

The Trade War Dashboard

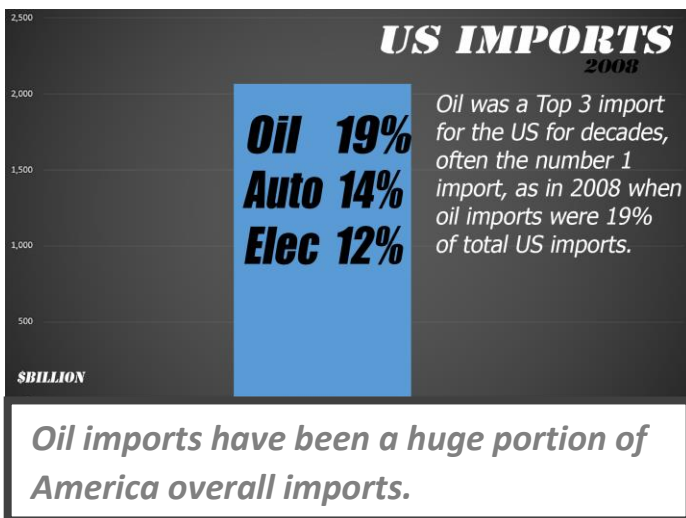
Does a trade deficit mean the US is being cheated?

Part 5: Oil imports plunged but the trade deficit rose. A great lesson in trade.

Oil was a major import item and political risk for the US for decades. Soaring domestic oil production resulted in drastically lower oil imports. But because US spending is so persistent, total imports never declined. They just kept rising.

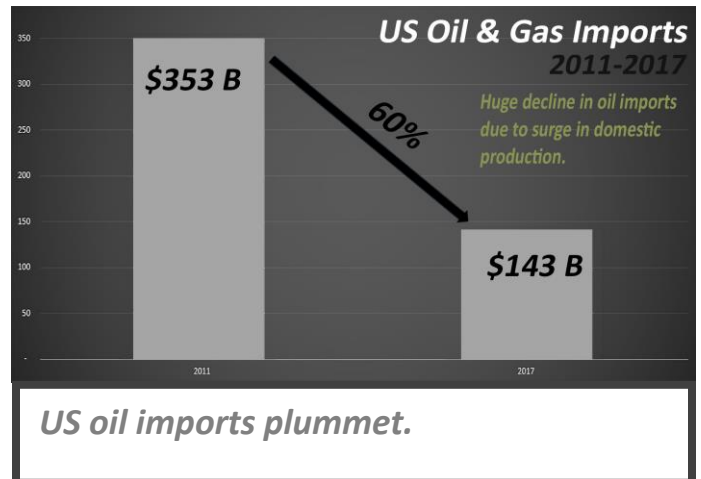
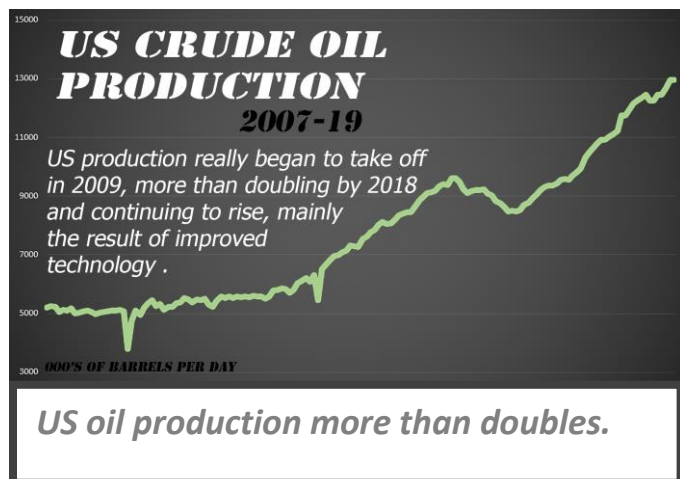
Oil has been the US's most critically strategic import for decades

For many decades oil was the US's most critical import, usually the number one import, always top 3, generally 10-20% of total imports. Due to the nature of the leading export countries, oil also carried political risk like no other product.



