

**23D QUARTERLY REPORT TO THE CONGRESS  
AND THE TRADE POLICY COMMITTEE ON TRADE  
BETWEEN THE UNITED STATES AND THE  
NONMARKET ECONOMY COUNTRIES  
DURING APRIL-JUNE 1980**



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# UNITED STATES INTERNATIONAL TRADE COMMISSION

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## INTRODUCTION

This series of reports by the United States International Trade Commission is made pursuant to section 410 of title IV of the Trade Act of 1974 (19 U.S.C. 2440), which requires the Commission to monitor imports from and exports to certain nonmarket economy countries (NME's). These countries include those listed in headnote 3(f) of the Tariff Schedules of the United States (TSUS) 1/ and others not listed in the headnote, viz, Hungary, People's Republic of China (China), Poland, Romania, and Yugoslavia. This is the same group of countries whose imports can be investigated by the Commission under section 406 of title IV, since they are countries with centrally planned economies. Through control of the distribution process and the price at which articles are sold, they could disrupt the domestic market in the United States and thereby injure U.S. producers. 2/ Under the statute, the Commission publishes a summary of trade data not less frequently than once each calendar quarter, for Congress and, until January 2, 1980, the East-West Foreign Trade Board. As of that date, the East-West Foreign Trade Board was abolished, and its functions were transferred to the Trade Policy Committee, chaired by the United States Trade Representative.

As specified by the statute, one objective of the report is to identify those imported items which may have an impact on the relevant U.S. industry and on employment within that industry. Therefore, the report includes trade statistics for Albania, Bulgaria, China, Cuba, Czechoslovakia, the German Democratic Republic (East Germany), Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R., Vietnam, and Yugoslavia because these are the NME's whose current trade with the United States is at least at a level that could present problems for domestic industry.

At the present time, Poland, Yugoslavia, Romania, Hungary, and China receive most-favored-nation (MFN) tariff treatment from the United States. Most of the NME's have not been accorded this treatment since the underlying tariff policy was made effective in 1951 and 1952 pursuant to section 5 of the Trade Agreements Extension Act of 1951. That act directed the President to take appropriate action to deny the benefit of trade-agreement concessions to imports from certain Communist nations or areas. In the TSUS, the unconditional MFN rates are set forth in column 1. The rates applicable to products of designated Communist nations are set forth in column 2; for the most part, these are the higher rates that were enacted in 1930. The rates of duty resulting from this policy vary considerably from item to item, and discrimination is not present at all for products which historically have been duty free or dutiable at the same rates in columns 1 and 2. Therefore, actual or potential U.S. imports from countries which do not enjoy MFN privileges depend in some measure on the rates of duty on the specific items involved.

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1/ The following countries or areas are listed under headnote 3(f) of the TSUS: Albania, Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic, Estonia, those parts of Indochina under Communist control or domination, North Korea, the Kurile Islands, Latvia, Lithuania, Mongolia, Southern Sakhalin, Tanna Tuva, and the U.S.S.R.

2/ Some analysts consider Yugoslavia to be a market economy country. It is not a member of the Warsaw Pact or the Council for Mutual Economic Assistance, but is a member of the General Agreement on Tariffs and Trade, the International Monetary Fund, and the World Bank, has special status with the Organization for Economic Cooperation and Development, and is a leader of the movement of nonaligned countries.

This particular report contains a summary of U.S. trade with the NME's during April-June 1980. This was the second quarter in which such trade was affected by the President's restrictions on exports to the U.S.S.R., announced on January 4, 1980, following the Soviet invasion of Afghanistan. The summary examines U.S. exports, imports, and the balance of trade with the NME's as well as the commodity composition of such trade. A special chapter discusses trade sanctions in greater detail, updating the discussion that was included in the 22d report of the series. Important changes in U.S. commercial relations with the NME's and pertinent economic and trade developments are discussed. The report also contains an analysis of canned hams from Eastern Europe, the leading product in U.S. trade with a number of NME's.

## SUMMARY OF SECOND-QUARTER DEVELOPMENTS

As a result of the trade sanctions imposed by the President of the United States in response to the Soviet invasion of Afghanistan, the market share of the NME's in U.S. trade was significantly reduced in the second quarter of 1980. U.S. exports to and imports from NME's were each lower than in the corresponding period of 1979, and the balance of trade, while still positive, was lower than at any time since October-December 1978. Total trade with NME's, measured in current dollars, was at its lowest since January-March 1979.

Sales of agricultural products and crude materials accounted for more than 70 percent of U.S. exports to NME's in January-June 1980, in contrast to 26 percent of total U.S. exports. U.S. imports from the NME's continued to consist principally of manufactured goods, which accounted for 70 percent of these imports, compared with 54 percent of total U.S. imports.

U.S. exports to the Soviet Union dropped from \$860 million in April-June 1979 to about \$186 million in the corresponding period of 1980. The effect of the embargo was most significant in the shipment of cereals and cereal preparations, which declined from \$523 million in April-June 1979 to about \$68 million in April-June 1980. U.S. imports from the Soviet Union in the period were valued at \$61 million, the lowest quarterly figure since the first quarter of 1977. This can be partially explained by the fact that Soviet Union did not export gold bullion--a traditionally volatile component of U.S.-Soviet trade--to the United States in the first half of 1980.

During this period, the Soviet Union slipped to fifth place among the NME's as a source for U.S. imports behind China, Poland, Romania, and Yugoslavia. Despite the partial embargo, the U.S.S.R. remained the second most important NME purchaser of U.S. exports, with China in first place by a wide margin.

In April-June 1980, China continued to strengthen its role among the NME trading partners of the United States, remaining the principal market among the NME's for U.S. exports and the main NME source for U.S. imports. China accounted for 44 percent of all U.S. exports to NME's in the period.

During this quarter, China was admitted to full membership in the International Monetary Fund and the World Bank. These developments will enable China to have access to the significant credit facilities of these institutions and could eventually provide sales and investment opportunities for U.S. firms. One of the major issues in U.S.-Chinese commercial relations, the limits on textile imports from China, remained unresolved in the quarter under review. 1/

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1/ On Sept. 17 the United States and China signed an agreement limiting U.S. textile imports from China of cotton gloves and (in certain categories) of shirts, blouses, trousers, and sweaters. The agreement replaces a set of quotas unilaterally imposed by the United States last year. The import limits applicable in 1980 are effective immediately and are below the levels of imports in 1979. The agreement allows for increased shipments of the affected items to the United States in 1981, and again in 1982. <sup>3</sup>



SECOND-QUARTER DEVELOPMENTS IN TRADE BETWEEN THE UNITED STATES  
AND NONMARKET ECONOMY COUNTRIES

In April-June 1980, the position of NME's as U.S. trading partners was significantly diminished. Measured in current dollars, U.S. exports to and imports from NME's and the combined U.S. trade surplus with these countries were lower than in April-June 1979 (table 1). Data show a 12-percent decline in the value of two-way trade, and the reduction in the volume was even larger, since prices generally rose between the two periods.

April-June 1980 was the first quarter in which the postinvasion trade sanctions imposed by the United States against the Soviet Union seemed to have a major effect on U.S. trade with NME's, and U.S. exports to NME's declined from 4.3 percent of total U.S. exports in April-June 1979 to 2.9 percent in April-June 1980. The NME's accounted for their lowest share of U.S. imports since October-December 1977.

U.S. Exports to NME's

In April-June 1980, U.S. exports to NME's amounted to \$1.6 billion, 24 percent less than in the first quarter of the year. This steep decline derives, in part, from the fact that the U.S. restrictions on exports to the Soviet Union had not yet had their full impact in the first quarter. However, those U.S. exports to the Soviet Union which were unaffected by the trade sanctions and exports to other NME's also declined from the previous quarter. Compared with those in April-June 1979, exports in current dollars were down 15 percent (table 1).

Declining exports sharply reduced the traditionally favorable balance of trade with NME's: the surplus shrank to less than \$1 billion in April-June 1980, which was smaller than in any quarter since 1978.

During most of the 1970's, the surplus in U.S. trade with NME's was in sharp contrast to the large trade deficit the United States experienced with the world. In the second quarter of 1980 this contrast diminished, however, as the U.S. surplus with NME's and the overall U.S. trade deficit narrowed.

The distribution among broad product groups of U.S. exports to NME's and to the world is shown in table 2 for January-June 1979 and January-June 1980. The impact of the restrictions imposed on sales to the Soviet Union is discernible in certain changes that took place in the composition of U.S. exports to NME's between the two periods. The largest category of exports to NME's--food (SITC Sections 0 and 1)--declined from 45.1 to 43.5 percent as a share of total U.S. exports to these countries.

Table 3 shows U.S. exports of cereals and cereal preparations--the principal items in the food category--to NME's in January-June and in April-June of 1979 and 1980. In the first quarter of 1980, grain exports to the Soviet Union permitted under a bilateral grain supply agreement were not yet exhausted, and sales continued strong. The impact of the partial embargo on grain sales to the Soviet Union is especially apparent in the second quarter compared with the corresponding quarter of 1979, as cereal and cereal

Table 1.--U.S. trade with the world and with the nonmarket economy countries (NME's),  
by quarters, April 1979-June 1980

Item	1979			1980		
	April- June	July- September	October- December	January- March	April- June	
U.S. world trade:						
Exports-----million dollars--:	44,452	44,681	51,588	53,017	56,591	
Imports-----do-----:	50,119	53,121	57,699	61,838	60,794	
Balance-----do-----:	-5,667	-8,440	-6,111	-8,821	-4,202	
U.S. trade with NME's:						
Exports-----million dollars--:	1,911	2,029	2,746	2,148	1,634	
Imports-----do-----:	721	757	893	652	685	
Balance-----do-----:	1,190	1,272	1,853	1,497	949	
Trade turnover (exports plus imports) million dollars--:	2,632	2,786	3,639	2,800	2,319	
Share of total U.S. trade accounted for by trade with NME's:						
Exports-----percent--:	4.30	4.54	5.32	4.05	2.89	
Imports-----do-----:	1.44	1.43	1.55	1.05	1.13	

Source: U.S. Department of Commerce publication FT990. Export data are from tables E-3 and E-6 and include domestic and foreign merchandise and Defense Department military assistance shipments. Import data are from table I-6 and are general imports. Both exports and imports are valued on an f.a.s. basis.

Note.--General imports are used in this table as a more accurate measure of the U.S. balance of trade for any given time period. The totals for general imports in this table will not, therefore, correspond with totals for imports for consumption listed in all other tables in this report.

Table 2.--U.S. trade with the world and with the nonmarket economy countries (NME's), by SITC 1/ Nos. (Revision 2), January-June 1979 and January-June 1980

SITC Section No.	Description	U.S. trade with the world		U.S. trade with the NME's	
		Jan.-June 1979	Jan.-June 1980	Jan.-June 1979	Jan.-June 1980
Exports (million dollars)					
0, 1	Food, beverages, and tobacco-----	10,368	13,751	1,513	1,625
2, 4	Crude materials-----	10,713	14,185	811	1,090
3	Mineral fuels and lubricants-----	2,516	3,581	77	92
5	Chemicals-----	8,037	10,499	193	256
6	Manufactured goods classified by				
	chief material-----	7,693	11,288	116	137
7, 8, 9	Other manufactured goods and mis-				
	cellaneous-----	44,743	54,241	643	536
	Total-----	84,070	107,545	3,353	3,737
Imports (million dollars)					
0, 1	Food, beverages, and tobacco-----	8,569	9,248	210	187
2, 4	Crude materials-----	5,397	5,684	75	89
3	Mineral fuels and lubricants-----	24,500	41,870	88	109
5	Chemicals-----	3,633	4,505	81	139
6	Manufactured goods classified by				
	chief material-----	14,419	16,718	245	325
7, 8, 9	Other manufactured goods and mis-				
	cellaneous-----	38,758	44,606	466	464
	Total-----	95,276	122,632	1,165	1,313
Percent of total exports					
0, 1	Food, beverages, and tobacco-----	12.3	12.8	45.1	43.5
2, 4	Crude materials-----	12.7	13.2	24.2	29.2
3	Mineral fuels and lubricants-----	3.0	3.3	2.3	2.5
5	Chemicals-----	9.6	9.8	5.8	6.9
6	Manufactured goods classified by				
	chief material-----	9.2	10.5	3.5	3.7
7, 8, 9	Other manufactured goods and mis-				
	cellaneous-----	53.2	50.4	19.2	14.3
	Total-----	100.0	100.0	100.0	100.0
Percent of total imports					
0, 1	Food, beverages, and tobacco-----	9.0	7.5	18.0	14.2
2, 4	Crude materials-----	5.7	4.6	6.4	6.8
3	Mineral fuels and lubricants-----	25.7	34.1	7.6	8.3
5	Chemicals-----	3.8	3.7	7.0	10.6
6	Manufactured goods classified by				
	chief material-----	15.1	13.6	21.0	24.8
7, 8, 9	Other manufactured goods and mis-				
	cellaneous-----	40.7	36.4	40.0	35.3
	Total-----	100.0	100.0	100.0	100.0

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce. Imports are imports for consumption and valued on a customs basis. Exports are domestic merchandise only, and valued on an f.a.s. basis.

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

Table 3.--U.S. exports of cereals and cereal preparations to nonmarket economy countries (NME's) and to the world, 1978, 1979, January-June 1980, April-June 1979, and April-June 1980

Market	1978		1979		January-June--		April-June--	
					1979	1980	1979	1980
China-----1,000 dollars--	361,902	482,653	237,812	286,264	78,767	157,848		
U.S.S.R-----do-----	1,417,438	2,254,036	744,282	404,469	523,300	67,584		
Poland-----do-----	270,474	399,278	102,307	144,154	74,480	46,518		
Yugoslavia-----do-----	28,575	162,704	61,965	59,237	56,260	24,997		
Romania-----do-----	32,546	116,747	53,338	126,707	25,995	69,177		
East Germany-----do-----	106,813	245,773	60,923	238,802	44,039	105,211		
Czechoslovakia-----do-----	44,643	167,226	25,102	61,372	10,747	20,144		
Hungary-----do-----	12,439	666	666	630	-	202		
Bulgaria-----do-----	25,010	5,515	2,484	32,487	-	12,295		
Total 1/-----do-----	2,299,840	3,834,598	1,288,879	1,354,122	813,591	503,976		
Total, U.S. cereal exports to the world								
U.S. exports of cereals to the world	11,633,969	14,450,494	5,710,977	7,961,575	3,225,580	3,912,206		
NME's as a share of total cereal exports-----percent--	19.8	26.5	22.6	17.0	25.2	12.9		

1/ Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Data are based on new Schedule E, Division 04. There were no exports of cereals and cereal preparations to the NME's not listed in this table.

preparations exported to the Soviet Union fell to \$68 million from \$523 million. Therefore, despite substantial increases in exports to China and Eastern Europe, cereal and cereal preparations exported to all NME's declined to \$504 million during the second quarter of 1980 from \$814 million during the second quarter of 1979.

Meanwhile, U.S. exports of cereals and cereal preparations to the world expanded significantly. The combined result of a fast-growing world market and a shrinking NME market for these items reduced the NME's share of total U.S. exports to 13 percent in the second quarter of 1980 from 25 percent in the corresponding quarter of 1979. (In the second quarter of 1979, the Soviet Union alone received 64 percent of all U.S. sales of cereals and cereal preparations going to NME's and 16 percent of total U.S. export sales of these items. In the second quarter of 1980, these figures dropped to 13 percent and 2 percent.)

The share of certain manufactured goods (i.e., SITC Sections 7 through 9) in total U.S. exports to NME's also declined, from 19.2 percent in the first half of 1979 to 14.3 percent in the first half of 1980 (table 2). The value of these exports--which consist largely of engineering products incorporating unique U.S. technology--dropped, even though their prices increased. Although more stringent postinvasion restrictions on high-technology sales to the Soviet Union contributed to the decline, persistent strict import controls in Eastern European countries were also responsible. Having to spend large amounts of their scarce hard-currency reserves for food and energy, Eastern European countries continued to cut back on imports of Western technology. China was the only NME providing an expanding market for U.S. machinery and transportation equipment (SITC Section 7), the principal component of manufactures exported to NME's in SITC Sections 7 through 9.

By contrast, crude-material exports--the second largest category of U.S. exports to NME's--increased in January-June 1980 compared with those in the corresponding period of 1979, both in total value and as a share of U.S. exports to NME's. Even though crude materials include soybeans, an important item of export to the Soviet Union which is now under full embargo, exports of crude materials to NME's increased because the steep decline in soybean sales to the U.S.S.R. was more than offset by soaring exports of crude materials to other NME's. Exports of soybeans, cotton, and manmade fibers to China and manmade fibers and other crude materials to the Eastern European countries increased. Similarly, U.S. chemical exports to NME's continued to gain in importance, despite the embargo placed on the export of phosphates to the Soviet Union. Furthermore, chemical trade with NME's is two way; U.S. chemical imports from NME's are also increasing, as shown in the following section.

When compared with U.S. exports to the world, U.S. exports to NME's show a much heavier concentration in food and crude materials. Even with reduced postembargo sales of grain and soybeans to the Soviet Union, the heavy reliance of NME's on the United States for food and crude materials continues. In the first half of 1980, food and crude materials (SITC Sections 0, 1, 2, and 4) jointly accounted for almost three-fourths of U.S. exports to NME markets, compared with a little more than one-fourth of U.S. exports to the world.

## U.S. Imports From NME's

While the level of imports from NME's in the second quarter of 1980 was not unusual, the absence of gold bullion imports from the Soviet Union and a decline in imports from several other NME's depressed imports somewhat (table 1).

U.S. imports from NME's differ in composition from total U.S. imports, but the difference is not as great as for exports (table 2). U.S. imports from NME's are dominated by manufactures (SITC Sections 5 through 9), which accounted for 71 percent of the total in January-June 1980, compared with 54 percent of U.S. imports from the world. Food, beverages, and tobacco also accounted for a greater share of U.S. imports from NME's than from the world: in the first half of 1980 they accounted for 14.2 percent from NME's and 7.5 percent from the world. Imports of mineral fuels, which accounted for 34 percent of total U.S. imports, accounted for only 8.3 percent of U.S. imports from NME's.

The relative importance of certain commodity categories in U.S. imports from NME's changed in the same direction as in total U.S. imports. The largest, most heterogeneous class of manufactures shown in table 2--SITC Sections 7 through 9--dropped both as a share of total U.S. imports and as a share of imports from NME's. Gold bullion, which is also classified in this group, intermittently accounts for a major part of U.S. imports from NME's. Unlike the first half of 1979, there were no gold bullion imports from the Soviet Union in January-June of 1980.

Other typical NME products in this aggregated category include labor-intensive items such as footwear, apparel, furniture, and antiques. Manufactured imports also include items incorporating fairly sophisticated modern technology, such as motor-vehicle and tractor parts, textiles, and printing machinery. The production of these was often developed or perfected by NME governments with the intent of using them to earn hard currency in Western markets.

Food, beverages, and tobacco lost some weight in U.S. imports from the world and from NME's. The decline in their share of imports from NME's was caused by a reduction in imports of canned hams, which account for much more than half the total U.S. food imports from NME's. <sup>1/</sup> On the other hand, mineral fuels, whose importance in the profile of U.S. imports from the world surged because of rising petroleum prices, also rose as a share of imports from NME's.

There were some changes in the composition of U.S. imports that were unique to NME's. For example, in the first half of 1980, chemicals continued their rapid relative ascent among U.S. imports from NME's. Chemical imports from NME's are accounted for, in part, by increasingly large imports of Soviet anhydrous ammonia. These began in 1978 and have since grown, unaffected by the deterioration of U.S.-Soviet relations. Several other chemicals, from China and Eastern Europe, also contributed to the rise in chemical imports from NME's.

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<sup>1/</sup> See the section on canned hams from Eastern Europe.

The increase in the share of manufactured goods classified by material in U.S. imports from NME's--from 21 percent in January-June 1979 to 25 percent in the January-June 1980--is also part of a growth trend. Higher values of imports of ferrous and nonferrous metal products, metal coins, and various textiles accounted in large measure, for rising imports in this category.

#### U.S. Trade With Individual NME's

Tables 4 and 5 show the distribution of U.S. trade in major commodity categories among the NME's during April-June 1980. China provided the principal export market among the NME's, and was also the leading source of imports from NME's. In the second quarter of 1980, China received two-thirds or more of U.S. exports to NME's of crude materials (soybeans, cotton, manmade fibers), of chemicals (fertilizers, insecticides, resins), and of manufactures classified by material (yarns, fabrics). China also became the leading NME purchaser of U.S. food (a 26-percent share) and machinery (a 34-percent share).

As noted above, the Soviet Union was by far the dominant NME destination for U.S. food exports before the trade sanctions. By April-June 1980, it ranked only fourth among the NME's as a purchaser of U.S. food, after China, East Germany, and Romania. China's food purchases consisted predominantly of grains. East Germany, accounting for 20 percent of U.S. food exports to NME's, and Romania, accounting for 14 percent, each purchased large amounts of both grains and soybean meal, as did other Eastern European countries. Moreover, the U.S. embargo on soybeans and phosphates also put the Soviet Union well down on the list of recipients of U.S. crude materials and chemicals.

Among NME's, the Soviet Union still ranked second after China as a market for U.S. machinery and transportation equipment. It remained second despite the postinvasion restrictions against exports of certain high-technology items. However, before the invasion of Afghanistan, the Soviet Union had been the leading NME purchaser of U.S. engineering exports. With large purchases of airplanes and mining exploration and production equipment, China replaced the Soviet Union as number one in the current quarter.

On the import side, China supplied 44 percent of U.S. imports from NME's of miscellaneous manufactures--the largest group of imports from NME's--in April-June 1980 (table 5). These included a wide variety of products, mostly items of clothing and antiques. Imports from China of several other items--e.g., footwear and toys--are expected to expand further. Expansion is expected, in part, as a result of countertrade agreements already concluded, or currently being negotiated, between U.S. businessmen and Chinese officials. In the quarter under review, Yugoslavia was the second-ranking source of miscellaneous manufactures among NME's (including mostly apparel, furniture, and footwear) and accounted for some 22 percent of the total.

