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# **INTERNATIONAL ECONOMIC REVIEW**

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*In This Issue:*

**International Economic Comparisons**

**U.S. Trade Developments**

**Statistical Tables**

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## OFFICE OF ECONOMICS

Robert A. Rogowsky, *Acting Director*

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## NOTICE TO THE READER

*Note To Readers*—In light of an anticipated cut in the Commission's budget, the ITC issued separation notices to one-third of its staff on October 27, 1995. This announcement has disrupted normal activity and caused delays in completion of certain ongoing work. The October 1995 issue of the *IER* was delayed into November, and we retitled it the November 1995 *IER* edition. Therefore, no *IER* was issued in October 1995. A government-wide shut down from mid-December to mid-January has delayed issuance of the December 1995 issue. It has, therefore, been retitled the December/January issue. We hope to resume a regular publication schedule soon and apologize to our readers for any inconvenience.

## ERRATA

In the September 1995 issue of the *IER* the articles on New Zealand and the special focus article on Uruguay Round are corrected as follows:

(1) In response to the article "New Zealand in the Trade and Labor Debate," the New Zealand Ambassador has sent us a letter clarifying his government's position on the trade and labor standards debate. *IER* readers are advised that this letter is available upon request. (Requests should be sent via fax to (202) 205-2340). The Ambassador also noted a misinterpretation of the Employment Contracts Act. The article incorrectly stated that under the Employment Contracts Act, "Management is required to negotiate either with individual workers or if management chooses with workers' representative(s)." This should have stated, "Under the Employment Contracts Act both employers and employees have the right to choose who will represent them. Employers must recognize the authority of their employees' chosen representative. This means that if they wish to negotiate with employees they must do so through the authorized representative or not at all."

(2) The industrial goods tariff cut found at the top of the market-access tables of the September 1995 article on "Timeline of Uruguay Round Commitments" should have read 8.0 percent each year, rather than the published figure of 5.0 percent. As correctly stated in the text, the overall average tariff reduction in the Uruguay Round of 40 percent, when divided equally over the 5-year implementation period, yields an 8 percent reduction annually.



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**MICHAEL YOUSSEF, Coordinating Editor**



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# INTERNATIONAL ECONOMIC COMPARISONS

## Summary of U.S. Economic Conditions

Despite economists' projections of slower economic growth for the remainder of 1995, real GDP grew a robust 4.2 percent (\$56.8 billion) at an annual rate in the third quarter, more than triple the rate of increase (1.3 percent) in the second quarter. This rate of increase was based on 1987 fixed price weights. Chain-type annual weights produced a GDP annual rate of growth of 3.0 percent compared with an increase of 0.7 percent in the second quarter.<sup>1</sup> A rise in consumer spending on durables, business spending on inventories, and residential investment, a surge in exports, and slowing imports accounted for most of the third quarter's GDP increase.

Real personal consumption expenditures increased \$26.8 billion in the third quarter compared with an increase of \$30.4 billion in the second quarter. Consumer spending on durable goods increased \$15.6 billion in the third quarter compared with an increase of \$4.8 billion in the second quarter. Residential fixed investment surged 10.9 percent (\$5.8 billion) following a decline of 13.7 percent (\$8.3 billion) in the second quarter. Government spending, both federal and local, increased \$7.0 billion following an increase of \$0.5 billion in the second quarter. The real change in business inventories added \$1.0 billion to the third quarter change in real GDP after subtracting \$16.8 billion from the second quarter change. Businesses increased inventories by \$35.3 billion in the third quarter following an increase of \$34.3 billion in the

<sup>1</sup> Chain-type index uses the weights of adjacent years to calculate real GDP instead of price weights fixed to a specific year. The chain-type method of weighing has the advantage of allowing for the effects of changes in relative prices and changes in the composition of output over time in contrast to the fixed-weighted measures that use a single set of weights over the entire period. For fuller discussion of the two methodologies see the *IER* October 1995.

second. Moreover, real exports of goods and services increased by \$18.3 billion in the third quarter to a total of \$735.9 billion whereas imports increased \$17.5 billion to \$861.8 billion. The trade deficit on goods and services declined to \$125.9 billion from \$126.7 billion in the second quarter.

## *Economic performance and prospects of growth in the G-7*

Table 1 shows selected economic indicators for the G-7 countries for 1994 and projections for 1995 and 1996 by the International Monetary Fund (IMF). The United States and other G-7 members showed strong economic growth in 1994 following the global slowdown of 1990-93. Growth ranged from around 2.2 percent to 4.6 percent in 1994 with the exception of Japan whose economic growth lagged behind. Inflation remained subdued, reaching levels closer to price stability. Inflation hit new lows in Japan and Canada, reflecting strict monetary policy and stagnating domestic demand, particularly in Japan. Despite the strengthening of growth, unemployment remained high, particularly in Europe.

Productivity in manufacturing increased in 1994 and unit labor costs declined in most of the G-7 countries.

The U.S. current account deficit as a percent of GDP rose to 2.2 percent in 1994 from 1.6 percent in 1993, a ratio exceeded only by Canada. However, the U.S. Government deficit as a percent of GDP was the lowest of the group, and U.S. debt as a percent of GDP hovered at around 68 percent, lower than Canada's, Japan's, Italy's and the EU's average debt/GDP ratios.

In 1995 U.S. economic growth is projected to slow down as in several of the G-7. Unit labor costs and current account deficits are projected to rise. Japan's current account surplus is expected to decline from 2.8 percent to 2.3 percent of GDP. The U.S. Government deficit as a share of GDP is expected to decline and stay well below other G-7 countries.

