

# Cheap Imports Fuel Trade Gap In U.S.

The current pace of the U.S. trade gap is likely to swell by one-third and top \$630 billion as the hunger for cheap imports spreads through the marketplace.

The rising tide of imports also is putting pressure on the dollar, as the value has shrunk dramatically against the European and Japanese currencies. In early December, the dollar was at an all-time low against the euro at \$1.30. This could fuel more exports to the continent.

Last month, U.S. exporters hit a record \$97 billion, but still showed a gap against the \$149 billion in imports.

The U.S. continues to have its largest single imbalance with China. Chinese exports to the U.S. were \$18.4 billion while U.S. shipment to China were only \$2.85 billion. Economists blame part of the soaring U.S. trade deficit with China on the artificially low value of the yuan.