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**ECONOMIC SURVEY OF THE UNITED STATES  
2000**



# ECONOMIC SURVEY OF THE UNITED STATES

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## **THE EVOLUTION OF THE UNITED STATES ECONOMY IN 2000**

The U.S. economy turned in another exceptional performance in 2000. The economic expansion - in its tenth continuous year - replaced 1982-90 as the longest peacetime expansion on record in February 2000, when it reached 107 months. After growing rapidly between mid-1999 and mid-2000, however, the economy showed signs of moderating in the second half of 2000. Nevertheless, real GDP grew at a 5% annual rate in 2000, the strongest showing in sixteen years, following four consecutive years of growth in excess of 4%.

Inflation increased 3.4%, while the rate of unemployment declined to 4.0% in 2000, the lowest level since 1969 (appendix table 1-1). For the third consecutive year the fiscal accounts recorded a budget surplus, the largest relative to the size of the economy in nearly 50 years. A disciplined fiscal policy was accompanied by a tightening of monetary policy that attempted to rebalance aggregate demand and aggregate supply.

What remained particularly surprising with this expansion was the continuing acceleration in productivity, unprecedented in the last decades, which allowed businesses to absorb higher labor costs without raising prices. Thus, in marked contrast to the typical experience during previous expansions, inflation remained subdued. For 2000 as a whole, productivity gains reached 4.3%, the fastest yearly pace since 1983.

The slowing down of the economy in the second half of 2000 raised the question on whether the economy was destined for - or even already in the early stages of - a prolonged contraction and whether it would achieve a "soft" or a "hard" landing. It also highlighted the debate on how much of the economy's large productivity gains have been due to structural rather than cyclical factors, which would enable the economy to grow on a sustainable basis more rapidly than in past decades.

### **I. THE DOMESTIC ECONOMY**

#### **1. Macroeconomic Aggregates**

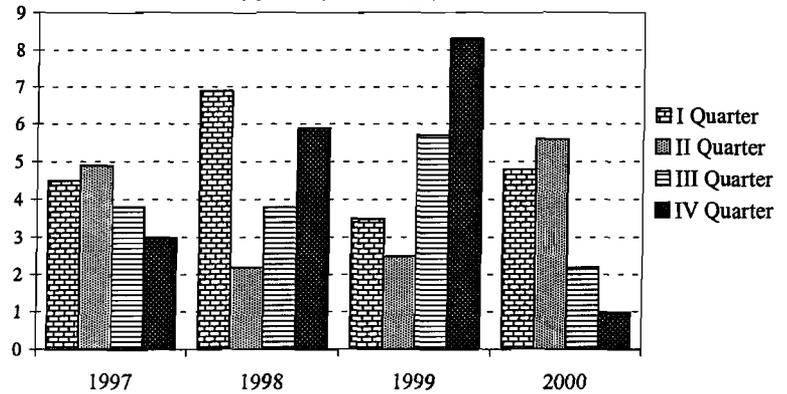
For the fourth consecutive year, the U.S. economy grew over 4% at a robust rate of 5% over the four quarters of 2000, well ahead of the 4.2% gain in 1999. The U.S. economy began to slow in the second half of 2000, however, after a robust six months that fueled the strongest full-year growth in sixteen years (appendix, table 1-2).

In the third and fourth quarters, the U.S. economy grew at an annual rate of 2.2% and 1.0%, respectively, following growth rates of 4.8% and 5.6% in the first and second quarters, respectively. The deceleration in real GDP in the third quarter primarily reflected downturns in investment and federal government spending though consumer spending accelerated as

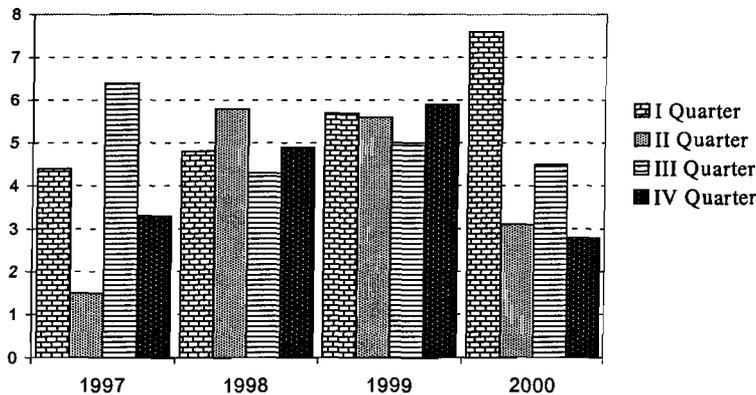
purchases of autos and other big-ticket items rebounded. Purchases of non-durable goods also registered stronger growth than in the previous quarter.

In the last three months of the year, the U.S. economy slowed further and sharply, posting a 1.0% growth, the weakest GDP pace for any three-month period since 1995. Consumer spending remained positive, but slowed to a 2.8% annualized rate compared to 4.5% in the third quarter, the slowest rate since early 1997. The cooling of the stock market in 2000, with technology stocks in general and Internet stocks in particular falling sharply after peaking in the spring, most likely played a role in slowing growth in consumer spending and business investment as the year progressed, as did rising energy prices and increases in interest rates associated with monetary tightening by the Federal Reserve between June 1999 and May 2000.

**Figure 1: Real Gross Domestic Product**  
(Quarterly % Change)



**Figure 2: Personal Consumption Expenditures**  
(Quarterly % Change)



For 2000 as a whole, real personal consumption increased 5.3%, the same rate as in 1999, against a backdrop of extremely favorable fundamentals, which included a steadily rising real disposable income. The increase in consumption expenditures in 1999 and 2000 is generally explained by the sharp increase in household wealth since 1994. Since increased consumption due to this wealth effect reduces saving out of current income, the

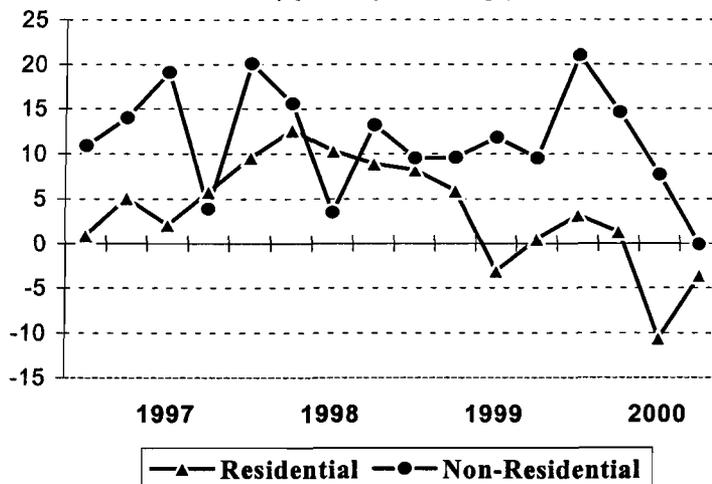
personal saving rate became negative in 2000. However, increases in public saving have more than offset declines in private saving (appendix, table 1-3). The pattern of spending in 2000 was similar to what it had been in the preceding two years, with consumer expenditure growing faster than income, business investment in equipment and software growing robustly, and domestic spending outpacing domestic income to produce a further decline in net exports.

Real fixed investment expanded by 9.3% in 2000. As in previous years, spending rose fastest for information processing equipment and software. However, as a result of a decline in transportation equipment and slower growth in equipment and software spending, non-residential fixed investment fell 0.1% in the fourth quarter of 2000, in contrast to an increase of 7.7% in the third quarter and increases of 21% and 14.6% in the first and second quarters.

Residential investment fell in the second half of 2000 as well (-10.6% and -3.6% in the third and fourth quarters), after increasing 3.2% and 1.3% in the first and second quarters of 2000.

At the government level, combined real outlays for consumption and investment grew by 2.8% in 2000, after having expanded by 3.3% in 1999, owing to increased spending by State and local governments. Government expenditures for consumption and investment have grown more slowly than GDP during this expansion, and Federal expenditures have fallen in real terms. Although increases were recorded at the State and local levels, the government's contribution to GDP in the aggregate was negligible. The federal fiscal position, which in 1998 had shifted from deficit to surplus - the first budget surplus recorded since 1969 - in 2000 was the largest surplus relative to the size of the economy in nearly 50 years, at 2.4% of GDP.

