



White Paper Series.

US Trade Under Trump: Potentials and Possibilities

Date: June, 2017



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Introduction

The presidential elections in the US last year brought a lot of uncertainty for trade relations. The tense relations with China, the withdrawal from the Trans-Pacific Partnership Agreement (TPP), the renegotiation of the North American Trade Agreement (NAFTA) and a big question mark for the Transatlantic Trade and Investment Partnership (TTIP) are making businesses, especially those dependent upon imports and exports, fidgety. MES Inc. is no exception. Dependent upon imports from China and India, and with over 30% of revenues coming from NAFTA countries, MES Inc. is aware of their customers' concerns as they navigate the new climate.

Throughout this White Paper MES Inc. looks at:

- The changes made in the first months of the new US Presidential Administration,
- The agenda for the succeeding months,
- The reactions and change in attitude of US' trade partners,
- The reactions of the automotive industry which stands to be the most affected by the new trade policies,
- And lastly but not least, the fight over the void of power left by the US in the trade relationships.

The objective is to better understand what we and our customers can expect on the short term.

The State of the Trade

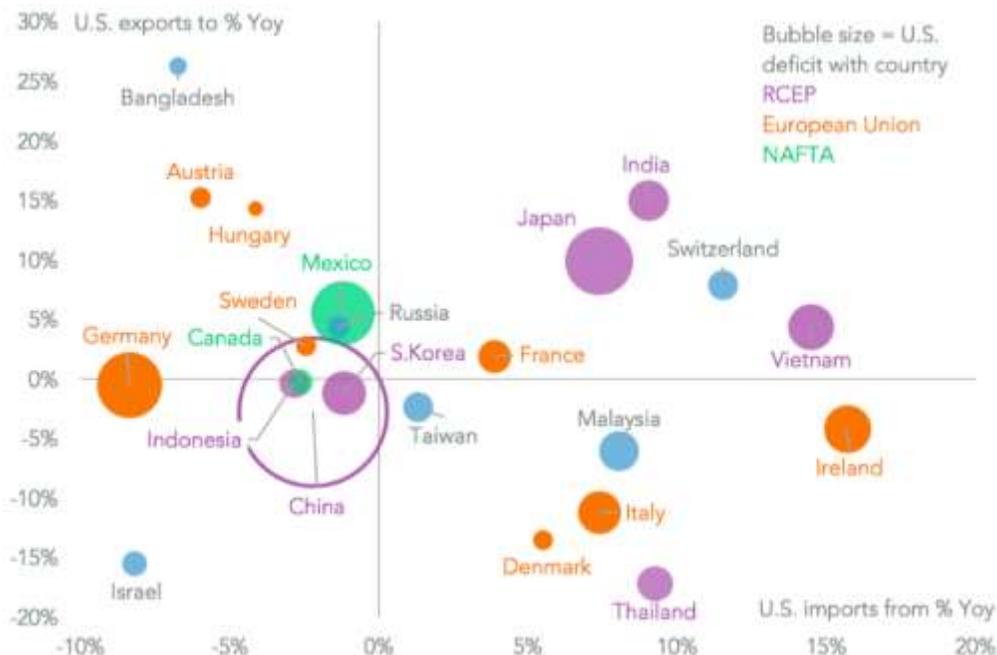
Since 1975 the US has had the largest trade deficit in the world. While economists have been debating whether this is a cause for concern or not, the Washington administration is now putting the trade balance in goods at the center of any trade related policy. Without

US' second highest trade deficit in goods is with the European Union but because the Trump Administration is seeking bilateral agreements with single countries, the effort will be diluted to just Germany, France and potentially Ireland.

question, the main trade partners of the US are Canada, Mexico, and China with a cumulative of \$1.6 trillion in 2016. The top 30 trade partners (see Annexes 1 and 2) of the US accounted for 87% of all US goods trades and the US ran a trade deficit with all but five, the largest of which was with China, at \$347 billion. Mexico and Canada cumulatively accounted for almost \$1 trillion but hardly reached \$75 billion in deficit for the US. India barely made the top 10 with a trade of \$67 billion and a deficit of \$24 billion. Based on the US trade deficit of goods, the first country of interest for the US presidential administration is China, followed by the European Union (EU) (\$138 billion taken together), Japan (\$68.3 billion), Mexico (\$61.5 billion), Vietnam (\$31.8 billion), and South Korea (\$29.6 billion). Following this logic, Canada, at \$11 billion in deficit does not make the short list.

The expressed desire of the presidential administration has been to negotiate new bilateral agreements and renegotiate existing ones with better terms for the US. The challenge is that most of the countries the US has a registered trade deficit with are either already in, or negotiating to join, free trade agreements which may limit the US' potential for bilateral deals.

Trade Targets for the Trump Administration in 2017



Source: Panjiva

If we look at the **first quarter of 2017** alone, while both imports and exports of goods have increased, the total trade deficit surged by \$12 billion, from \$165 billion in Q1 2016 to \$177 billion.

The US maintains the highest trade deficit with China at \$79 billion, \$1 billion higher than the same period of 2016. Next is the European Union with a negative trade balance of \$32 billion, also almost \$1 billion higher than the year before. Germany, Ireland, and Italy account for almost 98% of the shortfall with the EU. Compared to the same period last year, the deficit with Germany decreased by \$1 billion, the balance with Italy remained steady and the deficit with Ireland increased by \$3 billion. (Annex 3) US' second highest trade deficit in goods is with the European Union but because the Trump Administration is seeking bilateral agreements with single countries, the effort will be diluted to just Germany, France and potentially Ireland.

Thirdly, NAFTA countries have a trade deficit of \$23 billion, \$5 billion higher than in the first quarter of 2016. Mexico accounts for 71% of the trade shortfall with NAFTA; however the trade deficit with Canada basically doubled this year, from \$3 to \$6 billion.

Comparative Q1 US Trade Balance with main partners (goods only)

*in million USD



	2017 Q1 Balance	2016 Q1 Balance
India	-5,655	-6,413
Canada	-6,913	-3,613
Mexico	-16,743	-14,706
Japan	-17,384	-16,936
European Union	-32,120	-31,825
China	-78,849	-77,946

India Canada Mexico Japan European Union China

Source: [US Department of Commerce, Bureau of Economic Analysis](#)