**Table 1**  
**Industrial countries economic performance and prospects of growth, 1994-96**

	Output			Consumer prices			Unemployment rates			Productivity in manufacturing		
	94	95	96	94	95	96	94	95	96	94	95	96
	<i>Annual percentage change</i>											
United States .....	4.1	2.9	2.0	2.6	3.0	3.2	6.1	5.7	5.9	4.6	2.3	2.2
Canada .....	4.6	2.2	2.7	0.2	2.1	2.0	10.4	9.7	9.4	3.2	-0.6	0.2
Japan .....	0.5	0.5	2.2	0.7	-0.2	0.1	2.9	3.1	3.2	3.5	4.5	1.4
Germany .....	2.9	2.6	2.9	2.7	1.8	1.7	9.6	9.1	8.7	9.8	6.1	3.4
France .....	2.9	2.9	2.7	1.7	2.1	2.3	12.4	11.7	11.0	8.8	1.8	1.6
Italy .....	2.2	3.0	2.8	4.0	5.4	4.0	11.3	11.2	10.5	6.8	2.0	1.8
United Kingdom .....	3.8	2.7	2.9	2.4	2.9	3.0	9.3	8.3	8.1	4.6	3.8	4.3
EU .....	2.8	2.9	2.8	3.0	3.1	2.8	11.6	11.0	10.4	7.3	3.5	2.6
	Unit labor costs annual percent change			Current account percent of GDP			Government balances percent of GDP			Government debt percent of GDP		
	94	95	96	94	95	96	94	95	96	94	95	96
United States .....	-2.7	0.3	0.6	-2.2	-2.5	-2.3	-2.0	-1.9	-2.0	68.9	68.9	69.0
Canada .....	-1.5	1.5	1.6	-3.0	-2.3	-1.5	-5.3	-4.6	-3.4	95.4	98.0	98.7
Japan .....	-0.7	-1.7	0.7	2.8	2.3	2.0	-3.0	-3.7	-3.9	83.2	90.6	95.9
Germany .....	-6.7	-1.2	1.2	-1.0	-0.7	-1.1	-2.5	-2.5	-2.1	49.8	57.8	58.5
France .....	-6.1	1.3	2.0	0.7	1.0	1.0	-6.0	-5.2	-4.5	48.4	51.1	53.1
Italy .....	-2.8	2.5	4.1	1.5	2.1	2.3	-9.0	-7.7	-6.5	129.0	126.5	124.3
United Kingdom .....	-0.2	2.0	0.5	-0.3	-0.7	-0.4	-6.8	-4.9	-3.2	45.9	49.0	49.6
EU .....	-3.5	0.9	2.0	n/a	n/a	n/a	-5.7	-4.9	-4.0	n/a	n/a	n/a

Source: IMF World Economic Outlook, Oct. 1995.



In 1996, economic growth is projected to slow down further in the United States, and several other countries. Inflation is expected to rise moderately in some countries, productivity to slow and unit labor costs to increase. The U.S. current account deficit is expected to improve slightly and Japan's surplus to decline further. The U.S. government deficit to GDP ratio is projected to rise slightly, but will stay below most of other G-7 countries deficit/GDP ratios.

## **U.S. Economic Performance Relative to other Group of Seven (G-7) Members**

### ***Economic growth***

U.S. real GDP—the output of goods and services produced in the United States measured in 1987 prices—grew at an annual rate of 4.2 percent in the third quarter of 1995, following an increase of 1.3 percent in the second quarter. Real GDP increased 4.1 percent in 1994.

The annualized rate of real GDP growth in the third quarter of 1995 was 1.9 percent in the United Kingdom. In the second quarter the annualized growth rate was -1.0 in Canada, 1.3 percent in France, 4.3 percent in Germany, 3.1 percent in Japan and -1.5 percent in Italy.

### ***Industrial production (seasonally adjusted)***

U.S. industrial production declined by 0.2 percent in September following a 1.1 percent gain in August 1995. The decline in utilities output by 5.4 percent caused a large part of the decline in overall output as demand for electricity returned to normal following the hot weather. Manufacturing output increased 0.2 percent. Durable goods industries posted output increases, but nondurable goods industries, particularly textile, apparel and paper, posted output declines. In September 1995, industrial production was 3.1 percent higher than a year ago. For the third quarter as a whole, overall industrial production rose by 3.5 percent (at an annual rate) after declining by 2.3 percent in the second quarter. Manufacturing output grew by 2.5 percent (at an annual rate) following a loss of 3.3 percent in the second quarter. Capacity utilization declined 0.4 percentage points to 83.8 percent in September 1995, and was 3.5 percent higher than in September 1994. Capacity utilization in manufacturing

declined by 0.1 percentage point to 82.9 percent but was 4.0 percent higher than a year ago.

Other Group of Seven (G-7) member countries reported the following growth rates of industrial production. For the year ending August 1995, Germany reported a decline of 0.5 percent, Japan reported an increase of 1.1 percent, the United Kingdom reported an increase of 1.0 percent, Italy reported an increase of 9.9 percent and Canada reported an increase of 2.5 percent.

### ***Prices***

The seasonally adjusted U.S. Consumer Price Index (CPI) rose 0.1 percent in September following a similar increase in August 1995. For the 12-month period ended in August 1995, the CPI-U increased by 2.5 percent.

During the 1-year period ending September 1995, prices increased 2.3 percent in Canada, 2.0 percent in France, 1.8 percent in Germany, 5.8 percent in Italy, 3.9 percent in the United Kingdom, and 0.2 percent in Japan.

