

2Q16

QUARTERLY TRADE BULLETIN

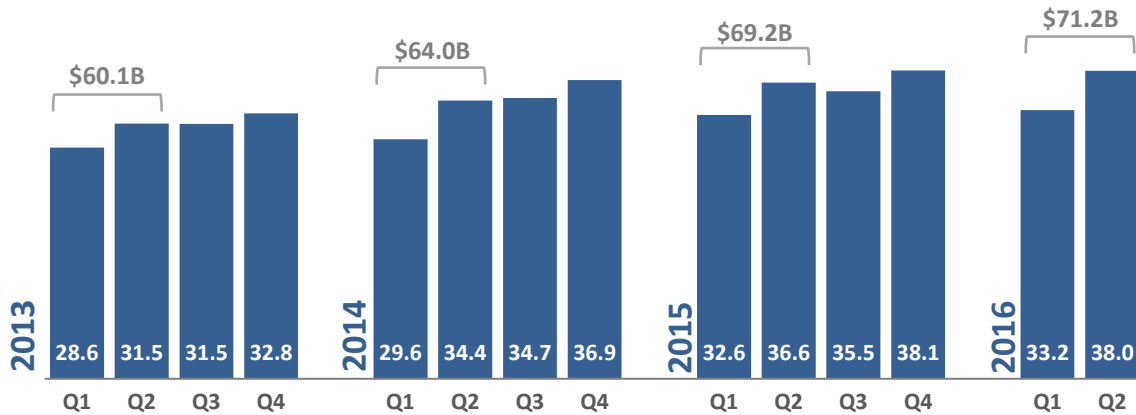


SECOND QUARTER 2016

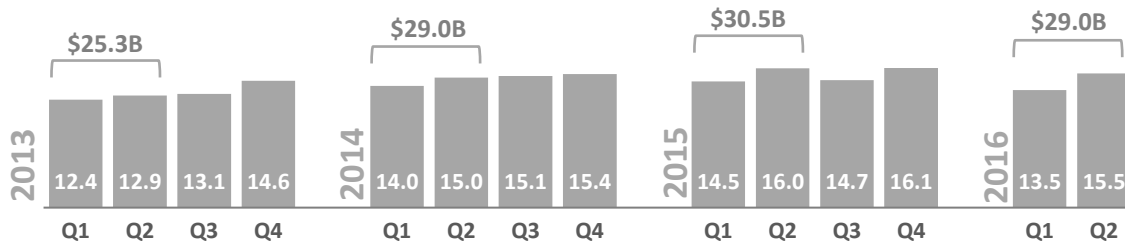
Exports of U.S. aerospace and defense (A&D) products made record gains in the second quarter of 2016 despite a year-to-date (YTD) slowdown of export volumes to the Asia-Pacific region and North and South America. Exports achieved a YTD record of \$71.2 billion, a three percent increase over 2015, and were driven by increased export volumes to the Middle East and Europe, which set year-over-year (YOY) records of 36 percent and 12 percent, respectively. Conversely, the second quarter saw A&D imports continue their YTD decline over 2015 levels as a result of significantly lower import volumes from the Americas and Europe. On a YTD basis, imports totaled \$29 billion, a five percent drop over the same period in 2015.

- Q2 Exports: \$38.0 billion – 15% increase over Q1, and 4% increase over 2Q15.
- Q2 Imports: \$15.5 billion – 14% increase over Q1, and 4% decrease over 2Q15.
- YTD Exports: \$71.2 billion – 3% increase over the same period in 2015.
- YTD Imports: \$29.0 billion – 5% decrease over the same period in 2015.