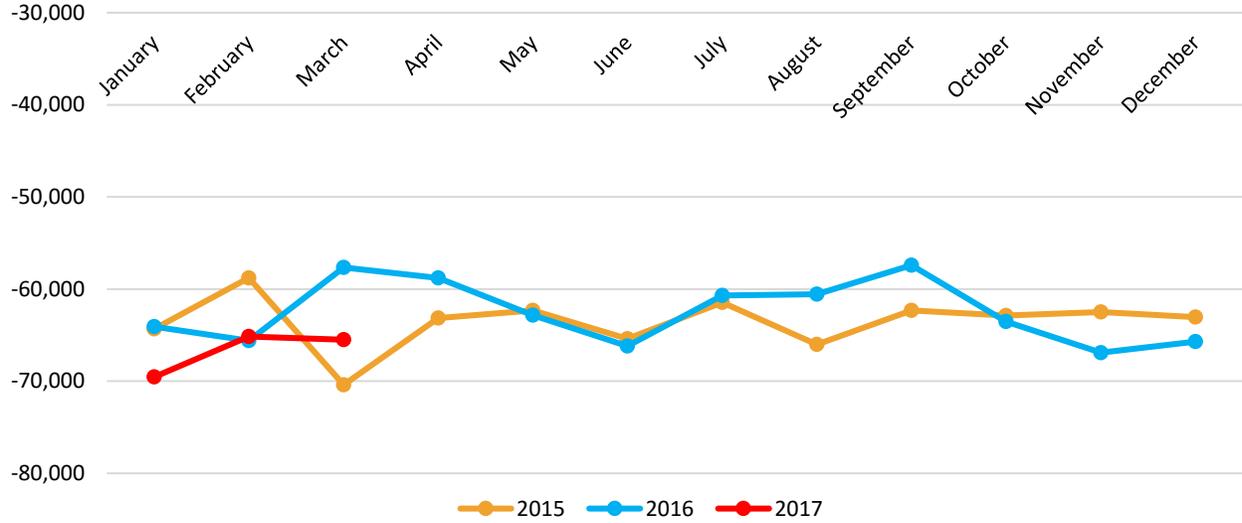
The trade deficit with Japan also increased by \$1 billion from \$16 billion to \$17 billion while the one with India decreased by \$1 billion from \$6 billion to \$5 billion.

The only significant trade surpluses were registered with Hong Kong, Netherlands, Belgium, Australia and Singapore with \$9 billion, \$7 billion, \$6 billion, and \$3 billion each for the latter, respectively.

Taking a look at commodities, crude oil accounts for \$33 billion of the deficit in Q1 of 2017; followed by passenger cars at \$30 billion; apparel and textiles, \$22 billion; cell phones at \$19 billion; pharmaceuticals at \$14 billion; vehicles parts and computers parts, both over \$11 billion; and telecommunication equipment at \$9 billion. The only relevant drivers of the surplus in Q1 2017 were civilian aircraft and engine parts with \$16 billion, plastic materials at \$5 billion; other petroleum products at \$4 billion; newsprint, gold, iron and steel mill products, each at \$3 billion. (Annex 4)

Comparative US Trade Balance (goods only)

*in million USD



Source: [US Department of Commerce, Bureau of Economic Analysis](#)

A US – China Trade Deal

China has historically limited the access of US companies in certain sectors, identified as “strategic” by Beijing, while the Chinese companies benefited from relatively free access to the American market. This inequality, in competing terms, brought trade with China

Limiting the agreement to a handful of economic sectors, goods and financial services, does nothing for advanced industries and the protection of intellectual property, which are paramount to the US’ economic development.

to the forefront of the 2016 presidential campaign and has now been translated into policy. The relationship is described as the clash between the rise of nationalism in China and economic populism¹ in the US and worries economists.

Surprisingly, part of the 100-day plan announced after the meeting between President Donald Trump and the Chinese President Xi Jinping in April, the US is engaging in a bilateral trade deal with China which includes agreements on agricultural trade, financial services, investment, mining, and energy. While some see this as progress, more are disputing its relevance. It fails to deal with the more serious problems of how American companies are treated in the Chinese market and the amount of state aid it gives to state owned companies. Limiting the agreement to a handful of economic sectors does nothing for advanced industries and the protection of intellectual property, which are paramount to the US’ economic development. The deal addresses ten items, of which three are goods: beef, cooked poultry, and liquefied natural gas (LNG), the rest are financial services. The US has a trade surplus with China when it comes to services (\$16 billion imported vs. \$53 billion exported). If the Trump administration’s key metric for trade deal success is a lower trade deficit in goods, this agreement will have almost no impact. Critics are also reluctant because in the past China promised better treatment for American companies. For example, in 2000 when China joined the World Trade Organization (WTO) but nothing changed. They are convinced that there will be no reduction of the trade deficit in the next year.

¹ [Forbes](#)

There is another development which hinders one of the US' main exports: aircraft. In the beginning of May, Reuters reported on China completing and testing its first domestically produced large-scale airliner, the COMAC C919. For the US – China trade negotiations this is particularly relevant since, according to Panjiva (a global trade database with import and export details on commercial shipments worldwide), aerospace sales accounted for 6.0% of US exports in the 12 months prior to March 31, 2017, with China accounting for 12.1% of aerospace exports. These figures make China the US' largest market after the European Union. This is a big hit for Boeing, which is taking consolation in the fact that the C919 makes significant use of overseas components and may only attract local airline sales.

The North American Free Trade Agreement (NAFTA)

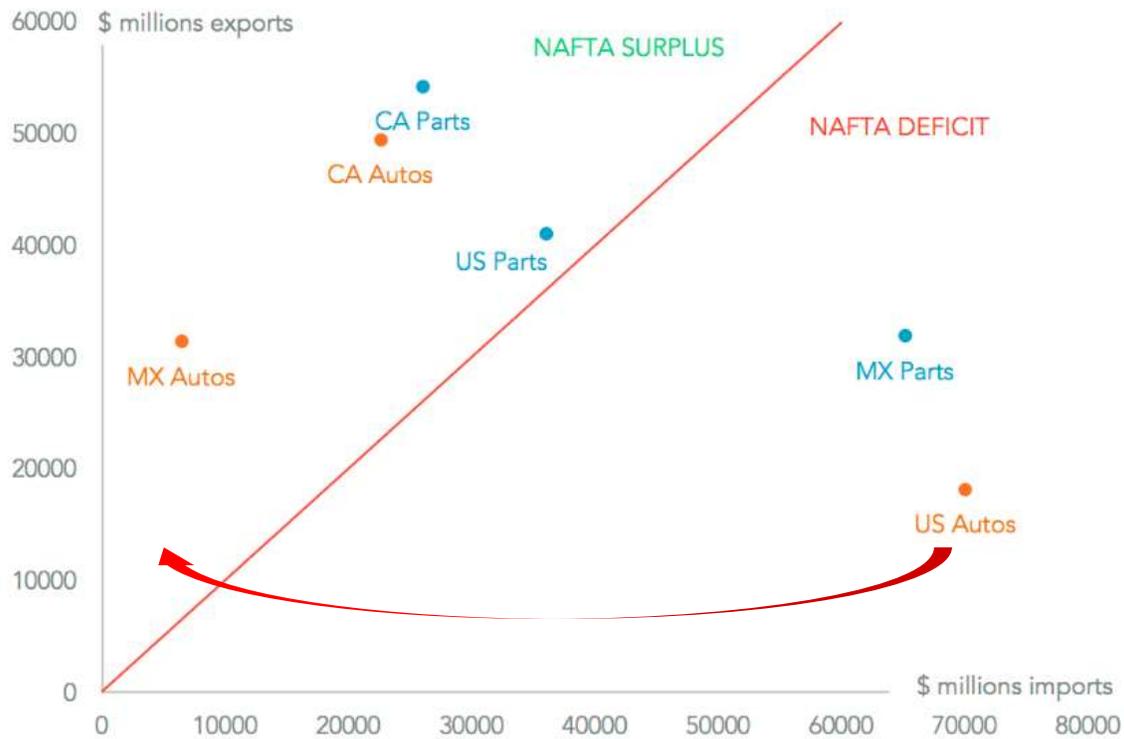
Both Canada and Mexico have welcomed the possibility of renegotiating NAFTA and potentially adding stipulations about goods and services which at the time of its signing were not considered: e.g. digital goods and e-commerce. Since the Senate just approved the appointment of Robert Lighthizer as