### ***Employment***

The Bureau of Labor Statistics reported that the unemployment rate in October 1995 was essentially unchanged at 5.5 percent. The number of payroll jobs increased by 116,000, as several service-producing industries and construction experienced gains. Manufacturing employment was down, reflecting a strike in the aircraft industry. The unemployment rates were about the same in October as in September, for adult men (4.5 percent), for blacks (9.9 percent), for adult women (5.0 percent), teenagers (17.1 percent), whites (4.8 percent), and Hispanics (9.4 percent).

Employment in the services industry rose by 57,000 in October, the second straight month of relatively slow growth. Sizable increases occurred in health, engineering and management, and auto repair services. Employment in business services, which had grown by nearly 400,000 jobs over the year ending in September, was essentially unchanged in October, as further gains in computer services were offset by a decline in personnel supply.

Employment in transportation and public utilities rose by 22,000, more than reversing a decline in the previous month. Finance, insurance, and real estate employment rose sharply; the increase of 18,000 resulted from strength in real estate, mortgage banking, and credit agencies. Wholesale trade also added workers, largely in durable goods distribution. Employment in retail trade was little changed, following a large increase in the previous month.

Manufacturing employment declined by 21,000 in October. A strike in the aircraft industry removed 26,000 workers from payrolls. Job losses continued in apparel and in printing and publishing. A number of manufacturing industries recorded job gains, including fabricated metals, industrial machinery, electronic components, and food processing. Construction employment rose by 28,000, following a similar increase in September.

In other G-7 countries, unemployment in September 1995 was 9.2 percent in Canada, 11.4 percent in France, 9.2 percent in Germany, 11.6 percent in Italy, 3.2 percent in Japan, and 8.1 percent in the United Kingdom.

## Forecasts

Table 2 shows macroeconomic projections by six major forecasters for the U.S. economy from October 1995 to June 1996, and the simple average of these forecasts. Forecasts of all the economic indicators, except unemployment, are presented as percentage changes over the preceding quarter, on an annualized basis. The forecasts of the unemployment rate are averages for the quarter.

Forecasters expect real growth in the United States to average around 2.8 percent (annual rate) in the fourth quarter and average around 2.8 percent to 3.0 percent in the first half of 1996. Factors that may restrain growth in the remainder of 1995 and the first half of 1996 include the drop in consumer spending and weakening of retail sales due to the high level of consumer debt relative to income, and the contractionary impact of the decline in government spending. The average of the forecasts points to an unemployment rate of 5.7 percent in the remainder of 1995 and the first half of 1996. Inflation (as measured by the GDP deflator) is expected to remain subdued at an average rate of about 2.3 to 2.7 percent. The slowdown in general economic activity during 1995 is expected to keep inflation low and unemployment sticky.

## U.S. International Transactions

### *U.S. current account*

The U.S. current-account deficit increased to \$43.6 billion in the second quarter from \$39.0 billion in the first, according to the Commerce Department's Bureau of Economic Analysis. The deficits on goods and services and on investment income both increased, table 3.

The deficit on goods and services increased to \$33.4 billion in the second quarter from \$29.4 billion in the first quarter. The deficit on merchandise trade increased to \$49.0 billion in the second quarter from \$45.1 billion in the first. Exports of goods increased to \$142.5 billion from \$138.1 billion; both nonagricultural and agricultural exports contributed to the increase; but nonagricultural exports accounted for the bulk of increase. Imports of goods increased to \$191.6 billion from \$183.1 billion; both nonpetroleum and petroleum imports increased.

The surplus on services increased slightly to \$15.7 billion in the second quarter from \$15.6 billion in the first. Service receipts increased to \$51.8 billion from \$51.1 billion because of the increases in royalties and license fees and "other" private services. Service payments increased to \$36.1 billion from \$35.5 billion with the largest increases in travel, royalties and license fees, and "other" private services.

The deficit on investment income increased to \$2.9 billion in the second quarter from \$2.0 billion in the first. Income receipts on U.S. assets abroad increased to \$45.3 billion from \$43.3 billion. Direct investment receipts rose more in the second quarter than in the first, reflecting continued increases in earnings. Income payments on foreign assets in the United States increased to \$48.1 billion from \$45.2 billion. Government payments also increased, largely reflecting increases in foreign holdings of U.S. securities.

### *Capital account*

Net recorded capital inflows were \$39.1 billion in the second quarter, compared with \$19.5 billion in the first. Acquisitions of U.S. assets by foreign residents accelerated sharply; acquisitions of foreign assets by U.S. residents remained strong, increasing by about the same amount as in the first quarter.

### *U.S. assets abroad*

U.S. assets abroad increased \$75.1 billion in the second quarter, compared with an increase of \$75.3 billion in the first. U.S. claims on foreigners reported by U.S. banks increased \$35.5 billion in the second quarter, compared with an increase of \$29.3 billion in the first. Demand for U.S. bank credit was especially strong toward the end of the second quarter.

Net U.S. purchases of foreign securities were \$20.6 billion in the second quarter, up from \$6.6 billion in the first. Net U.S. purchases of both foreign stocks and bonds accelerated sharply. Foreign financial markets rallied in the second quarter, spurred in part by the sharp drop in interest rates abroad.