One-third of the manufactures classified by material and imported from NME's came from China; these consisted mostly of textiles and nonferrous metals. In this category, sales of nonferrous metals and metal coins to the United States made the Soviet Union the second-ranking NME supplier, behind China.

Table 4.--U.S. exports to the nonmarket economy countries,  
by SITC 1/ Nos. (Revision 2), April-June 1980

SITC Section No.	Description	(In thousands of dollars)											Total				
		Albania	Bulgaria	China	Cuba	Czechoslovakia	East Germany	Hungary	Mongolia	Poland	Romania	U.S.S.R.		Vietnam	Yugoslavia		
0	Food and live animals	-	21,028	158,210	-	23,911	119,066	6,700	-	-	-	-	-	-	-	-	-
1	Beverages and tobacco	-	622	28	-	93	57	420	-	-	-	-	-	-	-	-	-
2	Crude material--inedible, except fuel	-	670	305,741	-	2,082	4,151	555	-	-	-	-	-	-	-	-	-
3	Mineral fuels, lubricants, etc	2,062	30	163	-	4	-	4	-	-	-	-	-	-	-	-	-
4	Oils and fats--animal and vegetable	-	-	29,301	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Chemicals	5	396	74,714	-	874	4,091	3,094	-	-	-	-	-	-	-	-	-
6	Manufactured goods classified by chief material	-	633	47,415	-	1,384	204	2,741	-	-	-	-	-	-	-	-	-
7	Machinery and transport equipment	249	1,350	85,108	6	2,312	824	4,419	-	-	-	-	-	-	-	-	-
8	Miscellaneous manufactured articles	-	3,396	11,724	1	1,416	788	2,337	-	-	-	-	-	-	-	-	-
9	Commodities and transactions not elsewhere classified	-	-	4	-	2	-	22	-	-	-	-	-	-	-	-	-
	Total	2,316	28,125	712,407	10	32,079	129,181	20,292	-	-	-	-	-	-	-	-	-
	North Korea																
0	Food and live animals	-	69,414	83,977	-	-	75,478	32,931	-	-	-	-	-	-	-	-	-
1	Beverages and tobacco	-	4,881	-	-	1,392	2,014	9,507	-	-	-	-	-	-	-	-	-
2	Crude material--inedible, except fuel	-	34,550	57,843	-	2,595	35,300	443,489	-	-	-	-	-	-	-	-	-
3	Mineral fuels, lubricants, etc	-	19	-	-	4,980	20,111	46,117	-	-	-	-	-	-	-	-	-
4	Oils and fats--animal and vegetable	-	2,090	18,745	-	11,871	43,262	113,645	-	-	-	-	-	-	-	-	-
5	Chemicals	-	4,241	380	-	4,623	21,226	70,097	-	-	-	-	-	-	-	-	-
6	Manufactured goods classified by chief material	-	4,574	2,572	-	7,197	3,371	70,097	-	-	-	-	-	-	-	-	-
7	Machinery and transport equipment	-	10,662	15,625	-	66,402	61,396	248,355	-	-	-	-	-	-	-	-	-
8	Miscellaneous manufactured articles	-	1,621	1,854	-	11,111	4,876	39,137	-	-	-	-	-	-	-	-	-
9	Commodities and transactions not elsewhere classified	-	-	-	-	-	-	31	-	-	-	-	-	-	-	-	-
	Total	-	132,052	180,996	-	185,649	181,229	1,604,355	-	-	-	-	-	-	-	-	-

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

Table 5.--U.S. imports for consumption from the nonmarket economy countries,  
by SITC 1/ Nos. (Revision 2), April-June 1980

SITC Section No.	Description	(In thousands of dollars)													
		Albania	Bulgaria	China	Cuba	Czecho- slovakia	East Germany	Hungary	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Vietnam	Yugo- slavia
0	Food and live animals	45	276	12,699	-	1,174	31	6,489	-	-	-	-	-	-	79,122
1	Beverages and tobacco	-	4,251	305	-	169	128	320	-	-	-	-	-	-	11,804
2	Crude material--inedible, except fuel	3,893	-	33,953	-	134	841	115	-	-	-	-	-	-	47,359
3	Mineral fuels, lubricants, etc	-	-	40,004	-	-	479	-	-	-	-	-	-	-	68,881
4	Oils and fats--animal and vegetable	-	-	1,384	-	-	-	-	-	-	-	-	-	-	1,384
5	Chemicals	23	146	29,635	-	381	936	1,359	-	-	-	-	-	-	68,185
6	Manufactured goods classified by chief material	-	99	46,241	-	2,951	2,945	1,557	-	-	-	-	-	-	140,969
7	Machinery and transport equipment	-	793	698	-	4,120	3,215	10,499	-	-	-	-	-	-	69,346
8	Miscellaneous manufactured articles	2	381	77,344	3	5,724	1,470	2,589	-	-	-	-	-	-	176,384
9	Commodities and transactions not elsewhere classified	-	16	826	4	114	13	162	-	-	-	-	-	-	5,291
	Total	3,963	5,965	243,090	7	14,767	10,058	23,091	-	-	-	-	-	-	668,726
0	Food and live animals	-	40,531	8,236	-	126	-	9,513	-	-	-	-	-	-	79,122
1	Beverages and tobacco	-	308	311	-	1,075	-	4,939	-	-	-	-	-	-	11,804
2	Crude material--inedible, except fuel	-	336	2,308	-	3,927	-	1,498	-	-	-	-	-	-	47,359
3	Mineral fuels, lubricants, etc	-	2,574	25,824	-	-	-	2/	-	-	-	-	-	-	68,881
4	Oils and fats--animal and vegetable	-	-	-	-	-	-	-	-	-	-	-	-	-	1,384
5	Chemicals	5	6,127	4,052	-	22,723	-	2,798	-	-	-	-	-	-	68,185
6	Manufactured goods classified by chief material	-	26,753	13,103	-	27,067	-	20,250	-	-	-	-	-	-	140,969
7	Machinery and transport equipment	-	16,299	21,307	-	637	-	11,777	-	-	-	-	-	-	69,346
8	Miscellaneous manufactured articles	21	20,467	24,319	-	5,374	-	38,690	-	-	-	-	-	-	176,384
9	Commodities and transactions not elsewhere classified	-	76	109	-	117	-	3,830	-	-	-	-	-	-	5,291
	Total	25	113,471	99,569	61,046	27	93,297	668,726	-	-	-	-	-	-	668,726

1/ Standard International Trade Classification.

2/ Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

Among NME's, China was also the leading supplier of mineral fuels to the United States, accounting for 58 percent of the total during April-June 1980. As in 1979, China was the only NME to sell gasoline to the United States--the leading import item in that category during the current quarter. Naphtha derived from petroleum was the principal U.S. import from Romania, the other major NME source for mineral fuels and lubricants. The Soviet Union--one of the largest exporters of petroleum and petroleum products to world markets, and intermittently a source of U.S. imports--did not sell any mineral fuels to the United States during the quarter under review.

Forty-four percent of U.S. chemical imports from NME's originated in China; ammonium molybdate, fireworks, and barium sulfate were leading items. The Soviet Union ranked second among NME's in supplying chemical imports, predominantly anhydrous ammonia.

Poland accounted for more than half the U.S. food imports from NME's--mostly canned hams. Diminishing U.S. imports of food were, therefore, largely the result of declining imports of Polish hams.

Most machinery and transportation items from NME's came from Eastern Europe, including parts for agricultural machinery from Romania and Hungary, sewing machines from Poland, and motor-vehicle parts from Hungary.

Total U.S. trade with individual NME's is compared in tables 6 and 7 for various periods. The decline in exports to the Soviet Union, to a little more than one-fifth of the value in the corresponding quarter of 1979, was the most dramatic change experienced in the recent history of East-West trade (table 6). However, there were considerable declines in U.S. exports to other important NME markets also, notably Poland and Yugoslavia. <sup>1/</sup> In contrast, U.S. exports to China more than doubled, and exports to East Germany and Bulgaria rose considerably. U.S. imports from several NME's also declined (table 7). <sup>2/</sup> The only important exception was China, from which imports almost doubled.

China alone accounted for half the U.S. trade surplus with NME's in the quarter, as can be seen from tables 6 and 7. These tables also show that the United States maintained a surplus with every major NME except Hungary. U.S. trade with Hungary resulted in a deficit in 1979 and in the first and second quarters of 1980. A U.S. deficit, therefore, may now be characteristic of U.S.-Hungarian trade. Unlike other Eastern European countries, Hungary does not have to rely on agricultural imports.

Figure 1 shows the share of individual countries in the joint NME market for U.S. exports in 1979 and January-June 1980. As a result of the restrictions on U.S. exports to the Soviet Union, China became the leading market for U.S. exports to NME's, accounting for almost 40 percent of the total. The Soviet Union--long the dominant NME market--received less than 18 percent of the total. Uncharacteristically, Romania, ranked third in importance, displacing Poland and Yugoslavia.

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<sup>1/</sup> This could be accounted for in part by the hard-currency shortage which exists in certain NME's. Official attempts have been made to discourage imports and decrease the balance-of-payments deficit.

<sup>2/</sup> The decline in U.S. imports has been attributed to the uncertainty, on both sides, evoked by the imposition of the sanctions. 14

Table 6.--U.S. exports to the individual nonmarket economy countries and to the world, 1978, 1979, January-June 1979, January-June 1980, April-June 1979, and April-June 1980

Market	(In thousands of dollars)							
	1978	1979	January-June--		April-June--		1979	1980
			1979	1980	1979	1980		
China	818,241	1,716,500	703,869	1,485,678	310,514	712,407		
U.S.S.R.	2,249,020	3,603,632	1,456,612	666,928	859,715	185,649		
Poland	677,022	786,258	274,887	356,469	150,767	132,052		
Yugoslavia	471,298	731,784	359,133	339,973	243,068	181,229		
Romania	317,423	500,464	259,664	364,265	154,879	180,996		
East Germany	170,121	354,522	138,319	304,970	89,214	129,181		
Czechoslovakia	105,349	281,129	83,233	113,986	30,520	32,079		
Hungary	97,682	77,583	41,686	41,441	18,106	20,292		
Bulgaria	48,120	56,225	31,133	59,801	21,245	28,125		
Albania	4,469	10,054	4,185	3,217	2,949	2,316		
Mongolia	62	80	56	10	9	7		
Vietnam	1,879	541	138	42	95	11		
North Korea	1	13	-	-	-	-		
Cuba	340	299	259	32	68	10		
Total 1/	4,961,027	8,119,089	3,353,222	3,736,812	1,881,150	1,604,355		
Total, U.S. exports to the world 1/	141,154,185	178,413,200	84,019,644	105,186,002	43,658,329	54,232,331		

1/ These figures do not correspond exactly with those in table 1 because export figures in table 1 include U.S. exports of foreign merchandise and Department of Defense military assistance shipments, whereas figures in this table do not. Exports are valued on an f.a.s. basis.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

Table 7.--U.S. imports for consumption from the individual nonmarket economy countries and from the world, 1978, 1979, January-June 1979, January-June 1980, April-June 1979, and April-June 1980

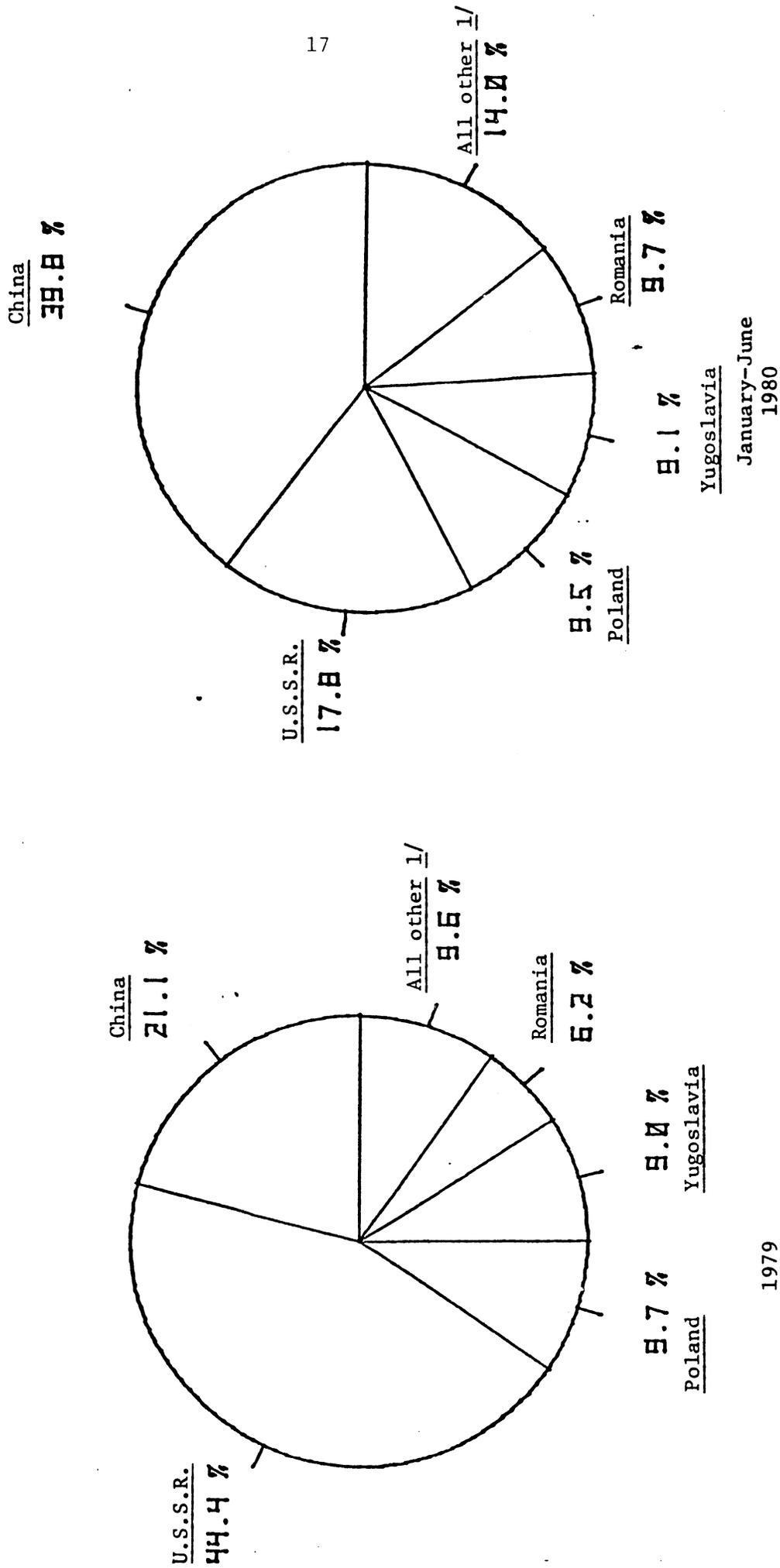
Source	(In thousands of dollars)					
	1978	1979	January-June--		April-June--	
			1979	1980	1979	1980
China-----	316,743	548,543	231,650	443,278	137,986	243,090
U.S.S.R-----	529,579	872,595	238,164	160,873	173,663	61,046
Poland-----	435,947	426,090	210,425	213,817	124,878	113,471
Yugoslavia-----	406,553	391,003	201,503	207,737	112,321	93,297
Romania-----	344,561	329,051	166,393	163,058	97,632	99,569
East Germany-----	35,220	35,666	19,187	23,433	11,723	10,058
Czechoslovakia-----	57,359	49,899	24,055	30,141	11,580	14,767
Hungary-----	69,153	112,129	48,157	51,396	25,364	23,091
Bulgaria-----	27,909	30,145	17,459	11,628	10,068	5,965
Albania-----	3,497	9,002	5,140	6,265	1,721	3,963
Mongolia-----	3,679	3,753	2,633	780	1,452	351
Vietnam-----	203	711	444	29	188	27
North Korea-----	21	127	59	51	10	25
Cuba-----	66	152	115	16	18	7
Total 1/-----	2,230,490	2,808,865	1,165,385	1,312,502	708,603	668,726
Total, U.S. imports to all countries 1/-----	172,952,194	205,922,700	95,276,078	122,260,936	50,062,295	60,611,407

1/ These figures do not correspond exactly with those in table 1 because these figures are imports for consumption valued on a customs basis, whereas the import figures in table 1 are general imports valued on an f.a.s. basis.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

Figure 1.--Relative shares of U.S. exports to the nonmarket economy countries, 1979 and January-June 1980.



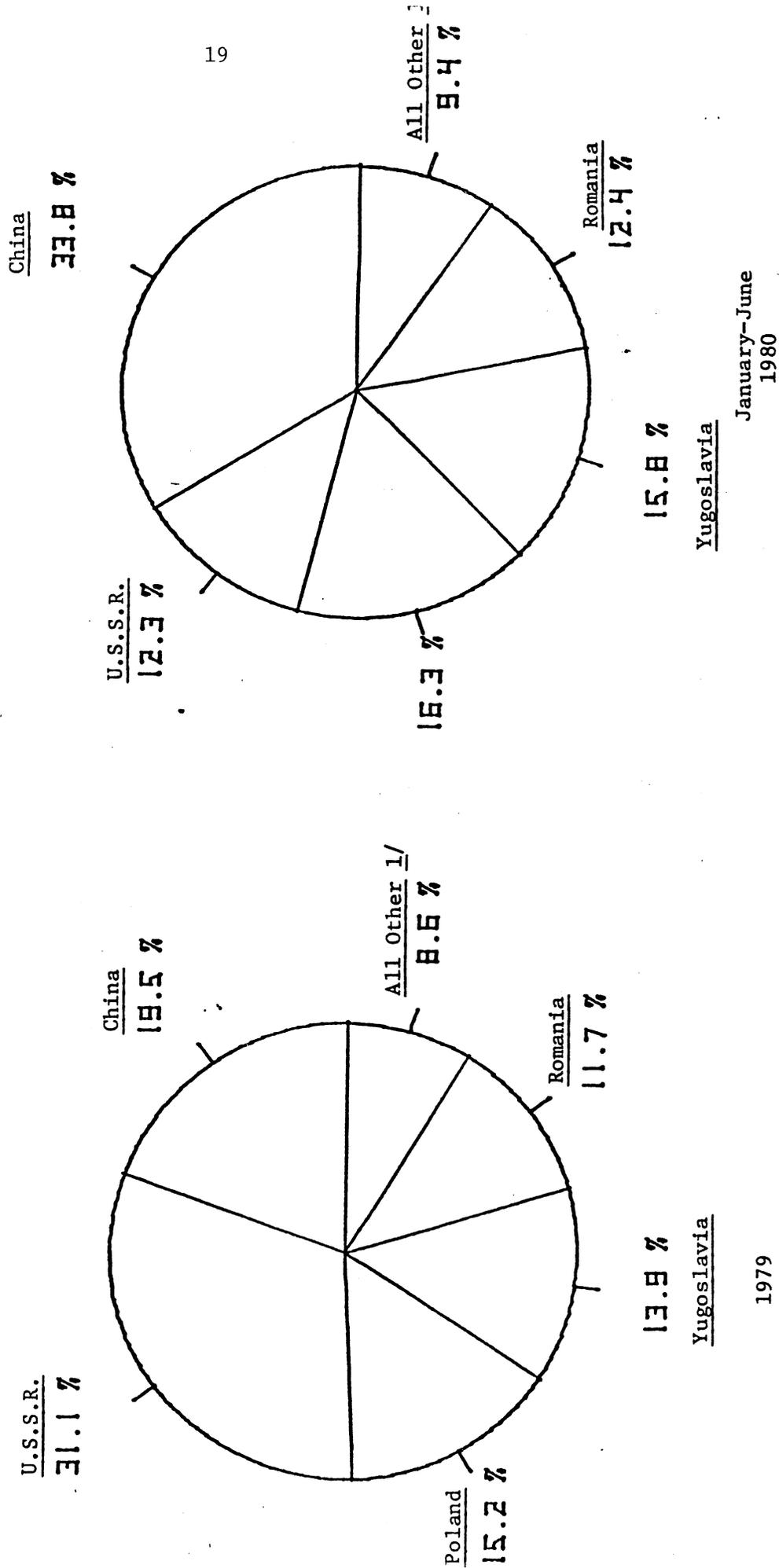
1/ East Germany, Czechoslovakia, Hungary, Bulgaria, Albania, Mongolia, Vietnam, North Korea, and Cuba.

Source: Based on data in table 6.

Note.--Because of rounding, figures may not add to exactly 100.

China also became the principal source for U.S. imports from NME's, accounting for some 34 percent of the total in the first half of 1980--a significant gain from 19.5 percent in 1979 (fig. 2). Poland, Yugoslavia, Romania, and the Soviet Union, in that order, were the other important NME sources of U.S. imports. As noted earlier, the absence of gold bullion imports from the Soviet Union accounted for the small Soviet import share for the quarter; the amount of U.S. imports from the Soviet Union depends, in large measure, on the content of gold in that trade flow.

Figure 2.--Relative shares of U.S. imports from the nonmarket economy countries, 1979 and January-June 1980.



1/ East Germany, Czechoslovakia, Hungary, Bulgaria, Albania, Mongolia, Vietnam, North Korea, and Cuba.

Source: Based on data in table 7.

Note.--Because of rounding, figures may not add to exactly 100.



SECOND-QUARTER DEVELOPMENTS AFFECTING U.S. COMMERCIAL RELATIONS  
WITH NONMARKET ECONOMY COUNTRIES

China Joins IMF and World Bank

Admission to full membership in the International Monetary Fund (IMF), on April 17, and the World Bank, on May 15, made China eligible for extensive international financing, some of which can be used to modernize its economy. It appears that, from the point of view of Chinese leaders, the primary motivation for joining the sister institutions was to gain access to large amounts of relatively cheap credit rather than to enhance China's political status, which is another advantage that membership provides.

While China has not lacked offers of financing during the 2 years since Chinese Government leaders began to borrow abroad for development projects, the IMF--and especially the lending facilities available through membership in the World Bank--can provide more favorable credit terms. Chinese officials have indicated particular interest in borrowing from the International Development Association (IDA), a World Bank affiliate.