The hottest of issues when it comes to NAFTA is tied to the automotive industry, the largest source of trade deficit in goods for the US.

the US Trade Representative, the process of negotiating NAFTA can start. The process is slowed down by the various studies ordered by President Trump: the “section 232” reviews of steel and aluminum; the Omnibus report on the trade deficit; the impact of trade deals on “Buy American” policies; and the “performance review” of trade deals. The final findings are not expected until 2018. Panjiva data shows that this delay does not work in favor of Mexico. Historically, the trade deficit tends to grow towards the end of the year.

The hottest of issues when it comes to NAFTA is tied to the automotive industry, the largest source of trade deficit for the US. In this respect, Canada is the main beneficiary of NAFTA's auto trade. If we look at the bellow graph provided by Panjiva, the US sold autos and automotive parts, and Mexican made automotive parts carry the auto trade deficit within NAFTA.

Winners and Losers of NAFTA Auto Trade in 2016



Source: Panjiva

There are two threats related to the reaction of the automotive industry to the presidential reforms in trade:

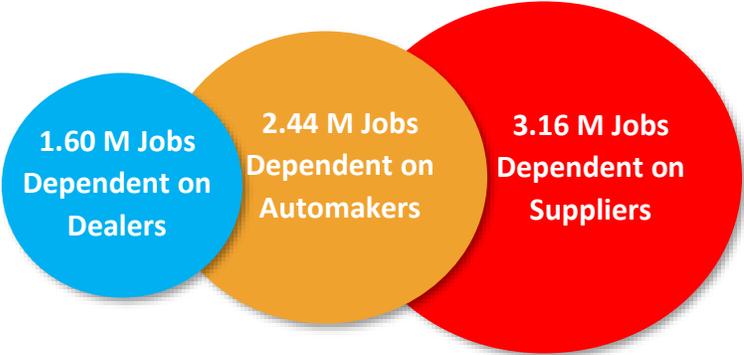
The first one is that US manufacturers may choose to move their entire value chains in Mexico or Canada or both and import vehicles with a tariff applied, basically jumping across the red line. This will both deepen the trade deficit and lead to a further loss of jobs. According to the Alliance of Automotive Manufacturers there were 7.25M jobs in

If OEMs will choose to move their entire value chains out of the US and import vehicles with a tariff applied, it will both deepen the trade deficit and cause a further loss of jobs.

the auto industry in 2016, which means 1 in 25 Americans are dependent upon the automotive industry along its value chain. Directly dependent upon automakers are 2.44M, while 3.16M are dependent upon suppliers, and their jobs are also at risk in this scenario. They will add to the already 2 million jobs lost

between 1999 and 2011 due to importing goods from China, factory relocation² or the 1 million jobs lost since the implementation of NAFTA³. Michigan, Ohio, and Indiana, the largest employers in the automotive industry, are at particular risk. (See Annex 6 for the locations of automotive assembly plants in North America.)

The Automotive Industry Impact on the jobs in the US



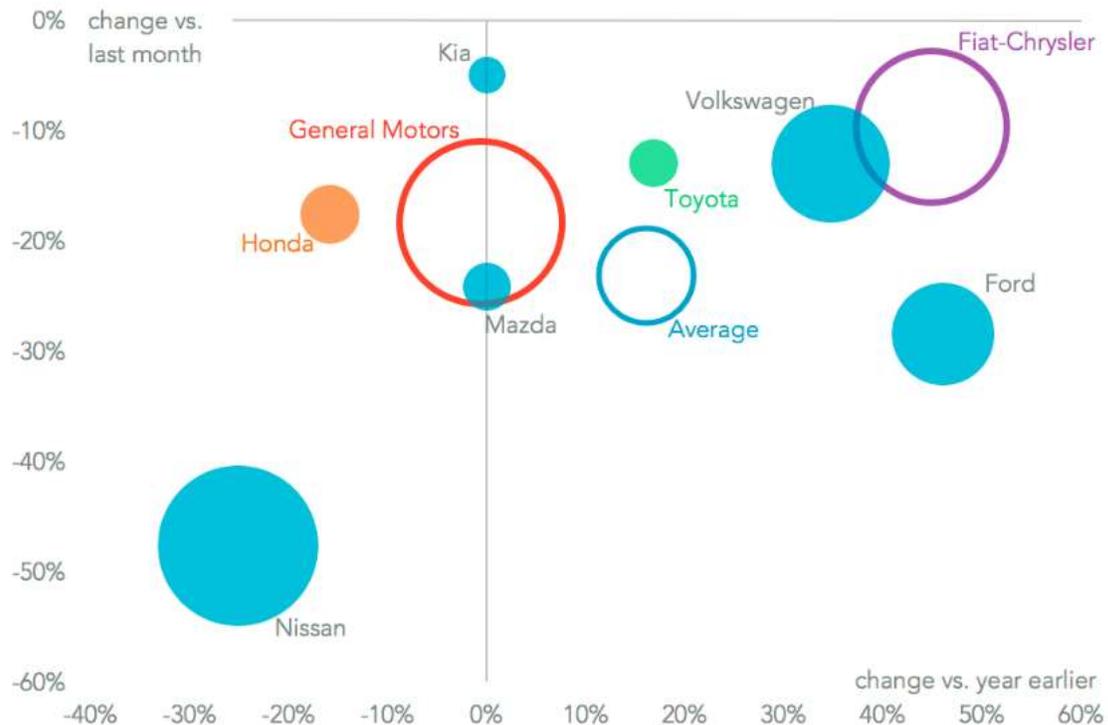
Source: [Alliance of Automotive Manufacturers](#)

The second one is a preemptive acceleration of imports from Mexico and Canada before the tariffs are instated. According to The Mexican Association for the Automotive Industry (AMIA), vehicle exports from Mexico increased by 16.1% in April of this year compared to a year earlier. While this represented a slowdown compared to the previous month of March (Panjiva), shipments reached their highest on record at an average of 256,800 units. The growth was led by autos, which jumped 25.9%. The acceleration in exports for FCA, Ford, and Volkswagen speaks volumes about the concerns regarding a renegotiation of NAFTA as well as a desire to beat soon-to-be-instated tariff changes. The data from the US Department of Commerce confirms that overall, the trade deficit in vehicles during the first quarter of 2017 has exceeded the deficit in 2016 by \$1 billion (see Annex 5).