**Table 2**  
**Projected changes in selected U.S. economic indicators, by quarters, Oct. 95-June 96**

(Percent)

Period	Confer- ence Board	E.I. Dupont	UCLA Business Forecasting Project	Merrill Lynch Capital Markets	Data Resources Inc. (D.R.I.)	Wharton WEFA Group	Mean of 6 fore- casts
<b>GDP current dollars</b>							
1995:							
Oct.-Dec. ....	7.5	6.0	5.1	4.4	3.3	5.0	5.2
1996:							
Jan.-Mar. ....	7.2	5.8	5.7	5.5	5.5	5.0	5.8
Apr.-June ....	8.5	5.4	5.2	5.1	5.2	5.0	5.7
<b>GDP constant (1987) dollars</b>							
1995:							
Oct.-Dec. ....	5.5	3.1	2.2	2.1	1.7	2.5	2.8
1996:							
Jan.-Mar. ....	3.6	3.2	2.5	3.0	3.0	2.5	3.0
Apr.-June ....	3.6	2.8	2.5	2.7	2.6	2.8	2.8
<b>GDP deflator index</b>							
1995:							
Oct.-Dec. ....	2.0	2.8	2.8	2.3	1.8	2.4	2.3
1996:							
Jan.-Mar. ....	3.4	2.5	3.1	2.4	2.4	2.5	2.7
Apr.-June ....	2.9	2.5	2.6	2.3	2.5	2.4	2.5
<b>Unemployment, average rate</b>							
1995:							
Oct.-Dec. ....	5.4	5.6	6.2	5.8	5.6	5.7	5.7
1996:							
Jan.-Mar. ....	5.3	5.6	6.2	5.9	5.7	5.7	5.7
Apr.-June ....	5.3	5.6	6.2	5.8	5.7	5.8	5.7

Note.—Except for the unemployment rate, percentage changes in the forecast represent annualized rates of change from preceding quarter. Unemployment is reported at an annual rate. Quarterly data are seasonally adjusted. Date of forecasts: October 1995.

Source: Compiled from data provided by the Conference Board. Used with permission.

Net capital outflows for U.S. direct investment abroad were \$16.1 billion in the second quarter, down from \$22.5 billion in the first. The decrease was more than accounted for by a shift to net inflows of equity capital.

### *Foreign assets in the United States*

Foreign assets in the United States increased \$114.2 billion in the second quarter, compared with an increase of \$94.8 billion in the first. U.S. liabilities to foreigners reported by U.S. banks, excluding U.S. Treasury securities, increased \$15.0 billion in the second quarter, in contrast to a decrease of \$0.5 billion in the first.

Net foreign purchases of U.S. Treasury securities by private foreigners edged up to a new record of \$30.0

billion in the second quarter. Net foreign purchases by Japan and Caribbean countries were sizeable. Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$20.2 billion in the second quarter, up from \$15.8 billion in the first. Transactions in U.S. stocks shifted to net purchases; net foreign purchases of U.S. bonds decreased by a small amount, but remained strong.

Net capital inflows for foreign direct investment in the United States were \$11.3 billion in the second quarter, down sharply from \$17.2 billion in the first. Nearly all of the decrease was accounted for by a drop off in net equity capital inflows.

Foreign official assets in the United States increased a record \$37.8 billion in the second quarter, following an increase of \$22.3 billion in the first; accumulation of dollar assets by developing countries in Asia and Latin America was especially strong.

**Table 3**  
**U.S. International Transactions, Jan. 1994-June 1995**

(Millions of dollars, seasonally adjusted)

	1994	1995		1994	
		Jan.-Mar.	Apr.-June	Jan.-Mar.	Apr.-June
Exports of goods, services, and income	838,820	197,173	204,161	232,443	239,563
Merchandise, adjusted, excluding military	502,485	118,445	122,730	138,061	142,543
Services <sup>2</sup>	198,716	47,786	49,093	51,128	51,759
Other private services	59,022	14,406	14,698	14,982	15,332
Income receipts on U.S. assets abroad	137,619	30,942	32,338	43,254	45,261
Direct investment receipts	67,702	15,255	15,560	21,402	22,550
Other private receipts	65,835	14,609	15,774	20,603	21,328
U.S. Government receipts	4,082	1,078	1,058	1,249	1,383
Imports of goods, services, and income	-954,304	-220,073	-233,369	-263,844	-275,805
Merchandise, adjusted, excluding military	-668,584	-154,935	-164,224	-183,111	-191,583
Services <sup>2</sup>	-138,829	-34,312	-34,522	-35,518	-36,087
Other private services	-35,605	-8,913	-8,802	-9,179	-9,282
Income payments on foreign assets in the U.S.	-146,891	-30,826	-34,623	-45,215	-48,135
Direct investment payments	-22,621	-3,705	-4,600	-7,100	-7,652
Other private payments	-77,251	-16,316	-18,802	-23,876	-25,422
U.S. Government payments	-47,019	-10,805	-11,231	-14,239	-15,061
Unilateral transfers, net	-35,761	-7,371	-8,778	-7,624	-7,380
U.S. assets abroad, net (increase/capital outflow (-))	-125,851	-36,783	-5,973	-75,343	-75,107
U.S. official reserve assets, net	5,346	-59	3,537	-5,318	-2,722
U.S. credits and other long-term assets	-5,182	-747	-983	-1,578	-808
Repayments on U.S. credits and other long-term assets	5,044	1,111	1,642	1,043	639
U.S. private assets, net	-130,875	-37,125	-10,001	-69,873	-72,228
Direct investment	-49,370	-19,646	-7,750	-22,504	-16,097
Foreign securities	-49,799	-16,457	-7,128	-6,567	-20,597
U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-32,621	-1,891	-10,230	-11,518	n.a.
U.S. claims reported by U.S. banks, not included elsewhere	915	869	15,107	-29,284	-35,534
Foreign assets in the United States, net (increase/capital inflow(+))	291,365	80,390	46,526	94,841	114,218
Foreign official assets in the United States, net	39,409	10,977	9,162	22,308	37,759
U.S. Government securities	36,748	1,072	8,279	11,257	26,495
U.S. Treasury securities	30,723	857	5,919	10,131	25,169
Other	6,025	215	2,360	1,126	1,326
Other U.S. Government liabilities	2,211	851	174	-154	513
U.S. liabilities reported by U.S. banks, not included elsewhere	2,923	9,807	1,674	10,940	7,802
Other foreign official assets	-2,473	-753	-965	265	2,949
Other foreign assets in the U.S., net	251,956	69,413	37,364	72,533	76,459
Direct investment	49,448	4,208	5,946	17,225	11,285
U.S. Treasury securities	33,811	9,771	-7,317	29,910	29,966
U.S. securities other than U.S. Treasury securities	58,625	21,117	12,551	15,816	20,202

See footnotes at end of table.

