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Ambassador Schwab Discusses 1Q08 Trade Deficit Report

WASHINGTON, DC – Exports declined \$2.6 billion from February to March of this year, though were still at the second highest monthly level ever. Imports declined more, by \$6.1 billion, and the trade deficit dropped by \$3.5 billion. Exports overall continue to show strength, according to data released today by the U.S. Commerce Department. They reported that exports in this year's first quarter were 17.6% higher than the first quarter of 2007.

“Export growth is currently providing critical support to the U.S. economy,” U.S. Trade Representative Susan C. Schwab said. “Over the past year, the U.S. economy expanded by 2.5 percent with goods and service exports accounting for 46 percent of the expansion. With the economy slowing recently to less than 1 percent growth, exports remain critically important in helping sustain jobs and growth.”

Another result of the recent U.S. export drive for the past year (first quarter 2007 to first quarter 2008) has been the increase in exports to record levels relative to our total economy, U.S. Department of Commerce data show. Exports are now well over 12 percent of U.S. GDP, or roughly \$1.8 trillion in the \$14 trillion dollar U.S. economy (2008 first quarter, annual rates).

“Key government policy to help sustain this U.S. export expansion is the negotiation of free trade agreements with foreign governments” Schwab said. “These agreements remove barriers that restrict the sale of goods and services made by American workers, farmers and entrepreneurs.”

“Recent Congressional actions have delayed consideration of the completed free trade agreement with Colombia, while two additional agreements with Panama and Korea wait in the wings” Schwab said. “Such inaction results in a delayed – and possibly lost – opportunity to further boost exports at a time when export growth is exceptionally important to the U.S. economy. Congressional action is needed if these agreements are to knock down barriers to U.S. exports in these countries.”

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