In general, the size of a country's membership subscription in the IMF, or quota of paid-in capital, determines the extent to which that country is eligible to borrow foreign currencies to meet its balance-of-payments requirements. China's quota in the Fund is SDR 550 million, or approximately \$700 million 1/--the quota assigned when the Republic of China under Chiang Kai-shek became a charter member of the IMF in 1946. 2/ This quota

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1/ The SDR's, or Special Drawing Rights, are international reserve assets created by the IMF and are used to denominate quotas. The U.S. quota is SDR 8,405 million, or \$10,706 million as of Apr. 17, 1980.

2/ The position taken by officials of the IMF and World Bank, which have a joint directorship, is that "China" has remained a member since 1946. Membership in both institutions was retained by the Republic of China (Taiwan) following the revolution and founding of the People's Republic of China in 1949. On Apr. 17, 1980, the People's Republic of China was recognized as the official representative of "China" in the IMF, and Taiwan's credentials were revoked; a similar procedure, whereby the People's Republic of China was recognized as a successor government, was followed by the World Bank.

Because Taiwan made only limited use of the IMF's resources, it did not participate in the four general quota increases which have occurred since 1959, and also was exempt from a further general quota increase which is currently being ratified by member countries and is expected to go into effect in late 1980 or early 1981. As a result, China's quota has remained unchanged since 1946, and the People's Republic of China, in replacing Taiwan in the IMF, did not request an increase. However, on the basis of its huge population, gross national product, and share of world trade, China is eligible for a quota of \$2,300 million to \$3,500 million, depending on the data and formula used. An increase in its quota to this level would substantially increase the amount China would be eligible to borrow, as well as increase its voting power in the Fund.

The first step was taken on September 10, when the Board of Governors of the IMF authorized a special increase in the Fund quota of China from SDR 550 million to SDR 1,200 million, or to \$1,584 million. At that time, China was also authorized to increase its quota by an additional 50 percent, or to 1,800 SDR's, when the forthcoming general quota increase becomes effective.

almost automatically permits China to draw, or borrow, foreign exchange from the Fund in an amount equal to 25 percent of its quota, or that part of its quota that China has paid into the Fund in hard currency (about \$175 million), and to make four additional drawings of the same amount. While the interest charged for additional credit is relatively low (0.5-6.375 percent), the conditions imposed by the IMF become increasingly stringent as the drawings are increased; the borrowing country must adopt an economic program designed to resolve its balance-of-payments difficulties and meet strict performance criteria. Therefore, China may avoid borrowing more than the 25 percent of quota held as reserves, for which the only requirement is that a country explain its balance-of-payments needs.

The IMF also offers special credit facilities to help member countries solve structural or emergency balance-of-payments problems. These include a trust fund to provide balance-of-payments assistance to developing countries on concessionary terms, a program to finance temporary export shortfalls, and standby credit arrangements. With the exception of the trust fund, most credit facilities of the IMF require repayment of a loan in 3 to 5 years, and borrowing is limited by the size of a country's quota.

China is expected to make much more extensive use of its membership in the World Bank, for which membership in the IMF is a requirement. World Bank financing is not limited by the size of a country's membership quota, and for most types of loans, credit is not contingent upon meeting certain performance criteria. China will be eligible for the standard long-term loans from the Bank at a current annual interest rate of 8.25-8.50 percent, considerably more attractive than the rates available from private international lenders. Although this interest level is slightly higher than that charged for most government-subsidized export credit China has received from Japan and several European countries, borrowing from the World Bank offers the advantage of not having to accept financing tied to certain sources of supply for the plants or equipment purchased.

The emphasis of the Bank is on project lending for basic development such as hydroelectric plants, irrigation projects, roads, and education. Credit is extended to cover imports of capital goods as well as local-cost financing.

As a developing country with an annual per capita gross national product of less than \$581, <sup>1/</sup> China should qualify for the even more attractive financing provided by the Bank-affiliated IDA. Loans made by the IDA have a 10-year grace period and 50-year maturities; they carry an annual service fee of 0.75 percent on the disbursed portion of each credit, but no interest is charged.

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<sup>1/</sup> The official figure of \$581, calculated in constant 1977 U.S. dollars, is what the World Bank currently uses to determine a country's eligibility for special financing assistance. Estimates of China's per capita income have varied substantially, and verification by Bank officials will be required. One estimate for 1978, based on statistics of the U.S. Central Intelligence Agency, was \$405 per capita (The China Business Review, January-February 1980, p. 60). An estimate for 1979, based on Chinese statistics, was \$237 per capita (China Trade Report, June 1980, p. 3).

China is also reported to have expressed an interest in the credit facilities of another World Bank affiliate, the International Finance Corporation (IFC). Like the IDA, the IFC provides credit assistance primarily to countries having annual per capita incomes of less than \$581, but differs in that it specializes in commercial loans and equity investments, rather than in basic development projects. IFC loans have maturities ranging from 7 to 12 years and fixed interest rates which are normally higher than the interest charged for standard World Bank loans, but less than current commercial bank international rates.

Although the Chinese are reported to be already pressing for loans from the World Bank, financing cannot be considered until Bank officials have made a study of the economy. Once the required groundwork has been completed, China's access to the combined credit facilities of the World Bank and the IMF could provide significant opportunities for U.S. exporters and U.S. firms planning to invest in China. The Chinese may decide to go ahead with major industrial projects which were announced in 1978 but delayed when development plans were adjusted downward in 1979. Indeed, in view of the ambitiousness of China's plans to modernize by the year 2000, both the size and diversity of its import requirements indicate that the financing facilities of the World Bank and the IMF may serve only to supplement borrowing from the Export-Import Bank of the United States (Eximbank) and the similar government-subsidized agencies of other industrialized countries.

#### Eximbank Financing for China

Following talks between U.S. Eximbank officials and a Bank of China delegation which came to Washington in June, the Eximbank announced that its facilities were now available for financing exports to China. <sup>1/</sup> This action should enable U.S. firms to assume a more competitive position in the China market, since the borrowing costs to the Chinese in buying U.S. equipment and technology will be lower. Similar government-subsidized agencies in several other countries have already offered China more than \$16 billion in credits, <sup>2/</sup> although the Chinese have only recently begun to draw upon these loans.

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<sup>1/</sup> Eximbank received authority to finance sales to China on Apr. 2, when President Carter issued Presidential Determination 80-15, stating that the extension of Eximbank financing to China is in the national interest. The steps that were required before the Bank could consider extending credit to China were described in the Commission's 22d Quarterly Report to the Congress and the Trade Policy Committee on Trade Between the United States and the Nonmarket Economy Countries During January-March 1980, USITC Publication 1081, June 1980, hereafter 22d Quarterly Report . . ., p. 62.

<sup>2/</sup> As of Feb. 1, 1980, the value of government-subsidized credits and government-guaranteed loans extended to China was \$16.4 billion. The participating countries were--in declining order of the amount of credit extended--France, Japan, Canada, the United Kingdom, West Germany, Italy, Sweden, Belgium, and Australia. (For details, see The China Business Review, January-February 1980, p. 57.)

Eximbank has approved its first preliminary commitment for a sale to China, involving U.S. exports worth about \$80 million. The credit was arranged in April with Wean United, a Pittsburgh firm which will sell steelmaking equipment and technical services for use in constructing a cold-rolling mill at the Baoshan Steel Complex near Shanghai; the preliminary agreement was concluded with the Bank of China. Wean United--in conjunction with other U.S. suppliers--will participate as a subcontractor to a West German firm because the project, which involves imports by China worth \$500 million, is being led by a German consortium. According to Eximbank vice president Raymond J. Albright, "Without Eximbank support, the U.S. firms would have been dropped from the final contract." 1/

Eximbank officials maintain that funds will be available for use in meeting this preliminary commitment and plan to extend up to \$2 billion in Eximbank credits to China over the next 5 years, the pledge made to the Chinese by Vice President Mondale in August 1979. However, the administration has not asked Congress to appropriate additional funds to meet this commitment; rather, China has been added to the list of countries eligible for financing at a time when Eximbank already faces serious budgetary problems.

During fiscal year 1980, which will end September 30, the Bank has been operating under the 1979 budget level of \$3.75 billion for direct loans. Although these funds were being depleted rapidly, a debate in Congress over how much supplemental lending authority Eximbank should receive continued throughout June. The administration requested that Eximbank's total spending for fiscal year 1980 be limited to \$4.1 billion and that the increase for fiscal year 1981, beginning October 1, 1980, be limited to 5.8 percent, which would give the Bank an authorization of only \$4.3 billion for direct loans. 2/ The increase is not large even if financing for China were not a consideration. If the Eximbank is to carry out Vice President Mondale's pledge, additional funds will have to be made available. The Congress will have to approve a higher budget for the Bank for fiscal year 1981 than the administration has requested, or later approve a supplemental budget for China. Meanwhile, Eximbank officials plan to continue to approve requests for credit on a case-by-case basis when (as in the case of Wean United) the commitment is deemed critical to the competitive position of U.S. firms in China.

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1/ Eximbank Record, June 1980, p. 2.

2/ On Aug. 18, Congress approved a bill, which was signed by President Carter on Aug. 29, authorizing Eximbank an additional \$251 million in direct loans. This supplemental authorization raised the Bank's spending authority for fiscal year 1980 to \$4.0 billion. The legislation also authorized an additional \$1.1 billion in Eximbank financial guarantees for private loans, for a total budget of \$5.1 billion. A bill authorizing \$4.4 billion in direct loans in fiscal year 1981, plus up to an additional \$1.8 billion in financial guarantees, has been passed by the House Appropriations Committee and is awaiting congressional action. However, it is anticipated that Eximbank will be operating under the 1980 budget level at the beginning of fiscal year 1981.

An advantage to Eximbank in view of its budgetary problems is that China is proceeding cautiously in assessing its economic priorities and identifying the projects for which it wants financing. The Bank prefers that an application for credit be made only when a project has reached the stage when financing commitments are needed. Since the Bank of China should know when this stage has been reached, Eximbank officials have requested that the Bank of China make the application. While Eximbank commonly arranges for loan applications to be submitted by the recipient country's international bank, the procedure should somewhat delay placing added pressure upon the Bank's limited budget as a result of making credit available to China.

Eximbank will normally support up to 65 percent of the export value of a transaction, at an interest rate of 8.75 percent. <sup>1/</sup> However, the Bank will increase its participation to the extent that the U.S. exporting firm or its commercial bank can provide a portion of the financing at a fixed rate of interest no higher than the Bank's rate. For example, if a commercial bank assumes 10 percent of the export contract at 8.75 percent, Eximbank will increase its support from 65 percent to 75 percent, so that 85 percent of the U.S. firm's exports are covered at the Eximbank rate of 8.75 percent. This shared approach permits the United States to compete more effectively with financing arrangements in effect in other countries.

While interest on U.S. Eximbank credit is substantially lower than normal commercial rates, it is higher than the rates that have generally been charged for credit extended to China by similar government-subsidized agencies in other countries. Eximbank has recently negotiated an international consensus arrangement with other "eximbanks" under which the parties have agreed that the interest rate charged relatively poor countries, including China, will not be less than 7.75 percent for financing extended over 5 years.

#### OPIC Legislation for China

After months of delay in the Congress, legislation to extend to China the services of the U.S. Government-sponsored Overseas Private Investment Corporation (OPIC) began to move quickly toward passage during May and June. In August 1979, Vice President Mondale had made a pledge to the Chinese that the administration would seek congressional authority to provide the services of OPIC in order to encourage U.S. businesses to invest in China. A bill was introduced in the House by Representative Jonathan Bingham, D.-N.Y., on September 29, 1979, and in the Senate by Senators Jacob Javits, R.-N. Y., and Claiborne Pell, D.-R.I., on October 22, 1979. Following a hearing on May 20, 1980, a substitute bill was introduced in the House on June 10 by Representatives Jonathan Bingham, Lester Wolff, D.-N.Y., Don Bonker, D.-Wash., and Michael Barnes, D.-Md. This bill (H.R. 7531) was referred to the Committee on Foreign Affairs, which recommended that it pass. A Senate hearing was held on March 3, 1980, by the Committee on Foreign Relations, to which the bill introduced by Senators Javits and Pell had been referred. The Committee recommended passage of the bill (S. 1916) on June 30.

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<sup>1/</sup> Eximbank's standard rate of interest in mid-1980. The interest rate is fixed for the life of a loan at the time of authorization.

OPIC was authorized by the Foreign Assistance Act of 1961, which under section 620(f) prohibited the extension to Communist countries of any assistance provided for by the act. In 1971 a provision was added to section 239(g) of the act exempting Romania and Yugoslavia from section 620(f) insofar as the OPIC programs were concerned, and thus making the two countries eligible for OPIC's services. Authorizing the extension of the OPIC programs to China essentially involves a similar further amendment of section 239(g).

Making the OPIC programs available to China will mean that U.S. firms investing in projects there can obtain Government-backed, long-term insurance to cover the risk of currency inconvertibility, the loss of investment owing to government expropriation, and losses resulting from war, revolution, or insurrection. The program is limited to direct investment in developing countries. In addition to providing political-risk insurance, OPIC makes direct loans of up to \$5 million to small U.S. businesses investing in projects in developing countries and guarantees loans of up to \$50 million when made by commercial banks to U.S. firms for such projects. During the past year or two, increasing emphasis has been placed upon the role that investment projects supported by OPIC can play in generating U.S. exports. OPIC has developed several supplemental programs to more actively promote investment projects abroad which are likely to stimulate U.S. sales. For example, the agency has developed a program to support exports of wheat, feed grains, and other farm commodities by insuring and financing milling operations in developing countries.

In China, OPIC insurance is expected to be particularly critical for large investments in mines, smelters, and chemical plants. Such investments have long payback periods, and without political-risk insurance their profitability is extremely vulnerable to Government actions. The OPIC credit programs are also expected to be of critical importance to smaller companies, which are likely to find that they are considering investments that are large in relation to their size.

After the legislation authorizing China's eligibility for the OPIC programs has been passed by Congress, 1/ the President is required to issue a formal declaration that extending OPIC assistance to China is in the national interest. The final step will be the negotiation of a bilateral operating agreement between OPIC officials and the Chinese.

#### U.S.-Chinese Textile Negotiations

U.S. and Chinese textile negotiators met between April 28 and May 14 in the most recent in a series of efforts to reach a bilateral accord on the volume of textile products entering the United States from China. Discussions between the two countries were reportedly begun as early as the summer of 1978.

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1/ S. 1916 was passed by the Senate on July 21, H.R. 7531 was passed by the House on July 28, and the legislation was signed by President Carter on Aug. 8.

While the textile industry has become a major source for the growing export earnings China needs to develop its economy, these exports have provided increasing competition for the U.S. textile industry. U.S. imports of textile manufactures from China--particularly cotton and some types of synthetic apparel--rose sharply in 1978 and continued to increase in 1979. When an agreement to limit imports could not be reached in May 1979, the United States unilaterally imposed quantitative restrictions on seven items of apparel: cotton gloves, women's cotton knit shirts, men's woven cotton shirts, men's cotton trousers, women's cotton trousers, men's manmade-fiber sweaters, and women's manmade-fiber sweaters. Following the breakdown of further talks in October 1979, quotas were applied to two additional items: women's woven cotton blouses and women's manmade-fiber coats. 1/

Despite concessions by both the United States and China during the negotiations in 1980, some differences could not be bridged and on May 14 the talks were again broken off. With the seven unilateral quotas imposed a year ago scheduled to expire on May 31, the United States renewed these restrictions, at the same quota levels, for another 12 months. The two remaining quotas continued in effect. 2/

#### Changes in Export Administration Controls

Three changes affecting the control of U.S. exports to Communist countries were implemented during the second quarter of 1980: a revision of the Commodity Control List, a new country-group designation for China, and a change in the country-group designation for Hungary. A fourth change, a new and more liberal export-control procedure which authorizes multiple exports of certain products to Communist countries became effective July 1.

#### Revision of Commodity Control List

A new Commodity Control List (CCL), covering "dual use" items which require a validated license for each export transaction, was put into effect on June 25. Dual-use items are products having both civilian and potentially significant military applications. Their export by the United States is controlled by the Office of Export Administration, U.S. Department of Commerce, which also exercises broad control over the export of technical data. 3/ The Office of Export Administration has revised the CCL to reflect

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1/ For a more detailed discussion of U.S. textile imports from China and of the problems involved in reaching a bilateral agreement, see the 22d Quarterly Report. . ., pp. 62-64.

2/ A bilateral textile agreement was initialed by U.S. and Chinese officials on July 24. No details concerning the contents of the accord were released at that time. On Sept. 17 an agreement was formally signed limiting U.S. imports of certain textile products from China.

3/ The Office of Export Administration defines technical data as--  
 Information of any kind that can be used, or adapted for use, in the design, production, manufacture, utilization, or reconstruction of articles or materials. The data may take a tangible form, such as a model, prototype, blueprint, or an operating manual; or they may take an intangible form such as technical service. (15 CFR 379.1.)

the results of extensive negotiations carried on by the United States and its Western allies through the Coordinating Committee for Multilateral Export Controls (COCOM). 1/ This committee meets periodically to establish common guidelines for the control of exports to the Communist countries.

Although continuing revision of the CCL will take place, the new list implements some of the changes mandated by the Export Administration Act of 1979 (EAA), 2/ the framework within which all U.S. export licenses are granted. The basic policy approach of the new legislation is one of encouraging, rather than limiting, trade with the Communist countries--an approach which has evolved since initially adopted in the Export Administration Act of 1969. 3/ This basic emphasis on trade expansion was further reinforced by the directives on export controls included in the 1979 act.

During the last decade, only goods and technology which could make a significant contribution to the military potential of another country have been restricted, primarily for purposes of national security. 4/ While the EAA reiterated this position, greater emphasis has been placed upon controlling the export of technology rather than goods. That is, the revised CCL is designed to permit, and in effect promote, the sale of most high-technology equipment to Communist countries, but to restrict the export of designs or other manufacturing knowhow which might enable these countries to reproduce the equipment or adapt it to other uses.

Another modification in the 1979 act was the greater emphasis placed upon eliminating export controls that do not coincide with the controls of other COCOM countries. In the past the United States maintained far more rigid controls on exports to the Communist countries than did other COCOM members, but it has relaxed these controls significantly in recent years. Nevertheless, even in recent years, U.S. exports to Communist countries of a number of goods and technologies that were freely available to them from foreign sources continued to require validated licenses. In the new CCL, those unilateral U.S. controls that were no longer deemed necessary as a result of multilateral review by the COCOM countries have been removed. The revised list is almost identical to the guidelines established by COCOM.

As multilateral negotiations continue, the United States is attempting to reach an agreement with its COCOM partners which will reduce the scope of export controls to a level that is acceptable to all the COCOM countries, while at the same time including procedures for enforcing the export controls

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1/ COCOM includes all the NATO countries except Iceland, plus Japan.

2/ Public Law 96-72, signed into law by President Carter on Sept. 29, 1979.

3/ That act replaced the Export Control Act of 1949, which had authorized the establishment of controls on all exports to Communist countries.

4/ Other rationales for imposing U.S. export restrictions are (1) to promote U.S. foreign policy and (2) to prevent shortages of scarce materials and reduce the inflationary impact of foreign demand. Export controls have rarely been applied for these reasons.

agreed upon. Meanwhile, the other COCOM countries have agreed, at least for the present, to cooperate with the United States in imposing tighter restrictions on sales of high technology to the Soviet Union. Compliance involves no modification of the COCOM guidelines, but exports to the U.S.S.R. of certain controlled items will not, as a general policy, be approved. Following the lead of the United States, no requests for exceptions are being made. While the "no exceptions" policy applies only to exports destined for the Soviet Union, the United States may apply more restrictive criteria in granting licenses for the export of high-technology items on the new CCL to other Eastern European countries. These applications will be carefully scrutinized in view of the possibility of technology transfer or diversion to the U.S.S.R. 1/

COCOM discussions concerning new guidelines for controlling the export of computer technology have not yet been completed. A further revision of the CCL--primarily to reflect the extensive technical advances made in the computer industry in recent years--will be made when agreement is reached.

#### Revision of control status for China and Hungary

The Office of Export Administration transferred China from Country Group Y to a newly designated Country Group P, effective April 25. 2/ Until this time, since shortly after the lifting of the U.S. embargo on trade with China in 1971, China was in the same group as the U.S.S.R., Bulgaria, Czechoslovakia, East Germany, and Hungary. The country-group designations serve primarily as an administrative convenience for export-control purposes, but to some extent reflect the restrictiveness of the controls applied, which increases, as a general rule, as the letter designating the country grouping approaches the end of the alphabet.

Since January 1979, when the United States accorded China diplomatic recognition, a series of steps have been taken to improve bilateral ties, and trade has been growing rapidly. Applications for validated licenses to export dual-use items to China have increased significantly during the past year, especially in recent months. As a result of the change in export-control status, China has been removed from the group which includes only countries designated as belonging to the Soviet Bloc, 3/ and placed in a category by itself, rather than with other Warsaw Pact countries no longer in Country

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1/ For a detailed discussion of the U.S. controls placed upon high-technology exports to the Soviet Union in response to its invasion of Afghanistan, see the 22d Quarterly Report. . ., pp. 40-52.

2/ 45 F.R. 27922.

3/ In addition to Bulgaria, Czechoslovakia, East Germany, and the U.S.S.R. (plus Hungary, until it was recently transferred), the other Soviet Bloc countries in Country Group Y are Estonia, Latvia, Lithuania, and Mongolia. The one exception is Laos, which is included in Country Group Y.

Group Y, i.e., Poland and Romania. 1/ Although U.S. firms exporting to Poland and Romania (and now Hungary) are accorded certain types of treatment not available to exporters to Group Y destinations, these countries are also regarded as belonging to the Soviet Bloc for most purposes of export control.

In announcing the creation of Country Group P, the Office of Export Administration stated: "In considering which exports would contribute significantly to military potential in a way which would be detrimental to U.S. national security, factors relevant for [China] are different from those for the Warsaw Pact." 2/ Although the criteria for review of license applications may differ, the validated license requirements for Country Group P are the same as for other Communist country-group designations.