² [Journal of Labor Economics](#)

³ [Trade Watch](#)

Change in Exports for the Main Automotive OEMs



Source: Panjiva

The Trans-Pacific Partnership (TPP)

Japan showed its willingness to carry forward the completion of the Trans-Pacific Partnership deal without the US by the end of 2017 even though exports to the 11 TPP countries are only about 10% of its total exports. The rationale of Japan's willingness to pick up the baton, where US dropped it, is more strategic than economic. As the US is revisiting trade deals and pursuing bilateral ones, and China is pushing the Regional Comprehensive Economic Partnership (RCEP), TPP provides Japan with its own sphere of trade influence.

A challenge still remains. Some signing members such as Malaysia, Singapore, and Brunei are not very incentivized to join an agreement without the US. Vietnam has made a similar claim, "No US, No TPP."⁴

⁴ Atsushi Tomiyama, Why Vietnam is all for TPP11, Nikkei Asian Review, May 24, 2017

But as trade ministers from the 11 remaining countries met in Hanoi at the end of May, Vietnam confirmed its interest to move forward. Almost 22% of Vietnam's exports head for the US and a US led TPP would have meant an opportunity to boost exports of apparel, shoes, leather goods, and agricultural products to the US. Since Japan is Vietnam's largest provider of official development assistance and its second largest source of foreign direct investment after South Korea, Vietnam will leverage its support of TPP11 in future negotiations with both the U.S. and China.

There is another reason why Japan is keeping TPP alive and that is the hope that the US will reconsider its participation and the advantages of the deal they were receiving for the automotive industry. The Japanese automotive OEMs have never succeeded in opening the American market

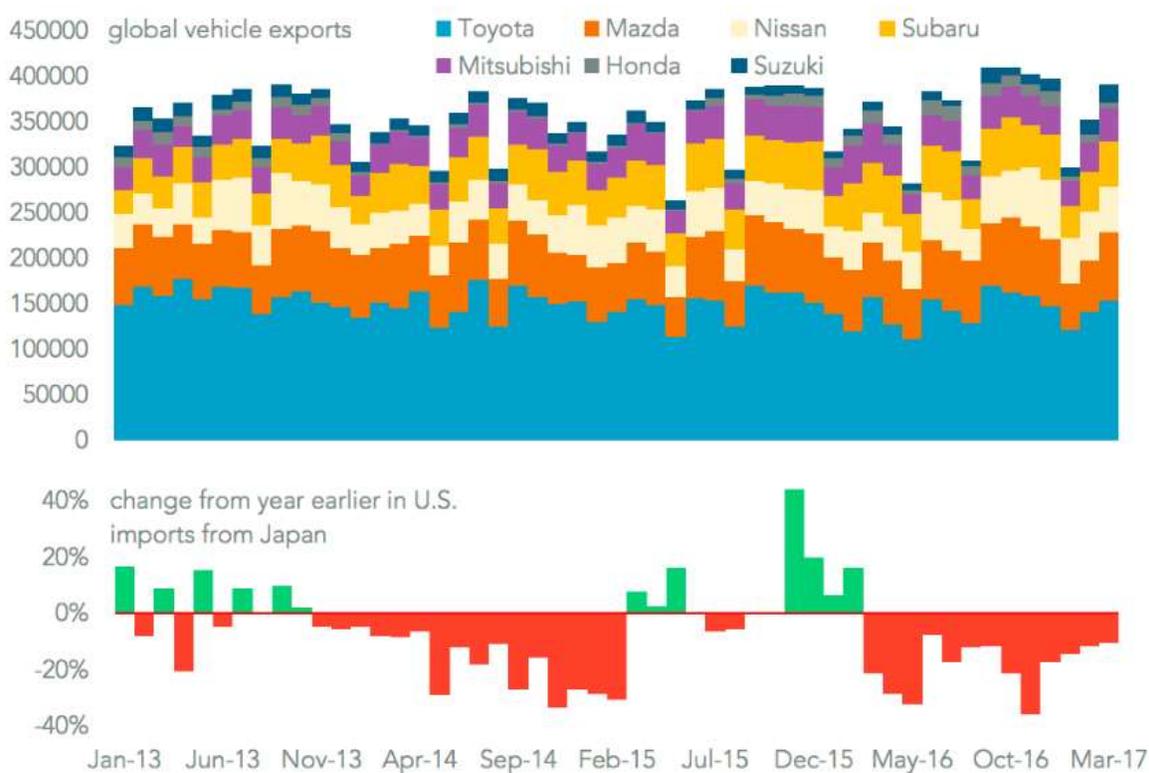
The Japanese OEMs have never succeeded in opening the American market from afar. The TPP12 was set to give Japan incredible advantages in terms of rules of origins, more favorable than the NAFTA ones.

from afar. Americans buy Japanese cars, which by all measures, are not Japanese anymore since they are manufactured and assembled in North America (a consequence of high FDI investments in the past decades) by subsidiaries of the Japanese companies. However, under the umbrella of the TPP, Japan would have obtained incredible advantages. The TPP contained rules of origin for the automotive sector that required 45% regional value added content for finished vehicles and between 35-45% for auto parts. Among the auto parts that would have required 45% regional value added content were engines and transmission parts, chassis, bumper systems, and larger assemblies such as axles, which per the Mexican and Canadian representatives were identified as sensitive⁵. The bilateral agreement between the US and Japan (part of the TPP) regarding the rules of origin for vehicles and vehicles parts was of great concern to both Mexico and Canada. Comparatively, NAFTA imposes a 62.5% requirement for passenger cars, light trucks, engines, and transmissions, and 60% for other vehicles and automotive parts. The potential signing of such an agreement between Japan and the US would have put Mexico and Canada at a competitive disadvantage with Japan. The position of the Japanese automotive industry is that the agreement does not bring breakthroughs since there are 26 Japanese capital assembly plants in the US and about as many in Mexico, all established to avoid tariffs, hedge currency risks, and shorten supply chain.

⁵ [Dr. Eduardo Solís, President of Asociación Mexicana de la Industria Automotriz \(AMIA\)](#)

However, the discussion goes further than that because Japanese automakers in the US actively seek Japanese suppliers. If we look at the top importers in terms of kilograms imported from Japan, the first importers are: Kubota, Komatsu, Hitachi, Mitsubishi, JTEKT Automotive Group (Koyo and Toyoda), AISIN World Corporation of America, NTN Corporation, Keihin North America, and Sumitomo. All of them are Japanese tier 1 and 2 suppliers to the OEMs in the US and preferred suppliers to the Japanese capital ones.

Exports of Japanese Cars



Global data for companies from corporate financial statements. Lower panel shows U.S. imports from Japan

Source: Panjiva

The alternative, a reciprocity based bilateral agreement with the US will be hard. When President Trump withdrew from the TPP, he invoked an argument that Japanese leaders have been struggling with since

the 1980s; Japanese don't buy American cars⁶. In 2016, the US exported to Japan \$458 million worth of vehicles and parts (NAICS 3361), almost \$100 million less than in 2015. Comparatively, the exports to Kuwait were 50% higher and the ones to UAE, 400% higher. Japan on the other hand exported to the US over \$39 billion worth of vehicles, more than \$3 billion more than the year before, \$10 and \$7 billion more than Mexico and Canada respectively.