EXPORTS – AEROSPACE & DEFENSE (DOLLARS IN BILLIONS)



IMPORTS – AEROSPACE & DEFENSE (DOLLARS IN BILLIONS)



Second quarter exports of A&D products continued to outpace gains made by exports of durable goods and total U.S. goods (not including A&D). Over the past two years, A&D exports have enjoyed a positive gain of 11 percent, while exports of selected durable goods dropped by 9 percent and exports of all U.S. goods declined by 11 percent. On a compound annual growth rate (CAGR) basis, A&D exports experienced an annualized growth rate of 1.3 percent, durable goods -1.2 percent and total exports in goods -1.5 percent.

EXPORT TREND COMPARISON:
PERCENT CHANGE FROM BASE QUARTER, 2Q14



EXPORTS BY A&D SECTOR
(DOLLARS IN MILLIONS)

Industry Sector	2016 Q1	2016 Q2	% of Total Q1	% of Total Q2
Commercial Aerospace	\$27,790	\$32,329	84%	85%
Military Aerospace	\$4,119	\$4,125	12%	11%
Military Non-Aerospace	\$1,267	\$1,585	4%	4%
Total A&D Exports	\$33,176	\$38,039	100%	100%

IMPORTS BY A&D SECTOR
(DOLLARS IN MILLIONS)

Industry Sector	2016 Q1	2016 Q2	% of Total Q1	% of Total Q2
Commercial Aerospace	\$12,039	\$14,015	89%	91%
Military Aerospace	\$995	\$948	7%	6%
Military Non-Aerospace	\$488	\$480	4%	3%
Total A&D Imports	\$13,522	\$15,442	100%	100%

REGION REPORTS

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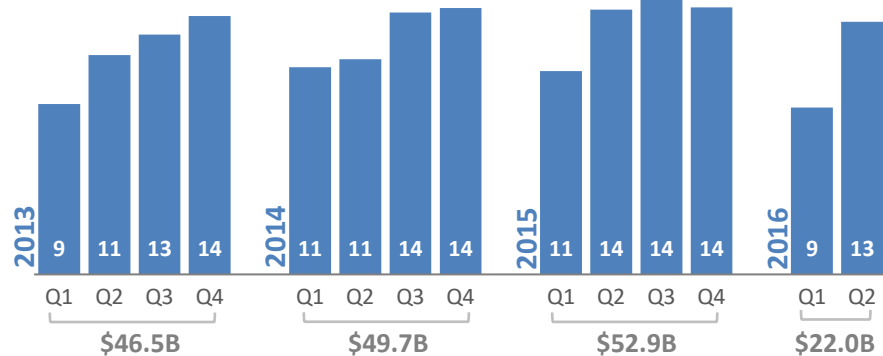
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ASIA-PACIFIC

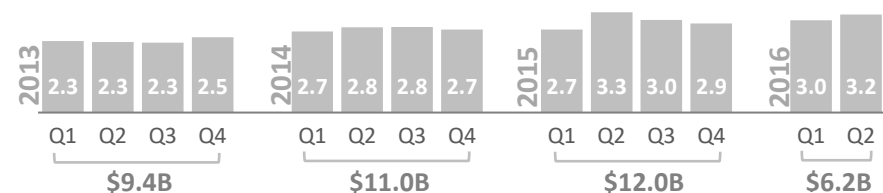
Exports to the Asia-Pacific region continued their YOY decline in the second quarter resulting in a YTD loss of \$2.5 billion over the same period in 2015. Export volumes saw their largest YTD/YOY dollar loss with Singapore (-\$901M), China (-\$783M), Thailand (-\$766M) and Hong Kong (-\$742M), while the largest gains were made with Taiwan (+\$733M), Vietnam (+\$392M), Philippines (+\$231M) and Australia (+\$182M). Imports also fell short in the second quarter but remained ahead on a YTD basis with a gain of \$223 million over the same period in 2015.

- Q2 Exports: \$13.2 billion – 51% increase over Q1, and 6% decrease over 2Q15.
- Q2 Imports: \$3.2 billion – 6% increase over Q1, and 2% decrease over 2Q15.
- YTD Exports: \$22 billion – 10% decrease over the same period in 2015.
- YTD Imports: \$6.2 billion – 4% increase over the same period in 2015.