Subsequently, on June 2, 1980, Hungary was removed from Country Group Y and placed in Country Group W, which will permit U.S. exporters to ship certain products to Hungary under less restrictive controls. 3/ The transfer was made on the basis of improved relations between the United States and Hungary and improved conditions within that country. Among the factors considered were the United States-Hungary trade agreement, which accorded most-favored-nation treatment to each other's products in July 1978; Hungary's willingness to deal with most emigration problems promptly and constructively; its facilitation of bilateral trade; and the Hungarian Government's willingness and ability to control the retransfer of U.S. exports in accordance with U.S. policy. Country Group W now includes Poland and Hungary.

As a result of the transfer, controls have been relaxed on the in-country destination of U.S. shipments made to Hungary under a general export license, which is the license issued for exports not classified as dual-use items. For example, if the exporter does not know at what port in Hungary a shipment will be unloaded, he may designate optional ports of unloading. This option is not available for exports to countries in Group Y. For dual-use items requiring a validated license for export, the same destination controls apply to all Communist countries, including Hungary.

#### New procedures for exports to Communist countries

A new type of export license, called a Qualified General License (QGL), has been established to reduce the number of validated-license applications which must be filed and processed for the export of commodities controlled for national security reasons. The QGL authorizes multiple export sales to each

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1/ In 1955, the Warsaw Treaty of Friendship, Cooperation, and Mutual Assistance (Warsaw Pact) was signed by Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, and the U.S.S.R. All these countries signed a 10-year extension of the treaty in 1975.

2/ U.S. Department of Commerce, Export Administration Bulletin No. 205, June 9, 1980, p. 3.

3/ Ibid., pp. 10-14.

of a number of customers in Communist countries (Country Groups P, Q, W, 1/ and Y), provided the commodities, the consignees or end users of the commodities, and the end uses of the commodities have been approved by the Office of Export Administration in advance. The new procedure, which was authorized by the EAA, became effective on July 1. 2/

Prior to the establishment of the QGL, U.S. exporters were required to apply for a validated license each time they wished to ship a dual-use commodity to a consignee in a Communist country. A QGL initially issued to a particular exporter is valid for 1 year and may be renewed once for an additional period of 2 years. Subsequent licenses issued to that exporter will be valid for 2 years and may be extended for 2 more years. During the QGL validity period, an exporter can make unlimited shipments of the specified product to approved consignees. 3/ Therefore, the QGL is similar to a general license in that it authorizes repeated export transactions, but similar to a validated license in that it requires Government approval of the importers and of their customers in order to determine the probable uses which will be made of the product.

Much of the impetus for liberalizing the export-licensing process came from associations representing the U.S. electronics industry. The QGL is expected to free shipments of many less technically advanced products that are available from foreign as well as U.S. sources and that almost always have been approved for export to the Communist countries under validated licenses.

The new licensing procedure implements reforms mandated by the EAA and parallels the revision of the CCL to correspond more closely with the guidelines established by COCOM. Technical data cannot accompany the export of equipment licensed under a QGL unless authorized under a validated license. 4/ This regulation reflects the emphasis the EAA has placed on controlling the export of technology rather than the export of goods. It is the law's intent to encourage use of the QGL and to restrict the use of validated licenses to items multilaterally controlled by the COCOM countries, to items that are uniquely available in the United States, and to items for which the United States is seeking multilateral control.

#### President Recommends Continuation of Waivers Extending MFN Treatment to Romania, Hungary, and China

On May 28, President Carter sent a message to the Congress recommending a 12-month renewal of his authority to waive the freedom of emigration requirements of the Trade Act of 1974 and also requesting a continuation of the waivers now applicable to Romania, Hungary, and China. An extension of the waivers will permit these three countries to continue to receive MFN tariff treatment as well as Eximbank financing for a year, through July 2, 1981.

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1/ The groups consist of China (P), Romania (Q), and Poland and Hungary (W).

2/ A detailed description of the QGL was published in the Federal Register, on July 8, 1980 (45 F.R. 45894).

3/ An exporter may be granted a QGL (or a validated license) covering more than one product. However, unless the two or more products are manufactured by a similar process, the license application must be reviewed as if each product were being considered under a separate application.

4/ See footnote 3, p. 27, for the definition of technical data that is used by the Office of Export Administration.

Section 402(a) and (b) of the Trade Act of 1974 prohibits the granting of MFN treatment and the extension of U.S. Government credit or investment guarantees, to any NME that denies or severely restricts emigration by its citizens. Section 402(c) authorizes the President to waive the prohibition for a limited period of time if he determines that doing so will promote freedom of emigration. Under the President's authority to waive section 402(a) and (b), MFN status was initially extended to Romania on August 3, 1975, to Hungary on July 7, 1978, and to China on February 1, 1980. Extension of the waivers that are in effect requires successive annual reviews and approval by the Congress under procedures described in section 402(d) of the Trade Act of 1974. Two questions are at issue: first, whether the general waiver authority of the President should be continued, and second, whether the exercise of that authority with respect to Romania, Hungary, and China should be continued, thus permitting the MFN treatment now accorded to their products to continue for a period of 12 months.

Following the President's recommendations to the Congress in May, a hearing was held before the House Committee on Ways and Means, Subcommittee on Trade, on June 10. Although little opposition was expressed with respect to a continuation of the waivers applicable to Hungary and China, a number of witnesses testified to the difficulties encountered by Romanians seeking to emigrate during the past year. A hearing was also held before the Senate Committee on Finance, Subcommittee on International Trade. 1/

Congress may disapprove extension of the waiver authority generally or with respect to any of the countries during the period July 3-August 31. This is accomplished by adopting a simple resolution of disapproval in either the Senate or the House. Adoption of such a resolution would terminate MFN treatment for the country subject to disapproval. If neither the Senate nor the House acts before September 1, the waiver authority under section 402(c) is extended automatically. 2/

#### Pending Legislation To Settle Outstanding Financial Claims by the United States and Czechoslovakia

A bill has been introduced into Congress by Senator Daniel P. Moynihan, D.-N.Y., in a further effort to resolve more than 30 years of negotiations between the United States and Czechoslovakia concerning mutual financial claims. The controversy arose when U.S. investments in Czechoslovakia were nationalized as a result of the Communist takeover in 1948, and, as a consequence, gold allocated for Czechoslovakia was withheld by a commission made up of the United States, the United Kingdom, and France. The gold had been seized by the Nazis during World War II and was to be returned to Czechoslovakia under the Paris Reparations Agreement of 1946. By precluding the extension of MFN tariff treatment to U.S. imports from Czechoslovakia, these outstanding financial claims continue to place a strain upon bilateral trade relations.

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1/ This hearing was held on July 21, 1980.

2/ Neither the Senate nor the House acted before Sept. 1, 1980, and the waiver authority applicable to all three countries was therefore automatically extended.

Section 408 of the Trade Act of 1974 directs that any settlement of the U.S. claims against the Government of Czechoslovakia must be approved by the Congress before consideration can be given to granting MFN status to that country. This section further states that the United States shall not release any of the gold belonging to Czechoslovakia until Congress has approved a settlement of the claims.

As an alternative to using the gold as a bargaining tool, the legislation now under consideration calls for the U.S. Treasury to sell the approximately 18 metric tons of gold and to use the proceeds from the sale to settle U.S. claims. A question has been raised by the State Department, however, as to whether the United States can act unilaterally when the gold is held jointly by a commission representing three countries. 1/

If the claims issue is resolved, the President could use his authority to waive section 402(a) and (b) of the Trade Act of 1974, provided he determines that doing so would promote freedom to emigrate from Czechoslovakia. 2/ This action would authorize the extension of MFN tariff status to Czechoslovakia and permit the negotiation of a bilateral trade agreement. MFN treatment would be accorded Czechoslovakia only when a trade agreement had been approved by Congress.

#### U.S. International Trade Commission Actions Affecting NME's

During the second quarter, two actions were taken by the Commission with respect to products imported from NME's. Both actions related to antidumping proceedings.

##### Electric golf cars from Poland

Acting under section 751 of the Tariff Act of 1930, the Commission determined that changed circumstances exist which indicate that an industry in the United States would not be threatened with material injury if the antidumping finding on electric golf cars from Poland was revoked. The determination was made on May 20 by a 5-to-0 vote. The Commissioners voting were Chairman Catherine Bedell, Vice Chairman Bill Alberger, and Commissioners George M. Moore, Paula Stern, and Michael J. Calhoun.

This action authorizes the U.S. Department of Commerce to revoke the outstanding dumping finding, which was made on September 16, 1975. At that time, the U.S. Treasury applied duties to offset the effect of the less-than-fair-value prices which the Commission had determined were causing

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1/ The bill (S. 2721) was referred to the Senate Committee on Finance, Subcommittee on International Trade, and a hearing was held on Sept. 9.

2/ For an explanation of sec. 402(a) and (b) and of the President's waiver authority under sec. 402(c) of the Trade Act of 1974, see the previous section of this report.

injury to the U.S. industry. The final decision concerning revocation of the antidumping finding rests with Commerce. 1/

Poland is the major source of electric golf car imports and was the only source until 1978, when Yamaha began importing from Japan. A total of 5,200 electric golf cars, valued at \$5 million, were imported from Poland in 1979.

#### Menthol from China and Japan

On June 16 the Commission instituted a preliminary antidumping investigation to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, by imports of menthol from China and Japan, sold or likely to be sold at less than fair value. Although the investigation covers both natural and synthetic menthol, only natural menthol is imported from China. The investigation was instituted on the basis of a petition filed on June 11 by a U.S. producer on behalf of the domestic industry producing synthetic menthol. Under section 733(a) of the Tariff Act of 1930, the Commission is required to make a determination within 45 days after the date on which the petition was filed. 2/ If the preliminary finding of the Commission is affirmative, the proceedings will be continued by Commerce, and the Commission then may be requested, depending on the findings made by Commerce, to undertake a final investigation to determine if there is material injury.

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1/ On Aug. 8 Commerce gave notice that it was revoking the outstanding antidumping order against electric golf cars from Poland. The revocation applies to all merchandise entering the United States, or withdrawn from U.S. Customs warehouses for consumption, on or after June 11, 1980, the date on which official notice of the Commission's determination was given. (45 F.R. 52780.)

2/ On July 22 the Commission determined that there is a reasonable indication that the U.S. industry is threatened with material injury by imports from China. The vote was 4 to 1, with Chairman Bill Alberger, Vice Chairman Michael J. Calhoun, and Commissioners George M. Moore and Catherine Bedell voting in the affirmative. Voting in the negative was Commissioner Paula Stern. A negative finding was made with respect to Japan. Commissioners Moore and Bedell voted affirmatively both as to Japan and China on a cumulative basis.

## TRADE SANCTIONS AGAINST THE SOVIET UNION: UPDATE

More than half a year has passed since the President's announcement of a new, more restrictive U.S. export policy towards the U.S.S.R. This policy was put into effect as part of the U.S. response to the Soviet invasion of Afghanistan.

The 22d quarterly report in this series included a discussion entitled "Trade sanctions against the Soviet Union: various implications," which described the restrictions imposed on U.S. exports to the U.S.S.R. The impact of these measures on various trade flows, and some other implications, were also discussed.

The following section describes U.S. trade-policy measures taken since the 22d quarterly report was written, and further analyzes some of the effects of the U.S. policy and related third-country actions.

## Policies and Regulations

On January 4, 1980, in response to the Soviet invasion of Afghanistan, the President of the United States suspended a significant part of U.S. exports to the U.S.S.R. Subsequent regulations defined the major commodity classes to be barred from export to the Soviet Union for an indefinite period. These involved agricultural commodities and phosphates (both relating to the feed-livestock complex), high technology and other items of strategic significance, and exports intended for the 1980 summer Olympic games in Moscow. 1/

On June 6, 1980, the U.S. Department of Commerce announced the export-licensing policy that will apply to shipments of grains of U.S. origin to the Soviet Union, starting in October 1980, in the fifth and final year of the U.S.-Soviet Union grains supply agreement. 2/ Under these new licensing procedures, applications for export licenses and reexport authorizations will be considered on a first-come-first-served basis by Commerce's Office of Export Administration (OEA). 3/

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1/ Bills to terminate the embargo were introduced in both the Senate (S. 2855) and the House (H.R. 7632, H.R. 7671, and H.R. 7731).

2/ The only grain exports permitted under the partial grain embargo were the 6 million to 8 million tons of corn and wheat per "agreement year," which were committed under the U.S.-U.S.S.R. grain supply agreement of 1975. Each "agreement year," or fiscal year, runs from Oct. 1 to Sept. 30. The agreement was signed in 1975 with the objective of smoothing out the wide yearly fluctuations of Soviet grain purchases from the United States. It permits the Soviet Union to purchase more than 8 million tons a year with special authorization by the U.S. Government. It also permits the United States to sell less than 6 million tons, provided U.S. grain supplies are below a specified level.

3/ Commerce News, ITA 80-97, June 6, 1980.

The new licensing procedures accorded with the President's decision, announced in April, to fulfill the terms of the bilateral grains agreement. In August, U.S. and Soviet officials belatedly held their consultation concerning administrative matters pertaining to the grain transactions in the last agreement year. This was the first contact between agricultural officials of the two countries since President Carter announced the trade sanctions against the Soviet Union. The Soviets had made their first purchases of U.S. corn and wheat for delivery in the last agreement year even before these consultations took place. These grain purchases, and Soviet willingness to discuss the agreement, put to rest speculation that the Soviet Union might not honor the grain agreement in its last year.

In June, the U.S. Government released U.S.-based multinational grain-trading companies from their voluntary commitment to refrain from selling foreign-grown grains to the Soviet Union. U.S. Department of Agriculture Undersecretary Dale E. Hathaway explained that restraint on sales of non-U.S. grains to the Soviet Union was no longer necessary, since the large amounts of grain that were outside the control of governments supporting the U.S. embargo had been sold and no longer threatened the embargo's effectiveness. <sup>1/</sup> The U.S. Department of Agriculture (USDA) emphasized that this action should not be interpreted as a relaxation of the embargo.

#### Post-Embargo Trade with the Soviet Union

Because the trade sanctions were announced in the first days of 1980, virtually all this year's trade with the Soviet Union can be considered postembargo trade. <sup>2/</sup> In the first 6 months of 1980, bilateral trade with the Soviet Union declined by more than half, in current dollars, to \$828 million from \$1.7 billion in the corresponding period of 1979 (table 8). Ninety-one percent of the decline consisted of a drop in U.S. exports to the Soviet Union--some 80 percent of which came under the U.S. trade restrictions.

The 22d quarterly report identified the major export categories to be affected by the U.S. measures and showed U.S. exports to the Soviet Union in these groups in 1975-79. <sup>3/</sup> Table 9 in the present report updates these series for January-June 1980 and compares postembargo shipments with the preembargo exports in the corresponding period of 1979, in each affected product class. The table shows the steep decline of postembargo exports in all major affected classes--agriculture, high technology, and phosphates.

Also in the first half of 1980, U.S.-Soviet trade not directly affected by the new regulations declined by one-third, including both unrestricted U.S. exports and U.S. imports. During this period, the Soviet Union lost its

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<sup>1/</sup> Statement at the hearing before the House Committee on Agriculture on June 25, 1980.

<sup>2/</sup> Because a certain amount of grain and other products were already in the pipeline, the effect of the embargo on the Soviet Union was not expected to be immediate.

<sup>3/</sup> 22d Quarterly Report. . ., table 8, p. 23.

Table 8.--U.S. trade with the U.S.S.R., 1979, 1980,  
January-June 1979, and January-June 1980

Trade	1979	1980 <sup>1/</sup>	Percentage change, 1980 from 1979 <sup>1/</sup>
---Million dollars---			
Total U.S. exports-----	3,603.6	1,500.0	-58.4
Total U.S. imports-----	872.6	1,000.0	14.6
Total trade turnover-----	4,476.2	2,500.0	-44.1
---Million dollars---			
	January-June--		Percentage change, January-June 1980 from January-June 1979
	1979	1980	
---Million dollars---			
Total U.S. exports-----	1,456.6	666.9	-54.2
Total U.S. imports-----	238.2	160.9	-32.5
Total trade turnover-----	1,694.8	827.8	-52.2

<sup>1/</sup> Projected.

Source: Compiled from official statistics of the U.S. Department of Commerce. Projections for 1980 from "U.S.-U.S.S.R. trade after Afghanistan," Business America, Apr. 7, 1980, pp. 6-7.

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

position as the leading U.S. trading partner among NME's, ranking second as an NME export market for U.S. products and fifth as an NME source of imports.

The absence of gold bullion, which accounted for some 50 percent of the imports in the corresponding period of 1979, was solely responsible for the decline in total U.S. imports from the Soviet Union; the value of nongold imports actually increased. Nevertheless, the disappearance of gold bullion in U.S. imports from the Soviet Union does not suggest trade retaliation on its part, since Soviet gold sales have always been erratic. The changes do not seem to be unusual; imports of some metals and ores declined and others increased, but--as with gold--they typically show large fluctuations. In the first half of 1980, import values for some items on the import list declined (such as chrome ore and platinum group metals), and for others, values increased (such as platinum and palladium bars and plates), many as a result of considerable increases in their prices. Declines in U.S. imports of some other Soviet items, notably spirits, apparently reflect decreased U.S. demand.

Table 9.--U.S. exports to the U.S.S.R. of principal commodities affected by 1980 U.S. trade sanctions, 1/ 1975-79, January-June 1979, and January-June 1980

Commodity	(In millions of dollars)						January-June--	
	1975	1976	1977	1978	1979	1979	1980	
Agricultural items:								
Corn	424.4	1,078.4	396.6	1,055.7	1,402.1	481.6	315.5	
Wheat	666.6	250.0	426.8	355.8	811.7	261.1	89.0	
Soybeans	2.7	124.7	154.3	199.8	489.3	281.3	45.3	
Barley	2/	-	-	-	31.0	1.6	-	
Soybean oilcake and meal	-	-	1.6	.2	22.5	-	-	
Tallow	14.0	-	-	18.7	57.6	39.2	20.4	
Total	1,107.7	1,453.0	979.3	1,630.2	2,814.3	1,064.8	470.2	
High-technology items:								
Oil- and gas-drilling equip- ment	74.9	118.3	83.7	74.6	123.0	69.6	12.2	
Computers	9.5	17.4	5.9	18.0	22.6	17.6	.2	
Other high-technology items	173.1	114.2	113.7	90.0	88.1	29.4	33.7	
Total	257.5	249.8	203.3	182.7	233.7	116.6	46.1	
Phosphates	-	-	2/	-	93.6	46.4	17.4	
Total affected exports 3/--	1,365.2	1,702.8	1,182.6	1,812.9	3,141.6	1,227.8	533.7	
Total U.S. exports to the								
U.S.S.R.	1,832.6	2,305.9	1,623.5	2,249.0	3,603.6	1,456.6	666.9	

1/ Items of relatively minor export value, for example, those of potential strategic importance but not high-technology, have not been included. On the other hand, exports in the high-technology category are overstated for the reasons discussed in the 22d Quarterly Report to the Congress and the Trade Policy Committee on Trade Between the United States and the Nonmarket Economy Countries During January-March 1980, USITC Publication 1081, June 1980, p. 43.

2/ Less than \$50,000.

3/ Some grain was shipped under provisions of the Grain Supply Agreement of 1975 and so was not subject to the embargo. The total effected exports are overstated by this amount.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

### Third-country Suppliers to the Soviet Union

The data in table 10 on Soviet grain imports in fiscal year 1979/80 show that the partial replacement of the denied U.S. grain was projected to come from several sources. These include all major world exporters of grain--Argentina, Australia, and Canada--each of which were expected to sell substantially larger amounts to the Soviet Union in 1979/80 than in prior years. 1/

As reported in the 22d quarterly report, Argentina declined to join Australia, Canada, and the European Community in their commitment, made early in 1980, to restrain sales to the Soviet Union in order not to replace the embargoed U.S. supplies. Therefore, Argentina was expected to become an important source of coarse grains for the Soviet Union. Since Argentina has abundant supplies of coarse grains, it could meet Soviet needs.

Since the curtailment of U.S. exports, Argentina has sold 3.75 million tons of grain to the Soviet Union, including 90 percent of its corn crop, at premium prices. In July, the Soviet Union and Argentina completed and signed a trade agreement under which Argentina will sell approximately 4 million tons of corn and sorghum and half a million tons of soybeans to the Soviet Union in each of the next 5 years, beginning in 1981. The transactions will be handled by private companies in Argentina at prevailing market prices. 2/

Since the partial U.S. embargo entered into effect, other major exporting countries have continued their shipments to the Soviet Union and have made further commitments for deliveries in fiscal year 1980/81. Australia's postembargo grain sales to the Soviet Union have far exceeded historical levels, but, according to repeated statements of the Australian Government, these record sales were based on contracts concluded prior to the U.S. measures. 3/ For the 1980/81 July-June marketing year, Australia agreed to limit grain exports to the Soviet Union to 3.9 million tons--about the same as in the 1979/80 marketing year. 4/ Of this amount, 2.5 million will be wheat--also about the same as in 1979/80. Projected data shown in table 10 indicate that Australia will be the principal source of wheat to the Soviet Union in fiscal year 1979/80, which, in general, was a record year for Australian wheat production and exports. Helped by favorable climatic conditions, Australia replaced Canada--at least temporarily--as the world's second largest wheat exporter, behind the United States.

Forecasts for fiscal year 1979/80 show that Canadian grain sales to the Soviet Union may also greatly exceed their levels of the previous 3 years. In July the Canadian Wheat Board announced that annual exports of 4 million to 5 million tons of grains to the Soviet Union are now being considered.

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1/ It should be noted that that the data on total Soviet grain imports by major sources for 1979/80, shown in table 10, are forecasts based on reports of countries exporting to the U.S.S.R. Actual data will not be available for some time.

2/ Wall Street Journal, July 14, 1980.

3/ Journal of Commerce, June 26, 1980.

4/ Preliminary assessment of the USDA. These figures differ from data shown<sup>29</sup> in table 10, which are on a fiscal-year basis.