**Figure 3: Residential & Non-Residential Investment**  
(Quarterly % Change)



## 2. Sector Developments

Industrial production expanded by 5.7% in 2000 despite a weak last quarter, with most of the acceleration in industrial production taking place in the first half of the year<sup>1</sup>. Industrial production fell 0.5% in December, the largest decline in more than two years, following decreases of 0.3% and 0.2% in November and in October, respectively. Industrial output contracted at an annual rate of 1.1% in the fourth quarter, the first negative quarterly reading since 1991. Growth in 2000 reflected for the most part a higher level of activity in the manufacturing sector, but the activity level increased in the mining and utilities sectors as well, although not as strongly as in the manufacturing sector (appendix, table 1-4).

Businesses used less of their production capacity in December of 2000 than at any time in more than eight years. Capacity use declined for the fourth consecutive month in December, to a rate of 80.6%, the lowest since September 1992. The capacity utilization rate is now 1.5% below its 1967-99 average.

<sup>1</sup> The Federal Reserve revised measures of industrial production, capacity, and capacity utilization since January 1992. The updated measures reflect both new sources of data as well as introduction of new methods for compiling some series.

Manufacturing was the main source of decline amongst the major industry groups, with a drop of 1.1%, as manufacturers received sharply fewer orders, made fewer products and employed fewer workers in December, than they did in November, sending the closely watched “Purchasing Manager’s” index of manufacturing activity to its lowest level since 1991. Over the course of 2000, the index fell more steeply than in any year since 1979 as indicated by the National Association of Purchasing Management. In December it stood at 43.7<sup>2</sup>.

### Industrial Outlook

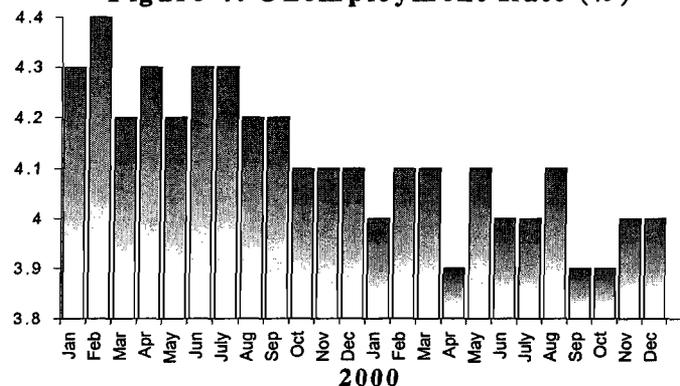
2000	Total Industrial Production			Capacity utilization rate (%)
	Index 1992=100	Percent change (From preceding month)	Percent change (From year earlier)	Total Industry
January	143.6	0.5	5.6	81.9
February	144.3	0.5	5.9	82.0
March	145.2	0.7	5.8	82.2
April	146.3	0.7	6.4	82.5
May	147.2	0.7	6.4	82.7
June	147.9	0.5	6.7	82.7
July	147.6	-0.2	5.7	82.3
August	148.6	0.7	6.0	82.6
September	149.0	0.2	6.1	82.4
October	148.7	-0.2	5.1	82.0
November	148.2	-0.3	4.4	81.4
December	147.4	-0.5	3.2	80.7

Much of the weakness in the industrial sector over the last three months of the year can be tied to production slowdowns at automakers and in other industries directly influenced by consumer spending. Excluding motor vehicles and parts, December industrial output fell 0.4% after a 0.1% November rise. Thus aside from the weakness in motor vehicle output, production declines were fairly broad-based throughout the industrial sector, except for mining and electric utilities.

### 3. Employment

The labor market enjoyed another excellent year in 2000 with both increased hiring and continued healthy growth in labor productivity. The number of jobs on non-agricultural payrolls increased by about 2.7 million, 2% from the end of 1999 to the end of 2000. Employment decreased again in the manufacturing sector in 2000 (the number of manufacturing jobs fell by 106,000), but in other parts of the economy demand for labor continued to rise fast. In particular, employment in the service sector grew rapidly in 2000 (2.4%) and employment in the government sector posted its strongest growth gain in 10 years.

Figure 4: Unemployment Rate (%)



<sup>2</sup> A reading above 50 indicates growth in manufacturing, while a reading below that level indicates a contraction.

The rising demand for labor in 2000 continued to strain supply. The civilian labor force rose 1.1% in 2000 and, with employment rising somewhat faster than the labor force, the unemployment rate fell still further. The rate of unemployment fell from 4.2% in 1999 to 4.0% in 2000 – the lowest annual rate since 1969 (appendix, table 1-5).

Labor productivity continued to grow in 2000. The productivity gains in the second half of 2000 represented a significant moderation from the first half's rate. The pace of productivity growth posted in the early part of the year was very rapid and was unlikely to be maintained. Over the year, however, the non-farm business sector's productivity increased by 4.3%, the fastest yearly rate pace since 1983. By contrast, the average rate of increase during the 1980s and first years of the 1990s was just over 1% per year.

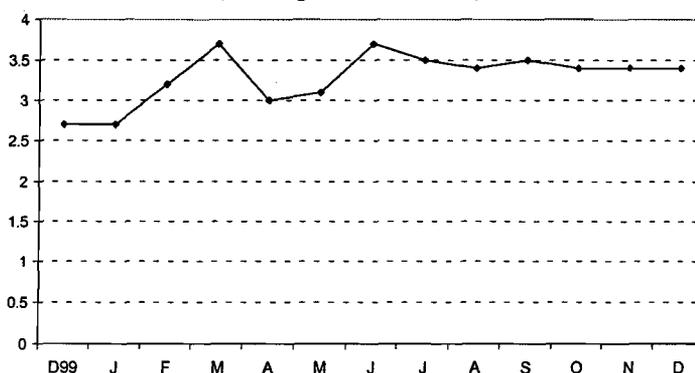
How much of the economy's large productivity gains have been due to structural, not cyclical factors remains one of the most important issues confronting policymakers at the moment. The markedly increase in productivity's contribution to growth in 1999 and 2000, so late in the business cycle, was particularly surprising and lent support to the view that massive investment in technology over the past decade was beginning to pay off. The numbers for the fourth quarter of 2000, however, fueled the debate about how much of the longest economic expansion in U.S. history was due to a structural rise in labor productivity, which would enable the economy to grow on a sustainable basis more rapidly than in past decades. In the midst of an economic slowdown, the fourth-quarter productivity rate rose by more than the output of goods. Manufacturing production plunged at a 1.8% rate in the fourth-quarter, but productivity in manufacturing still rose at a rate of 5.3%. On an annual basis, manufacturing productivity averaged 7.1%.

#### 4. Prices and Incomes

Overall rates of inflation were noticeably higher in 2000, largely as a result of steep increases in energy prices in the first three quarters of the year. Energy prices posted a gain of 14.2% in 2000, although they were lower in the fourth quarter of 2000.

The Consumer Price Index (CPI) increased 3.4% during the 12-month period ending in December, the largest annual advance since a 6.1% rise in 1990. This compares with an increase of 2.7% for all of 1999. In the fourth quarter, consumer prices rose at a seasonally adjusted annual rate of 2.1% following increases of 6.1%, 2.6%, and 2.8%, respectively in previous quarters.

**Figure 5: Evolution of Domestic Prices**  
(% change over 12 months)



2000

The core CPI inflation rate, which excludes food and energy, advanced at a seasonally adjusted annual rate of 2.0% in the fourth quarter, following increase at rates of 3.4%, 2.2%, and 2.7%, respectively, in the first three quarters of 2000. The core CPI inflation rate for 2000 was 2.6%, compared to 1.9% in 1999, the fastest pace since 1996 (appendix, table 1-6).

Wages and compensation registered solid increases in nominal terms in 2000. However, wage increases were more than offset by strong productivity gains, with the result that unit labor costs (compensation per unit of output) did not put upward pressure on producer prices. Hourly compensation costs in the nonfarm business sector increased by 5.1% in 2000, down from 4.4% the previous year (appendix, table 1-7).

The growth rate of unit labor costs in 2000 – the difference between the growth rates of compensation per hour and of output per hour – was below what was recorded in 1999, which was crucial to keep inflation low. The large gain in productivity offset most of the rise in the cost of compensating labor. Labor costs per unit of output rose by only 0.7% during 2000 compared to about 2% the previous year (appendix, table 1-8).