EXPORTS:
(In Billions of Dollars)
Q2 YOY: **-6%**
YTD/YOY: **-10%**



IMPORTS:
(In Billions of Dollars)
Q2 YOY: **-6%**
YTD/YOY: **+4%**



EXPORTS BY A&D SECTOR (DOLLARS IN MILLIONS)

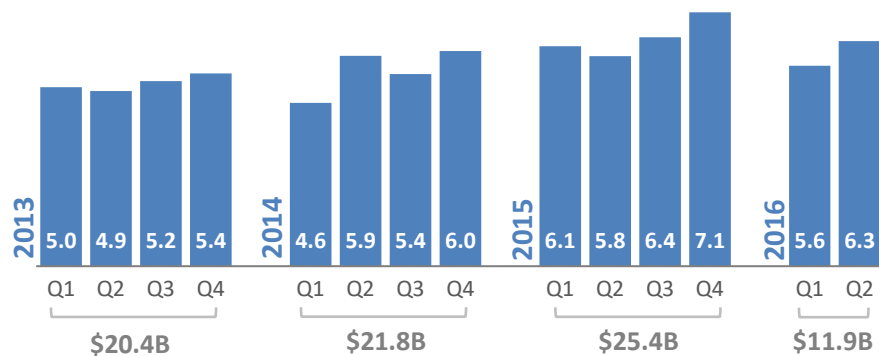
A&D Industry Sector	2016 Q1	2016 Q2	% of Total Q1	% of Total Q2
Commercial Aerospace	\$7,270	\$10,901	83%	82%
Military Aerospace	\$1,200	\$1,918	14%	15%
Military Non-Aerospace	\$261	\$401	3%	3%
Total A&D Exports	\$8,731	\$13,220	100%	100%

AMERICAS

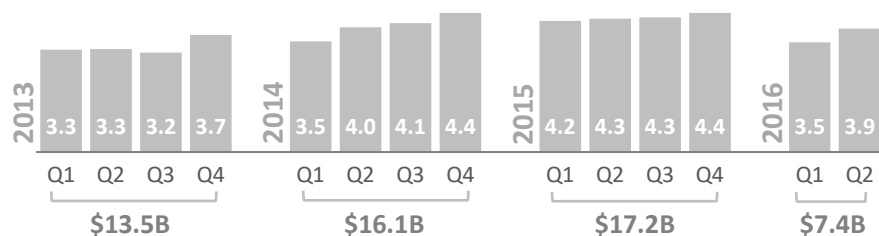
U.S. exports to North and South America made strong gains in the second quarter of 2016 but not enough to erase a YOY drop in the first quarter, resulting in a YTD loss of \$116 million over the same period in 2015. Exports saw their largest YTD/YOY gains from Chile (+\$592M), Costa Rica (+\$267M), Colombia (+\$196M) and Canada (+\$159M), while losses were led by Brazil (-\$847M), French Guiana (-\$206M), Bermuda (-\$155M) and Argentina (-\$116M). Import volumes continued their YOY decline in the second quarter, resulting in a YTD loss of \$1 billion over the same period in 2015.

- Q2 Exports: \$6.3 billion – 12% increase over Q1, and 7% increase over 2Q15.
- Q2 Imports: \$3.9 billion – 13% increase over Q1, and 7% decrease over 2Q15.
- YTD Exports: \$11.9 billion – 1% decrease over the same period in 2015.
- YTD Imports: \$7.4 billion – 12% decrease over the same period in 2015.

