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Trade Deficit Narrows Amid Restrained Demand

By [JEFF BATER](#)

WASHINGTON -- The U.S. trade deficit contracted by the most in 12 years during November as the recession sent oil prices into a record plunge and restrained demand for a wide range of foreign goods from crude and cars to coffee and computers.

The U.S. deficit in international trade of goods and services plunged by 28.7% to \$40.44 billion from October's revised \$56.69 billion, the Commerce Department said Tuesday. Originally, the October deficit was estimated at \$57.19 billion.

The U.S. deficit with China shrank to its lowest in five months, to \$23.06 billion from \$27.96 billion during October. The June 2008 deficit was \$21.4 billion.

The overall U.S. trade deficit of \$40.44 billion was much smaller than expected by Wall Street. Economists surveyed by Dow Jones Newswires estimated a \$51.0 billion shortfall in November. The \$40.44 billion gap was the smallest since \$40.0 billion in November 2003. The 28.7% drop was the largest since 34.9% in October 1996.

U.S. exports in November declined 5.8% to \$142.80 billion from \$151.54 billion.

Imports fell 12.0% to \$183.25 billion from \$208.23 billion, with Americans buying less amid the sinking economy.

Crude oil imports dropped to \$17.45 billion from \$29.83 billion in October. The value of oil imports fell so sharply because prices plunged and use plummeted. The average price per barrel decreased by a record \$25.30 to \$66.72 from \$92.02. The volume of oil imported declined to 261.60 million barrels from 324.19 million.

The U.S. paid \$22.00 billion for all types of energy-related imports, down from \$37.63 billion in October.

Imports of industrial supplies, which includes petroleum products, fell by \$16.50 billion. Imports of capital goods such as computers and engines tumbled \$2.21 billion.

Auto and related parts imports dropped \$1.18 billion. Americans aren't buying cars because of the recession, with all the fear about layoffs.

Purchases of foreign-made consumer goods, like televisions and diamonds and toys, plunged by \$3.79 billion. Food and feed imports fell \$431 million, including fruits, fish, coffee, nuts, and alcoholic beverages excluding wine.

Exports also tumbled because U.S. trading partners are having economic trouble, too. U.S. sales abroad of cars and parts decreased \$1.09 billion. Consumer goods exports fell by \$229 million. Sales of industrial supplies plunged \$4.22 billion.

Food, feed, and beverages went down by \$542 million.

U.S. sales abroad of capital goods decreased by \$1.45 billion during November.

U.S. trade deficits with its major trading partners tumbled in November, Commerce said.

The deficit with Japan dropped to \$4.97 billion from \$6.05 billion.

The trade gap with the euro area declined to \$4.40 billion from \$7.71 billion. The deficit with Canada fell to \$3.34 billion from \$5.86 billion. The U.S. gap with Mexico fell to \$3.52 billion from \$4.80 billion.

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