## **5. Fiscal Policy**

In fiscal year 2000, the Federal Government surplus on a unified budget basis was \$236 billion, nearly double the \$124 billion of fiscal 1999. The objective put forward in the 1997 Balanced Budget and Taxpayer Relief Acts of eliminating the budget deficit by 2002 was accomplished four years ahead of schedule, when the first budget surplus since 1969 was recorded in 1998. Moreover, at 2.4% of GDP, the surplus in 2000 was the largest relative to the size of the economy in nearly 50 years. The rapidly increasing federal budget surplus allowed the U.S. Treasury to pay down its debt in 2000 at an even faster pace than in recent years. As of the end of fiscal 2000, the stock of marketable U.S. Treasury debt outstanding had fallen about \$500 billion from its peak in 1997.

During fiscal year 2000, federal revenues rose by 10.8%, more than the 6.1% recorded in 1999. An increase in net corporate tax payments of 12.2% in contrast to a decrease of 2.1% in 1999, with an increase of 14.2% in individual tax payments were mainly responsible for the acceleration in revenues. Federal outlays grew by 5.0% in 2000, also more than the growth rate in the two previous years, but less than the growth in revenues (appendix, table 1-9).

State and local government debt increased little in 2000. Gross issuance of long-term municipal bonds was well below the robust pace of the past two years. Refunding offerings were held down by higher interest rates through much of the year, and the need to raise new capital was diminished by strong tax revenues.

The decline in the federal budget deficit slowed the increase in the national debt, such that the ratio of the national debt to GDP in 2000 decreased to 57.3%. The gross federal debt amounted to \$5.6 trillion at the end of 2000 (appendix, table 1-9).

## 6. Monetary Policy

The Federal Reserve maintained a “bias to tighten” since late 1999, that lasted until the end of 2000, based on concerns that inflation could rise. Only at their last meeting of the year, on December 19 of 2000, the Federal Open Market Committee (FOMC)’s members signaled that they had shifted their thinking to being more concerned about the abrupt slowing of growth than about the possibility that inflation would rise. Despite the shift, the FOMC decided to leave interest rates unchanged.

The Federal Reserve tightened its policy settings substantially from late 1999 until the FOMC meeting in May 2000. After that, preliminary signs began to emerge suggesting that growth might be slowing, and the FOMC left the federal funds rate unchanged at its meetings in June, August, October, November and December. The FOMC remained concerned that demand could continue to grow faster than potential supply at a time when the labor market was already tight, with the balance of risks still tilted toward heightened inflation pressures until November. At its November meeting, although maintaining the federal fund rate unchanged, the FOMC, in its statement after the meeting, noted the possibility of sub par growth in the economy in the period ahead. In the December meeting, the FOMC determined that risks to the outlook had swung considerably and now were weighted toward economic weakness, although it decided to wait for additional evidence on the extent and persistence of the slowdown before moving to an easier policy stance.

However, on January 3, four weeks ahead of the 2001’s first scheduled meeting of the rate-setting FOMC, the Federal Reserve cut the federal funds rate by a half percentage point, bringing it to 6%, back to the level where it was in June of 2000. To underline its surprising move, the Fed also approved a cut in the discount rate on Fed loans to commercial banks, bringing it to 5-1/2%. It was the first time the Federal Reserve had cut interest rates between regular FOMC meetings since the fall of 1998, when a global economic crisis threatened to seize up world financial markets. In its statement, the Federal Reserve said that the actions on January 3 “were taken in light of further weakening of sales and production, and in the context of lower consumer confidence, tight conditions in some segments of financial markets, and high energy prices sapping household and business purchasing power” (appendix, table 1-10).

Regarding monetary aggregates, growth was rather vigorous during 2000. The expansion of the broadest monetary aggregate, M3, was particularly strong over the first three quarters of 2000, as the robust growth in depositary credit was partly funded through issuance of managed liabilities included in this aggregate, such as large time deposits. Growth of M3 eased somewhat in the fourth quarter because the slowing of bank credit led depositary institutions to reduce their reliance on managed liabilities. In the 12 months ending in December 2000, M3 expanded by 9.4%, well above the 8.2% pace in 1999. This advance again outpaced that of nominal income, and M3 velocity – the ration of nominal income to M3 – declined for the sixth year in a row. Growth of M2 was 6.1%, about the same pace as in 1999 (appendix, table 1-11).

Aggregate debt of domestic nonfinancial sectors increased an estimated 5.25% over 2000, a considerable slowdown from the gains of almost 7% posted in 1998 and 1999. The expansion of nonfederal debt moderated to 8.5% in 2000, from 9.5% in 1999, with the slowing being primarily due to a weakening of consumer and business borrowing in the second half of the year, as the growth of durables consumption and capital expenditures fell off and financial conditions tightened for some firms. Some of the slowdown in total nonfinancial debt was also attributable to the federal government, which paid down 6.75% of its debt last year, compared with 2.5% in 1999. In 1998 and 1999, domestic nonfinancial debt increased faster than nominal GDP, despite the reduction in federal debt over those years. The ratio of nonfinancial debt to GDP edged down in 2000, however, as the federal debt paydown accelerated and nonfederal borrowing slowed (appendix, table 1-12).

## 7. Financial Markets

The year 2000 was a hard year for the stock market. After record highs in March, stock prices turned lower, declining considerably over the last four months of the year. On balance, the broadest stock indexes fell more than 10% in 2000, and the tech-heavy Nasdaq was down nearly 40%. However, separating the technology and telecommunications shares, the rest of the stock market actually rose during 2000, since what took place was a slow down of the big technology event of 1999. Many stocks that had captured investor's attention – particularly in the Internet sector – lost three quarters of their value or more.

The corporate bond market also weakened in 2000 after some prominent corporations ran into financial troubles that led to downgrades of their supposedly safe bonds. The bond markets were shaky, thus most major corporations refrained from raising capital, unless it was urgently needed.

Companies raised less money from U.S investors in the fourth quarter of 2000 than in any quarter since the spring of 1997. Total proceeds from sales of new securities in the quarter were \$393 billion, down 2.5% from \$403 billion in the fourth quarter of 1999. For the full year, companies raised \$1.95 trillion, down about 8% from \$2.13 trillion in each of the two previous years.

**Stock Market**

	<b>Dow Jones Industrial Average</b>	<b>S&amp;P 500</b>	<b>Nasdaq</b>
1995	4,493.76	541.72	925.19
1996	5,742.89	670.50	1,164.96
1997	7,441.15	873.43	1,469.49
1998	8,625.52	1,085.50	1,794.91
1999	10,464.88	1,327.33	2,728.15
2000	10,734.90	1,427.22	3,783.67
January	11,281.26	1,425.59	4,013.49
February	10,541.93	1,388.87	4,410.87
March	10,483.39	1,442.21	4,802.99
April	10,944.31	1,461.36	3,863.64
May	10,580.27	1,418.48	3,528.42
June	10,582.93	1,461.96	3,865.48
July	10,662.95	1,473.00	4,017.69
August	11,014.51	1,485.46	3,909.60
September	10,967.87	1,468.05	3,875.82
October	10,440.96	1,390.14	3,333.82
November	10,666.06	1,375.04	3,055.42
December	10,652.41	1,330.93	2,657.81

Throughout the year 2000, stock prices were affected negatively by several factors including a very robust economic activity in the winter where investors were afflicted by concerns that inflation and interest rates would move notably higher, a moderately overvalued S&P 500 and Nasdaq at the beginning of 2000, and a wide valuation disparity within equity markets. During 1999 and early 2000 some companies appeared to have very easy access to capital, particularly the ones in the Internet sector, while other broader categories, such as real estate and small- and mid- capitalization stocks were largely ignored by most investors.

With respect to the bonds market, the sectors that fared the worst in 2000 were the investment-grade corporate bonds and high-yield, or junk bonds. Junk bonds registered their worst performance relative to Treasuries since 1990. Companies issued only about \$43 billion of junk bonds in 2000, less than half of the volume of 1999 and a third of the record level of 1998. For investment-grade corporate bonds, it was the worst performance relative to Treasuries since 1981.