**Table 3—Continued**  
**U.S. International Transactions, Jan. 1994-June 1995**

(Millions of dollars, seasonally adjusted)

	1994	1995		1994	
		Jan.-Mar.	Apr.-June	Jan.-Mar.	Apr.-June
U.S. liabilities to unaffiliated foreigners reported by U.S. non-banking concerns .....	-4,324	2,478	-2,047	10,113	n.a.
U.S. liabilities reported by U.S. banks, not included elsewhere .....	114,396	31,839	28,231	-531	15,006
Memoranda:					
Balance on merchandise trade .....	-166,099	-36,490	-41,494	-45,050	-49,040
Balance on services .....	59,887	13,474	14,571	15,610	15,672
Balance on goods and services .....	-106,212	-23,016	-26,923	-29,440	-33,368
Balance on investment income .....	-9,272	116	-2,285	-1,961	-2,874
Balance on goods, services, and income .....	-115,484	-22,900	-29,208	-31,401	-36,242
Unilateral transfers, net .....	-35,761	-7,371	-8,778	-7,624	-7,380
Balance on current account .....	-151,245	-30,271	-37,986	-39,025	-43,622
Net Capital inflows .....	165,514	43,607	40,553	19,498	39,111

<sup>1</sup> Adjusted for timing, valuation, and coverage to balance of payments basis; excludes exports under U.S. military agency sales contracts and imports of U. S. military agencies.

<sup>2</sup> Includes some goods that cannot be separately identified from services.

Note.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

## U.S. TRADE DEVELOPMENTS

The U.S. Department of Commerce reported that seasonally adjusted U.S. exports of goods and services of \$65.7 billion and imports of \$74.6 billion in August 1995 resulted in a goods and services trade deficit of \$8.8 billion, 2.4 billion less than the July deficit. The August 1995 deficit was \$0.6 billion less than the deficit registered in August 1994 (\$9.4 billion) and was \$1.1 billion less than the average monthly deficit registered during the previous 12 months (\$9.9 billion).

The August 1995 trade deficit on goods was \$13.8 billion, approximately \$2.4 billion lower than the July

deficit. The August services surplus was \$5.0 billion, approximately equal to the July surplus.

Seasonally adjusted U.S. trade in goods and services as reported by the U.S. Department of Commerce, is shown in table 4. Nominal export changes and trade balances for specific major commodity sectors are shown in table 5. U.S. exports and imports of goods with major trading partners on a monthly and year-to-date basis are shown in table 6, and U.S. trade in services by major category is shown in table 7.

**Table 4**  
**U.S. trade in goods and services, seasonally adjusted, July-Aug. 95**  
*(Billion dollars)*

Item	Exports		Imports		Trade balance	
	Aug. 95	July 95	Aug. 95	July 95	Aug. 95	July 95
<b>Trade in goods</b>						
<b>(Balance of payments basis)</b>						
Current dollars—						
Including oil .....	48.7	46.4	62.5	62.6	-13.8	-16.2
Excluding oil .....	48.9	46.5	57.7	57.7	-8.9	-11.2
<b>Trade in services</b>						
Current dollars .....	17.0	17.0	12.0	12.0	5.0	5.0
<b>Trade in goods and services</b>						
Current dollars .....	65.7	63.4	74.6	74.6	-8.8	-11.2
<b>Trade in goods (Census basis)</b>						
1987 dollars .....	48.6	45.8	61.3	60.2	-12.7	-14.4
Advanced-technology products (not season- ally adjusted) .....	11.7	10.6	11.0	10.3	0.7	0.2

Note.—Data on goods trade are presented on a Balance-of-Payments (BOP) basis that reflects adjustments for timing, coverage, and valuation to the data compiled by the Census Bureau. The major adjustments are that the data reported on a BOP basis exclude military trade but include nonmonetary gold transactions, and include estimates of inland freight in Canada and Mexico, which are not included in the Census Bureau data.

Source: U.S. Department of Commerce News (FT 900), October 1995.

**Table 5**  
**Nominal U.S. exports and trade balances, of agriculture and specified manufacturing sectors,**  
**Jan. 94-Aug. 95**

