S. exports leave the country through Texas or California.
- Fifteen states had export percentage increases of over 20%: Alabama, Arizona, Connecticut, Delaware, Kansas, Louisiana, Missouri, Oregon, Nevada, New Jersey, North Dakota, South Dakota, Rhode Island, Washington and Wyoming.
- Washington had the second highest dollar value YTD increase after Texas.—rising by 39%.