

DAILY GLOBAL  
COMMENTARY

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## A Perspective on Imports of the US Economy

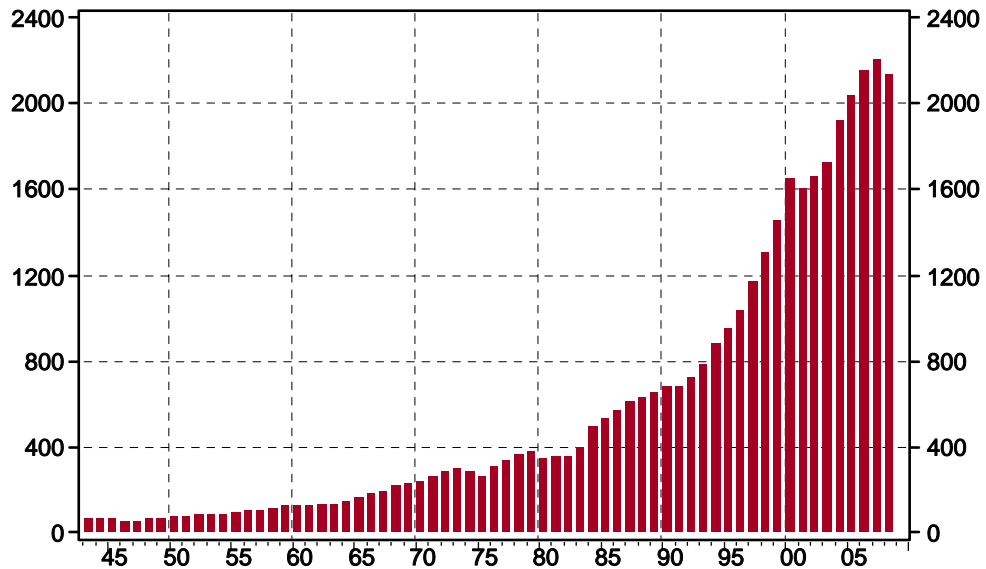
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Amidst the heated discussion about the 35% tariffs imposed on tires imported from China, it is useful to step back and look at facts about imports of the United States. Let us start with the total import bill of the US economy in inflation adjusted dollars. In 2008, the US imported \$2.123 trillion of goods and services; of which, imports of goods made up 83% of total imports (\$1.767 trillion) of the US economy.

Chart 1

### Real Imports of Goods & Services

Bil.Chn.2005\$

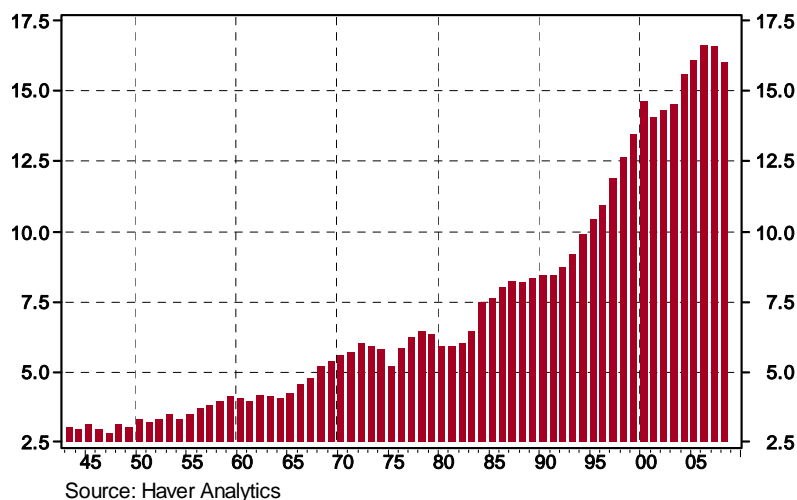


Source: Bureau of Economic Analysis /Haver Analytics

Imports of goods and services were about 16.0% of real GDP in 2008 (see chart 2), while imports of goods accounted for 13.3% of real GDP (see chart 2) or \$1.3 trillion. Main conclusion, which is well known: imports of the US economy have grown sharply in the last decade (see chart 2).

Chart 2

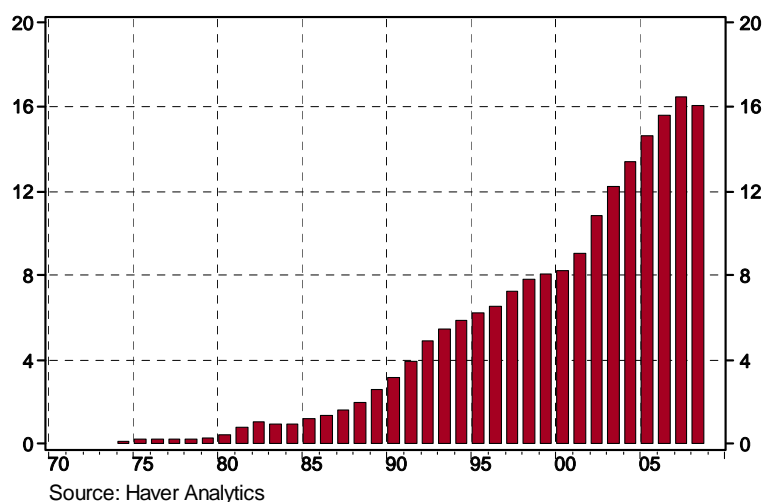
Imports of Goods and Services as a Percent of Real GDP




Who are the largest trading partners of the US economy? Canada, China, Mexico, Japan, Germany, U.K., France, South Korea, Netherlands, and Brazil are the ten largest traders with the United States. These countries represent 64.83% of US imports, and 60.31% of US exports in goods [according to the US Census Bureau](#). Imports of goods from China amounted to \$338 billion in 2008, which was 16% of total imports of goods of the US economy.

Chart 3

Imports of Goods from China as a Percent of Total Imports of Goods  
percent



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According to Global Trade Information Services in Columbia, South Carolina ([China-US Trade Dispute Has Broad Implications - NYTimes.com](#)), China exported \$1.3 billion tires in the first seven months of 2009. This is an insignificant percent of total imports of the United States from China (roughly 0.4%). China has responded with an investigation about subsidies of chicken and certain auto products exported from the US.

It appears that the G-20 meeting in Pittsburg later on this month will have trade matters in addition to other challenging issues on the table. The economic landscape is most likely to be spotted with many trade issues of this nature in the months ahead. The economic implications of tariff wars are not positive. The Smoot-Hawley Tariff Act of 1930 is an important example of the broad implications of tariffs.

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