Booming US production causes oil imports to plummet

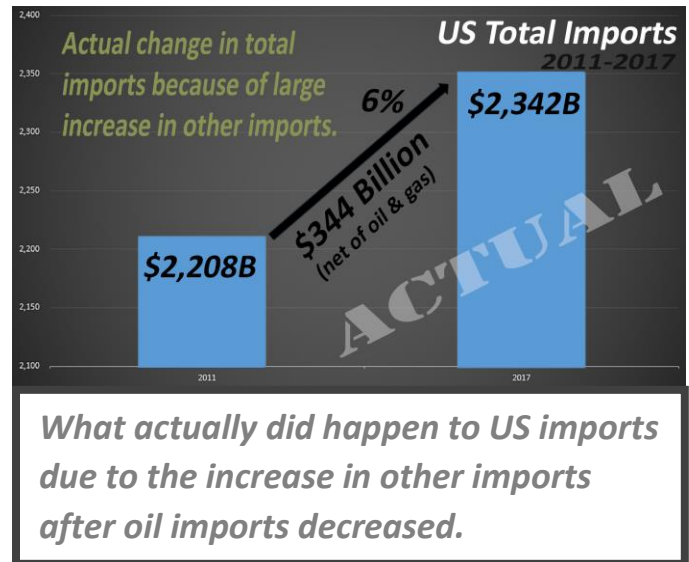
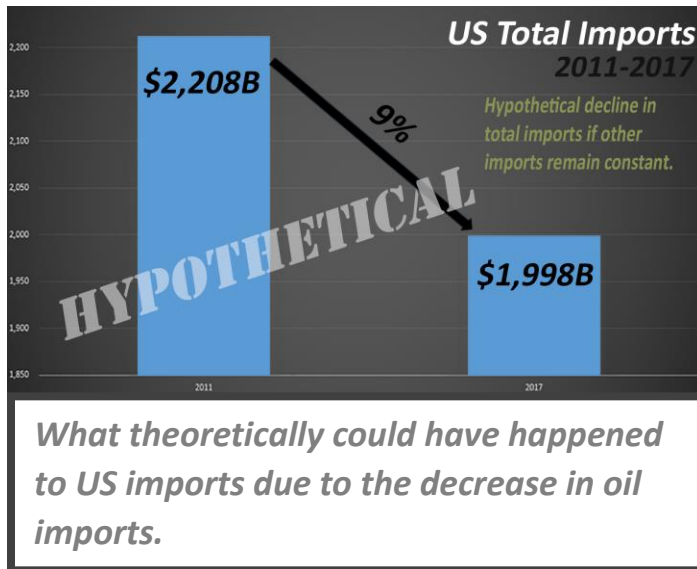
It was a major accomplishment for the US to more than double oil production from 2009-18, mainly as a result of better technology that can extract previously unreachable oil. As a result, US oil imports decreased by 60%, or \$210 Billion, from 2011-2017.



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Oil imports fell but the overall imports did not

If all other imports had simply maintained previous levels, the US trade deficit would have decreased by 9%. Instead, over that period, the US trade deficit increased by 6%, as the \$210 Billion decrease in oil imports was overwhelmed by a \$344 Billion increase in other imports.



Persistent US spending overwhelms the best deficit reduction ever

US imports didn't decrease because Americans took the money saved on oil and bought many more cars and electronic devices, among other products. Most trade restrictions, including tariffs, could never decrease import of a product by 60%. Combined with the strategic importance of oil, the rise in oil production constitutes the best trade deficit reduction plan in modern US history. Yet still the overall trade deficit not only failed to fall, it actually rose. That is how persistent American spending is. This is further evidence that SPENDING is the major factor behind the US trade deficit.

