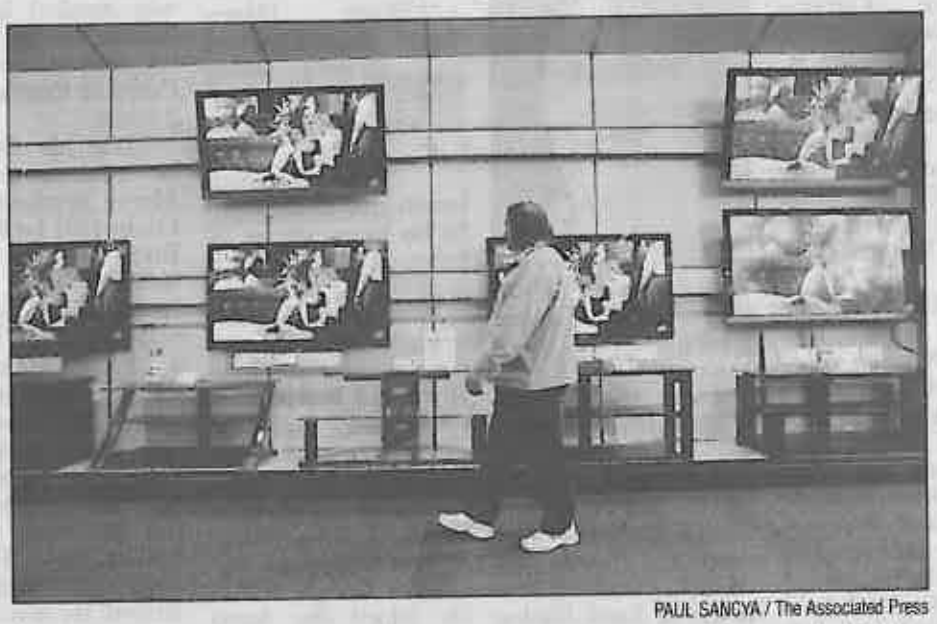
Demand for goods rises



PAUL SANCYA / The Associated Press

Thanks to increased consumer demand for goods like televisions and clothing, the U.S. trade deficit widened more than expected in February.

Wider trade deficit adds to recovery

By Martin Crutsinger
THE ASSOCIATED PRESS

WASHINGTON — The U.S. trade deficit widened more than expected in February as a huge gain in exports, to the highest level in 16 months, was offset by a bigger jump in imports, reflecting increased demand for consumer goods from televisions to clothing.

The wider deficit is a sign of a rebounding U.S. economy. Economists expect the trade deficit to rise this year but hope expanding exports will continue to lift the fortunes of U.S. manufacturing companies.

The Commerce Department reported Tuesday that the deficit for February increased 7.4 percent to $39.7 billion. That was larger than the $38.5 billion deficit economists expected. Exports edged up 0.2 percent while imports jumped 1.7 percent.

The politically sensitive deficit with China fell to $16.5 billion in February, the lowest in 11 months, but was still the biggest trade imbalance with any country.

Pressure has been building in Congress for the Obama administration to take a tougher line with China and impose trade sanctions on Chinese products unless Beijing allows its currency to rise in value against the dollar which would boost the competitiveness of American products.

Congressional critics believe China's currency manipulation is costing American jobs at a time when the country has lost 8.2 million jobs because of a deep recession.

The February deficit was the highest since December and followed a revised $36.95 billion imbalance in January.

In the first two months this year, the deficit is running at an annual rate of $459.9 billion, up 21.5 percent from $378.6 billion in 2009. That had been the smallest trade gap in eight years.