

U.S. Trade Deficit Hits All-Time High

By MARTIN CRUTSINGER

WASHINGTON (AP) - The trade deficit soared to a record in September as the Gulf Coast hurricanes helped push America's foreign oil bill to an all-time high. The politically sensitive deficit with China also set a record.

The Commerce Department reported Thursday that the deficit jumped to \$66.1 billion in September, 11.2 percent higher than the \$59.3 billion imbalance recorded in August. It was a far bigger increase than analysts had been expecting and reflected in part a record \$23.8 billion in oil purchases as the price skyrocketed, reflecting widespread shutdowns of production facilities following hurricanes Katrina and Rita.

So far this year, the deficit is running at an annual rate of \$706.4 billion. This puts the country on track to far surpass the old deficit record of \$617.6 billion set last year and gives critics ammunition to argue that President Bush's trade policies are not working.

In other economic news, the government reported that the number of Americans who have lost their jobs because of the string of devastating Gulf Coast hurricanes rose to 542,000 last week. Last week's increase included 15,000 applications for jobless benefits related to Katrina and Rita and 6,000 attributed to Hurricane Wilma.

The 11.4 percent increase in the deficit reflected the fact that imports jumped by 2.4 percent to a record \$171.3 billion in September, driven by the higher oil bill and a big increase in imports of consumer goods such as televisions, clothing and toys.

U.S. exports actually fell by 2.6 percent to \$105.2 billion in September, the biggest monthly decline in four years. However, analysts cautioned that the drop-off was heavily influenced by a strike at aircraft-maker Boeing which sharply curtailed shipments of jetliners during the month.

The deficit with China jumped by 8.9 percent during the month to a record \$20.1 billion and through September is running at an annual rate approaching \$200 billion, far above last year's record deficit of \$162 billion, which was the highest imbalance ever recorded with a single country.

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