EXPORTS:
(In Billions of Dollars)
Q2 YOY: +7%
YTD/YOY: -1%



IMPORTS:
(In Billions of Dollars)
Q2 YOY: -7%
YTD/YOY: -12%



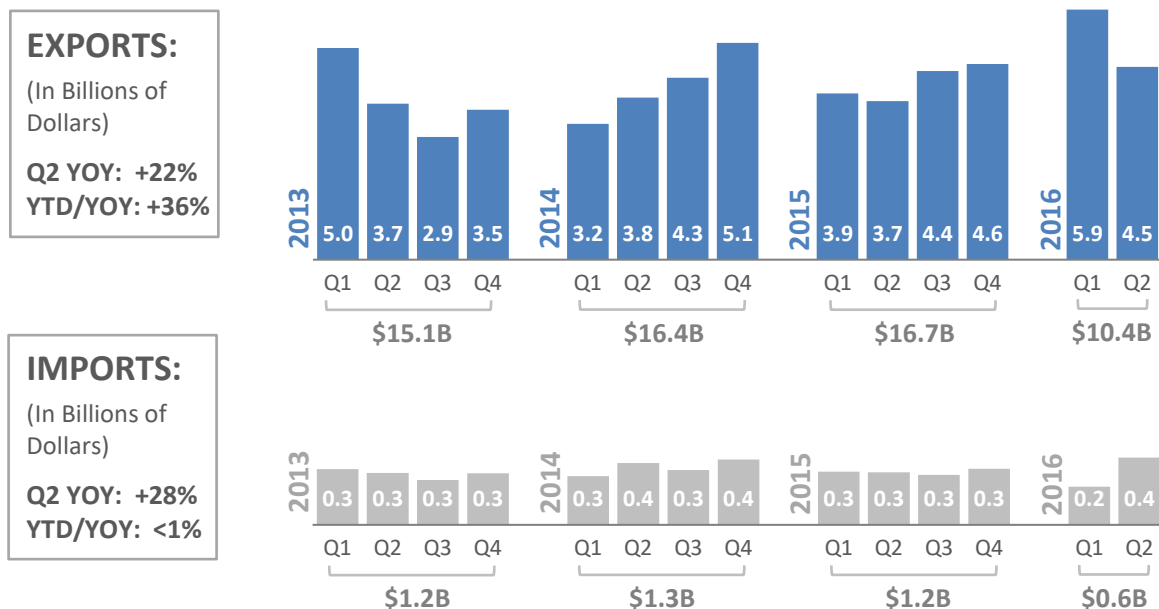
EXPORTS BY A&D SECTOR (DOLLARS IN MILLIONS)

	2016 Q1	2016 Q2	% of Total Q1	% of Total Q2
A&D Export Sector – Asia-Pacific				
Commercial Aerospace	\$5,169	\$5,792	93%	92%
Military Aerospace	\$219	\$240	4%	4%
Military Non-Aerospace	\$199	\$239	4%	4%
Total A&D Exports	\$5,586	\$6,272	100%	100%

MIDDLE EAST

A&D exports to the Middle East continued to make record YOY gains in the second quarter, resulting in a YTD gain of \$2.8 billion over the same period in 2015. Exports saw their largest YTD/YOY gain from the United Arab Emirates (+\$1.4B), Qatar (+\$1.1B), and Saudi Arabia (+\$799M), while losses were led by Israel (-\$623M), Iraq (-\$255M) and Kuwait (-\$147M). Imports from the Middle East remained relatively unchanged in 2016 achieving a YTD gain of \$2 million over the same period in 2015.

- Q2 Exports: \$4.5 billion – 23% decrease over Q1, and 22% increase over 2Q15.
- Q2 Imports: \$0.4 billion – 76% increase over Q1, and 28% increase over 2Q15.
- YTD Exports: \$10.4 billion – 28% increase over the same period in 2015.
- YTD Imports: \$0.6 billion – <1% increase over the same period in 2015.