The problem is not the tariff or non-tariff barriers that the American cars are facing on the Japanese market (there are no tariffs imposed) or any hindrances of another nature. The problem is one of consumer taste, that is harder to fix from a political level. Among reasons invoked by Japanese consumers: too big for the Japanese streets and parking spaces, unreliable, unsafe, not fuel efficient, not made in Japan (unlike "Made in the USA" with the American customers, "Made in Japan" carries traction with the Japanese consumers). Some are real issues; some are just a matter of perception⁷.

The Regional Comprehensive Economic Partnership (RCEP)

Threatened by the exclusion from the TPP, China started in 2016 building up its own regional trade deals. At the center of this initiative has been the RCEP. Experts have speculated that on a longer term this may form part of a broader Free Trade Area of Asia Pacific (FTAAP). The RCEP is a byproduct of China's first "economic belt and maritime silk road" initiative, which MES Inc. documented in a previous White Paper: [How China Is Disrupting Supply Chains in Europe](#).

TPP and RCEP are in a race against each other. Should the TPP 11 become a reality, the RCEP will be dead in the water, ruining China's desire to increase exports and increase its sphere of influence in Asia by overtaking Japan.

RCEP is as attractive to Asian countries as the original TPP was because it includes China and India, the largest Asian markets. But the smaller economic powers, Vietnam included, are afraid of the influence and power China would have if the RCEP would become a reality. China is Vietnam's largest trade partner, with 29% of imports originating from China but despite the amiable trade relations, the two countries are

⁶ [Japan Times](#)

⁷ [NYTimes](#)

involved in a fierce geopolitical dispute over the sovereignty of a series of islands in the South China Sea. Vietnam is afraid that China will leverage its power in the RCEP to gain geopolitical concessions in the South China Sea.

CONCLUSION

We live in exciting times for (free) trade. The US presidential administration has been and will be pushing initiatives to improve the position of the US in trade agreements. However, it is almost impossible at this stage to assess the impact of such measures on the long term. Other than the anomaly in the automotive sector, all trade in the first quarter of 2017 followed the pattern of the previous years. The first quarter of 2017 doesn't really tell us anything beyond the fact that some of the industries that stand to be most affected by the renegotiation of NAFTA, (automotive especially) are boosting exports to the US in an attempt to save money down the road in the eventuality of a tariff increase in the near future. It is very possible that the automotive industry will react in a manner that will backfire for the American administration. If the automotive OEMs will move their entire value chains out of the U.S. and choose to import vehicles with a tariff applied, not only will the trade deficit deepen significantly but it will lead to a heavy loss of jobs.

An interesting opportunity is opening with the bilateral US-China agreement. The current achievements of the agreement are by all standards a drop in the ocean but it creates a precedent to cooperation and has the potential of slowly but steadily solving the problems businesses experience.

The level of uncertainty surrounding NAFTA will continue through the rest of the year. Due to the lengthy consultation process, we will not see anything definitive before 2018.

The US retreat from the TPP has created a power void. China and Japan are fighting to take over, the first by pushing the RCEP, the second by offering to lead the TPP11 into ratification. The two are mutually exclusive and the winner stands to win economic control over most of Asia. Should the TPP11 win, China and India will be excluded once again from the trade negotiation table.

Lastly, as we have seen, most of the debate surrounds the trade of goods and the related manufacturing jobs, because that's where the US is registering a significant deficit (\$750 billion in 2016). But looking only

at the trade in goods is not sufficient and can distort the picture. In terms of services, the US is carrying a surplus of over \$260 billion, a positive trade balance basically with all the countries with which it trades⁸. The service trade has the possibility of offsetting the deficit and in some cases, it has done so. One such example is Canada. While there was a trade deficit in goods of \$11 billion, there was a surplus in service trade of \$24 billion, which gives an overall surplus of \$13 billion. Similarly, the \$32 billion deficit in goods with the European Union is offset by the \$54 billion in surplus in goods for an overall trade surplus of \$22 billion. It is important to see that any attempt to alter and disrupt the (free) trade of goods will negatively impact the trade of services and the overall trade balance.

About MES Inc:

MES is a global supply chain management company which develops custom engineered solutions for clients ranging from finding and auditing suppliers, developing quality systems, consolidating shipments, performing domestic value added operations, warehousing and shipping Just-In-Time. Based in Columbus, OH and with offices in China, India, Mexico, Poland, and Australia, MES counts 120 associates, mostly quality engineers, supply chain analysts and sales account managers. The company has been recognized for the fifth year in a row as one of the fastest growing American companies.

About the Author:

Alina Harastasanu is one of MES' top Business Analysts. She holds a B.A. in Political Sciences from University of Bucharest, a M.A. in Geopolitics and Global Security from University of Rome "La Sapienza". In 2015 Alina obtained an MBA degree focused on International Business and Strategy from The Ohio State University. She has over 7 years of experience in consulting and international business.

For more information, suggestions or comments, you can reach the President and Founder of MES as well as the author at:

Hiten Shah CEO
Alina Harastasanu Business Analyst

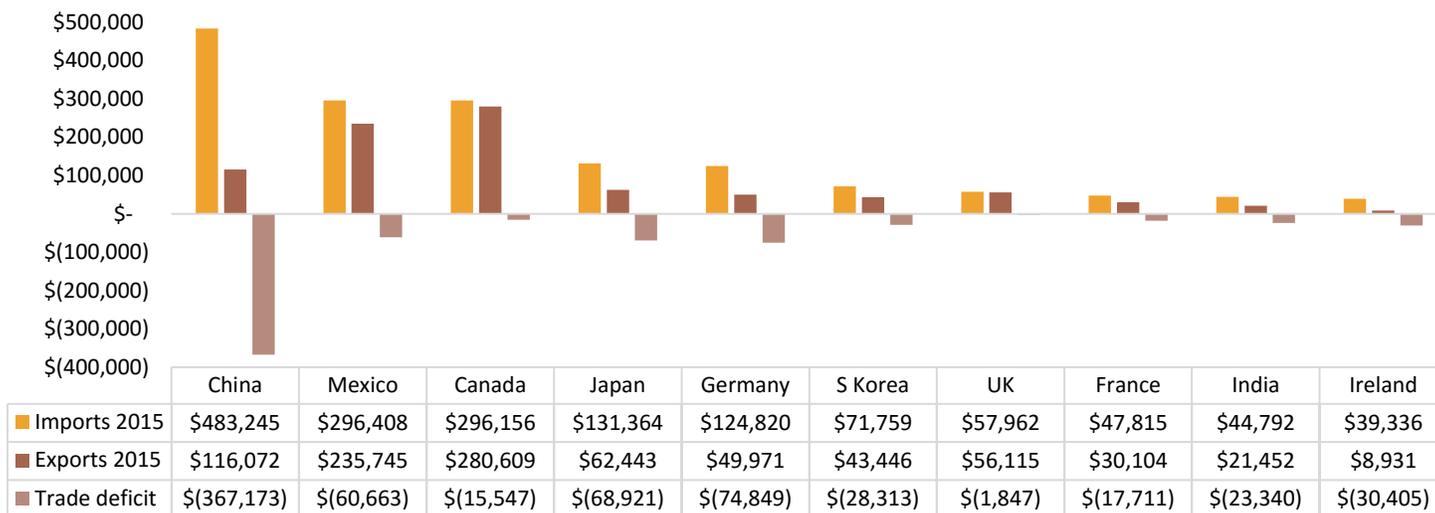
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⁸ Exceptions being Germany, India and Italy