Table 10.--Imports of grain by the U.S.S.R, by types and by principal sources, fiscal years 1/  
1972/73 to 1979/80

Type and source	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80 2/
(In millions of metric tons)								
Total:								
United States 3/	14.1	4.5	3.2	14.9	6.1	14.6	15.3	8.4
Canada	4.7	.5	1.1	4.2	1.2	2.7	1.7	4.6
Australia	.9	.1	1.0	2.1	.4	.2	.2	5.2
Argentina	.2	.4	1.7	1.4	.2	3.2	1.6	5.5
European Community	1.6	.1	4/	.8	4/	.2	.2	1.0
All other	1.0	.1	.7	2.2	.5	1.6	.6	2.1
Total	22.5	5.7	7.7	25.6	8.4	22.5	19.6	26.8
Wheat:								
United States 3/	10.1	1.3	2.2	3.0	3.0	3.5	3.8	2.3
Canada	4.1	.4	.9	2.8	1.2	2.5	1.2	3.1
Australia	.9	.1	.9	1.2	.4	.2	.2	3.8
Argentina	4/	.1	.7	1.1	.1	1.1	.1	2.0
European Community	.5	4/	4/	4/	4/	4/	4/	.8
All other	.2	-	-	-	.4	1.0	.2	.7
Total	15.8	1.9	4.6	8.2	5.1	8.4	5.8	12.7
Coarse grains:								
United States 3/	4.0	3.2	1.0	11.9	3.1	11.1	11.5	6.1
Canada	.6	.1	.1	1.4	4/	.2	.5	1.5
Australia	4/	4/	.1	.8	4/	4/	4/	1.4
Argentina	.2	.3	1.0	.3	.1	2.1	1.6	3.5
European Community	1.1	.1	4/	.8	4/	.2	.2	.2
All other	.6	.1	.9	2.2	4/	.5	4/	1.4
Total	6.7	3.8	3.1	17.4	3.3	14.1	13.8	14.1

1/ Oct. 1-Sept. 30.

2/ Projected.

3/ Includes transshipments.

4/ Less than 50,000 tons.

Source: Compiled from official statistics of the U.S. Department of Agriculture (USDA). 1979/80 data based on USDA calculations from reports of countries exporting to the U.S.S.R. as of July 2, 1980.

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

The Canadian Government, like the U.S. Government, came under pressure from farmers to end restrictions on sales to the Soviet Union, restrictions the farmers blamed for declining wheat prices. Measures to compensate farmers for their alleged losses are also reportedly under consideration by the Canadian Government. 1/

The 22d quarterly report discussed the then prevailing concern that the effectiveness of the U.S. trade measures would be weakened if the embargoed export items were diverted to the Soviet Union through third countries. Therefore, the USDA made arrangements to monitor trade closely in order to detect such trade diversions, which would be illegal without proper U.S. licensing.

Since the embargo entered into effect, certain trade flows have suggested that some such trade diversions may have actually occurred. The American Soybean Association has claimed that part of the unusually large U.S. soybean sales to Europe have reached the Soviet Union in the form of soybean meal. 2/ Fast-rising postembargo U.S. sales of grains and soybean meal to Eastern European countries 3/ were also suspected of replacing supplies exported by Eastern European countries to the Soviet Union. According to USDA staff, however, the increased shipments to Eastern European countries were not unexpected and can be explained by such factors as production shortfalls and increased livestock holdings. While some U.S. exports may have reached the Soviet Union through third countries, no violation of the embargo has been clearly demonstrated.

#### Impact on the Soviet Union

Recent data have confirmed earlier evidence that the U.S. measures, combined with a bad Soviet grain harvest in 1979, were having an effect. 4/ Soviet statistics show lower meat and milk production on state and collective farms in the first half of 1980 than in the corresponding period of 1979. The average slaughter weight of cattle and hogs and the average milk-cow productivity were also down. 5/ Several Western sources reported widespread food shortages, including those of beef, pork, and milk products, which in some instances reportedly led to worker discontent in May and June--most notably, strikes in the Soviet Union's largest automobile and truck factories. 6/ In early July it was reported that even in Moscow, the best supplied area of the Soviet Union, food stocks were lower than normal and some shops were running out of milk. 7/ Meanwhile, the Soviets have had to draw heavily on their grain reserves.

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1/ Journal of Commerce, July 18, 1980.

2/ Statement of Kenneth Bader, chief executive officer of the American Soybean Association in St. Louis, Missouri on May 30, 1980.

3/ For specific data see U.S. exports of leading items to individual Eastern European countries in the appendix.

4/ 22d Quarterly Report . . ., p. 38.

5/ U.S. Department of Agriculture, Update: Impact of Agricultural Trade Restrictions on the Soviet Union, Foreign Agricultural Economic Report No. 160, July 1980.

6/ See, for example, Journal of Commerce, June 16, 1980; The Financial Times, London, June 13 and June 23, 1980; and Washington Post, June 14, 1980.

7/ William E. Schmidt, Newsweek, July 7, 1980.

Since the discussion of this matter in the 22d quarterly report, 1/ the USDA has updated its estimate of the 1980 Soviet grain crop. According to its August estimate, the total Soviet grain crop will amount to some 210 million tons, exceeding the low level of 179 million tons produced in 1979 and the average of 195 million tons over the past 5 years. This crop, while much better than earlier ones, would still fall short of the 235 million tons slated in the economic plan and the 1978 record of 237 million tons. 2/

In April the USDA estimated the shortfall of grain in the Soviet Union at 11 million tons for fiscal year 1979/80. Subsequently, the USDA found that the Soviet Union will be able to replace more grain from other sources than had been expected. Consequently, the USDA revised its earlier projection of total Soviet grain imports in 1979/80, from 25 million tons to 27 million tons (table 10). Compared with the estimated 36 million tons the Soviet Union would be importing had the postinvasion trade restrictions not been imposed, 3/ the new import forecast represents a grain deficit of only 9 million tons in 1979/80 for the Soviet Union instead of the 11 million tons reported earlier. For fiscal year 1980/81, Soviet imports are projected to continue at relatively high levels in order to replenish severely depleted stocks.

No specific assessment is available of the Soviet supply of soybeans and soybean products, the principal embargoed agricultural export items other than the grains which are under embargo. The American Soybean Association claims that substantial amounts of U.S. soybeans reached the Soviet Union via Western European crushing facilities. 4/ These allegations, subsequently investigated by the U.S. Government, led U.S. soybean growers to call for at least a partial policy change to allow some soybean shipments to the Soviet Union.

In the months to come, the impact of the U.S. partial grain embargo will depend on the upcoming Soviet harvest and on the participation of third countries in the embargo. A good Soviet grain crop is not expected to reduce Soviet imports owing to the necessity of building up their stocks.

The small share of high-technology items in total U.S. exports to the Soviet Union and in total U.S. exports to the world was emphasized in the 22d report. 5/ Yet some observers believe that the impact of the sanctions on shipments of high technology to the Soviet Union will be much more significant than the volume of this trade would suggest.

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1/ 22d Quarterly Report . . . , p. 37.

2/ U.S. Department of Agriculture, Foreign Agricultural Circular, FG-22-80, Aug. 12, 1980.

3/ Update: Impact of Agricultural Trade Restrictions on the Soviet Union, p. 3.

4/ Journal of Commerce, June 2, 1980.

5/ 22d Quarterly Report. . . , pp. 40-48.

Soviet hard-currency purchases of high technology from the United States have always been highly selective, concentrating on computers and process controls crucial to their modernization efforts and incorporating unique technology. The U.S. ban on these items may pose problems for certain Soviet industries. It is believed that before the deterioration of U.S.-Soviet relations, the Soviets were interested in increasing their purchases of process-control instruments as one way of improving lagging Soviet productivity. 1/ Since the U.S. sanctions were imposed, the Soviet Union has been actively trying to find alternative sources for these high-technology items. However, the search for substitutes takes place at a crucial time for the Soviet Union--during the drafting of the new 1981-85 5-year plan (FYP). Not knowing whether key items will ultimately become available from the United States or from alternative sources can create great uncertainty. Thus, the high-technology restrictions may unsettle Soviet planning in important areas.

Official Soviet pronouncements disclaim any lasting effect of U.S. export sanctions on the Soviet economy. Yet, subtle policy changes which seem to reflect Soviet adjustment to the U.S. measures can be detected, mostly in the area of agriculture. For example, the need to improve the efficient use of existing fodder and to achieve self-reliance in feed production gained recent emphasis in the Soviet press. The priority apparently given to poultry meat production may be another result of the U.S. embargo, which deprives the Soviets of sufficient livestock feed; the Soviet press reported in June that the new FYP foresees a 40-percent increase in poultry meat production.

The new FYP may reflect renewed efforts to attain self-sufficiency in grain production and concomitant compromises concerning livestock herd levels, meat production, and the earlier promised improvement of the Soviet citizen's diet. Whether this will be the case will depend in large measure on the Soviet planners' current perception of the long-range availability and reliability of grain and soybean supplies from alternative sources and of the political risks connected with depending on foreign suppliers.

#### Impact on the United States

In May the USDA estimated that the restraining effects of the sanctions on U.S. agricultural exports to the Soviet market would be offset by sales to other markets, so that the sanctions would cause no decline in total U.S. exports from previous years. 2/ According to Secretary of Agriculture Bergland, U.S. agricultural exports to the world will approach \$40 billion in fiscal year 1979/80, compared with \$32 billion in 1978/79. Up to an estimated 4 million additional tons of feed grain and small quantities of soybeans and poultry would have been exported in the absence of the embargo. 3/

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1/ Kevin Klose, "U.S. Technological Curbs Impose Strain on Soviets," Washington Post, June 11, 1980, p. A1.

2/ 22d Quarterly Report. . . , p. 33.

3/ Testimony before the Senate Banking Committee on Aug. 20, 1980. Secretary Bergland also stated that ". . . lost exports were equivalent to 2 percent of the value of our agricultural product exports . . ."

In the first 8 months of fiscal year 1979/80 the volume of U.S. sales to the world of feed grains, wheat, and soybeans and soybean meal--the principal items restricted--was higher than in the corresponding period of 1978/79. Strong demand for feed grains in Mexico, Spain, Japan, and Eastern Europe made up for the decline in U.S. exports to the Soviet Union, the European Community, and the Far East other than Japan. The volume of wheat exports reached record levels, with China having purchased, and having made commitments to continue buying, unprecedented amounts. Sales of soybeans and soybean meal also reached record levels, owing largely to rising demand from the European Community 1/ and China for soybeans and Eastern and Western Europe and Mexico for soybean meal.

However, as shown in the 22d quarterly report, the prices of the principal affected items tended to decline compared with preembargo levels, despite continued good prospects for exports. 2/ This was the result of a number of factors that enter into supply and demand, including the embargo itself. Since that report, prices of corn and soybeans have increased significantly, above preembargo levels, as a result of the heat and drought in many growing areas of the United States that caused an unexpected decline of supplies. 3/ Export unit values of these items have been moving up at a steady rate, with the exception of those of soybeans and soybean meal, which have continued to decline from levels in the summer of 1979.

As the prospect recedes of the Soviet Union's being an increasingly important market for U.S. exports, the embargo continues to be opposed by some U.S. farmers, whose net income is shrinking in a cost-price squeeze and who feel that the embargo aggravated their situation and should be ended.

Nonagricultural business contacts between U.S. companies and Soviet officials have been largely maintained in the postinvasion period, but uncertainty about the trade policy of both Governments depressed the usual business activity. It was reported in May that the overall workload of the staffs of U.S. firms in Moscow has fallen by some 50 percent. 4/

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1/ Part of the soaring exports of U.S. soybeans to the European Community may have reached the Soviet Union in the form of soybean meal crushed in Europe. Reference to this was made previously on p. 42.

2/ 22d Quarterly Report. . ., p. 41.

3/ On July 28, 1980, President Carter ordered an increase in Federal price support for grains. The program will alleviate the adverse impact of the cost-price squeeze on grain farmers, in general, with additional aid going to farmers in certain regions damaged by the 1980 summer drought. It is also considered a remedial action for the adverse impact on U.S. farmers of the partial grain embargo.

4/ Business Eastern Europe, May 23, 1980.

The uncertainty of U.S. exporters was not entirely dispelled by the new guidelines announced by the Department of Commerce in March 1980, concerning the stringent new criteria to be applied in granting validated licenses for exports of high technology and other strategic items to the Soviet Union. 1/ The items requiring validated licenses are listed in the Commodity Control List, which itself is subject to further change. U.S. companies may have perceived some actions of the U.S. Government as not fully consistent with others. For example, a license granted for the export of an offshore-oil-drilling rig to the U.S.S.R. in May may have conflicted with an earlier perception that the new policy disallowed all high-technology exports of high Soviet priority. Apparently, more case-by-case determinations of individual licensing applications will be necessary in order to give the business community a better insight into the advisability of doing business with the Soviet Union.

Business America, a biweekly journal on international trade published by the Department of Commerce, advised U.S. companies dealing with the Soviet Union in the following words:

American firms interested in U.S.S.R. business should bear in mind the possibility that the economic measures in specific areas may remain in force for a considerable period of time. Even for those firms not dealing with goods in the proscribed areas, the risks of political interruption to normal commerce are greater than in most countries. Corporate strategy should bear in mind those risks, and avoid market strategies which commit an inordinate proportion of corporate resources to the U.S.S.R. alone.

Nevertheless, the experience of U.S. firms over the past several decades which have witnessed severe fluctuation in U.S./Soviet political relations suggest that firms dealing in goods of interest to the U.S.S.R. and willing to undertake the laborious process of building relationships with Soviet end-users and foreign trade organizations can find the U.S.S.R. a profitable country with which to do business. 2/

This guidance was predicated on the assumption that there will be neither a major deterioration nor a dramatic improvement in U.S.-Soviet political relations in the remaining part of the year.

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1/ For items requiring validated export licenses, close examination and evaluation of each transaction is necessary before export approval can be given. All other exports are subject to general export license and do not require authorization before each shipment.

2/ Business America, May 5, 1980, p. 33.



## CANNED HAMS FROM EASTERN EUROPE

In terms of dollar value, by far the largest U.S. import from the NME's is canned hams and shoulders. 1/ Of the 2.8 billion dollars' worth of goods that the United States imported from NME's in 1979, canned hams accounted for \$237 million, or 8.6 percent.

Until 1977, the member States of the European Community (EC) were the primary source of U.S. canned ham imports. In 1967, a countervailing duty petition was filed before the U.S. Department of the Treasury seeking relief against canned ham imports from the EC. At the time, the EC provided 72 percent, by weight, of all canned ham imports into the United States, while NME's provided 27 percent.

By June 19, 1980, when the U.S. International Trade Commission determined unanimously in investigations Nos. 701-TA-31-39 (Final) that imports of canned hams from the member States of the EC--with respect to which the U.S. Department of Commerce had reported that a subsidy was being provided and which were subject to outstanding countervailing duty orders, but for which the imposition and collection of such duties had been waived--were not materially injuring U.S. canned ham producers, 2/ the import picture had changed considerably. In 1979, canned hams from the EC accounted for only 34 percent of total U.S. canned ham imports, and those from NME's accounted for 65 percent.

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1/ As shoulder imports account for just 10 percent of total canned ham and shoulder imports, the term "canned hams" will refer to canned hams and shoulders combined. Similarly, the term "hams" will include both hams and shoulders.

2/ The unusual length of time between the original filing of the petition and the ultimate determination of the Commission was the result of a change in the laws under which countervailing duty investigations were conducted. The petition was first filed in 1967. Although Treasury studied the matter, a formal investigation was not initiated until January 1975. Notice of a tentative determination of subsidization was published in June 1975, and the final determination was made in December of that year. At the same time the Secretary of the Treasury authorized that, certain conditions having been met, the imposition of countervailing duties could be waived. Since dutiable items were not eligible for an injury determination from the Commission under the statute governing countervailing duty investigations at that time, the Commission was not required to conduct an injury investigation. On Jan. 1, 1980 the provisions of the Trade Agreements Act of 1979 became effective and the Commission was required to conduct injury investigations for products covered by any waivers of countervailing duty orders in effect prior to July 26, 1979. After receipt of updated subsidy information from the new administering authority, the Department of Commerce, the Commission instituted investigations Nos. 701-TA-31-39 (Final) on Feb. 5, 1980, to determine whether an industry in the United States was materially injured, or was threatened with material injury, or if the establishment of an industry in the United States was materially retarded, by reason of imports of canned hams and shoulders from the EC which were subject to the outstanding countervailing duty orders that had been waived.

While total U.S. imports of canned hams have been declining, imports of canned hams from NME's have increased since 1967. In 1979, canned hams were the largest single U.S. import item from four NME's (Poland, Yugoslavia, Czechoslovakia, and Hungary) and the second largest import item from another (Romania). Canned hams are also imported from Bulgaria and East Germany. <sup>1/</sup> There are no canned ham imports from other NME's--China, the U.S.S.R., Albania, Mongolia, Vietnam, North Korea, and Cuba. In this section of the report, the terms "Eastern Europe" and "Eastern European" are used to refer to those seven NME's which export canned hams to the United States.

Despite the growth in U.S. imports of canned hams from NME's, they have accounted for a diminishing share of total U.S. imports from NME's. By 1979, less than 9 percent of U.S. imports from all NME's consisted of canned hams, down from 14 percent in 1975. Among Eastern European countries alone, a decline is also seen: 18 percent of U.S. imports from these countries consisted of canned hams in 1979, down from 22 percent in 1975. In part, the declines can be explained by NME's efforts to increase their nonagricultural production and exports. As a result of the expanding nonagricultural sector, agricultural exports including canned hams have declined in relative terms.

The discussion below will show the importance of the United States as a market for Eastern European canned hams. Furthermore, it will examine the production of canned hams in the United States and compare the domestic ham industry with that in Eastern Europe. U.S. imports of canned hams from the NME's relative to imports from other countries will also be discussed.

#### Product Definition

Canned hams and shoulders are classified in items 107.3515 and 107.3525 of the Tariff Schedules of the United States Annotated (TSUSA). Under the definition of these two items, the commodity must have undergone three stages of processing--boning, cooking, and packing in airtight containers. Canned shoulders are interchangeable with canned hams in virtually all uses since most consumers prepare the two products for consumption in the same way and cannot differentiate between them. Shoulder imports into the United States are very small, accounting for only 10 percent of total canned ham and shoulder imports.

Canned ham is a convenient, specialty-type food item that is relatively expensive. It is easily stored, shelf stable, well trimmed, precooked, and can be prepared quickly for consumption; however, most hams in large-size containers must be refrigerated inasmuch as they are not sterilized in the cooking process, as are most small-size canned hams.

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<sup>1/</sup> Official statistics of the U.S. Department of Commerce show imports of canned hams from East Germany; such entries most likely reflect misclassifications inasmuch as shipments of meat from East Germany have not been approved under the health and sanitary regulations of the U.S. Department of Agriculture.

The cooking and canning process provides a practical way for exporting countries to comply with U.S. health and sanitary regulations, as well as to put the product into a more easily transportable form and to provide a longer shelf life. Because of the 3-week transoceanic shipping time and additional time involved in distribution, there is usually a 6-to-8-week period between the canning of hams and their availability to the U.S. consumer. Because domestic pork processors do not have such long shipping times, or the same livestock health problems to contend with, they have less incentive to can hams.

The bulk of domestically produced canned hams, and apparently all imported canned hams, are produced by the so-called massage or tumble techniques. Using one or the other of these methods (massaging or tumbling), hams are stirred with paddles or tumbled in revolving drums for 16 to 18 hours to produce a product that may be readily molded or formed for canning. Previously, the hams were simply pressed into the cans. According to some industry sources, these methods result in an improved canned ham. Domestic ham canners have used the techniques since about 1975; imported canned hams have been so processed since the early 1960's. The techniques provide for a more uniform and easily sliceable product.

Some of the hams processed by these techniques are wrapped in plastic rather than canned. The plastic-wrapped hams flow through the same distribution system. Some users contend that they are close substitutes for canned hams.

Although canned products can be readily stored for long periods of time, they are considered less desirable by many consumers because of the necessity of opening and disposing of the can and because cans prevent the consumers from seeing the actual product before purchase. Canned ham consumption accounted for only 12 percent of total U.S. ham consumption in 1979, down from 16 percent in 1975.

#### U.S. Industry

Canned hams are produced from fresh hams, and U.S. production of hams is a derivative of total U.S. output of pork. U.S. production of pork, hams, and canned hams for 1975-80, January-June 1979, and January-June 1980 are shown in table 11.

The rapid rise in the production of pork and the corresponding rise in the production of hams that occurred in 1979 (and is generally continuing in 1980) appear to reflect, in large part, the liquidation phase in the current "hog cycle." <sup>1/</sup> (The expansion phase of the current cycle began in 1975.) As

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<sup>1/</sup> The hog cycle consists of an expansion phase followed by a liquidation phase. During the expansion phase, growers, encouraged by higher prices and/or favorable feed conditions and the lure of greater profit, hold stock for breeding and further expansion. This reduces supplies of hogs available for slaughter and increases pork prices. At some point, however, either feed conditions become unfavorable or available pork supplies become excessively large. In either event, profit declines and growers respond by culling (selling-off) breeding stock. This liquidation phase of the cycle continues until the conditions mentioned above are such that anticipated profit again encourages herd expansion. Hence, a new cycle begins.

Table 11.--Pork, hams, and canned hams: U.S. production, 1975-80, January-June 1979, and January-June 1980

Period	Total pork <u>1/</u>	Total hams <u>2/</u>	Canned hams	Ratio of canned hams to total hams
	Million pounds	Million pounds	Million pounds	Percent
1975-----	11,585	3,084	260	8.4
1976-----	12,488	3,324	261	7.9
1977-----	13,051	3,474	293	8.4
1978-----	13,209	3,516	286	8.1
1979-----	15,270	4,065	302	7.4
1980 <u>3/</u> -----	16,599	4,419	<u>4/</u>	<u>4/</u>
January-June--				
1979-----	7,149	1,903	155	8.1
1980-----	8,249	2,196	183	8.3

1/ Includes hams and canned hams.

2/ Includes canned hams.

3/ Forecast.

4/ Not available.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

the liquidation phase of the cycle has progressed, hog prices have dropped, feed costs have risen, and many hog growers have experienced losses on their investments since April 1979. 1/

The data shown in table 11 suggest that the share of U.S. ham production that is canned is not necessarily related to the total production of hams. The fact that most ham production is not canned would seem to indicate not only that pork processors realize greater returns by marketing their products in forms other than canned (e.g., fresh or smoked), but also that consumers generally prefer hams that are not canned.