Sector	Exports		Change		Share of total, Jan.-Aug. 1995	Trade balances, Jan.-Aug. 1995
	Aug. 1995	Jan.-Aug. 1995	Aug. 1995 over July 1995	Jan.-Aug. 1995 over Jan.-Aug. 1994		
	Billion dollars		Percent			
ADP equipment & office machinery . . . . .	3.0	22.5	7.1	16.0	5.9	-16.2
Airplanes . . . . .	1.2	9.8	33.3	-24.6	2.6	7.4
Airplane parts . . . . .	.9	6.7	12.5	6.3	1.8	5.0
Electrical machinery . . . . .	4.8	34.2	14.3	18.3	9.0	-13.3
General industrial machinery . . . . .	2.1	15.9	10.5	12.8	4.2	-0.5
Iron & steel mill products . . . . .	.5	3.2	0	39.1	0.8	-5.5
Inorganic chemicals . . . . .	.4	3.0	33.3	15.4	0.8	-0.1
Organic chemicals . . . . .	1.4	10.9	7.7	32.9	2.9	1.8
Power-generating machinery . . . . .	1.7	14.0	6.2	4.5	3.7	0.1
Scientific instruments . . . . .	1.6	12.1	6.7	12.0	3.2	4.6
Specialized industrial machinery . . . . .	1.8	15.2	-5.3	18.7	4.0	1.8
Telecommunications . . . . .	1.6	12.2	0	22.0	3.2	-10.0
Textile yarns, fabrics & articles . . . . .	.6	4.7	20.0	11.9	1.2	-2.2
Vehicle parts . . . . .	1.9	15.4	46.2	14.1	4.0	1.9
Other manufactured goods <sup>1</sup> . . . . .	2.5	20.9	-3.8	13.6	5.5	-8.2
Manufactured exports not included above . . . . .	11.6	94.6	9.4	11.8	24.0	-84.7
<b>Total manufactures . . . . .</b>	<b>37.6</b>	<b>295.3</b>	<b>9.6</b>	<b>12.5</b>	<b>77.5</b>	<b>-118.1</b>
Agriculture . . . . .	4.3	34.8	10.3	26.1	9.1	15.1
Other exports not including above . . . . .	6.6	51.0	4.8	25.0	13.4	-5.4
<b>Total exports of goods . . . . .</b>	<b>48.5</b>	<b>381.1</b>	<b>9.0</b>	<b>15.2</b>	<b>100.0</b>	<b>-108.4</b>

<sup>1</sup> This is an official U.S. Department of Commerce commodity grouping.

Note.—Because of rounding, figures may not add to the totals shown.

Data are presented on a Census basis.

Source: U.S. Department of Commerce News (FT 900), October 95.

**Table 6**  
**U.S. exports and imports of goods with major trading partners, Jan.1994-Aug. 1995**  
*(Billion dollars)*

Country/area	Exports			Imports		
	Aug. 95	Jan.-Aug. 95	Jan.-Aug. 94	Aug. 95	Jan.-Aug. 95	Jan.-Aug. 94
North America .....	14.9	114.1	106.4	17.6	135.1	112.3
Canada .....	10.7	84.0	73.3	12.3	94.9	81.0
Mexico .....	4.2	30.1	33.1	5.3	40.2	31.3
Western Europe .....	10.7	87.7	76.8	11.5	96.2	84.2
European Union (EU) .....	9.9	80.1	69.7	10.4	87.2	77.0
Germany .....	1.7	14.3	12.3	3.0	24.5	20.5
European Free-Trade Association (EFTA) <sup>1</sup> .....	0.5	5.3	4.8	0.9	7.3	5.7
Former Soviet Union/ Eastern Europe .....	0.5	3.5	3.4	0.6	5.0	3.5
Former Soviet Union .....	0.3	2.3	2.3	0.4	3.6	2.3
Russia .....	0.2	1.8	1.6	0.3	3.0	1.9
Pacific Rim Countries .....	15.2	117.5	96.4	26.4	189.9	166.7
Australia .....	0.8	7.1	6.4	0.3	2.2	2.1
China .....	0.9	7.4	6.6	4.8	29.2	24.2
Japan .....	5.3	41.8	35.1	10.4	84.3	77.0
NICs <sup>2</sup> .....	6.4	48.8	38.1	7.7	52.2	45.4
South/Central America .....	4.2	32.8	25.9	3.7	28.0	24.9
Argentina .....	0.3	2.7	2.9	0.1	1.2	1.1
Brazil .....	0.9	7.6	4.7	0.8	5.8	5.7
OPEC .....	1.5	12.9	11.5	3.0	23.3	20.5
<b>Total .....</b>	<b>48.5</b>	<b>381.1</b>	<b>330.9</b>	<b>64.4</b>	<b>489.5</b>	<b>423.5</b>

<sup>1</sup> EFTA includes Austria, Finland, Iceland, Liechtenstein, Norway, Sweden, and Switzerland.

<sup>2</sup> The newly industrializing countries (NICs) include Hong Kong, the Republic of Korea, Singapore, and Taiwan.

Note.—Country/area figures may not add to the totals shown because of rounding. Exports of certain grains, oilseeds and satellites are excluded from country/area exports but included in total export table. Also some countries are included in more than one area. Data are presented on a Census Bureau basis.

Source: U.S. Department of Commerce News (FT 900), October 95.



**Table 7**  
**Nominal U.S. exports and trade balances of services, by sectors, Jan. 1994-Aug. 1995, seasonally adjusted**

	Exports		Change	Trade balances	
	Jan.- Aug. 95	Jan.- Aug. 94	Jan.- Aug. 95 over Jan.- Aug. 94	Jan.- Aug. 95	Jan.- Aug. 94
	Billion dollars		Percent	Billion dollars	
Travel .....	40.1	39.5	1.5	10.3	10.7
Passenger fares .....	11.9	11.4	4.4	3.2	3.0
Other transportation .....	18.6	16.8	10.7	-1.1	-1.8
Royalties and license fees .....	17.3	14.7	17.7	13.0	10.9
Other private services <sup>1</sup> .....	40.5	39.0	3.8	15.8	15.4
Transfers under U.S. military sales contracts .....	8.0	8.2	-2.4	1.4	1.1
U.S. Govt. miscellaneous services .....	0.5	0.5	0	-1.3	-1.3
<b>Total .....</b>	<b>136.9</b>	<b>130.1</b>	<b>5.2</b>	<b>41.3</b>	<b>38.0</b>

<sup>1</sup> "Other private services" consists of transactions with affiliated and unaffiliated foreigners. These transactions include educational, financial, insurance, telecommunications, and such technical services as business, advertising, computer and data processing, and other information services, such as engineering, consulting, etc.

Note.—Services trade data are on a Balance-of-Payments (BOP) basis. Numbers may not add to totals because of seasonal adjustment and rounding.