In the case of Treasuries, they exhibited a good performance in 2000. Bonds returned 13.4% and longer-term Treasuries, with maturities of 10 years or more, returned an average of 20.2%, according to Merrill Lynch. Treasuries were positively affected by expectations of slowing economic growth, growing government surpluses and the consequent reduction in issuance of new Treasury debt, the beginning of the actual buying back of existing

**U.S. Treasury Security Yields** (Percent per annum)

		3-Month Bills	Constant maturity 30-year
2000	January	5.34	6.63
	February	5.57	6.23
	March	5.72	6.05
	April	5.67	5.85
	May	5.92	6.15
	June	5.74	5.93
	July	5.93	5.85
	August	6.11	5.72
	September	6.00	5.83
	October	6.10	5.80
	November	6.19	5.78
	December	5.83	5.49

Treasury debt<sup>3</sup> and the expectation that interest rates would be reduced. Treasury interest rates moved considerably lower in 2000, as the yield of the 10-year note dropped to 5.10% from 6.44% and the yield of 30-year bond plunged to 5.46% from 6.48%. At the end of 2000, Treasury yields from 2 years to 30 years were at their lowest levels since early 1999, just after long-term rates had reached their lowest level in more than 30 years at the end of 1998.

<sup>3</sup> In total, the Treasury conducted twenty buyback operations in 2000, repurchasing a total of \$30 billion par value of securities with maturities ranging from twelve to twenty-seven years.

## II. INTERNATIONAL TRANSACTIONS

The U.S. current account deficit amounted to a record \$435.4 billion (preliminary figures) in 2000, or 4.4% of GDP, up from the previous record of \$331.5 billion in 1999, or 3.6% of GDP. The widening deficit mainly reflected a substantial increase in the deficit on goods and services, which widened to \$386.5 billion from \$265.0 in 1999, though it was also accompanied by a higher deficit on investment income and net unilateral transfers. Until 1997, trade deficits had been offset by net investment income. However, as the U.S. net external debt has risen, net investment income has become increasingly negative.

In the capital account, net capital transactions were inflows of \$0.7, in contrast to outflows of \$3.5 billion in 1999.

### 1. Exchange rates

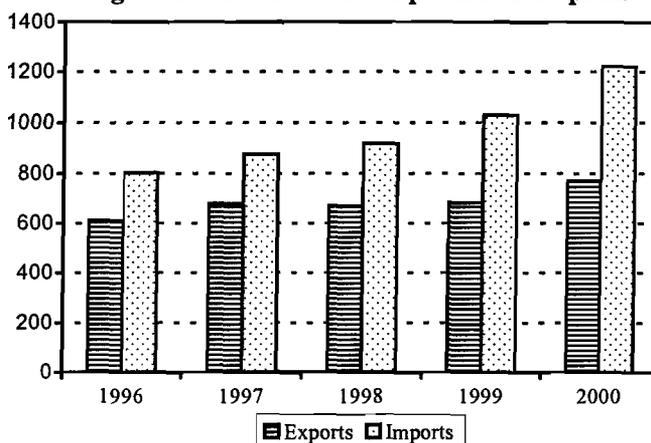
The dollar resumed its appreciation in 2000, after changing little in 1999. Performance against individual currencies varied widely. For instance, on a trade-weighted yearly average basis, the dollar appreciated 15% against the euro, depreciated 5% against the Japanese yen and rose 5% against the group of 7 currencies that are widely traded in international markets. On a December-to-December basis, the value of the dollar on a nominal, trade-weighted basis appreciated almost 9% against the group of 7 major currencies, by 13% against the euro and by 9% against the yen. Large differences in relative growth rates as well as perceptions about future changes in growth rates were key determinants of exchange rate developments during the year (appendix, table 2-1).

### 2. Current Account

The deficit on goods and services increased to \$368.5 billion in 2000 from \$267.5 billion in 1999. The deficit on goods increased to \$449.5 billion in 2000 from \$345.6 billion in 1999, while the surplus on services changed little.

Imports and exports both increased by very large amounts in 2000. U.S. goods exports increased \$88.9 billion or 13% to \$773.3 billion in 2000 after increasing only \$14 billion or 2% in 1999. Exports were supported by a pickup in economic activity abroad that began early in 1999 and continued through much of 2000. The increase was concentrated in capital goods, which had accounted for virtually

Figure 6: Merchandise Exports and Imports



all of the growth in 1999, and in industrial supplies and materials. About 46% of U.S. goods exports were capital equipment, 22% were industrial supplies, and roughly 10% each were agricultural, automotive, and consumer goods (appendix, table 2-2). By market destination, U.S exports were strongest to Mexico and countries in Asia.

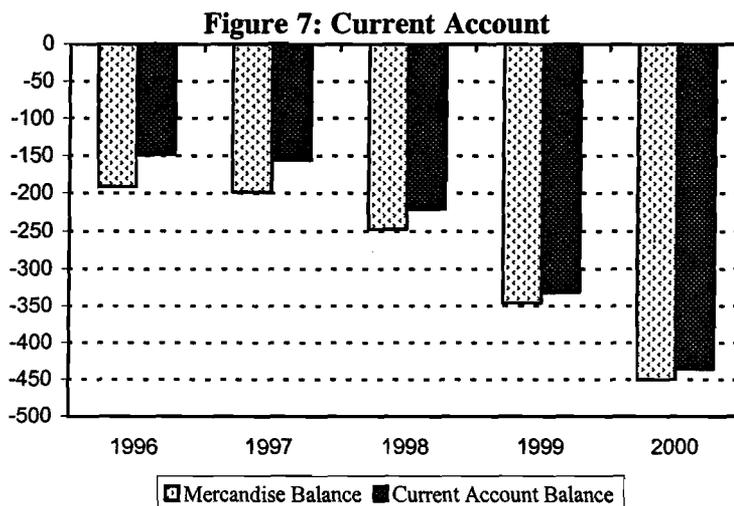
Nonagricultural exports increased \$85.4 billion (13%) to \$720.1 billion in 2000, after having increased only \$17.5 billion or 3% in the previous year. In value, capital goods accounted for more than half of the increase. Semiconductors; computers, peripherals, and parts; and telecommunications equipment jumped \$27.8 billion or 23%, up from a 12% increase. In 2000, these commodities accounted for over half of the increase in capital goods and over 30% of the increase in total exports. Nonagricultural industrial supplies and materials jumped sharply as well. Exports of agricultural goods increased after 3 years of decline.

U.S. imports expanded by 19% in 2000, to \$1,228.8 billion, compared to an increase of 12% in the previous year, reflecting the continuing strength of U.S. domestic demand and the effects of past dollar appreciation on price competitiveness. Nonpetroleum imports increased 15%, up from an 11% increase. Increases in capital goods, consumer goods, and industrial supplies and materials were especially strong, but the increase in autos was about half the increase in 1999. Capital goods, except automotive, increased by 19% in 2000, following an increase of 10% in 1999. The increase in value was twice that of 1999, and high-technology products dominated the increase, accounting for more than 60% of the growth in capital goods in 2000. Consumer goods increased 15% in 2000, following an increase of 11% in 1999, the fourth consecutive year of double-digit growth.

Finally, by area, the merchandise trade deficit with Canada increased to \$50.4 billion from \$32.1 billion in 1999 and with Mexico to \$24.2 billion from \$22.8 billion. The deficit with the South/Central America increased from \$3.2 billion in 1999, to \$14 billion in 2000. The deficit with Japan increased to \$81.3 billion and with the Pacific Rim (excluding Japan and China) to \$214.9 billion (appendix, table 2-4).

Regarding services, the services surplus increased slightly to \$81 billion in 2000 from \$80.6 billion in 1999, while the deficit on income was \$13.7 billion in 2000, down from \$18.5 billion in 1999 as income receipts increased more than income payments, due to the substantial pickup in economic growth abroad.

The U.S. current account deficit, therefore, was substantially higher in 2000, reaching a record



\$435.4 billion, an increase from the previous record of \$331.5 billion in 1999, as a result of a rise in the deficit on goods. The deficit on income was somewhat lower after a sizable increase in 1999.

Direct investment receipts were \$149.5 billion in 2000, up from \$118.8 billion in 1999 due a pickup in economic growth abroad leading to a rise in earnings. Payments of income on foreign direct investment in the U.S. were \$65.7 billion in 2000 from \$56.1 billion in 1999. The increase was more than accounted by a \$9.5 billion rise in petroleum earnings as a result of higher petroleum prices, which raise profit margins in exploration, production, and refining operations of oil companies. Earnings of manufacturing affiliates fell \$5.5 billion in 2000 after increasing in 1999; most of the falloff was accounted for by automotive affiliates. Interest payments increased \$4.4 billion.