Although there are some 639,000 growers of hogs in the United States and 1,300 pork processors (slaughterers), there are only about 50 plants in the United States that can hams under USDA inspection. The plants are located throughout the United States, but more than half are in the Corn Belt

1/ Detailed data on such losses are shown in U.S. Department of Agriculture, Livestock and Meat Situation, LMS-234, May 1980. The losses being experienced by U.S. pork producers led the National Pork Producers Council to state on May 16, 1980, that it was "seriously considering filing a countervailing duty or anti-dumping complaint . . . against canned hams and shoulders from Eastern European countries." As of the date of preparation of this report, such a complaint had not been filed.

States. <sup>1/</sup> Most of the plants that can hams also process various other pork products, including hams that are not canned. Indeed, several of the largest U.S. canners of hams are among the largest pork processors; several are parts of multinational conglomerates. Data collected during the Commission's recent countervailing duty investigation on canned hams showed that 10 firms, some owning more than one plant, have accounted for at least 80 percent of U.S. production of canned hams in recent years.

#### U.S. Imports

U.S. imports of canned hams <sup>2/</sup> declined by 15 percent from 278 million pounds in 1975 to 236 million pounds in 1979 (table 12). During January-June 1980, 105 million pounds of canned hams was imported, down from 125 million pounds in the corresponding period of 1979. The value of U.S. imports of canned hams reached a high of \$427 million in 1978; the 1979 level of \$380 million was slightly below that of 1975.

The traditional major suppliers of canned hams to the United States have been Poland, Yugoslavia, Denmark, and the Netherlands. Until 1979, Denmark was the largest supplier to the United States, accounting for approximately one-third of all imported canned hams between 1975 and 1978. In 1979, however, Poland became the leading supplier, accounting for 38 percent of the quantity imported by the United States (table 13).

The NME's share of U.S. imports of canned hams has been increasing over time, representing 42 percent of canned ham imports in 1975 and almost 70 percent in January-June 1980. The quantity of these imports from NME's has increased from 1975 to the present (see table 12). The share of imports of canned hams from other sources, especially Denmark and the Netherlands, has been diminishing. For example, the share from the Netherlands, which was nearly 25 percent in 1975, was less than 4 percent in 1979. Prior to 1977, U.S. canned ham imports from Denmark and the Netherlands were greater than such imports from all NME's combined. This shift in the shares of U.S. imports from the EC to the NME's is shown in figure 3.

A number of factors have contributed to this shift. As a result of Treasury's final determination in 1975 in the countervailing duty investigation involving subsidized pork products in the EC under the common agricultural policy (CAP), the United States imposed countervailing duties against canned hams from the EC. Bilateral negotiations resulted in a reduction of the EC subsidy and a waiver on the imposition of any countervailing duties until 1979. The decrease in imports from EC sources is related to the possibility that the countervailing duties would be collected.

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<sup>1/</sup> Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin.

<sup>2/</sup> For statistical purposes, imports of canned hams are divided into two classifications: hams and shoulders, boned, cooked, less than 3 pounds (TSUSA item 107.3515) and hams and shoulders, boned, cooked, 3 pounds and over (TSUSA item 107.3525).

Table 12.--Canned hams and shoulders: <sup>1/</sup> U.S. imports for consumption, by major sources, 1975-79, January-June 1979, and January-June 1980

Source	1975	1976	1977	1978	1979	January-June--	
						1979	1980
Quantity (1,000 pounds)							
Nonmarket economy countries (NME's):							
Poland-----	75,135	75,880	71,187	79,902	90,027	43,508	47,011
Yugoslavia-----	26,443	30,116	34,358	43,294	32,444	20,489	10,375
Hungary-----	9,754	11,297	12,913	15,221	15,580	7,089	7,246
Romania-----	5,928	6,741	8,024	9,909	13,218	5,249	6,952
Czechoslovakia-----	334	1,405	1,578	2,714	3,204	1,372	1,631
East Germany-----	25	73	70	116	37	37	37
Bulgaria-----	310	0	0	0	80	39	82
Total NME's-----	117,929	125,512	128,130	151,156	154,590	77,783	73,334
Denmark-----	88,502	84,203	87,633	88,114	71,547	40,777	26,900
Netherlands-----	68,629	52,610	32,852	19,780	7,630	5,228	2,624
All other-----	2,739	4,868	2,909	3,377	2,235	1,068	2,166
Total-----	277,799	267,193	251,525	262,427	236,001	124,856	105,024
Value (1,000 dollars)							
NME's:							
Poland-----	98,617	117,473	103,814	128,212	141,017	72,516	68,585
Yugoslavia-----	35,183	43,697	47,380	65,173	48,938	32,248	15,261
Hungary-----	12,047	16,565	18,103	24,612	23,103	10,848	11,140
Romania-----	6,916	8,873	10,813	15,015	19,040	8,377	8,928
Czechoslovakia-----	443	1,960	2,107	3,766	4,419	2,054	2,096
East Germany-----	40	106	100	202	61	61	57
Bulgaria-----	326	-	-	-	102	42	83
Total NME's-----	153,572	188,674	182,317	236,980	236,674	126,146	106,150
Denmark-----	129,605	134,668	137,386	151,473	127,094	74,294	47,090
Netherlands-----	100,269	83,222	50,710	33,678	12,732	8,968	4,338
All other-----	3,651	7,591	4,326	5,449	3,615	1,763	3,369
Total-----	387,097	414,154	374,738	427,580	380,120	211,171	160,947
Unit value							
NME's:							
Poland-----	\$1.31	\$1.55	\$1.46	\$1.60	\$1.57	\$1.67	\$1.46
Yugoslavia-----	1.33	1.45	1.38	1.51	1.51	1.57	1.47
Hungary-----	1.24	1.47	1.40	1.62	1.48	1.53	1.54
Romania-----	1.17	1.32	1.35	1.52	1.44	1.60	1.28
Czechoslovakia-----	1.33	1.40	1.33	1.39	1.38	1.50	1.29
East Germany-----	1.61	1.45	1.42	1.75	1.66	1.66	1.56
Bulgaria-----	1.05	-	-	-	1.27	1.07	1.01
Total NME's-----	1.30	1.50	1.42	1.57	1.53	1.62	1.45
Denmark-----	1.46	1.60	1.57	1.72	1.78	1.82	1.75
Netherlands-----	1.46	1.58	1.54	1.70	1.67	1.72	1.65
All other-----	1.33	1.56	1.49	1.61	1.62	1.65	1.56
Total-----	1.39	1.55	1.49	1.63	1.61	1.69	1.53

<sup>1/</sup> TSUSA items 107.3515 and 107.3525.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

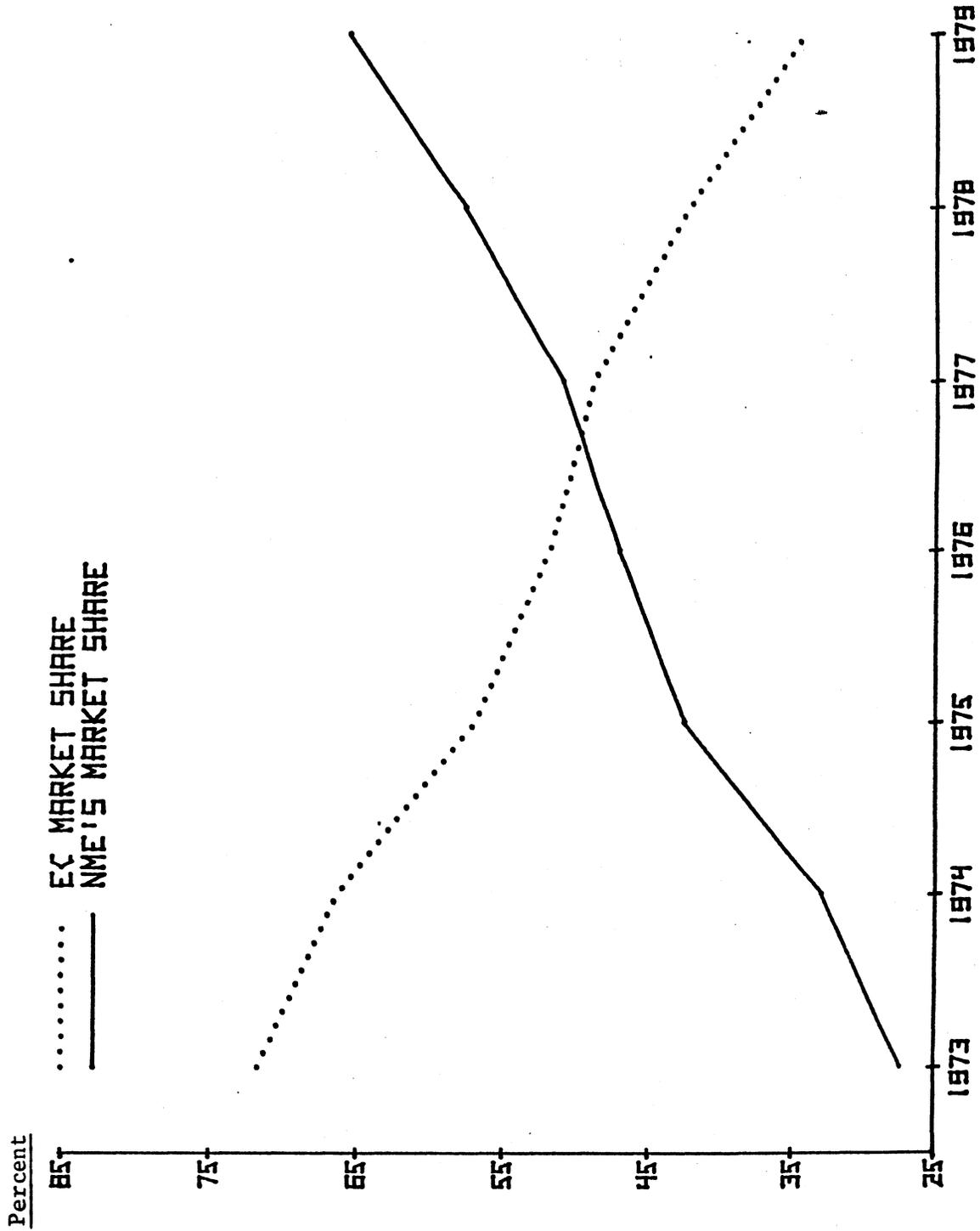
Table 13.--Canned hams and shoulders: Percentage distribution of U.S. imports, total and from nonmarket economy countries (NME's), by major sources, 1975-79, January-June 1979, and January-June 1980

Source	1975	1976	1977	1978	1979	1979	January-June-- 1980
Percentage distribution of total imports							
NME's:							
Poland	27.0	28.4	28.3	30.4	38.1	34.8	44.8
Yugoslavia	9.5	11.3	13.7	16.5	13.7	16.4	9.9
Hungary	3.5	4.2	5.1	5.8	6.6	5.7	6.9
Romania	2.1	2.5	3.2	3.8	5.6	4.2	6.6
Czechoslovakia	.1	.5	.6	1.0	1.4	1.1	1.6
East Germany	1/	1/	1/	1/	1/	1/	1/
Bulgaria	.1	-	-	-	1/	1/	.1
Total NME's	42.4	47.0	50.9	57.6	65.5	62.3	69.8
Denmark	31.9	31.5	34.8	33.6	30.3	32.7	25.6
Netherlands	24.7	19.7	13.1	7.5	3.2	4.2	2.5
All other	.1	1.8	1.1	1.3	.1	.9	2.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percentage distribution of total imports from NME's							
NME's:							
Poland	63.7	60.5	55.6	52.9	58.2	55.9	64.1
Yugoslavia	22.4	24.0	26.8	28.6	21.0	26.3	14.1
Hungary	8.3	9.0	10.1	10.1	10.1	9.1	9.9
Romania	5.0	5.4	6.3	6.6	8.6	6.7	9.5
Czechoslovakia	.3	1.1	.6	1.0	1.4	1.8	2.2
East Germany	1/	.1	1/	1/	1/	1/	.1
Bulgaria	.3	-	-	-	1/	.1	.1
Total NME's	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1/ Less than 0.05 percent.							

Source: Compiled from official statistics of the U.S. Department of Commerce.

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

Figure 3.--Share of total U.S. imports of canned hams accounted for by imports from the European Community (EC) and the nonmarket economy countries (NME's), 1973-79.



The effect of the enlargement of the EC in 1973 was also a contributing factor. Denmark's accession to the Treaty of Rome enabled it to enter the Common Market, providing duty-free markets for its fresh and canned hams in the other member States of the EC. Also, the United Kingdom's joining the EC and raising its tariffs in line with the CAP are believed to have resulted in a shift of some NME exports of canned hams from the United Kingdom to the United States.

A comparison of unit values of imported canned hams (table 12) illustrates that the products from NME's may have been priced consistently below those from the EC. The tariff rates for canned hams are the same for both column 1 and column 2--3 cents per pound. Since the impact of these duties on the total price is slight, they are not believed to have had a significant effect on the consumption of the imported product relative to the domestic product. Data obtained from the American Institute of Food Distribution, Inc. included in the report in the countervailing duty case on canned hams showed that the quarterly median wholesale prices of imported canned hams from Poland, Hungary, and Romania were greater than those of canned hams produced domestically from 1975 through 1979.

Among the NME's, Poland accounted for 64 percent of all U.S. imports of canned hams during January-June 1980. Together, Yugoslavia, Hungary, and Romania accounted for another 34 percent, with the remainder divided among Bulgaria, East Germany, and Czechoslovakia.

The Yugoslav share of U.S. imports from NME's ranged from 21 to 29 percent during 1975-79, but dropped to 14 percent during January-June 1980. The increase in imports of canned hams from Yugoslavia in 1978 can be attributed in part to the drought which occurred there that year, severely affecting the corn crop and causing feed-grain shortages. Hog slaughtering went up and pork production increased as growers cut back on the size of their stock. The decline in imports from Yugoslavia from January 1979 through June 1980 is accounted for by the fact that herds were being rebuilt after the distress slaughtering of 1978; the rebuilding continued through mid-1980. The return to adequate stock, coupled with the 30-percent devaluation of the dinar on June 6, 1980, could lead to future higher levels of imports of canned hams from Yugoslavia.

#### U.S. Consumption

U.S. exports of canned hams are negligible. Therefore, U.S. consumption of canned hams is measured as U.S. production plus imports. While imports accounted for a little more than half of U.S. consumption of canned hams in 1975, this share has declined since 1975, to only 44 percent in 1979 (see table 14). In contrast, the share of U.S. canned ham consumption accounted for by canned hams from NME's increased from 22 percent in 1975 to 29 percent in 1979.

Between 1972 and 1974, annual U.S. consumption of canned hams ranged between 648 million and 663 million pounds. However, since that time consumption has ranged between 528 million and 550 million pounds. There are two reasons for the sudden drop in consumption after 1974: decreased production and decreased imports. U.S. production of canned hams dropped in 1975; this decline could reflect the general shift to plastic packaging

Table 14.--Canned hams: U.S. imports, production, and consumption, and percentage distribution of consumption, 1975-79

Source	1975	1976	1977	1978	1979
Quantity (1,000 pounds)					
Imports from--					
Nonmarket economy					
countries-----	117,929	125,512	128,130	151,156	154,590
European Community-----	157,896	138,365	122,771	110,697	80,536
All other-----	1,974	3,316	625	574	875
Total imports-----	277,799	267,193	251,526	262,427	236,001
Production-----	260,444	261,390	293,044	287,322	301,949
Consumption-----	538,243	528,583	544,570	549,749	537,950
Percentage distribution of U.S. consumption					
Imports from--					
Nonmarket economy					
countries-----	21.9	23.7	23.5	27.5	28.7
European Community-----	29.3	26.2	22.5	20.1	15.0
All other-----	.4	.6	.1	.1	.2
Total imports-----	51.6	50.5	46.1	47.7	43.9
Production-----	48.4	49.5	53.9	52.3	56.1
Consumption-----	100.0	100.0	100.0	100.0	100.0

Source: Imports, compiled from official statistics of the U.S. Department of Commerce; production, compiled from official statistics of the U.S. Department of Agriculture. Consumption is imports plus production.

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

materials for food that occurred during the mid-1970's. Regarding decreased imports, increased EC membership and the removal of the waiver of countervailing duties on U.S. imports from the EC may have contributed to deflecting a certain amount of Western European canned hams that would otherwise have come to the United States.

The price of ham is expected to decline owing to the expected increase in U.S. pork and ham production in 1980. The decline may have the effect of discouraging imports. If it does occur, this combination of increased domestic supply and decreased imports of canned hams will increase the future U.S. market share of domestic canned ham producers. <sup>1/</sup>

As shown in table 15, U.S. canned ham consumption is declining as a share of both ham and total pork consumption. While imports from NME's accounted for an increasing share of U.S. canned ham consumption, imports of canned hams from all sources are declining relative to U.S. canned ham consumption, and to total pork and ham consumption.

<sup>1/</sup> This happened in 1973-75, when a combination of factors led to large-scale hog slaughtering in the United States. Owing to the increased supply of pork, hams, and canned hams, prices of these goods dropped in the United States, and imports declined. As a result, the ratio of imports to consumption dropped during the period.

Table 15.--U.S. consumption of pork, ham, and canned hams, imports of canned hams from all sources and from nonmarket economy countries (NME's), and the relationship between canned hams and consumption of pork, ham, and canned hams, 1975-79

Item	1975	1976	1977	1978	1979
	Quantity (1,000 pounds)				
Consumption of--					
Pork-----	11,852	12,668	13,139	13,193	15,174
Ham-----	3,344	3,586	3,726	3,779	4,307
Canned hams-----	538	529	546	550	538
Imports of canned hams from--					
All sources-----	278	267	252	262	236
NME's-----	118	126	128	151	155
	Share (percent)				
Consumption of canned hams as a share of consumption of--					
Pork-----	4.5	4.2	4.2	4.1	3.5
Ham-----	16.1	14.7	14.7	14.5	12.5
Imports of canned hams as a share of consumption of--					
Pork-----	2.3	2.2	2.0	2.0	1.6
Ham-----	8.3	7.5	6.8	6.9	5.5
Canned hams-----	51.6	50.5	46.2	47.7	43.9
Imports of canned hams from NME's as a share of consumption of--					
Pork-----	1.0	1.0	1.0	1.1	1.0
Ham-----	3.5	3.5	3.4	4.0	3.6
Canned hams-----	21.9	23.7	23.4	27.5	28.7

Source: Imports, compiled from official statistics of the U.S. Department of Commerce; production, compiled from official statistics of the U.S. Department of Agriculture.

## The Industry in the NME's

Data on the number of hogs in selected NME's and in the United States are shown in table 16. The number of hogs in Eastern Europe on January 1 of each year exceeded the number of hogs in the United States by as much as 34 percent in 1976, but only 7 percent in 1979. The number of hogs in the NME's increased by 8 percent, from 66 million in 1976 to 71 million in 1980. In Poland, however, the number of hogs declined by 3 percent, reflecting in part a large decline in the number of small private farms that typically grow only a few hogs a year.

Table 16.--Hogs: Population in selected nonmarket economy countries (NME's) and in the United States, Jan. 1, 1976-Jan. 1, 1980

(In thousands)						
Country	1976	1977	1978	1979	1980 <u>1/</u>	
NME's:						
Poland-----	21,647	16,766	20,591	21,108	20,897	
East Germany-----	11,501	11,291	11,755	11,734	12,132	
Romania-----	8,813	10,193	9,744	10,336	10,889	
Hungary-----	6,953	7,854	7,850	8,011	8,330	
Yugoslavia-----	6,536	7,326	8,452	7,747	7,700	
Czechoslovakia-----	6,683	6,820	7,510	7,601	7,600	
Bulgaria-----	3,889	3,456	3,400	3,772	3,832	
Total-----	66,022	63,706	69,302	70,309	71,380	
United States-----	49,267	54,934	56,539	60,101	66,950	

1/ 1980 data are preliminary for NME's.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

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

The number of hogs in the NME's covered has not fluctuated as much as in the United States. The number of hogs in the NME's ranged from 64 million to 71 million during the period 1976-80, representing an increase of just 11 percent. In contrast, the number of hogs in the United States grew steadily from 49 million in 1976 to 66 million in 1980, or by 36 percent. The long-term gradual increase in the number of hogs in the NME's partly reflects government decisions to promote pork production.

Among Eastern European NME's, Poland has had the largest number of hogs, accounting for 30 percent of the total in most years. East Germany has accounted for about 17 percent of the total; Romania for 15 percent; Hungary, Yugoslavia, and Czechoslovakia, for 10 percent each; and Bulgaria for about 5 percent.

Although there has been a large decline in the number of small farms that grow only a few hogs a year, especially in Poland, such farms apparently still account for a significant percentage of hogs grown in Eastern Europe. Governments have probably permitted such small private hog-growing operations because they contribute significantly to total pork production in those countries. While much hog growing is done by small, private operators, most hog slaughter and processing, and all such slaughter and processing for export, are done in large, state-controlled pork-packing plants.

In order to increase production and to insure high-quality pork production, the NME governments have encouraged the use of mixed feeds, which are supplied by government agriculture or state trading agencies or are produced on state farms or cooperatives. The government agencies also periodically provide mixed feed to the small, private hog-growing operations, and at times such feed is supplied at subsidized prices. However, state farms usually receive first priority in feed shipment and are charged the most favorable prices.

Apparently, NME pork production is somewhat dependent on U.S. exports of feed grains, oilseeds (primarily soybeans), and oilseed meal (primarily soybean meal); the NME's provide significant markets for U.S. exports of these products. While many other agricultural products are used as hog feed in the NME's, feed grains and oilseed meal account for the bulk of such feed.

Table 17 shows that the ratio of imports of U.S. feed grains to NME feed grain production ranged from 10 percent in 1977 to 19 percent in 1979. Feed grain imports into Poland alone, however, were much more significant, ranging from the equivalent of 79 percent of Polish production in 1977 to 120 percent in 1979 (table 18). NME imports of oilseeds, including the oilseed equivalent of oilseed meal, ranged from the equivalent of 84 percent of NME oilseed production in 1977 to 130 percent in 1979. As with feed grains, imports of U.S. oilseeds into Poland were even more significant; table 18 shows that, except in 1977, such imports were larger than Polish production in every year from 1975 to 1979, ranging from the equivalent of 133 percent of production in 1975 to 369 percent in 1979. The relatively low U.S. exports of feed grains and oilseeds in 1977 reflect a U.S. embargo on exports in that year.