Source: U.S. Department of Commerce News (FT 900), October 95.



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# **STATISTICAL TABLES**

**Indexes of Industrial production, by selected countries and by specified periods, Jan. 1992-October 1995**  
(Total Industrial production, 1991=100)

Country	1992	1993	1994	1995									
				I	II	III	Apr	May	Jun.	Jul.	Aug.	Sept.	Oct.
United States <sup>1</sup>	107.6	112.0	118.1	122.8	121.4	122.5	121.4	121.3	121.4	121.5	122.9	123.0	122.5
Japan	96.0	92.0	93.1	95.6	94.9	( <sup>2</sup> )	96.3	90.4	98.1	98.0	90.0	( <sup>2</sup> )	( <sup>2</sup> )
Canada <sup>3</sup>	98.8	101.4	105.7	103.9	107.7	( <sup>2</sup> )	106.2	107.9	109.3	103.3	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Germany	97.7	90.5	93.9	93.8	98.0	( <sup>2</sup> )	93.8	93.8	99.9	96.4	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
United Kingdom	96.0	98.0	103.1	108.8	101.4	( <sup>2</sup> )	98.1	102.2	103.6	97.8	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
France	98.9	95.3	99.2	107.3	( <sup>2</sup> )	( <sup>2</sup> )	106.4	105.3	107.1	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Italy	97.8	95.7	102.2	109.9	113.5	( <sup>2</sup> )	113.2	113.3	114.1	113.7	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> 1987=100.

<sup>2</sup> Not available.

<sup>3</sup> Real domestic product in industry at factor cost and 1986 prices.

Source: *Main Economic Indicators*; Organization for Economic Cooperation and Development, August 1995, *Federal Reserve Statistical Release*; November 30, 1995.

**Consumer prices, by selected countries and by specified periods, Jan. 1992-September 1995**  
(Percentage change from same period of previous year)

Country	1992	1993	1994	1995											
				IV	I	II	III	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.
United States	3.0	3.0	2.6	2.7	2.8	3.1	2.6	2.9	2.9	3.1	3.2	3.0	2.8	2.6	2.5
Japan	1.6	1.3	0.7	0.8	0.1	0.0	0.0	0.2	-0.4	-0.2	0.0	0.3	0.1	-0.2	0.2
Canada	1.5	1.8	0.2	0.0	1.6	2.7	2.3	1.8	2.2	2.5	2.9	2.7	2.5	2.3	2.3
Germany	4.0	4.2	3.0	2.8	2.3	2.3	2.0	2.4	2.3	2.3	2.2	2.4	2.4	2.0	1.8
United Kingdom	3.7	1.6	2.5	2.6	3.4	3.4	3.7	3.4	3.5	3.3	3.4	3.5	3.5	3.6	3.9
France	2.4	2.0	1.7	1.6	1.7	1.6	( <sup>1</sup> )	1.7	1.8	1.6	1.6	1.6	1.5	1.9	( <sup>1</sup> )
Italy	5.1	4.4	1.0	4.0	4.3	5.2	5.5	4.5	4.9	5.2	5.3	5.7	5.4	5.6	5.6

<sup>1</sup> Not available.

Source: *Consumer Price Indexes, Nine Countries*, U.S. Department of Labor, November 1995.

**Unemployment rates, (civilian labor force basis)<sup>1</sup> by selected countries and by specified periods, Jan. 1992-September 1995**

Country	1992	1993	1994	1995											
				I	II	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	
United States	7.4	6.8	6.1	5.5	5.7	5.7	5.4	5.5	5.8	5.7	5.6	5.7	5.6	5.6	
Japan	2.2	2.5	2.9	3.0	3.2	2.9	3.0	3.0	3.2	3.1	3.2	3.2	3.2	3.2	
Canada	11.3	11.2	10.3	9.7	9.5	9.7	9.6	9.7	9.4	9.5	9.6	9.8	9.6	9.2	
Germany	4.6	5.8	6.5	6.5	6.5	6.4	6.4	6.5	6.5	6.5	( <sup>2</sup> )	( <sup>2</sup> )	6.6	( <sup>2</sup> )	
United Kingdom	10.0	10.4	9.5	8.8	8.8	8.8	8.7	8.7	8.6	8.8	8.8	8.8	8.8	8.6	
France	10.2	11.3	12.3	12.5	12.3	12.2	12.1	12.1	12.4	12.4	12.2	12.2	12.1	( <sup>2</sup> )	
Italy	7.3	10.3	11.4	12.2	12.2	12.2	( <sup>3</sup> )	( <sup>3</sup> )	12.2	( <sup>3</sup> )	( <sup>3</sup> )	12.0	( <sup>3</sup> )	( <sup>3</sup> )	

<sup>1</sup> Seasonally adjusted; rates of foreign countries adjusted to be comparable with the U.S. rate.

<sup>2</sup> Not available.

<sup>3</sup> Italian unemployment surveys are conducted only once a quarter, in the first month of the quarter.

Source: *Unemployment Rates in Nine Countries*, U.S. Department of Labor, November 1995.