Unilateral current transfers amounted to outflows of \$53.2 billion in 2000, up from \$48 billion in 1999. The rise was accounted largely by an increase in U.S. government grants to \$16.4 billion from \$13.8 billion, mostly the result of additional military and economic assistance to Israel and Egypt. Funds allocated to Israel under the Sinai Peace Accords continued to be disbursed. The other half of the increase was attributable to an increase in private remittances and other transfers at the institutional level (appendix, table 2-5).

### **3. Capital Movements**

Overall U.S. capital flows in 2000, as in 1999, reflected the strong cyclical position of the U.S. and the global wave of corporate mergers. Net capital account transactions were net inflows of \$0.7 billion in 2000, in contrast to net outflows of \$3.5 billion in 1999. For the year, net recorded financial flows - the difference between changes in U.S. owned assets abroad and changes in foreign-owned assets in the U.S. - were \$399.1 billion, relative to \$323.4 billion in 1999. Financial inflows for foreign-owned assets in the United States increased more than financial outflows for U.S.-owned assets abroad.

During 2000, net financial inflows to the U.S. increased by a sizable amount, led by inflows into U.S. securities other than U.S. Treasury securities for the second consecutive year, on account of continued exceptional inflows into U.S. corporate bonds and stocks. For example, transactions in U.S. Treasury securities amounted to net sales of \$52.2 billion in 2000, following net sales of \$20.5 billion in 1999, which was the first year of net sales since 1990. This was a reflection of the decline in the supply of U.S. Treasury securities and the higher yields available on alternative U.S. financial instruments, including equities and corporate and agency bonds. The U.S. Government's buyback program of its debt supported the rise in U.S. Treasury bond prices.

On the other hand, net foreign purchases of U.S. securities other than U.S. Treasury securities were a record \$465.9 billion in 2000, surpassing the previous record of \$331.5 billion in 1999 by 41%. Net foreign purchases of U.S. stocks were a record \$171.8 billion in

2000, up from \$98.7 billion in 1999, despite a U.S. stock market that was more volatile and performed more poorly in 2000 than in 1999. Trading activity in U.S. stocks increased 54% in 2000, following an increase of 50% in 1999, as most “new economy” stocks hit new highs in the first several months of 2000, continuing the upward momentum of several previous years. Net foreign purchases of U.S. corporate and U.S. Government agency bonds were a record \$294.1, surpassing the record of \$232.8 billion in 1999. Trading activity in U.S. bonds increased 42% in 2000, following a 13% decrease in 1999.

Net inflows for foreign direct investment in the U.S. also increased to \$316.5 billion in 2000, from \$275.5 billion in 1999. Although there was no single exceptionally large-scale acquisition, as there was in 1999, large acquisitions in many industries continued the especially rapid pace of recent years. Net equity capital inflows increased to a record \$221 billion from the previous record of \$212.1 billion in 1999.

## **APPENDIX**

**Table 1-1**  
**United States: Main Economic Indicators**

	1996	1997	1998	1999	2000
<b>Gross Domestic Product</b>					
(billions of chained 1996 dollars)	7813.2	8159.5	8515.7	8875.8	9318.5
Nominal GDP	7813.2	8318.4	8790.2	9299.2	9963.1
Per Capita GDP	29432.4	31037.9	32496.1	34075.5	36190.0
Population (millions)	265.5	268.0	270.5	272.9	275.3
		<b>Growth Rates</b>			
GDP	0.0	4.2	4.4	4.2	5.0
Per Capita GDP	4.6	5.5	4.7	4.9	6.2
Implicit GDP Deflator	1.8	1.7	1.2	1.5	2.00
Consumer Prices (Dec. to Dec.)	3.3	1.7	1.6	2.7	3.4
Per Capita Disposable Income	0.0	2.1	3.8	2.3	1.9
Real Wages	0.0	2.2	2.7	1.1	0.3
Money (M1)	0.0	-0.6	1.7	2.9	-3.1
		<b>Percentages</b>			
Unemployment Rate	5.4	4.9	4.5	4.2	4.0
Fiscal Deficit (% of GDP)	-1.4	-0.3	0.8	1.4	2.4
		<b>Billions Of Dollars</b>			
Balance on Goods and Services	-102.1	-105.9	-166.9	-265.0	-368.5
Balance on Income	18.9	6.2	-6.2	-18.5	-13.7
Balance on Current Account	-123.3	-140.5	-217.1	-331.5	-435.4

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.

**Table 1-2**  
**United States: Real Gross Domestic Product**

	Billions of Chained (1996) Dollars					Growth Rates			
	1996	1997	1998	1999	2000	1997	1998	1999	2000
<b>Gross Domestic Product</b>	7813.2	8159.5	8515.7	8875.8	9318.5	4.4	4.4	4.2	5.0
<b>Personal Consumption Expenditures</b>	5237.5	5423.9	5678.7	5978.8	6294.3	3.6	4.7	5.3	5.3
<b>Gross Private Domestic Investment</b>	1242.7	1392.8	1566.6	1668.9	1840.9	12.1	12.5	6.5	10.3
Fixed Investment	1212.7	1329.0	1486.4	1623.6	1780.0	9.6	11.8	9.2	9.6
Nonresidential	899.4	1009.3	1140.3	1255.3	1413.7	12.2	13.0	10.1	12.6
Residential	313.3	319.7	346.1	368.3	366.3	2.0	8.3	6.4	-0.5
Change in Private Inventories	30.0	63.8	80.2	45.3	60.9	112.7	25.7	-43.5	34.4
<b>Net Exports of Goods and Services</b>	-88.9	-113.3	221.0	-322.4	-412.4	-27.4	295.1	245.9	27.9
Exports	874.2	981.5	1003.6	1033	1126.3	12.3	2.3	2.9	9.0
Imports	963.1	1094.8	1224.6	1355.3	1538.7	13.7	11.9	10.7	13.5
<b>Government Consumption</b>									
<b>Expenditures and Gross Investment</b>	1421.9	1455.4	1486.4	1536.1	1579.2	2.4	2.1	3.3	2.8
Federal	531.6	529.6	526.9	540.1	548.2	-0.4	-0.5	2.5	1.5
State and Local	890.4	925.8	959.2	995.6	1030.5	4.0	3.6	3.8	3.5

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.

**Table 1-3**  
**United States: Evolution of Gross Saving**

	Billions of Dollars					Growth Rates			
	1996	1997	1998	1999	2000	1997	1998	1999	2000
<b>Gross Savings</b>	1349.1	1502.3	1654.5	1717.7	1820.4	11.4	10.1	3.8	6.0
Private	1290.3	1343.8	1375.8	1343.5	1291.6	4.1	2.4	-2.3	-3.9
Personal	272.1	252.9	265.4	147.5	-9.2	-7.1	4.9	-44.4	-106.2
Business	1018.2	1090.9	1110.4	1196.0	1300.8	7.1	1.8	7.7	8.8
Government	58.8	158.6	278.7	374.1	528.8	169.7	75.7	34.2	41.4
Federal	-51.5	33.4	134.3	137.4	351.0	164.9	302.1	2.3	155.5
State and Local	110.4	125.1	141.3	156.8	177.7	13.3	12.9	11.0	13.3
	Coefficients (percentages)								
Gross Savings/GNP	17.2	18.3	18.8	18.7	18.3				
Personal Savings/ Personal Disposable Income	4.8	4.2	4.2	2.2	-0.1				

Source: ECLAC, on the basis of data from the U.S. Department of Commerce, Bureau of Economic Analysis.

**Table 1-4**  
**United States: Industrial Production**

	Index 1992=100				
	1996	1997	1998	1999	2000
<b>Total Index</b>	119.6	127.7	134.0	139.6	147.5
<b>Manufacturing</b>	121.4	130.8	138.2	144.8	153.6
Durables	134.7	148.8	162.3	175.6	193.4
Non-durables	107.4	112.3	114.4	115.4	116.9
<b>Mining</b>	103.5	105.3	103.0	98.0	99.9
<b>Utilities</b>	112.7	112.8	114.1	117.1	121.0
<b>Capacity Utilization Rate %</b>					
Total Industry	82.6	83.5	82.1	81.2	82.1
Manufacturing	81.6	82.7	81.3	80.5	81.3

Source: ECLAC, on the basis of data from the Council of Economic Advisers.