Annual pork production in Eastern Europe exceeded pork production in the United States by 23 percent in 1975, but U.S. pork production slightly exceeded that of the NME's in 1979 (table 19). Pork production in the NME's has remained rather stable, ranging from 13.4 billion pounds in 1976 to 15.2 billion pounds in 1979. Poland has been the largest pork producer among the selected NME's, accounting for about 27 percent of the overall pork production in those countries in most years.

Table 17.--Production of feed grains and oilseeds in the Eastern European nonmarket economy countries (NME's) and NME imports of feed grains and oilseeds from the United States, 1975-79

Year	Total NME production		NME imports from the United States		Ratio of imports to production		
	Feed grains	Oilseeds	Feed grains	Oilseeds	Feed grains	Oilseeds	
	-----Million pounds-----						Percent
1975	68,596	4,072	8,258	3,505	12	86	
1976	69,343	4,431	12,154	4,696	18	106	
1977	68,779	4,612	7,015	3,860	10	84	
1978	64,542	4,773	9,511	4,874	15	102	
1979	79,615	4,691	15,419	6,080	19	130	

1/ Includes the oilseed equivalent of imports of oilseed meal.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 18.--Production of feed grains and oilseeds in Poland and Polish imports of feed grains and oilseeds from the United States, 1975-79

Year	Total Polish production		Polish imports from the United States		Ratio of imports to production		
	Feed grains	Oilseeds	Feed grains	Oilseeds	Feed grains	Oilseeds	
	-----Million pounds-----						Percent
1975	3,355	681	3,243	904	97	133	
1976	4,153	877	4,632	1,221	112	139	
1977	4,173	882	3,298	498	79	56	
1978	4,290	743	4,548	1,783	106	240	
1979	4,489	397	5,399	1,466	120	369	

1/ Includes the oilseed equivalent of imports of oilseed meal.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 19.--Pork: Production in selected nonmarket economy countries (NME's) and in the United States, 1975-79

(In millions of pounds)					
Country	1975	1976	1977	1978	1979 <sup>1/</sup>
NME's:					
Poland-----	4,082.9	3,514.1	3,525.2	4,001.3	4,069.7
East Germany-----	2,641.1	2,552.9	2,557.3	2,610.2	2,619.1
Hungary-----	1,966.5	1,761.5	2,052.5	2,105.4	2,160.5
Czechoslovakia-----	1,627.0	1,604.9	1,719.6	2,006.2	2,008.4
Romania-----	1,596.1	1,702.0	1,715.2	1,785.7	1,920.2
Yugoslavia-----	1,591.7	1,492.5	1,697.5	1,953.3	1,660.1
Bulgaria-----	725.3	815.7	707.7	707.7	749.6
Total-----	14,230.6	13,443.6	13,975.0	15,169.8	15,187.5
United States-----	11,585	12,488	13,051	13,209	15,270

<sup>1/</sup> 1979 data are preliminary for NME's.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

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

In Poland, canned hams accounted for about 4 percent of pork production annually during 1975-79. Exports accounted for an increasing share of Polish canned ham production in that period, rising from 74.2 percent in 1975 to 89.7 percent in 1979. Officials of the USDA report that NME government sources have said that the United States is the only significant market for their canned hams. The share of Polish exports of canned hams going to the United States increased from 74 percent in 1975 to 90 percent in 1979.

Data on canned ham production in Yugoslavia, the only country for which detailed information is available, are shown in the following tabulation:

Year	Production (million pounds)
1975-----	123
1976-----	132
1977-----	148
1978-----	157

The share of canned hams exported ranged from 20 percent of production in 1977 to 32 percent in 1978. The United States accounted for 15 percent of Yugoslav canned ham production in 1977 and 27 percent in 1978.

Hungary and Czechoslovakia produce canned hams for export, and only residual quantities are sold on the domestic market. Production in Hungary is approximately 40 million pounds annually, and that in Czechoslovakia is approximately 8 million pounds. The United States accounted for nearly half of Hungary's canned ham exports in 1978, the most recent year for which data are available, and for 40 percent of Czechoslovakia's exports. Western Europe and the U.S.S.R. accounted for the bulk of the remaining exports from both countries.

Canned ham exports to the United States are a major trading item for Poland, Yugoslavia, Hungary, Czechoslovakia, and Romania, but are of less importance to the other NME canned ham exporters, Bulgaria and East Germany.

Table 20 shows that canned hams accounted for two-thirds of the value of all Eastern European agricultural exports to the United States during 1975-79. For Poland, such exports were even more significant, accounting for 81 to 86 percent of the annual total between 1976 and 1979. The value of NME exports of canned hams to the United States increased 55 percent from 1975 to 1979, from \$153 million to \$237 million. This increase reflects both an increase in the quantity of their exports of canned hams to the United States and increased prices.

Imports of canned hams from Poland showed the largest absolute increase in value during 1975-79, rising by \$42 million or 43 percent. The Polish Government apparently considers earnings from exports of canned hams to the United States to be of critical importance. Despite a number of civil disturbances inspired by high prices in recent years and the unavailability of meat, especially pork, there has been no apparent attempt by the Polish Government to curtail exports of canned hams to the United States in order to bolster domestic supplies of such products.

For Eastern European NME's, exports of canned hams to all markets accounted for less than 4 percent of the value of agricultural exports each year during 1975-78, the latest years for which data are available (table 20). The relatively low percentage reflects, in part, the significant intra-NME trade in other agricultural products. For Poland, canned ham exports to all markets accounted for 10 to 13 percent of the value of all agricultural exports.

Table 20.--Total agricultural exports by nonmarket economy countries to all markets and to the United States and canned ham and shoulder exports to the United States, 1975-79

Item and year	Poland	East Germany	Czechoslovakia	Romania	Bulgaria	Hungary	Yugoslavia	Total
Value (million dollars)								
Agricultural exports to all markets: <u>1/</u>								
1975-----	922	248	383	862	841	1,397	482	5,135
1976-----	959	278	328	938	953	1,453	592	5,501
1977-----	1,015	258	409	1,103	1,028	1,749	590	6,152
1978-----	1,008	345	464	1,198	1,055	1,760	612	6,442
Agricultural exports to the United States:								
1975-----	182	1	2	12	4	14	62	213
1976-----	144	1	4	16	11	23	77	275
1977-----	125	2	5	21	23	23	86	286
1978-----	155	3	6	32	25	32	113	366
1979-----	164	2	8	34	23	36	86	353
Canned ham and shoulder exports to the United States:								
1975-----	99	<u>2/</u>	<u>2/</u>	6	<u>2/</u>	12	35	153
1976-----	117	<u>2/</u>	2	9	-	17	44	189
1977-----	104	<u>2/</u>	2	11	-	18	47	182
1978-----	128	<u>2/</u>	4	15	-	25	65	237
1979-----	141	<u>1/</u>	4	19	<u>2/</u>	23	49	237
Percent of total								
Agricultural exports accounted for by canned ham and shoulder exports to all markets: <u>1/</u>								
1975-----	10.7	<u>3/</u>	0.1	0.7	<u>3/</u>	0.9	7.3	3.0
1976-----	12.2	<u>3/</u>	.6	1.0	-	1.2	7.4	3.4
1977-----	10.2	<u>3/</u>	.5	1.0	-	1.0	8.0	3.0
1978-----	12.7	0.1	.8	1.3	-	1.4	10.6	3.7
Agricultural exports accounted for by canned ham and shoulder exports to the United States:								
1975-----	54.3	7.0	23.6	56.9	8.0	88.1	56.3	71.9
1976-----	81.4	11.7	49.4	55.2	-	73.4	56.7	68.4
1977-----	82.8	5.9	38.8	52.6	-	77.1	55.3	63.8
1978-----	82.9	7.1	61.3	47.5	-	75.5	57.5	64.7
1979-----	86.0	4.5	57.2	56.7	.4	64.6	56.6	67.0

1/ 1979 data not available.

2/ Less than \$500,000.

3/ Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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



APPENDIX

LEADING U.S. EXPORTS AND IMPORTS IN TRADE  
WITH THE NONMARKET ECONOMY COUNTRIES

Table A-1.--Leading items exported to China, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	April-June--		
		January-June 1980	1980	
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	\$405,888,151	\$189,928,212	\$59,425,083
130.6540	Wheat, unmilled, not donated for relief	164,708,286	109,684,072	13,013,404
130.3465	Yellow corn, not donated for relief	121,536,138	48,162,398	65,753,266
175.4100	Soybeans, n.e.s.	116,443,670	55,339,055	6,574,910
694.4062	Airplanes, multiple engine, passenger transport, nonmilitary, over 33,000 pounds	93,345,102	47,175,351	-
309.4242	Polyester fibers, noncontinuous	66,233,519	42,583,528	5,957,346
300.1550	Other cotton, staple length 1-1/8 inches or more	58,042,434	1,650,589	5,336,956
176.5220	Soybean oil, crude, including degummed	45,631,392	21,732,358	23,734,711
480.8005	Diammonium phosphate fertilizer	25,247,945	10,375,000	-
444.6000	Polyester resins, unsaturated, etc	23,420,831	19,325,200	3,186,239
486.2900	Insecticides, unmixed, n.e.s.	18,650,281	1,746,094	-
310.0010	Textured yarns, of polyester	17,162,835	7,224,862	96,055
664.0584	Parts, n.e.s., of oil and gas field drilling machines	15,027,327	3,476,673	8,946,482
357.8040	Noncellulosic fibers for use in pneumatic tires	14,678,353	11,534,816	1,087,023
480.3000	Urea	13,740,840	11,838,749	8,009,535
444.2320	Polyvinyl chloride (PVC) and copolymer resins, compounded	11,705,075	7,473,556	-
177.5640	Tallow, inedible	10,421,947	7,431,060	-
630.3540	Magnesium, unwrought	8,688,582	-	3,146,040
664.0508	Oil and gas field drilling machines, rotary	8,634,555	-	-
649.5040	Rock-drilling bits, core bits, and reamers, n.e.s.	8,268,340	6,944,692	7,511,273
	Total	1,247,475,603	603,626,265	211,778,323
	Total, U.S. exports to China	1,487,025,525	713,117,070	310,514,398

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-2.--Leading items imported from China, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	April-June--	
		January-June 1980	1980 1979
475.2520	Gasoline	\$39,738,777	\$28,339,783
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more	18,808,941	-
475.3500	Naphthas, derived from petroleum, etc., n.e.s.	17,810,503	11,663,550
417.2800	Ammonium molybdate	15,528,861	6,539,387
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	15,508,174	7,926,016
755.1500	Fireworks	12,257,050	8,354,408
186.1560	Feathers, not meeting Federal standards	9,292,951	4,085,534
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	9,093,461	4,610,839
601.5400	Tungsten ore	7,775,297	4,984,644
766.2560	Antiques, n.s.p.f.	7,616,433	3,196,077
472.1000	Barytes ore, crude	7,235,402	5,755,171
629.1420	Titanium sponge, unwrought	6,925,876	1,685,425
192.4000	Licorice root	5,968,712	3,208,712
160.5000	Tea, crude or prepared	5,655,624	2,176,706
186.3000	Bristles, crude or processed	5,517,988	2,046,297
622.0200	Tin, other than alloyed, unwrought	5,160,758	1,558,485
222.4000	Baskets and bags of bamboo	5,030,606	2,598,085
222.5700	Floor coverings of unspun vegetable materials, n.e.s.	4,818,774	2,667,969
521.1700	Bauxite, calcined	4,497,399	3,342,187
382.3353	Women's slacks, etc., of cotton, corduroy, not knit	4,435,881	3,821,721
	Total	208,677,468	108,560,996
	Total, U.S. imports from China	443,278,337	243,090,109

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 629.1520.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-3.--Leading items exported to the U.S.S.R., by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	April-June--		
		January-June 1980	1980 1979	
130.3465	Yellow corn, not donated for relief	\$315,488,083	\$67,583,570	\$361,202,799
130.6540	Wheat, unmilled, not donated for relief	88,981,012	-	160,506,674
175.4100	Soybeans, n.e.s.	45,321,774	-	95,813,919
177.5640	Tallow, inedible	20,351,468	11,870,809	20,123,353
790.5510	Pressure-sensitive tape, with plastic backing	17,698,580	13,914,815	11,003,999
692.3820	Parts of tracklaying tractors, n.s.p.f.	17,477,555	14,492,119	12,251,148
480.7025	Phosphoric acid	17,440,329	-	37,877,762
145.4300	Shelled almonds, not blanched	13,845,089	2,047,320	-
517.5120	Petroleum coke, calcined	13,200,748	4,410,639	-
773.3860	Belting and belts for machinery, of rubber or plastics, not for conveyor, elevator, or motor vehicles, n.s.p.f.	7,459,886	5,976,677	849,240
338.2600	Woven fabrics of glass	4,683,872	3,098,700	2,223,415
661.3050	Parts for metal-processing furnaces, nonelectric, n.s.p.f.	-	-	-
192.2500	Hops	4,521,425	3,446,025	-
653.4690	Parts of nonelectrical base metal heating or cooking apparatus	4,307,519	257,500	1,043,064
692.3160	Tracklaying tractors, new, with net engine horsepower of over 344	4,153,985	3,613,985	-
155.2045	Crystalline or dry amorphous sugars, sirups, and molasses from cane or beets, n.s.p.f.	4,052,953	4,052,953	1,583,460
683.9540	Parts of industrial and laboratory furnaces and ovens	3,997,459	3,997,459	-
664.0225	Integral tractor shovel loaders, rear-engine mounted, new, 4-wheel drive, bucket capacity of 5 to 6.5 cubic yards	3,581,457	2,596,434	294,607
678.5090	Concrete and bituminous pavers, finishers, and spreaders, parts	3,403,050	1,620,500	1/
692.2985	Parts, n.s.p.f., of motor-vehicle chassis, bodies, etc	3,189,126	2,380,557	315,243
	Total 2/	3,103,739	1,048,449	645,975
	Total, U.S. exports to the U.S.S.R.	596,259,109	146,408,511	705,734,658
		693,035,309	206,004,623	859,715,054

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 664.0522.

2/ Because of changes in the Schedule B trade classifications from 1979 to 1980, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-4.--Leading items imported from the U.S.S.R., by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	April-June--	
		January-June 1980	1980
480.6540	Anhydrous ammonia	\$32,318,211	\$21,155,380
605.0260	Palladium	24,829,053	14,321,936
653.2200	Metal coins, n.e.s.	16,621,261	648,345
620.0300	Nickel, unwrought	14,509,001	829,526
422.5240	Uranium compounds, n.e.s.	9,000,000	-
605.0750	Palladium bars, plates, etc.	8,173,599	2,533,758
605.0710	Platinum bars, plates, etc.	5,046,003	796,353
605.0270	Rhodium	4,405,130	3,164,231
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide	3,791,388	3,237,888
765.0300	Painting, etc., by hand	3,387,002	3,373,558
605.0220	Platinum sponge	3,081,900	1,043,612
520.3300	Diamonds, over 1/2 carat, cut, not set	2,841,591	439,233
629.1420	Titanium sponge, unwrought	2,740,871	-
124.1045	Sable furskins, whole, undressed	2,392,742	110,310
629.1200	Titanium waste and scrap, unwrought	2,323,969	1,571,739
605.0290	Platinum group metals and combinations, n.e.s.	2,290,476	1,038,710
422.5220	Uranium compounds, fluorides	2,000,000	-
601.1540	Chrome ore, chromium content 41 to 46 percent chromic oxide	1,898,745	-
601.1560	Chrome ore, 46 percent or more chromic oxide	1,718,535	-
480.5000	Potassium chloride, crude	1,505,823	-
	Total	144,875,300	54,264,579
	Total, U.S. imports from the U.S.S.R.	160,873,424	61,045,950
			173,662,597

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 629.1520.

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 629.1580.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-5.--Leading items exported to Poland, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	April-June--	
		January-June 1980	1980 1979
130.3465	Yellow corn, not donated for relief	\$122,400,730	\$46,355,489
184.5260	Soybean oil cake and meal	62,415,077	19,005,983
175.4100	Soybeans, n.e.s.	43,635,377	15,810,885
130.6540	Wheat, unmilled, not donated for relief	21,590,633	-
120.1400	Cattle hides, whole	16,081,176	3,913,602
480.4500	Phosphates, crude, and apatite	14,578,289	6,947,995
170.3320	Flue-cured cigarette filler tobacco, stemmed	6,055,564	4,707,298
300.1530	American Pima cotton and Sea Island cotton	3,805,415	2,670,415
120.2022	Sheep and lamb skins without wool on the skin	3,293,382	1,942,868
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	3,056,056	-
182.9742	Flours and grits, defatted, derived from oilseeds	2,882,126	1,744,882
177.5640	Tallow, inedible	2,134,851	1,177,530
176.5220	Soybean oil, crude, including degummed	2,114,897	912,797
607.9010	Ferrromolybdenum, with over 50 percent molybdenum by weight	1,599,753	1,599,753
674.3529	Metalworking machines for gear-tooth grinding and finishing, valued at least \$2,500 each	1,544,307	732,581
692.3820	Parts of tracklaying tractors, n.s.p.f.	1,524,416	920,762
309.4242	Polyester fibers, noncontinuous	1,477,078	1,179,270
661.7620	Centrifuges	1,384,954	894,394
678.5090	Concrete and bituminous pavers, finishers, and spreaders, parts	1,384,391	1,078,128
184.5000	Linseed oil cake and meal	1,342,472	1,342,472
	Total 2/	314,300,944	112,937,104
	Total, U.S. exports to Poland	359,076,739	132,944,269

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 674.3517.

2/ Because of changes in the Schedule B trade classifications from 1979 to 1980, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-6.--Leading items imported from Poland, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	April-June--		
		January-June 1980	1980	1979
107.3525	Canned hams and shoulders, 3 pounds and over	\$67,590,639	\$33,938,195	\$41,407,544
607.6615	Sheets, of iron or steel, not shaped, not pickled or cold rolled, n.e.s.	6,232,029	4,299,147	1/ 4,306,015
110.4740	Pollock blocks, frozen, over 10 pounds	5,404,750	1,288,412	16,844
521.3180	Coal, n.e.s., including lignite, but not including peat	5,291,000	2,574,086	4,981,996
700.3550	Men's footwear, of leather, n.e.s., cement soles	4,644,635	2,414,276	1,794,744
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	4,067,687	2,148,240	1,641,060
672.1600	Parts, of sewing machines	3,268,671	2,674,086	2/ 1,060,936
407.8521	Sulfathiazole	3,040,490	1,164,702	1,116,446
380.6653	Men's suits, of wool, valued over \$4 per pound	2,719,753	1,460,171	1,435,754
727.1500	Furniture and parts of bentwood	2,446,582	1,154,298	1,657,910
646.6320	Cap screws, of iron or steel, having shanks or threads over 0.24 inch in diameter	2,365,847	1,364,228	1,209,161
612.6200	Brass rods, wrought	2,360,991	992,917	1,143,252
653.2200	Metal coins, n.e.s.	2,317,937	915,733	74,602
110.4710	Cod blocks, frozen, over 10 pounds	2,112,142	1,729,886	2,415,025
680.3512	Ball bearings, radial ball bearings, outside diameter over 30mm, but not over 52mm	2,083,621	1,394,050	431,203
336.6049	Woven fabrics, of wool, worsteds, valued over \$2 per pound	1,994,372	679,176	578,415
366.2460	Terry towels of cotton, of pile or tufted construction, valued over \$1.45 per pound	1,992,155	1,000,135	496,700
380.3941	Men's and boys' suit-type coats, of cotton, not knit, not ornamented	1,955,935	1,610,041	2,535,220
646.2626	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or more in length, coated	1,951,668	1,025,213	415,756
674.3512	Machine tools, metal-cutting, engine, or toolroom	1,939,868	1,790,292	3/
	Total 4/	125,780,772	65,617,284	63,351,632
	Total, U.S. imports from Poland	213,817,271	113,470,826	124,878,048

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 608.8415.

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 672.1540.

3/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 674.3547.

4/ Because of changes in the TSUSA trade classifications from 1979 to 1980, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-7.--Leading items exported to Yugoslavia, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	January-June	April-June--	
		1980	1980	1979
130.6540	Wheat, unmilled, not donated for relief	\$59,159,076	\$24,942,312	-
521.3110	Low volatile bituminous coal	28,532,305	18,460,222	\$18,137,252
175.4100	Soybeans, n.e.s.	20,661,216	8,580,948	22,599,968
184.5260	Soybean oil cake and meal	18,060,636	5,305,152	-
601.2200	Copper ore	16,790,000	16,790,000	-
404.0560	Styrene (monomer)	13,165,897	4,525,471	-
120.1400	Cattle hides, whole	9,352,548	3,488,596	5,593,776
480.8005	Diammonium phosphate fertilizer	8,340,463	8,340,463	4,309,006
676.5560	Parts for automatic data-processing machines and units, n.s.p.f.	7,127,767	4,208,247	1,763,140
694.4020	Used nonmilitary airplanes	7,000,000	7,000,000	-
444.1610	Polyethylene resins, low and medium density	6,325,813	706,343	106,480
690.0510	Locomotives and tenders, diesel-electric, rail-service type	5,382,000	1,794,000	-
431.0480	Vinyl chloride, monomer	5,043,659	2,077,450	5,565,975
694.6506	Parts, n.e.s., for aircraft and spacecraft	4,156,229	2,092,032	2,285,170
431.3280	Vinyl acetate, monomer	4,151,807	1,121,102	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines	4,117,368	1,946,079	617,297
170.3320	Flue-cured cigarette filler tobacco, stemmed	3,181,055	1,940,376	1,233,604
694.4048	Airplanes, multiple engine, nonmilitary, 4,400 to 9,999 pounds	2,696,114	2,350,807	4,300,775
692.0562	Trucks, nonmilitary, off-highway, rear dump, 45-70 ton capacity	2,511,236	-	1/
309.3270	Grouped filaments and strips, n.e.s.	2,349,459	1,569,059	623,220
	Total 2/	228,104,648	117,238,659	67,135,663
	Total, U.S. exports to Yugoslavia	343,357,919	182,787,124	243,068,270

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 692.0560.

