U.S. Trade Deficit Hit Record in 2024 as Imports Surged

A strong dollar helped drive an uptick in U.S. imports last year, while export growth remained modest.

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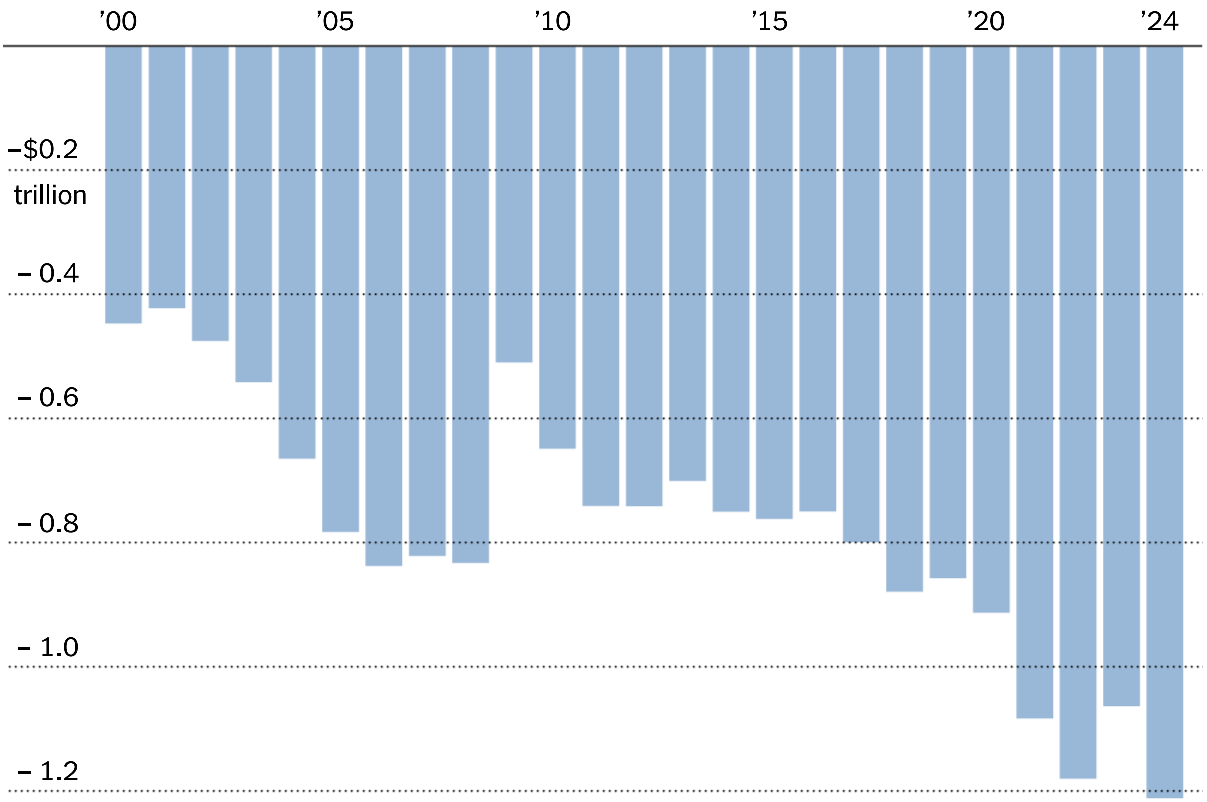
Balance of Trade

Annual U.S. trade deficits in goods.



Source: Bureau of Economic Analysis • By The New York Times

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The U.S. trade deficit in goods hit a record $1.2 trillion last year, as American consumers snapped up imported products and a strong U.S. dollar weighed on export growth.

Data released Wednesday morning by the Commerce Department showed that U.S. imports of goods and services grew 6.6 percent to a record $4.1 trillion, as Americans bought large amounts of auto parts, weight-loss drugs, computers and food from other countries.

U.S. exports of goods and services to the world also hit a record, reaching $3.2 trillion in 2024.

That was driven by record sales of U.S. services, like business and financial advising, as well as foreign spending on travel in the United States. But exports of goods taken on their own grew more sluggishly, as a strong U.S. dollar made it more expensive for other countries to buy American products, and the United States sold fewer cars, car parts and industrial supplies, like raw materials and machinery, to the world.