ANNEXES

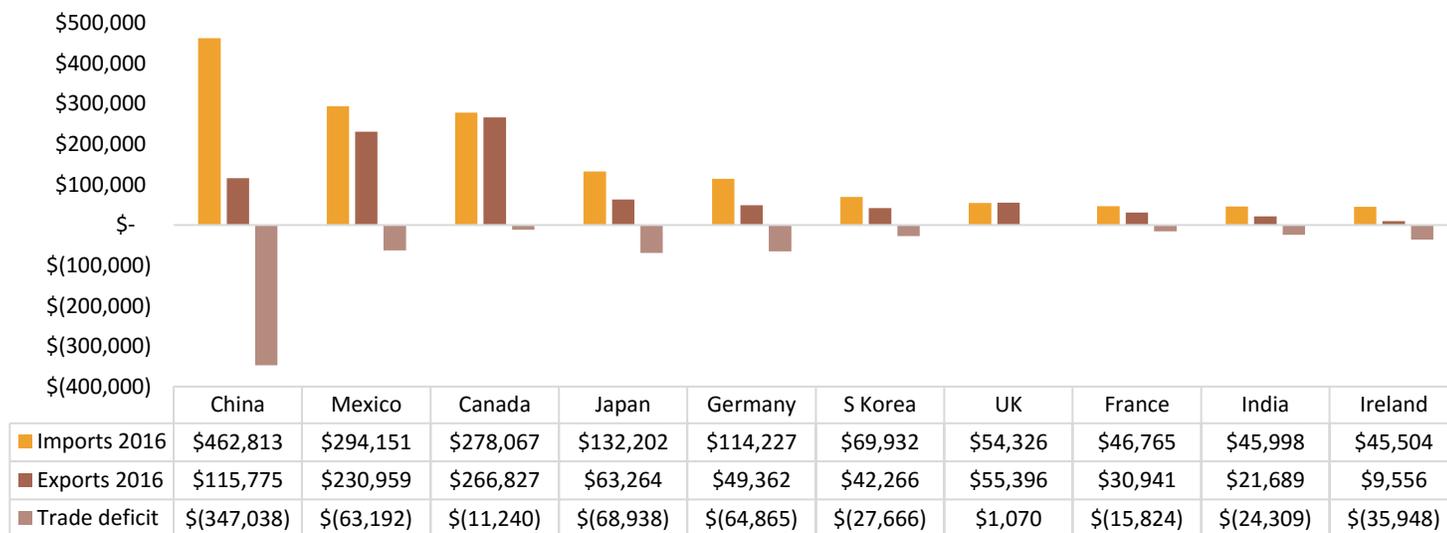
Annex 1: 2015 US Top 10 Trade partners (goods only)

* in million USD



Annex 2: 2016 US Top 10 Trade partners (goods only)

* in million USD



Source of Annex 1 & 2: [International Trade Administration](#)

Annex 3 Comparative Q1 Trade by Region/ Country (goods only)

* in million USD

Region/Country	2017 Q1 Balance	2017 Q1 Exports	2017 Q1 Imports	2016 Q1 Balance	2016 Q1 Exports	2016 Q1 Imports
Total Census Basis	(177,213)	372,890	550,103	(165,218)	347,559	512,777
North America	(23,656)	125,630	149,286	(18,318)	119,251	137,569
Canada	(6,913)	66,927	73,840	(3,613)	63,620	67,233
Mexico	(16,743)	58,702	75,446	(14,706)	55,631	70,337
Europe	(36,832)	81,601	118,433	(34,817)	78,910	113,726
European Union	(32,120)	69,977	102,097	(31,825)	67,588	99,413
Austria	(607)	2,080	2,687	(757)	1,820	2,577
Belgium	3,898	7,501	3,603	4,073	8,222	4,149
Czech Republic	(532)	512	1,044	(576)	505	1,081
Finland	(666)	385	1,050	(647)	376	1,022
France	(2,803)	8,448	11,251	(3,898)	7,585	11,483
Germany	(14,573)	12,951	27,525	(15,454)	12,305	27,759
Hungary	(700)	493	1,192	(793)	489	1,283
Ireland	(10,725)	2,327	13,052	(7,445)	2,651	10,096
Italy	(6,096)	4,863	10,959	(6,553)	4,030	10,584
Netherlands	6,086	10,389	4,304	6,073	9,720	3,646
Poland	(672)	883	1,554	(536)	905	1,440
Spain	(244)	2,907	3,151	(460)	2,590	3,050
Sweden	(1,587)	876	2,463	(1,489)	916	2,405
United Kingdom	147	13,076	12,929	404	13,376	12,972
Norway	(55)	1,061	1,116	(52)	1,025	1,077

Russia	(2,661)	1,281	3,941	(1,289)	1,468	2,757
Switzerland	(2,363)	5,819	8,183	(2,178)	5,470	7,648
Euro Area	(27,040)	53,194	80,233	(26,840)	50,616	77,456
Pacific Rim Countries	(98,956)	95,933	194,890	(103,627)	83,170	186,797
Australia	3,265	5,687	2,422	2,636	4,965	2,329
China	(78,849)	29,496	108,344	(77,946)	25,213	103,159
Hong Kong	9,521	11,370	1,849	7,023	8,610	1,587
Indonesia	(3,405)	1,681	5,086	(3,065)	1,703	4,768
Japan	(17,384)	16,034	33,419	(16,936)	15,059	31,995
Korea, South	(6,136)	11,300	17,436	(8,133)	9,757	17,890
Malaysia	(5,498)	3,269	8,767	(5,329)	2,952	8,281
Philippines	(655)	2,008	2,663	(483)	1,844	2,326
Singapore	3,155	7,392	4,238	1,957	6,142	4,185
Taiwan	(2,866)	6,725	9,591	(3,223)	5,989	9,212
South/Central America	7,067	36,080	29,013	8,710	32,809	24,099
Argentina	1,113	2,061	948	1,249	2,036	788
Brazil	1,519	8,157	6,638	763	6,406	5,643
Chile	111	3,146	3,036	1,126	3,704	2,578
Colombia	428	3,852	3,424	161	3,147	2,986
OPEC	(5,730)	14,147	19,877	2,193	18,887	16,695
Nigeria	(1,227)	441	1,668	(333)	481	814
Saudi Arabia	(2,592)	3,583	6,175	953	4,723	3,770
Venezuela	(2,548)	1,078	3,625	(622)	1,313	1,936
Africa	(2,154)	5,376	7,530	(779)	4,951	5,730
Algeria	(940)	263	1,202	(90)	468	558
Egypt	674	1,056	382	575	902	327
South Africa	(248)	1,207	1,455	(402)	1,095	1,497