**Table 1-5**  
**United States: Civilian Employment and Unemployment**

	Thousands of Persons					Growth Rates			
	1996	1997	1998	1999	2000	1997	1998	1999	2000
<b>Civilian Labor Force</b>	133,943	136,297	137,673	139,368	140,863	1.8	1.0	1.2	1.1
Participation Rate (%)	66.8	67.1	67.1	67.1	67.2				
<b>Civilian Employment</b>	126,708	129,558	131,463	133,488	135,208	2.2	1.5	1.5	1.3
Agricultural	3,443	3,399	3,378	3,281	3,305	-1.3	-0.6	-2.9	0.7
Non-Agricultural	123,264	126,159	128,025	130,207	131,903	2.3	1.5	1.7	1.3
<b>Non-Agricultural Payroll</b>									
<b>Employment</b>	119,608	122,690	125,865	128,786	131,418	2.6	2.6	2.3	2.0
Goods-producing Industries	24,493	24,962	25,414	25,482	25,662	1.9	1.8	0.3	0.7
Manufacturing	18,495	18,675	18,805	18,543	18,437	1.0	0.7	-1.4	-0.6
Construction	5,418	5,691	6,020	6,404	6,687	5.0	5.8	6.4	4.4
Service-producing Industries	95,115	97,727	100,451	103,304	105,756	2.7	2.8	2.8	2.4
Transportation	6,253	6,408	6,611	6,826	6,993	2.5	3.2	3.3	2.4
Wholesale Trade	6,482	6,648	6,800	6,924	7,054	2.6	2.3	1.8	1.9
Finance, Insurance and Real Estate	6,911	7,109	7,389	7,569	7,618	2.9	3.9	2.4	0.6
Government	19,419	19,557	19,823	20,170	20,572	0.7	1.4	1.8	2.0
Services	34,454	36,040	37,533	39,027	40,384	4.6	4.1	4.0	3.5
<b>Unemployment Rate</b>	5.4	4.9	4.5	4.2	4.0				

Source: ECLAC, on the basis of data from the U.S. Department of Labor, Bureau of Labor Statistics.

**Table 1-6**  
**United States: Consumer and Producer Prices**

	1996	1997	1998	1999	2000
	<i>December to December</i>				
<b>Consumer Prices<sup>a</sup></b>	3.3	1.7	1.6	2.7	3.4
Food	4.3	1.5	2.3	1.9	2.8
Energy <sup>b</sup>	8.6	-3.4	-8.8	13.4	14.2
All Items less Food and Energy	2.6	2.2	2.4	1.9	2.6
<b>Producer Prices</b>					
Finished Goods	2.8	-1.2	0	2.9	3.6
Consumer Goods	3.7	-1.5	-0.1	5.1	5.4
Capital Equipment	0.4	-0.6	0	0.3	1.2
	<i>Year to Year</i>				
<b>Consumer Prices</b>	3.0	2.3	1.6	2.2	3.4
Food	3.3	2.6	2.2	2.1	2.3
Energy	4.6	1.3	-7.7	3.6	16.9
All Items less Food and Energy	2.6	2.4	2.3	2.1	2.4
<b>Producer Prices</b>					
Finished Goods	2.7	0.4	-0.8	1.8	3.8
Consumer Goods	2.9	0.5	-0.1	3.3	4.6
Capital Equipment	1.2	0	-0.5	0	0.9

Source: ECLAC, on the basis of data from the U.S. Department of Labor, Bureau of Labor Statistics.

a. Prices for all urban consumers.

b. Fuel oil, coal and bottled gas; gas (piped) and electricity; and motor fuel. Motor oil, coolant, etc. also included through 1982.

**Table 1-7**  
**United States: Income and Wage Indicators**

						Growth Rates			
	1996	1997	1998	1999	2000	1997	1998	1999	2000
<b>Income</b>									
Per Capita Disposable Personal <sup>a</sup>	21,385	21,838	22,672	23,191	23,638	2.1	3.8	2.3	1.9
Median Family (1999 Dollars)	44,916	46,262	47,769	48,950	-	3.0	3.3	2.5	-
Persons below Poverty Level (%)	13.7	13.3	12.7	11.8	-	-2.9	-4.5	-7.1	-
<b>Wages</b>									
Average Gross Weekly Earnings									
Total Private Nonagricultural (1982 Dollars)	255.7	261.3	268.3	271.2	272.0	2.2	2.7	1.1	0.3
(Current Dollars)	406.6	424.9	442.2	456.8	474.0	4.5	4.1	3.3	3.8
Current Dollars									
Manufacturing	531.2	553.1	562.5	580.1	596.8	4.1	1.7	3.1	2.9
Construction	603.3	625.6	643.7	668.1	701.9	3.7	2.9	3.8	5.1
Retail Trade	230.1	240.7	253.2	263.3	273.1	4.6	5.2	4.0	3.7

Source: ECLAC, on the basis of data from the U.S. Department of Commerce, Bureau of the Census, and the U.S. Department of Labor Statistics.

a. Yearly income in chained (1996) dollars.

**Table 1-8**  
**Productivity and Related Measures**  
(Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly Compensation	Real hourly Compensation	Unit Labor Cost
<b>2000*</b>						
Business	4.2	5.6	1.3	5.0	1.7	0.8
Nonfarm Business	4.3	5.7	1.3	5.1	1.7	0.7
Manufacturing	7.1	6.0	-1.1	5.2	1.9	-1.8
Durable	10.5	10.0	-0.5	5.2	1.9	-4.8
Nondurable	3.2	1.2	-2.0	5.1	1.7	1.8
<b>1999</b>						
Business	2.8	4.8	2.0	4.6	2.4	1.8
Nonfarm Business	2.6	4.8	2.2	4.4	2.3	1.8
Manufacturing	5.8	4.9	-0.8	4.0	1.9	-1.7
Durable	9.3	8.4	-0.8	4.8	2.7	-4.1
Nondurable	1.8	0.9	-0.8	2.6	0.5	0.8
<b>1998</b>						
Business	2.8	5.0	2.2	5.3	3.9	2.5
Nonfarm Business	2.7	5.1	2.4	5.2	3.8	2.5
Manufacturing	6.2	5.9	-0.3	5.3	3.9	-0.8
Durable	9.0	9.6	0.5	5.2	3.8	-3.5
Nondurable	3.0	1.5	-1.5	5.3	3.9	2.3

Source: Bureau of Labor Statistics

\*Percentage change from previous year

**Table 1-9**  
**United States: Federal Receipts, Outlays and Debt**

	Billions of Dollars, fiscal year					Growth Rates			
	1996	1997	1998	1999	2000	1997	1998	1999	2000
<b>Total Receipts<sup>a</sup></b>	1453.1	1579.3	1721.8	1827.5	2025.2	8.7	9.0	6.1	10.8
Income Taxes	828.2	919.8	1017.3	1064.2	1211.8	11.1	10.6	4.6	13.9
Individuals	656.4	737.5	828.6	879.5	1004.5	12.4	12.4	6.1	14.2
Corporations	171.8	182.3	188.7	184.7	207.3	6.1	3.5	-2.1	12.2
Social Insurance and Retirement Receipts	509.4	539.4	571.8	611.8	652.9	5.9	6.0	7.0	6.7
Other Receipts	115.4	120.1	132.7	151.5	160.4	4.1	10.5	14.2	5.9
<b>Total Outlays</b>	1560.6	1601.3	1652.6	1703.0	1788.0	2.6	3.2	3.0	5.0
National Defense	265.8	270.5	268.5	274.9	293.9	1.8	-0.7	2.4	6.9
Social Services <sup>b</sup>	869.3	910.0	936.6	959.2	1000.8	4.7	2.9	2.4	4.3
Net Interest	241.1	244.0	241.2	229.7	222.8	1.2	-1.1	-4.8	-3.0
Other Outlays	171.0	161.5	193.2	223.9	246.0	-5.6	19.6	15.9	9.9
<b>Total Surplus or Deficit</b>	-107.5	-22.0	69.2	124.4	236.2	-79.5	-414.5	79.8	89.9
as % of GDP	-1.4	-0.3	0.8	1.4	2.4				
<b>Gross Federal Debt</b>									
(end of period)	5181.9	5369.7	5478.7	5606.1	5629.0	3.6	2.0	2.3	0.4
as % of GDP	67.3	65.6	63.4	61.5	57.3				

Source: ECLAC, on the basis of data from the U.S. Department of the Treasury, Office of Management and Budget, and the U.S. Department of Commerce, Bureau of Economic Analysis.

a. On and Off-Budget. Refunds of receipts are excluded from receipts and outlays.

b. Includes Health; Medicare; Income Security; and Social Security (on and off-budget).