**Money-market interest rates,<sup>1</sup> by selected countries and by specified periods, Jan. 1992-October 1995**  
(Percentage, annual rates)

Country	1992	1993	1994	1994		1995					Oct.				
				IV	I	II	III	Mar.	Apr.	May		Jun.	Jul.	Aug.	Sept.
United States .....	3.7	3.2	4.6	5.8	6.2	6.0	5.7	6.1	6.1	6.0	5.9	5.7	5.7	5.7	5.7
Japan .....	4.4	2.9	2.2	2.3	2.2	(2)	(2)	2.1	1.5	1.3	1.1	0.9	0.8	0.5	(2)
Canada .....	6.7	5.1	5.5	5.9	8.1	(2)	(2)	8.3	8.1	7.5	7.0	6.6	6.6	6.6	(2)
Germany .....	9.4	7.1	4.0	5.1	4.9	(2)	(2)	4.9	4.5	4.4	4.4	4.4	4.3	4.1	(2)
United Kingdom .....	9.5	5.8	5.4	6.0	6.6	(2)	(2)	6.6	6.6	6.6	6.6	6.7	6.7	6.7	(2)
France .....	10.1	8.3	5.7	5.5	5.7	(2)	(2)	7.7	7.6	7.2	7.0	6.3	5.8	5.7	(2)
Italy .....	13.9	10.0	8.4	8.8	9.7	(2)	(2)	10.9	10.9	10.3	10.9	10.9	10.4	10.3	(2)

<sup>1</sup> 90-day certificate of deposit.

<sup>2</sup> Not available.

Source: *Federal Reserve Statistical Release*, November 27, 1995 *Federal Reserve Bulletin*, November 1995.

**Effective exchange rates of the U.S. dollar, by specified periods, Jan. 1992-October 1995**  
(Percentage change from previous period)

Item	1992	1993	1994	1994		1995					Oct.		
				III	IV	I	II	III	Jun.	Jul.		Aug.	Sept.
Unadjusted: Index <sup>1</sup> .....	97.0	100.1	98.5	96.5	95.9	96.0	89.7	93.4	89.8	90.0	92.1	94.7	93.7
Percentage change .....	-1.5	3.1	-1.6	-3.5	-.6	.1	-7.0	3.7	-.1	.2	2.1	2.6	-1.0
Adjusted: Index <sup>1</sup> .....	100.9	104.2	101.5	99.9	98.0	95.1	90.8	92.5	90.9	91.3	94.1	95.5	94.4
Percentage change .....	-.1	3.3	-2.7	-3.6	-1.9	-2.9	-5.1	1.7	-.1	.4	2.8	1.4	-1.1

<sup>1</sup> 1990 average=100.

Note.—The foreign-currency value of the U.S. dollar is a trade-weighted average in terms of the currencies of 18 other major nations. The inflation-adjusted measure shows the change in the dollar's value after adjusting for the inflation rates in the United States and in other nations; thus, a decline in this measure suggests an increase in U.S. price competitiveness.

Source: Morgan Guaranty Trust Co. of New York, November 1995.

**Merchandise trade balances, by selected countries and by specified periods, Jan. 1992-September 1995**

(In billions of U.S. dollars, Exports less Imports (f.o.b - c.i.f), at an annual rate)

Country	1992	1993	1994	1995						
				I	II	III	Jun.	Jul.	Aug.	Sept.
United States <sup>1</sup>	-84.5	-115.7	-151.3	-167.5	-174.3	-162.4	-176.7	-183.4	-150.0	-153.6
Japan	106.4	120.3	-121.2	112.4	(2)	(2)	(2)	(2)	(2)	(2)
Canada <sup>3</sup>	12.1	13.3	18.0	26.1	(2)	(2)	(2)	(2)	(2)	(2)
Germany	21.0	35.8	45.6	(2)	(2)	(2)	(2)	(2)	(2)	(2)
United Kingdom	-30.8	-25.5	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
France <sup>3</sup>	5.8	15.8	15.8	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Italy	-6.6	20.6	22.0	(2)	(2)	(2)	(2)	(2)	(2)	(2)

<sup>1</sup> Figures are adjusted to reflect change in U.S. Department of Commerce reporting of imports at customs value, seasonally adjusted, rather than c.i.f. value.

<sup>2</sup> Not available.

<sup>3</sup> Imports are f.o.b.

Source: *Advance Report on U.S. Merchandise Trade*, U.S. Department of Commerce, November 21, 1995; *Main Economic Indicators*; Organization for Economic Cooperation and Development, August 1995.

**U.S. trade balance,<sup>1</sup> by major commodity categories and by specified periods, Jan. 1992-September 1995**

(In billions of dollars)

Country	1992	1993	1994	1995							
				I	II	III	May	Jun.	Jul.	Aug.	Sept.
Commodity categories:											
Agriculture	18.6	17.8	19.0	6.2	4.9	6.0	1.6	1.4	1.6	2.1	2.3
Petroleum and selected product— (unadjusted)	-43.9	-45.7	-47.5	-11.6	-12.8	-12.6	-4.5	-4.4	-4.3	-4.1	-4.2
Manufactured goods	-86.7	-115.3	-155.7	-40.3	-43.0	-50.9	-13.8	-15.6	-17.9	-17.1	-15.9
Selected countries:											
Western Europe	6.2	-1.4	-12.5	-1	-2.9	-3.9	-9	-1.6	-3.1	-7	-1
Canada	-7.9	-10.2	-14.5	-2.4	-4.0	-4.6	-8	-1.7	-1.4	-1.4	-1.8
Japan	-49.4	-59.9	-65.6	-15.0	-16.4	-14.5	-5.4	-5.2	-5.1	-5.1	-4.3
OPEC (unadjusted)	-11.2	-11.6	-13.8	-1.6	-3.7	-4.4	-1.3	-1.2	-1.5	-1.5	-1.4
Unit value of U.S. imports of petroleum and selected products (unadjusted)	\$16.80	\$15.13	\$14.22	\$15.43	\$16.97	\$15.46	\$17.39	\$16.81	\$15.60	\$15.31	\$15.47

<sup>1</sup> Exports, f.a.s. value, unadjusted. Imports, customs value, unadjusted.

Source: *Advance Report on U.S. Merchandise Trade*, U.S. Department of Commerce, November 21, 1995.