Other Countries	(22,441)	17,211	39,653	(23,356)	14,956	38,313
India	(5,655)	5,755	11,410	(6,413)	4,860	11,273
Thailand	(4,712)	2,485	7,197	(4,346)	2,430	6,776

Source: [US Department of Commerce, Bureau of Economic Analysis](#)

Annex 4: 2017 Q1 Trade Balance by Commodity (goods only)

* in million USD

Commodities	2017 Q1 Imports	2017 Q1 Exports	2017 Q1 Balance
Civilian aircraft	3,202	12,617	9,415
Engines-civilian aircraft	4,865	9,962	5,097
Plastic materials	4,169	9,089	4,920
Petroleum products, other	7,547	12,063	4,516
Newsprint	227	3,247	3,020
Fuel oil	5,256	8,237	2,981
Nonmonetary gold	3,054	6,012	2,958
Parts-civilian aircraft	4,197	5,849	1,652
Pulpwood and woodpulp	711	2,236	1,525
Nuts	785	2,214	1,429
Chemicals-organic	6,111	7,174	1,063

(...)

Gem stones, other	1,021	-	(1,021)
Wood, glass, plastic	2,035	1,006	(1,029)
Metalworking machine tools	2,801	1,675	(1,126)
Bakery products	2,747	1,561	(1,186)
Vegetables	2,978	1,717	(1,261)
Materials handling equipment	3,943	2,671	(1,272)
Green coffee	1,276	-	(1,276)
Semiconductors	13,065	11,733	(1,332)
Feedstuff and foodgrains	1,390	-	(1,390)
Synthetic cloth	1,401	-	(1,401)

Alcoholic beverages, excluding wine	2,019	513	(1,506)
Stone, sand, cement, etc.	1,522	-	(1,522)
Apparel,household goods-nontextile	2,357	759	(1,598)
Stereo equipment, etc	1,634	-	(1,634)
Food oils, oilseeds	1,762	-	(1,762)
Lumber	1,792	-	(1,792)
Paper and paper products	1,875	-	(1,875)
Electric apparatus	12,842	10,854	(1,988)
Iron and steel mill products	4,438	2,444	(1,994)
Other consumer nondurables	3,834	1,797	(2,037)
Tobacco, waxes, etc.	2,037	-	(2,037)
Iron and steel products, n.e.c.	2,094	-	(2,094)
Automotive tires and tubes	3,039	885	(2,154)
Other precious metals	2,257	-	(2,257)
Cookware, cutlery, tools	2,544	286	(2,258)
Wine, beer, and related products	2,826	566	(2,260)
Engines and engine parts	7,221	4,952	(2,269)
Fruits, frozen juices	4,449	2,157	(2,292)
Iron and steel, advanced	2,487	-	(2,487)
Meat products	2,607	-	(2,607)
Generators, accessories	5,913	3,147	(2,766)
Shingles, wallboard	2,819	-	(2,819)
Photo, service industry machinery	5,405	2,502	(2,903)
Chemicals-other, n.e.c.	2,939	-	(2,939)
Camping apparel and gear	3,075	-	(3,075)
Jewelry	3,567	-	(3,567)
Bauxite and aluminum	3,803	-	(3,803)
Fish and shellfish	5,154	1,258	(3,896)
Trucks, buses, and special purpose vehicles	9,107	5,053	(4,054)
Footwear	4,743	-	(4,743)
Televisions and video equipment	6,409	1,278	(5,131)
Household appliances	6,862	1,579	(5,283)
Toys, games, and sporting goods	8,627	2,446	(6,181)
Computer accessories	13,995	7,538	(6,457)
Furniture, household goods, etc.	8,986	1,169	(7,817)
Industrial supplies, other	8,241	-	(8,241)
Telecommunications equipment	18,764	9,546	(9,218)
Apparel, household goods - cotton	10,821	-	(10,821)
Computers	15,198	3,559	(11,639)
Other parts and accessories of vehicles	26,839	14,910	(11,929)
Apparel, textiles, nonwool or cotton	12,807	-	(12,807)

Pharmaceutical preparations	28,612	14,053	(14,559)
Cell phones and other household goods, n.e.c.	25,550	6,458	(19,092)
Passenger cars, new and used	44,785	14,317	(30,468)
Crude oil	37,417	4,224	(33,193)

Source: [US Department of Commerce, Bureau of Economic Analysis](#)

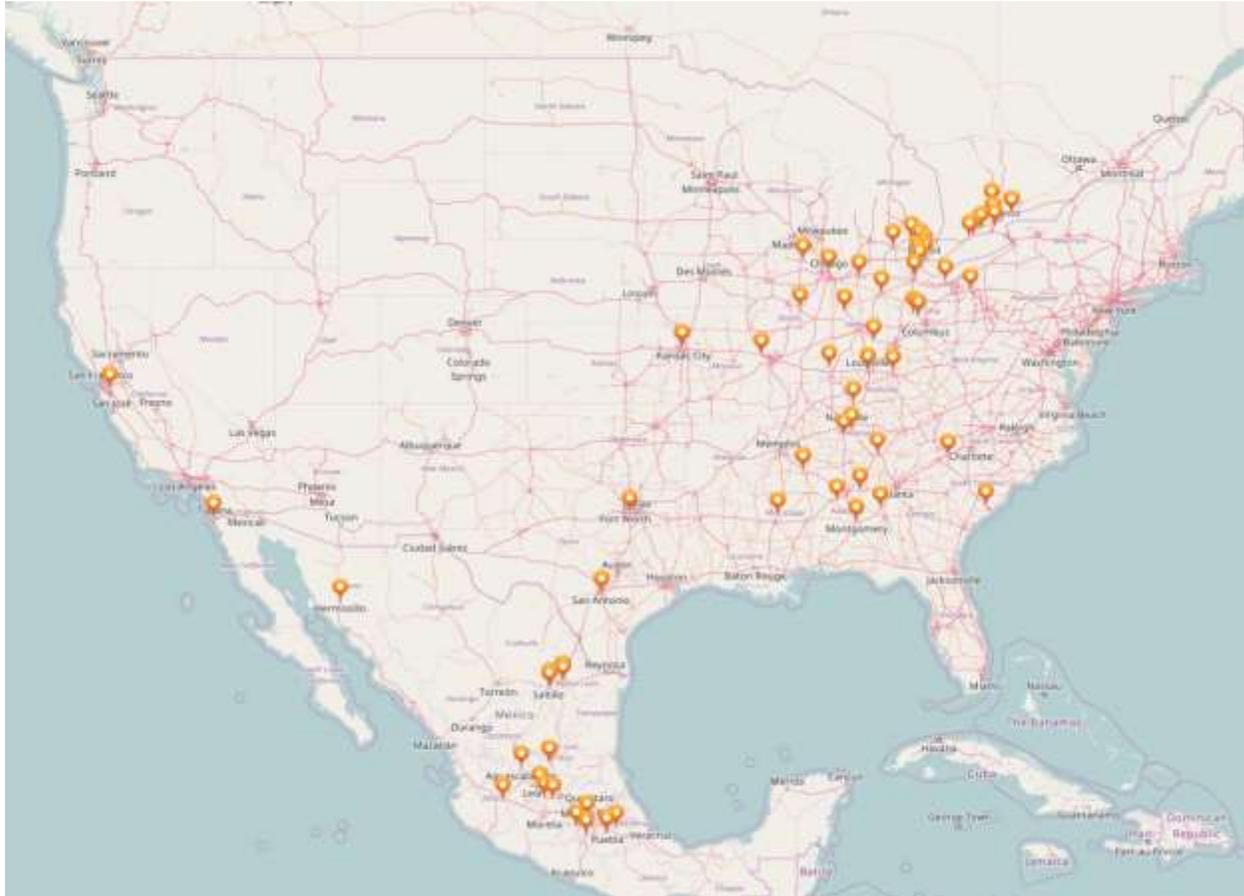
Annex 5: 2017 Q1 Comparative Trade Data by Key Commodity