Competition from automakers in China and strikes in the U.S. auto industry weighed on exports of vehicles, parts and engines, which fell $10.8 billion compared with the year before.

Mark Zandi, the chief economist at Moody’s Analytics, said Chinese electric vehicle sales had taken off in 2024, in China and elsewhere, and were siphoning market share from other producers. Companies like General Motors have been under pressure in China, where more than four-fifths of the electric and plug-in hybrid cars sold are now Chinese brands.

“The Chinese auto industry has really come on and is very competitive in the E.V. space,” Mr. Zandi said. “And that’s a real problem for U.S. manufacturers that are producing and exporting to the rest of the world.”

America’s total trade deficit in goods and services, which consists of exports minus imports, grew 17 percent to $918.4 billion. U.S. oil exports surged, pushing the petroleum surplus to a record $44.9 billion.

The U.S. recorded its largest trade deficit in goods with China, at $295.4 billion, followed by the European Union, Mexico, Vietnam and Ireland.

President Trump has long criticized the trade deficit as a sign of economic weakness, and the data could give him fodder for criticisms or trade actions against other countries.

Still, economists say the trends were driven largely by the strong performance of the U.S. economy last year, especially compared with the rest of the world. U.S. consumers have continued to spend generously on imports.

The strength of the U.S. economy, which continues to attract foreign investment, has also pushed up the value of the dollar. A strong U.S. currency makes imports seem relatively cheap for American consumers, and American exports seem relatively expensive in foreign markets, pushing up the trade balance.

Given Mr. Trump’s focus on the trade deficit, the data would be “the equivalent of waving a red flag in Trump’s face and will probably reinforce his determination to impose tariffs on a broad range of U.S. trading partners,” said Eswar Prasad, a professor of trade policy at Cornell University.

Mr. Prasad added that it was “quite an irony that an indicator of the American economy’s strength relative to other countries is seen by Trump as a sign of weakness, on account of his interpretation of trade deficits as clear evidence of other countries’ unfair trade practices.”

America’s trade deficit widened in 2024 as the United States imported more from Mexico, China and other countries. The New York Times

The growth in U.S. imports and the trade deficit last year was also partially a lingering effect of big swings in trade since the pandemic. During the pandemic, American consumers stuck at home snapped up Chinese-made laptops, toys, Covid tests, athleisure, furniture and home exercise equipment.

In 2023, those purchases fell back, once consumers were sated and U.S. warehouses full. That provided a spring board for higher growth in imports in 2024.

Imports of food and beverages, capital goods like machinery, and cars and car parts all hit fresh records last year. Brad Setser, an economist at the Council on Foreign Relations, pointed out that American consumption of weight loss drugs created a visible surge in the trade data. Eli Lilly, the pharmaceutical giant, is manufacturing its popular weight loss drugs in Ireland and shipping them to the United States, pushing up the trade deficit with that country to a record.

For the second year in a row, Mexico was the largest source of U.S. goods imports, sending a record $505.9 billion of products to the United States, followed by China and then Canada.

American exports of goods to Mexico also hit a record, of $334 billion.

In 2023, for the first time in two decades, Mexico outpaced China to become America's top source of official imports — a result of U.S. companies paring back their reliance on China after the trade wars during Mr. Trump's first term.

Trade flows could be scrambled over the next year as Mr. Trump prepares to wage global trade wars.

On Saturday, the president signed executive orders putting sweeping tariffs on America's closest trading partners. He said the tariffs were aimed at pushing Canada, Mexico and China to stop flows of migrants at the border — one of his major domestic policy issues — as well as to stem shipments of deadly drugs, and offer the United States better terms when it comes to trade relationships.

Both Canada and Mexico got slight reprieves on Monday after Mr. Trump agreed to delay tariffs of 25 percent for a month. But an additional 10 percent tariff on all imports from China — more than $450 billion of goods — went into effect Tuesday morning, and prompted retaliation from the Chinese government.

Beijing said it would put tariffs on roughly $20 billion of U.S. exports starting next Monday, while also issuing curbs on exports of minerals and beginning an antimonopoly investigation into Google.

Ana Swanson covers trade and international economics for The Times and is based in Washington. She has been a journalist for more than a decade. More about Ana Swanson

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