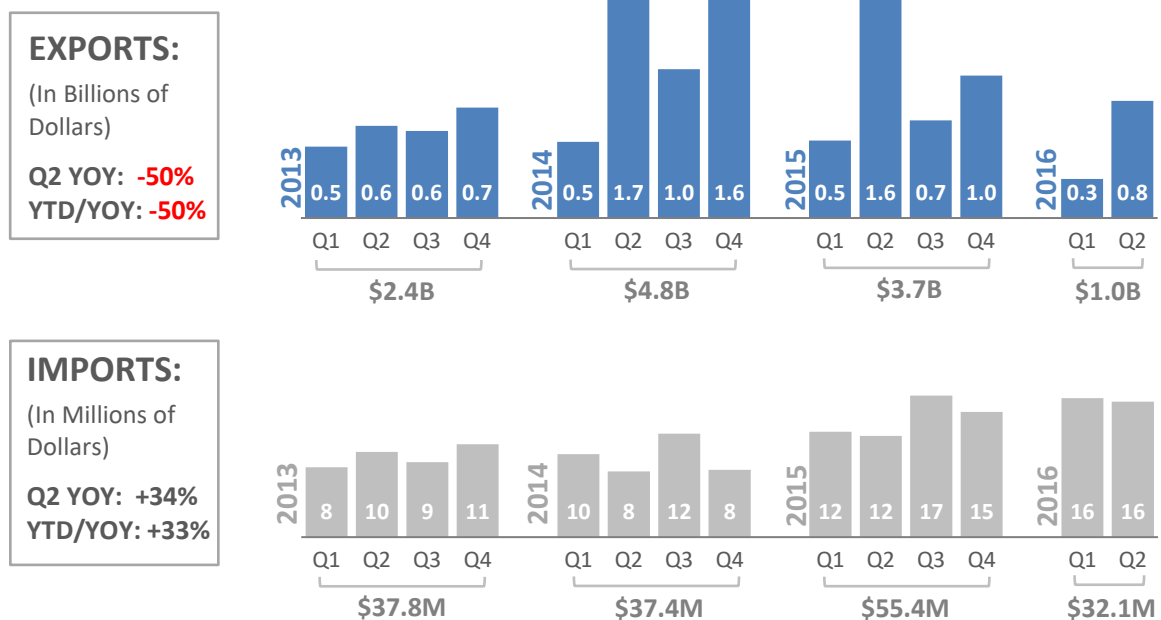
EXPORTS BY A&D SECTOR (DOLLARS IN MILLIONS)

A&D Industry Sector	2016	2016	% of Total	% of Total
	Q1	Q2	Q1	Q2
Commercial Aerospace	\$3,531	\$3,014	60%	66%
Military Aerospace	\$1,926	\$1,041	33%	23%
Military Non-Aerospace	\$417	\$478	7%	11%
Total A&D Exports	\$5,874	\$4,532	100%	100%

AFRICA

A&D export volumes to Africa continued to decline in the first and second quarters of 2016, resulting in a YTD loss of \$1.1 billion over the same period in 2015. Exports saw their largest YTD/YOY loss from Ethiopia (-\$695M), Egypt (-\$246M) and Morocco (-\$208M), while the largest gains were made by Nigeria (+\$115M), Algeria (+\$89M), and Niger (+\$17M). Imports made strong gains in the first and second quarters resulting in an YTD gain of \$8 million over the same period in 2015.

- Q2 Exports: \$0.8 billion – 200% increase over Q1, and 50% decrease over 2Q15.
- Q2 Imports: \$15.9 million – 3% decrease over Q1, and 34% increase over 2Q15.
- YTD Exports: \$1 billion – 50% decrease over the same period in 2015.
- YTD Imports: \$32.1 million – 33% increase over the same period in 2015.