**Table 1-10**  
**United States: Bond Yields and Interest Rates**

	Nominal Rates; Percent per Annum				
	1996	1997	1998	1999	2000
<b>Short Term Rates</b>					
Discount Rates <sup>a</sup>	5.0	5.0	4.9	4.6	5.7
Prime Rate <sup>b</sup>	8.3	8.4	8.4	8.0	9.2
3-Month Treasury Bonds <sup>c</sup>	5.0	5.1	4.8	4.7	5.9
<b>Long Term Rates</b>					
10-Year Treasury Bonds <sup>d</sup>	6.4	6.4	5.3	5.7	6.2
Moody's AAA-Rated					
Corporate Bonds <sup>e</sup>	7.4	7.3	6.5	7.0	7.2
New Home Mortgage Yields <sup>f</sup>	7.8	7.7	7.1	7.0	7.5

Source: ECLAC, on the basis of data from the U.S. Department of the Treasury, the Board of Governors of the Federal Reserve System, the Federal Home Loan Bank Board, and Moody's Investors Service.

a. Federal Reserve Bank of New York.

b. Charged by banks.

c. Bank discount basis.

d. Yields on the more actively traded issues adjusted to constant maturities by the Treasury Department.

e. Excludes public utilities issues for January 17, 1984 through October 11, 1984, due to the lack of appropriate issues.

f. Effective rate on the primary market on conventional mortgages reflecting fees and charges as well as contract rates and assuming, on the average, repayment at end of 10 years.

**Table 1-11**  
**United States: Money Stocks, Liquid Assets, and Debt Measures**

	Billions of Dollars									
	December to December					Growth Rates				
	1996	1997	1998	1999	2000	1997	1998	1999	2000	
<b>Monetary Base</b>	451.4	478.9	512.3	590.3	584.0	6.1	7.0	15.2	-1.1	
<b>Concepts of Money</b>										
M1	1081.6	1075.2	1093.7	1125.4	1090.3	-0.6	1.7	2.9	-3.1	
M2	3824.2	4046.7	4401.4	4662.6	4947.3	5.8	8.8	5.9	6.1	
M3	4955.8	5403.4	5995.7	6484.7	7095.9	9.0	11.0	8.2	9.4	
<b>Debt and Debt Components</b>										
Debt	14463.6	15227.9	16250.4	17379.9	18304.0	5.3	6.7	7.0	5.3	
Federal	3781.3	3800.3	3750.8	3660.3	3400.5	0.5	-1.3	-2.4	-7.1	
Nonfederal	10682.3	11427.6	12499.6	13719.6	14903.5	7.0	9.4	9.8	8.6	

Source: ECLAC, on the basis of data from the Board of Governors of the Federal Reserve System.

**Table 1-12**  
**United States: Net Credit Market Borrowing By Domestic Non-Financial Sectors**

	Billions of Dollars				
	1996	1997	1998	1999	2000
Total	731.3	804.6	1044.6	1121.5	877.8
Federal Government	145.0	23.1	-52.6	-71.2	-295.9
Nonfederal	586.3	781.5	1097.2	1192.7	1173.6
<b>By Borrowing Sector</b>					
Households	357.8	337.1	479.1	538.2	572.5
Nonfinancial Business	235.3	388.2	537.8	602.1	574.0
Others <sup>a</sup>	-6.8	56.1	80.3	52.3	27.1

Source: ECLAC, on the basis of data from the Board of Governors of the Federal Reserve System.

a. State and local governments.

**Table 2-1**  
**United States: Indexes of Foreign Currency Price of the U.S. Dollar**

	January 2000=100						
	1999	2000				1999	2000
	IV	I	II	III	IV	Dec.	Dec.
Trade-weighted Average against 7 Currencies	101.0	103.2	106.2	108.1	111.4	101.6	110.4
Selected Currencies							
Canada	96.9	95.6	97.4	97.6	100.4	96.9	100.2
European Currencies:							
Euro Area <sup>a</sup>	111.7	117.5	124.2	128.3	133.5	114.6	129.0
United Kingdom	101.2	102.7	107.6	111.8	114.1	102.3	112.8
Switzerland	111.3	117.6	120.9	123.3	126.0	114.3	121.6
Japan	92.1	94.4	94.2	95.1	97.0	90.5	99.0
Mexico	93.5	92.8	94.6	92.3	93.9	93.1	93.5
Brazil	126.6	117.4	119.2	120.1	127.7	122.0	129.8

Source: ECLAC, on the basis of Survey of Current Business.

a. The euro area includes Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, and Spain.

**Table 2-2**  
**United States: Merchandise Exports**

	Billions of Dollars (BOP Basis)					Growth Rates			
	1996	1997	1998	1999	2000	1997	1998	1999	2000
Total Exports	612.1	679.7	670.2	683.0	773.3	11.0	-1.4	1.9	13.2
Foods, Feeds, and Beverages	55.5	51.5	46.4	45.3	47.8	-7.2	-9.9	-2.4	5.5
Industrial Supplies and Materials	147.7	158.2	148.3	147.0	172.2	7.1	-6.3	-0.9	17.1
Capital Goods, except automotive	253.0	294.5	299.6	310.6	356.8	16.4	1.7	3.7	14.9
Automotive Vehicles	65.0	74.0	73.2	74.7	80.0	13.8	-1.1	2.0	7.1
Consumer Goods	70.1	77.4	79.3	80.6	89.2	10.4	2.5	1.6	10.7
Others	20.8	24.1	23.4	24.8	27.3	15.9	-2.9	6.0	10.1

Source: ECLAC, on the basis of data from the U.S. Department of Commerce, Survey of Current Business.

**Table 2-3**  
**United States: Merchandise Imports**

	Billions of Dollars (BOP Basis)					Growth Rates			
	1996	1997	1998	1999	2000	1997	1998	1999	2000
	<b>Total Imports</b>	803.3	876.4	917.2	1029.9	1222.4	9.1	4.7	12.3
Foods, Feeds, and Beverages	35.7	39.7	41.2	43.6	46.0	11.2	3.8	5.8	5.5
Industrial supplies and materials	204.5	213.8	200.1	222.0	297.9	4.5	-6.4	10.9	34.2
Capital Goods, except automotive	228.1	253.3	269.6	297.1	352.2	11.0	6.4	10.2	18.5
Automotive Vehicles	128.9	139.8	149.1	179.4	196.3	8.5	6.7	20.3	9.4
Consumer Goods	172.0	193.8	216.5	239.5	275.5	12.7	11.7	10.6	15.0
Others	34.1	36.0	37.6	45.4	51.0	5.6	4.4	20.7	12.3

Source: ECLAC, on the basis of data from the U.S. Department of Commerce, Survey of Current Business.

**Table 2-4**  
**Merchandise Imports and Exports by Area, Not Seasonally Adjusted**  
(Billions of Dollars)

	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance
	1998			1999			2000		
	<b>World</b>	682.1	911.9	-229.8	695.0	1025.0	-330.0	782.4	1216.7
Canada	156.4	173.3	-16.9	166.2	198.3	-32.1	178.8	229.2	-50.4
Mexico	78.8	94.6	-15.8	86.9	109.7	-22.8	111.7	135.9	-24.2
Western Europe	162.6	192.0	-29.4	165.8	213.2	-47.4	181.2	241.0	-59.8
European Union	149.0	176.4	-27.3	151.6	195.4	-43.7	164.8	220.3	-55.5
Pacific Rim	167.4	327.7	-160.4	173.7	360.4	-186.7	203.3	418.2	-214.9
China	14.2	71.2	-57.0	13.1	81.8	-68.7	16.3	100.1	-83.8
Japan	57.8	121.8	-64.0	57.5	131.4	-73.9	65.2	146.5	-81.3
South/Central America	63.4	50.3	13.1	55.2	58.4	-3.2	59.3	73.3	-14.0
Argentina	5.9	2.2	3.7	4.9	2.6	2.3	4.7	3.1	1.6
Brazil	15.1	10.1	5.0	13.2	11.3	1.9	15.3	13.8	1.5

Source: ECLAC, on the basis of data from the U.S. Department of Commerce, U.S. Census Bureau, FT900.

**Western Europe** - Andorra, Austria, Belgium, Bosnia-Herzegovina, Croatia, Cyprus, Denmark, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta and Gozo, Macedonia, Monaco, Netherlands, Norway, Portugal, San Marino, Slovenia, Spain, Svalbard, Jan Mayen Island, Sweden, Switzerland, Turkey, United Kingdom, Vatican City, Yugoslavia.

