

WASHINGTON — The United States trade deficit in goods ballooned to its largest level in history, reaching \$891.3 billion in 2018, despite President Trump’s repeated promise to reduce that figure.

The gap between the goods that the United States sells to China and what China sells to America rose to a record \$419 billion, [the Commerce Department said Wednesday](#). That gap has been a particular source of ire for Mr. Trump, who has imposed steep tariffs on Chinese goods to try and slow imports into America.

In December, the overall goods and services deficit rose to \$59.8 billion, up 19 percent from the previous month. It was the highest monthly trade deficit in a decade.

The trade deficit, or the gap between value of goods and services imported into the country and exported out of it, expanded mainly because of the strong American economy, which allowed Americans to purchase more from abroad. A strong dollar, which weighed on American exports, and a continued shortfall in American savings also helped to buoy the metric.

The trade deficit in goods with China grew in part because of a stronger American dollar and a weaker Chinese yuan, which offset some of the impact last year of Mr. Trump’s tariffs on \$250 billion worth of Chinese exports.

But the value of the Chinese yuan, which is determined partly by the market and partly by the government, started rising again in the fall, as Chinese President Xi Jinping met Mr. Trump in Argentina in November to begin hammering out a trade pact, said Brad Setser, a senior fellow for international economics at the Council on Foreign Relations.

You “China certainly allowed the market to push the value of the yuan down against the dollar over the summer,” Mr. Setser said.

Mr. Trump views the trade deficit as a scorecard for America’s trading relationships, pointing to deficits with trading partners like China and the European Union as evidence that America is on the losing end. Most economists disagree with this perspective, saying that the deficits are more closely linked with macroeconomic factors like investment flows, fluctuations in the value of currency, and relative growth rates.

In recent trade talks with the Chinese, Mr. Trump’s advisers have pressed Beijing to commit to a specific target for reducing the bilateral trade imbalance between the countries. But while the Chinese have offered large purchases of American products, they have resisted setting a specific dollar target for the trade balance, arguing that such a metric is largely beyond their control.

Mr. Trump’s focus on the trade deficit has resulted in a particular irony: By his own metric, the president is failing to right America’s global trading relationships. Yet many of the president’s harshest critics don’t blame him for this, saying that fluctuations in the trade deficit are largely beyond his control.

Mr. Trump's \$1.5 trillion tax cut also [helped widen the trade deficit](#). To pay for the tax cuts, the government needed to borrow more dollars, some of which came from foreign investors. Foreigners got those dollars by selling more goods and services to Americans, which will widen the trade gap.

On Tuesday, Treasury Department figures showed the budget deficit is also widening, and is on track to top \$1 trillion this year.