* in million USD

Items	2017 Q1 Exports	2016 Q1 Exports	Exports Change	2017 Q1 Imports	2016 Q1 Imports	Import Change	2017 Q1 Balance	2016 Q1 Balance	Change in Trade Balance
Nonferrous metals, other	1,994	1,726	268	1,073	838	235	921	888	33
Finished metal shapes	4,581	4,465	116	4,510	4,547	-37	71	-82	153
Iron and steel mill products	2,444	2,068	376	4,438	3,600	838	-1,994	-1,532	-462
Copper	1,410	1,676	-265	1,435	834	601	-25	842	-867
Industrial engines	6,572	6,692	-120	60,68	5,704	364	504	988	-484
Railway transportation equipment	820	887	-67	299	326	-27	521	561	-40
Drilling & oilfield equipment	898	1,611	-713	1,089	809	280	-191	802	-993
Measuring, testing, control instruments	5,786	5,740	45	5,161	4,873	288	625	867	-242
Nonfarm tractors and parts	660	595	65	184	412	-228	476	183	293
Excavating machinery	2,357	2,211	146	2,559	2,470	89	-202	-259	57
Marine engines, parts	282	330	-49	223	276	-53	59	54	5
Agricultural machinery, equipment	1,879	1,644	235	2,024	2,298	-274	-145	-654	509
Electric apparatus	10,854	10,487	367	12,842	11,736	1106	-1,988	-1,249	-739
Generators, accessories	3,147	3,348	-201	5,913	5,670	243	-2,766	-2,322	-444
Passenger cars, new and used	14,317	13,290	1,027	44,785	42,706	2,078	-30,468	-29,416	-1,052
Bodies and chassis for passenger cars	272	168	104	4	4	-1	268	164	104
Other parts and accessories of vehicles	14,910	14,361	549	26,839	26,439	399	-11,929	-12,078	149
Automotive tires and tubes	885	898	-13	3,039	3,055	-16	-2,154	-2,157	3
Engines and engine parts	4,952	4,281	671	7,221	7,011	210	-2,269	-2,730	461
Trucks, buses, and special purpose vehicles	5,053	4,561	492	9,107	8,710	396	-4,054	-4,149	95

Source: [US Department of Commerce, Bureau of Economic Analysis](#)

Annex 6: Locations of the Automotive (Car & Truck) Assembly Plants in North America as of 2015



Source: [Automotive News](#) (MES Inc. georeferenced)

Name	City	State	Country	Name	City	State	Country
Auto Alliance	Flat Rock	MI	USA	Honda	Alliston	Ontario	Canada
BMW	San Luis Potosi	San Luis Potosi	Mexico	Honda	Celaya	Guanajuato	Mexico
BMW	Spartanburg	SC	USA	Honda	El Salto	Jalisco	Mexico
Chrysler Group	Brampton	Ontario	Canada	Honda	East Liberty	OH	USA
Chrysler Group	Windsor	Ontario	Canada	Honda	Greensburg	IN	USA
Chrysler Group	Saltillo	Coahuila	Mexico	Honda	Lincoln	AL	USA
Chrysler Group	Saltillo	Coahuila	Mexico	Honda	Lincoln	AL	USA
Chrysler Group	Toluca	State of Mexico	Mexico	Honda	Marysville	OH	USA
Chrysler Group	Belvidere	IL	USA	Honda	Marysville	OH	USA
Chrysler Group	Detroit	MI	USA	Hyundai-Kia	Monterrey	Nuevo Leon	Mexico
Chrysler Group	Detroit	MI	USA	Hyundai-Kia	Montgomery	AL	USA
Chrysler Group	Sterling Heights	MI	USA	Hyundai-Kia	West Point	GA	USA

Chrysler Group	Toledo	MI	USA	Mazda	Salamanca	Guanajuato	Mexico
Chrysler Group	Toledo	MI	USA	Mercedes-Benz	Ladson	SC	USA
Chrysler Group	Warren	MI	USA	Mercedes-Benz	Vance	AL	USA
Ford	Oakville	Ontario	Canada	Mitsubishi Mobility Ventures	Normal	IL	USA
Ford	Escobedo	Nuevo Leon	Mexico		Mishawaka	IN	USA
Ford	Escobedo	Nuevo Leon	Mexico	Nissan	Aguascalientes	Aguascalientes	Mexico
Ford	Cuautitlan	State of Mexico	Mexico	Nissan	Cuernavaca	Morelos	Mexico
Ford	Hermosillo	Sonora	Mexico	Nissan	Canton	MS	USA
Ford	Chicago	IL	USA	Nissan	Smyrna	TN	USA
Ford	Dearborn	MI	USA	Subaru	Lafayette	IN	USA
Ford	Detroit	MI	USA	Tesla	Fremont	CA	USA
Ford	Kansas City	KS	USA	Toyota	Cambridge	Ontario	Canada
Ford	Louisville	KY	USA	Toyota	Woodstock	Ontario	Canada
Ford	Louisville	KY	USA	Toyota	Tijuana	Baja California	Mexico
Ford	Wayne	MI	USA	Toyota	Blue Springs	MS	USA
Ford	Avon Lake	OH	USA	Toyota	Georgetown	KY	USA
GM	Ingersoll	Ontario	Canada	Toyota	Princeton	IN	USA
GM	Oshawa	Ontario	Canada	Toyota	San Antonio	TX	USA
GM	Ramos Arizpe	Coahuila	Mexico	Volkswagen	Puebla	Puebla	Mexico
GM	San Luis Potosi	San Luis Potosi	Mexico	Volkswagen	San Jose Chiapa	Puebla	Mexico
GM	Silao	Guanajuato	Mexico	Volkswagen	Chattanooga	TN	USA
GM	Arlington	TX	USA				
GM	Bowling Green	KY	USA				
GM	Detroit	MI	USA				
GM	Kansas City	KS	USA				
GM	Flint	MI	USA				
GM	Fort Wayne	IN	USA				