**European Union** - Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

**Pacific Rim Countries** - Australia, Brunei, China, Hong Kong, Indonesia, Japan, Korea, Macao, Malaysia, New Zealand, Papua New Guinea, Philippines, Singapore, Taiwan.

**South/Central America** - Anguilla, Antigua and Barbuda, Argentina, Aruba, Bahamas, Barbados, Belize, Bermuda, Bolivia, Brazil, British Virgin Islands, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Falkland Islands, French Guiana, Grenada, Guadeloupe, Guatemala, Guyana, Haiti, Honduras, Jamaica, Martinique, Montserrat, Netherlands Antilles, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos Islands, Uruguay, Venezuela.

Table 2-5  
United States: Balance of Payments

	Millions of Dollars				
	1996	1997	1998	1999	2000
<b>Current Account</b>					
<b>Exports of Goods and Services and Income Receipts</b>	<b>1,055,233</b>	<b>1,179,380</b>	<b>1,192,231</b>	<b>1,232,407</b>	<b>1,414,925</b>
Exports of Goods and Services	-	-	933,907	956,242	1,069,531
Goods, Balance of Payments Basis	612,069	679,325	670,246	684,358	773,304
Services	236,764	258,268	263,661	271,884	296,227
Transfers under U.S. Military Agency Sales Contracts	14,647	18,269	17,155	16,344	14,604
Travel	69,908	73,268	71,250	74,881	85,153
Passenger Fares	20,557	20,895	19,996	19,776	21,313
Other Transportation	27,216	26,911	25,518	27,033	29,847
Royalties and License Fees	29,974	33,676	36,808	36,467	37,955
Other Private Services	73,569	84,465	92,116	96,508	106,493
U.S. Government Miscellaneous Services	893	784	818	885	862
Income Receipts	-	-	258,324	276,165	345,394
Income Receipts on U.S.-owned Assets Abroad	206,400	241,787	256,467	273,957	343,052
Direct Investment Receipts	98,890	109,407	102,846	118,802	149,459
Other Private Receipts	102,866	128,845	150,001	151,958	189,765
U.S. Government Receipts	4,644	3,535	3,620	3,197	3,828
Compensation of Employees	-	-	1,857	2,208	2,342
<b>Imports of Goods and Services and Income Payments</b>	<b>-1,163,450</b>	<b>-1,294,904</b>	<b>-1,368,718</b>	<b>-1,515,861</b>	<b>-1,797,061</b>
Imports of Goods and Services	-	-	-1,098,189	-1,221,213	-1,438,011
Goods, balance of payments basis	-803,239	-877,279	-917,178	-1,029,917	-122,772
Services	-156,634	-170,520	-181,011	-191,296	-215,239
Direct Defense Expenditures	-10,861	-11,488	-12,841	-13,650	-13,884
Travel	-48,739	-51,220	-56,105	-59,351	-65,044
Passenger Fares	-15,776	-18,235	-19,797	-21,405	-23,902
Other Transportation	-28,453	-28,949	-30,457	-34,137	-40,713
Royalties and License Fees	-7,322	-9,411	-11,292	-13,275	-16,331
Other Private Services	-42,796	-48,421	-47,670	-46,657	-52,486
U.S. Government Miscellaneous Services	-2,687	-2,796	-2,849	-2,821	-2,879
Income Payments	-	-	-270,529	-294,648	-359,050
Income Payments on Foreign-owned Assets in the United States	-203,577	-247,105	-263,423	-287,059	-51,194
Direct Investment Payments	-32,132	-45,674	-43,441	-56,098	-65,683
Other Private Payments	-100,103	-113,959	-128,863	-135,830	-177,839
U.S. Government Payments	-71,342	-87,472	-91,119	-95,131	-107,672
Compensation of Employees	-	-	-7,106	-7,589	-7,856
<b>Unilateral Current Transfers, net</b>	<b>-39,968</b>	<b>-39,691</b>	<b>-44,075</b>	<b>-48,025</b>	<b>-53,241</b>
U.S. Government Grants	-14,933	-12,090	-13,057	-13,774	-16,448
U.S. Government Pensions and Other Transfers	-4,331	-4,193	-4,350	-4,401	-4,711
Private Remittances and Other Transfers	-20,704	-23,408	-26,668	-29,850	-32,082
<b>Capital and Financial Account</b>					
<b>Capital Account</b>					
<b>Capital Account Transactions, net</b>	<b>-</b>	<b>-</b>	<b>617</b>	<b>-3,500</b>	<b>680</b>
<b>Financial Account</b>					
<b>U.S.-owned Assets Abroad, net (increase/financial outflow (-))</b>	<b>-352,444</b>	<b>-478,502</b>	<b>-292,818</b>	<b>-430,187</b>	<b>-553,349</b>
U.S. Official Reserve Assets, net	6,668	-1,010	-6,784	8,747	-290
Gold	-	-	-	-	-
Special Drawing Rights	370	-350	-149	10	-722
Reserve Position in the International Monetary Fund	-1,280	-3,575	-5,118	5,484	238
Foreign Currencies	7,578	2,915	-1,517	3,253	-1,876
U.S. Government Assets, other than official reserve assets, net	-690	174	-429	2,751	-715
U.S. Credits and Other Long-term Assets	-4,930	-5,302	-4,676	-6,175	-4,887
Repayments on U.S. Credits and Other Long-term Assets	4,134	5,504	4,102	9,560	4,064
U.S. Foreign Currency Holdings and U.S. Short-term Assets, net	106	-28	145	-364	108
U.S. Private Assets, net	-358,422	-477,666	-285,605	-441,685	-552,344
Direct Investment	-87,813	-121,843	-132,829	-150,901	-161,577
Foreign Securities	-108,189	-87,981	-102,817	-128,594	-123,606
U.S. Claims on Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns	-64,234	-120,403	-25,041	-92,328	-156,988
U.S. Claims Reported by U.S. Banks, not included elsewhere	-98,186	-147,439	-24,918	-69,862	-110,173
<b>Foreign-owned Assets in the United States, net (increase/ financial inflow (+))</b>	<b>547,555</b>	<b>733,441</b>	<b>502,637</b>	<b>753,564</b>	<b>952,430</b>
Foreign Official Assets in the United States, net	122,354	15,817	-21,684	42,864	35,909
U.S. Government Securities	115,634	-2,936	-3,625	32,527	29,532
U.S. Treasury Securities	111,253	-7,270	-9,957	12,177	-11,377
Other	4,381	4,334	6,332	20,350	40,909
Other U.S. Government Liabilities	720	-2,521	-3,113	-3,255	-2,540
U.S. Liabilities Reported by U.S. Banks, not included elsewhere	4,722	21,928	-11,469	12,692	5,790
Other Foreign Official Assets	1,278	-654	-3,477	900	3,127
Other Foreign Assets in the United States, net	425,201	717,624	524,321	710,700	916,521
Direct Investment	76,955	93,449	193,375	275,533	316,527
U.S. Treasury Securities	-	146,710	46,155	-20,464	-52,206
U.S. Securities Other Than U.S. Treasury Securities	133,798	196,845	218,026	331,523	465,858
U.S. Currency	-	24,782	16,622	22,407	1,129
U.S. Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbonding Concerns	31,786	107,779	9,412	34,298	105,728
U.S. Liabilities Reported by U.S. banks, not included elsewhere	9,784	148,059	40,731	67,403	79,485
<b>Statistical Discrepancy (sum of above items with sign reversed)</b>	<b>-46,927</b>	<b>-99,724</b>	<b>10,126</b>	<b>11,602</b>	<b>35,616</b>
Of Which Seasonal Adjustment Discrepancy	-	-	-	-	-
<b>Memoranda:</b>					
Balance on Goods	-191,170	-197,954	-246,932	-345,559	-449,468
Balance on Services	80,130	87,748	82,650	80,588	80,988
Balance on Goods and Services	-111,040	-110,206	-164,282	-264,971	-368,480
Balance on Income	2,824	-5,318	-12,205	-18,483	-13,656
Unilateral Current Transfers, net	-39,968	-39,691	-44,075	-48,025	-53,241
<b>Balance on Current Account</b>	<b>-148,184</b>	<b>-155,215</b>	<b>-220,562</b>	<b>-331,479</b>	<b>-435,377</b>

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.