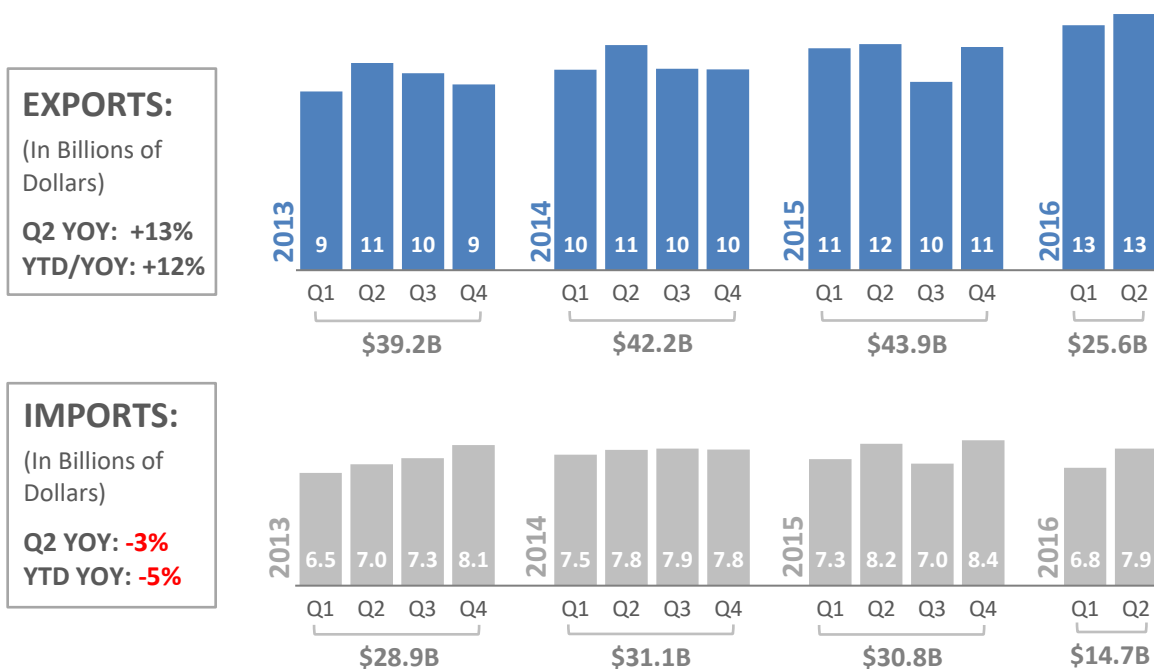
EXPORTS BY A&D SECTOR (DOLLARS IN MILLIONS)

A&D Industry Sector	2016 Q1	2016 Q2	% of Total Q1	% of Total Q2
Commercial Aerospace	\$192	\$702	73%	89%
Military Aerospace	\$30	\$39	12%	5%
Military Non-Aerospace	\$40	\$45	15%	6%
Total A&D Exports	\$263	\$786	100%	100%

EUROPE

Export activity with Europe made record gains in the first and second quarters of 2016 resulting in a YTD gain of \$2.7 billion over the same period in 2015. Exports saw their largest YTD/YOY gain from the Netherlands (+\$1.2B), United Kingdom (+\$1.0B), Russia (+\$507M) and Sweden (+\$491M), while losses were led by Germany (-\$901M), Switzerland (-\$278M), Turkey (-\$216M) and Spain (-\$97M). Imports continued their YOY decline in the second quarter, resulting in a YTD loss of \$758 million over the same period in 2015.

- Q2 Exports: \$13.1 billion in Q2 – 5% increase over Q1, and 13% increase over 2Q15.
- Q2 Imports: \$7.9 billion in Q2 – 16% increase over Q1, and 3% decrease over 2Q15.
- YTD Exports: \$25.6 billion – 12% increase over the same period in 2015.
- YTD Imports: \$14.7 billion – 5% decrease over the same period in 2015.



EXPORTS BY A&D SECTOR (DOLLARS IN MILLIONS)

A&D Industry Sector	2016	2016	% of Total	% of Total
	Q1	Q2	Q1	Q2
Commercial Aerospace	\$11,575	\$11,864	93%	91%
Military Aerospace	\$685	\$916	5%	7%
Military Non-Aerospace	\$246	\$302	2%	2%
Total A&D Exports	\$12,506	\$13,082	100%	100%

CONTACT

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