2/ Because of changes in the Schedule B trade classifications from 1979 to 1980, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-8.--Leading items imported from Yugoslavia, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	April-June--	
		January-June 1980	1980 1979
727.2900	Chairs of wood, not folding, not teak, n.e.s.	\$22,538,094	\$12,630,627
700.3515	Men's and boys' athletic footwear, of leather, n.e.s.	21,155,752	11,257,989
605.2040	Silver bullion, refined	19,792,765	-
107.3525	Canned hams and shoulders, 3 pounds and over	14,823,326	7,125,826
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	9,402,781	4,648,815
727.3540	Furniture, of wood, n.s.p.f.	7,681,488	4,273,787
605.2020	Gold bullion, refined	7,282,097	2,770,683
606.2400	Ferrochrome, over 3 percent carbon	6,455,559	2,510,415
688.0465	Insulated electrical conductors, power cable designed for 601 volts or less	5,372,368	2,972,982
192.2500	Hops	3,715,132	1,446,253
605.0240	Osmium	3,715,000	-
612.0640	Copper unwrought, not alloyed, n.e.s.	3,701,595	2,007,074
727.4040	Wood furniture parts, n.s.p.f.	3,432,091	1,851,073
606.4400	Ferrosilicon manganese	2,546,037	904,586
680.1710	Gate valves, of iron or steel with over 2.5 percent carbon by weight	2,042,311	1,323,878
618.1540	Aluminum rods, wrought, 0.375 inch or more in diameter	2,030,209	965,662
618.2565	Aluminum sheets and strip, not clad, wrought	1,935,446	751,284
661.3505	Refrigerators and combination refrigerator freezers, refrigerated volume under 6.5 cubic feet	1,708,148	847,539
653.2200	Metal coins, n.e.s.	1,687,217	1,686,167
646.2622	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or more in length, uncoated	1,631,482	917,807
	Total 5/	142,648,898	60,892,447
	Total, U.S. imports from Yugoslavia	207,736,589	93,297,014
			1,220,507
			51,019,029
			112,321,396

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 727.3300.

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 607.3100.

3/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 607.5700.

4/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 680.2210.

5/ Because of changes in the TSUSA trade classifications from 1979 to 1980, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-9.--Leading items exported to Romania, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	January-June	April-June--	
		1980	1980	1979
130.3465	Yellow corn, not donated for relief-----	\$78,217,906	\$36,877,658	\$25,991,109
175.4100	Soybeans, n.e.s.-----	53,415,611	40,062,184	35,802,732
130.6540	Wheat, unmilled, not donated for relief-----	48,146,348	32,289,944	-
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches-----	30,071,678	1,720,173	11,661,773
184.5260	Soybean oil cake and meal-----	29,977,890	11,953,196	14,083,265
521.3110	Low volatile bituminous coal-----	28,095,233	9,773,531	15,821,315
120.1400	Cattle hides, whole-----	16,071,413	6,470,426	13,445,037
480.4500	Phosphates, crude, and apatite-----	10,944,227	8,971,143	5,974,619
521.3148	Coal coke, commercially suitable for use as a fuel-----	8,404,826	5,713,940	-
521.3120	Bituminous coal, n.e.s.-----	7,118,842	3,245,307	-
664.0513	Drilling and boring machines, n.e.s.-----	3,989,000	-	324,500
300.1550	Other cotton, staple length 1-1/8 inches or more-----	2,942,711	-	-
106.4020	Swine carcasses-----	2,600,000	2,600,000	-
676.5560	Parts for automatic data-processing machines and units, n.s.p.f.-----	-	-	-
250.0284	Wood pulp, special alpha and dissolving grades-----	2,202,193	1,676,724	2,882,867
415.4500	Sulfur, native elemental or recovered-----	2,025,021	-	1,499,195
674.3567	New metal-removing machine tools, valued \$2500 or more, n.s.p.f.-----	1,860,520	-	-
692.1640	Mobile cranes, hydraulic operated, truck mounted-----	1,671,250	1,024,250	1/
660.3040	Parts, n.s.p.f., of steam turbines-----	1,634,125	-	3,114,568
652.9210	Finished prefabricated and portable aluminum buildings-----	1,412,307	1,388,175	118,043
	Total 2/-----	1,249,536	1,249,536	-
	Total, U.S. exports to Romania-----	332,050,637	165,016,187	130,719,023
		364,521,959	181,122,106	154,878,998

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 674.3564.

2/ Because of changes in the Schedule B trade classifications from 1979 to 1980, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-10.--Leading items imported from Romania, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	April-June--	
		January-June 1980	1980 1979
475.3500	Naphthas, derived from petroleum, etc., n.e.s.	\$25,823,778	\$25,823,778
107.3525	Canned hams and shoulders, 3 pounds and over	8,927,826	5,736,113
690.1500	Passenger, baggage, etc., railroad cars, not self-propelled	6,676,124	1,417,220
700.2940	Wet work footwear, of leather, valued over \$6.80. per pair	6,090,747	4,101,424
692.3406	Agricultural tractor, power takeoff, horsepower of 40 to 80	5,936,788	3,590,972
690.3500	Parts, except brake regulators, for passage, baggage, etc., railroad cars, not self-propelled	5,868,250	5,149,019
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	5,753,954	2,058,904
480.3000	Urea, n.e.s.	5,267,944	2,439,360
700.4540	Women's footwear, of leather, cement soles, valued over \$2.50 per pair	5,058,524	3,963,969
700.3550	Men's footwear, of leather, n.e.s., cement soles	4,636,080	1,873,717
727.3540	Furniture, of wood, n.s.p.f.	3,877,054	2,424,110
446.1531	Polyisoprene rubber	3,614,047	1,822,977
680.3512	Ball bearings, radial ball bearings, outside diameter over 30mm, but not over 52mm	2,369,769	1,650,057
692.3404	Tractors, 20-30 horsepower	2,143,724	1,908,486
117.6700	Pecorino cheese, not for grating	2,139,284	965,308
607.6615	Sheets, of iron or steel, not shaped, not pickled or cold rolled, n.e.s.	2,136,933	1,308,960
382.8163	Women's wearing apparel of manmade fibers, n.e.s.	2,052,399	1,287,651
546.6020	Glass tumblers, etc., valued \$0.30-\$3 each	1,890,632	892,230
382.1206	Women's raincoats, n.e.s., 3/4-length or longer, valued over \$4 each	1,836,381	-
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	1,628,219	1,370,502
	Total	103,728,457	69,784,757
	Total, U.S. imports from Romania	163,057,527	99,568,972

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 692.3006.

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 692.3004.

3/ On Jan. 1, 1980, item 546.6020 was redesignated to include items 546.5420 and 546.5620. Totals for 1979 are the aggregation of the 2 numbers.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-11.--Leading items exported to East Germany, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	January-June		April-June--	
		1980	1980	1980	1979
130.3465	Yellow corn, not donated for relief	\$211,546,062	\$105,211,319		\$40,468,758
184.5260	Soybean oil cake and meal	49,127,643	13,854,552		35,599,732
130.6540	Wheat, unmilled, not donated for relief	27,255,856	-		2,132,950
419.6000	Molybdenum compounds	5,449,360	3,507,760		-
601.2200	Copper ore	3,204,435	3,204,435		-
680.2265	Taps, etc., of iron or steel, not containing over 2.5 percent carbon, n.e.s.	924,028	-		-
444.6000	Polyester resins, unsaturated, etc.	747,078	-		-
818.9000	General merchandise, valued not over \$500	686,940	335,928		182,074
624.0400	Lead waste and scrap	618,499	401,169		-
444.2520	Polymerization- and copolymerization-type resins	594,000	505,200		2,212,978
711.8740	Chemical-analysis equipment and parts, nonelectrical, n.s.p.f.	524,897	524,897		-
435.2300	Antibiotics, n.e.s. (bulk)	487,500	-		-
521.3120	Bituminous coal, n.e.s.	434,395	-		-
660.1030	Heat exchangers for steam-generating boilers	379,620	379,620		-
120.1400	Cattle hides, whole	353,440	-		306,280
309.0170	Monofilaments, n.e.s.	348,134	165,351		292,898
660.3040	Parts, n.s.p.f., of steam turbines	318,000	-		-
722.9540	Photofinishing equipment, n.e.s.	289,498	-		395,062
175.4100	Soybeans, n.e.s.	233,550	233,550		470,400
680.1330	Molds for rubber and plastics, n.s.p.f.	206,209	76,440		317,163
	Total	303,729,144	128,400,221		82,378,295
	Total, U.S. exports to East Germany	305,666,728	129,522,017		89,214,429

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-12.--Leading items imported from East Germany, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	January-June	April-June--	
		1980	1980	1979
480.5000	Potassium chloride, crude	\$2,203,343	-	\$1,578,893
668.2100	Offset printing presses, weighing 3,500 pounds or more, roll-fed type	2,159,097	\$1,099,660	1/
124.1025	Mink furskins, except "Japanese mink," undressed	2,025,400	710,542	1,537,642
772.5105	Passenger car tires, new	1,543,654	507,448	102,122
494.2000	Montan wax	912,291	479,119	159,637
766.2560	Antiques, n.s.p.f.	873,672	38,672	-
121.5000	Pig and hog leather	744,000	474,000	129,270
380.0609	Jogging, warmup and similar types of athletic jackets	658,659	533,555	-
437.8240	Vitamin C	643,070	643,070	-
772.5115	Pneumatic truck and bus tires, new	602,032	293,434	360,573
380.0645	Men's and boys' sweatshirts, of cotton, knit	527,728	211,963	4,488
688.4550	Electrical articles and parts, n.e.s., except ferrite core memories	480,275	480,275	2/
688.4040	Electrical articles and parts n.s.p.f., not ferrite core memories, n.e.s.	467,332	-	-
676.0530	Typewriters, nonelectric, nonautomatic, portable	398,857	142,346	159,509
670.2000	Knitting machines, other than circular knitting machines, n.e.s.	340,470	157,920	151,164
676.0510	Typewriters, electric, nonautomated, portable	336,900	336,900	822,528
668.5060	Parts, of printing presses	325,279	142,161	157,932
674.3283	Boring machines, including vertical turret latches, n.e.s.	315,492	126,861	3/
765.0300	Painting, etc., by hand	292,518	7,918	-
748.2100	Artificial flowers, etc., n.e.s.	250,809	94,494	52,951
	Total 4/	16,100,878	6,480,338	5,216,709
	Total, U.S. imports from East Germany	23,433,042	10,057,650	11,723,378

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 668.2040.

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 688.4040.

3/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 727.4800.

4/ Because of changes in the TSUSA trade classifications from 1979 to 1980, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-13.--Leading items exported to Czechoslovakia, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	April-June--		
		January-June 1980	1980 1979	
130.3465	Yellow corn, not donated for relief	\$41,359,261	\$15,398,779	\$10,045,411
184.5260	Soybean oil cake and meal	25,568,999	3,045,000	4,920,000
130.6540	Wheat, unmilled, not donated for relief	19,916,222	4,736,868	695,125
120.1400	Cattle hides, whole	4,637,072	1,099,852	5,645,835
683.9540	Parts of industrial and laboratory furnaces and ovens	3,352,558	-	-
170.3310	Flue-cured cigarette filler tobacco, unstemmed	2,148,300	-	-
170.4300	Leaf tobacco, n.e.s.	1,140,039	-	125,115
480.7015	Phosphoric acid	1,050,834	-	-
678.5019	Machines for weaving and other wire-fabricating and wire-drawing machines and draw benches	808,190	18,868	-
207.0035	Wooden pencil slats	770,415	229,850	203,685
540.4200	Glass rods, tubes, and tubing	758,594	323,726	55,277
147.1900	Lemons, fresh	714,714	714,714	192,780
818.9000	General merchandise, valued not over \$500	709,168	207,399	182,182
618.0300	Nonalloyed unwrought aluminum	499,299	499,299	-
381.1520	Men's and boys' denim slacks, of cotton, not knit	479,084	115,138	-
309.0170	Monofilaments, n.e.s.	454,275	161,740	333,503
124.1527	Muskkrat furskins, whole, undressed	412,702	340,250	311,950
486.2900	Insecticides, unmixed, n.e.s.	401,960	232,560	169,890
685.4050	Tape recorders and parts, video, color	389,798	43,651	-
676.5560	Parts for automatic data-processing machines and units, n.s.p.f.	387,463	159,022	212,180
	Total	105,958,947	27,326,716	23,092,933
	Total, U.S. exports to Czechoslovakia	114,841,153	32,307,580	30,520,456

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-14.--Leading items imported from Czechoslovakia, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No. :	Description :	April-June--	
		January-June 1980	1980
700.2940 :	Welt work footwear, of leather, valued over \$6.80. per pair	\$3,708,283	\$2,236,487
107.3525 :	Canned hams and shoulders, 3 pounds and over	2,095,904	852,560
192.2500 :	Hops	2,029,385	271,519
700.2960 :	Men's welt footwear, of leather, n.e.s., valued over \$6.80 per pair	1,705,718	1,086,304
700.3550 :	Men's footwear, of leather, n.e.s., cement soles	1,269,976	515,856
670.1436 :	Weaving machines, jet type	1,157,394	314,741
674.3512 :	Machine tools, metal cutting, engine or toolroom	1,097,891	856,428
546.6020 :	Glass tumblers, etc., valued \$0.30-\$3 each	925,116	407,232
610.3920 :	Oil well casing, other than alloy steel, not advanced	736,427	504,185
668.2100 :	Offset printing presses, weighing 3,500 pounds or more, roll-fed type	687,347	360,730
270.2580 :	Books, n.s.p.f., by foreign author	656,858	418,905
692.5010 :	Motorcycles, with piston displacement not over 50 cubic centimeters	633,644	599,630
437.3000 :	Antibiotics, natural and not artificially mixed	539,422	165,552
607.1700 :	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound	538,443	222,558
741.3500 :	Imitation gemstones, except imitation gemstone beads	486,803	246,781
727.1500 :	Furniture and parts of bentwood	431,899	207,710
674.5340 :	Parts, for other metalworking machine tools	372,411	195,607
335.9500 :	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	360,672	147,902
545.5700 :	Glass prisms for chandeliers, etc	352,387	148,417
765.1500 :	Original sculptures and statuary	343,345	-
:	Total	20,129,325	9,759,104
:	Total, U.S. imports from Czechoslovakia	30,140,930	14,766,946
1/ On Jan. 1, 1980, item 546.6020 was redesignated to include items 546.5420 and 546.5620. Totals for 1979 are the aggregation of the 2 numbers.			
2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 668.2035.			
3/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 608.7100.			

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-15.--Leading items exported to Hungary, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	January-June	April-June--	
		1980	1980	1979
184.5260	Soybean oil cake and meal	\$14,213,764	\$6,440,318	\$5,708,192
540.4200	Glass rods, tubes, and tubing	1,981,870	873,659	835,136
692.3840	Parts, n.e.s., of other tractors, n.s.p.f.	1,800,248	654,881	644,187
435.3300	Corticosteroids, n.s.p.f. (bulk)	1,750,000	560,000	-
120.1400	Cattle hides, whole	1,233,106	283,220	1,795,086
321.2908	Cotton denims	1,208,417	911,053	92,778
435.7700	Cardiovascular drugs	1,125,387	1,125,387	1,186
692.2985	Parts, n.s.p.f., of motor-vehicle chassis, bodies, etc.	1,074,410	619,942	62,846
121.7060	Leather, n.e.s.	898,384	311,365	-
692.2926	Brake linings and disc brake pads for automobiles and trucks	688,909	-	-
711.2420	Machines and appliances for determining the strength of articles under compression, tension, etc., electrical	652,058	644,140	2,308
666.0063	Parts for harrows, roller stalk cutters, and soil pulverizers, n.s.p.f.	632,334	155,447	202,057
727.0300	Motor-vehicle or aircraft furniture; and parts thereof, n.s.p.f.	625,979	625,979	-
435.1100	Erythromycin and derivatives	586,850	426,800	-
664.0225	Integral tractor shovel loaders, rear-engine mounted, new, 4-wheel drive, bucket capacity of 5 to 6.5 cubic yards	521,600	226,680	1/
710.2820	Geophysical instruments and parts, electrical	409,984	25,111	22,101
664.0584	Parts, n.e.s., of oil and gas field drilling machines	398,941	208,393	116,613
123.0000	Sheep, etc., furskins, whole, undressed	376,024	34,421	239,828
711.8750	Chemical- or physical-analysis equipment and parts, electrical, n.s.p.f.	374,232	197,893	40,250
676.5560	Parts for automatic data-processing machines and units, n.s.p.f.	354,816	179,283	162,681
	Total 2/	30,907,313	14,503,972	9,925,249
	Total, U.S. exports to Hungary	42,008,178	20,532,841	18,105,869

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 664.0522.

2/ Because of changes in the Schedule B trade classifications from 1979 to 1980, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-16.--Leading items imported from Hungary, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	January-June	April-June--	
		1980	1980	1979
107.3525	Canned hams and shoulders, 3 pounds and over	\$10,634,396	\$4,812,864	\$6,187,581
692.3288	Parts, for motor vehicles, n.e.s.	7,914,357	3,647,463	1/
692.3460	Parts, for agricultural tractors	5,695,685	2,132,527	2/
686.9030	Other lamps, including standard household	3,872,951	2,517,685	2,794,588
700.4540	Women's footwear, of leather, cement soles, valued over \$2.50 per pair	1,984,285	351,570	40,733
107.3040	Bacon, not boned and cooked	1,383,975	866,702	883,595
676.0560	Typewriters, nonelectric, nonautomatic	1,305,315	579,074	847,766
161.7100	Paprika, ground or unground	1,172,311	273,390	547,252
772.5115	Pneumatic truck and bus tires, new	917,746	231,738	324,591
692.3272	Brakes and parts thereof	738,722	438,336	3/
542.3120	Ordinary glass, weighing 16-18.5 ounces per square foot, not over 40 united inches	605,027	185,838	128,770
167.3040	Wine, not over 14 percent alcohol, valued over \$4 per gallon, in containers not over 1 gallon	551,317	315,108	211,110
107.3515	Canned hams and shoulders, less than 3 pounds	505,639	378,661	-
653.2200	Metal coins, n.e.s.	504,460	370,085	22,871
708.4520	Sunglasses and sunglasses, valued over \$2.50 per dozen	488,040	173,280	-
425.5290	Nitrogenous compounds, n.s.p.f.	485,705	248,448	232,472
735.2020	Puzzles and parts thereof	484,339	379,385	-
692.3207	Axle spindles	461,592	-	1/
437.2080	Alkaloids and compounds, synthetic, n.s.p.f.	433,834	132,500	432,034
325.1072	Woven fabrics, wholly of cotton, fancy or figured, colored	425,543	159,093	40,162
	Total 4/	40,565,239	18,193,747	12,693,525
	Total, U.S. imports from Hungary	51,396,373	23,090,598	25,363,510

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 692.2785.

2/ On Jan. 1, 1980, item 692.3272 was redesignated to include items 692.2772 and 692.2872. Totals for 1979 are the aggregation of the 2 numbers.

3/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 692.2772.

4/ Because of changes in the TSUSA trade classifications from 1979 to 1980, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-17.--Leading items exported to Bulgaria, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	April-June--	
		January-June 1980	1980 1979
130.3465	: Yellow corn, not donated for relief-----	\$32,473,269	\$12,292,364
184.5260	: Soybean oil cake and meal-----	16,609,618	8,672,718
710.2820	: Geophysical instruments and parts, electrical-----	2,835,326	2,835,326
120.1400	: Cattle hides, whole-----	1,221,866	670,000
170.3320	: Flue-cured cigarette filler tobacco, stemmed-----	918,482	621,502
381.1520	: Men's and boys' denim slacks, of cotton, not knit-----	845,354	211,449
678.5090	: Concrete and bituminous pavers, finishers, and spreaders, : parts-----	437,257	437,257
666.0026	: Seeding machines-----	341,558	341,558
678.3520	: Injection-molding machines-----	328,300	-
630.7010	: Tungsten powder-----	295,780	295,780
664.1092	: Parts, n.s.p.f., for conveyors, n.s.p.f-----	258,955	-
630.7060	: Tungsten, unwrought, and waste and scrap-----	225,000	225,000
709.3000	: Medical, dental, surgical, and veterinary instruments, n.s.p.f-----	202,103	67,384
678.2018	: Mineral-crushing, mineral-pulverizing, and mineral-grinding : machines, stationary-----	194,639	-
688.4060	: Electrical articles and parts, n.s.p.f-----	170,359	170,359
692.0590	: Used automobile trucks, not gasoline fueled, n.s.p.f-----	168,329	-
678.5055	: Metal-treating machines and parts thereof, n.s.p.f-----	165,000	-
676.5560	: Parts for automatic data-processing machines and units, : n.s.p.f-----	151,286	41,300
711.8710	: Chemical-analysis equipment and parts, electrical, n.s.p.f-----	132,404	89,807
442.4900	: Preparations affecting electrolytic, caloric, and water balance, : n.e.s-----	128,730	129,282
	: Total-----	58,103,615	27,100,534
	: Total, U.S. exports to Bulgaria-----	59,840,326	28,150,628
	: Total-----		26,460
	: Total-----		8,712,042
	: Total, U.S. exports to Bulgaria-----		21,244,852

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-18.--Leading items imported from Bulgaria, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	April-June--	
		January-June 1980	1980
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	\$7,940,019	\$4,086,041
676.0530	Typewriters, nonelectric, nonautomatic, portable	693,237	269,154
700.3550	Men's footwear, of leather, n.e.s., cement soles	593,450	263,317
117.6700	Pecorino cheese, not for grating	499,433	193,710
674.3512	Machine tools, metal cutting, engine or toolroom	419,156	341,211
167.3020	Wine, not over 14 percent alcohol, valued not over \$4 per gallon, in containers not over 1 gallon	205,474	164,645
546.6020	Glass tumblers, etc., valued \$0.30-\$3 each	140,534	46,771
452.3200	Lavender and spike lavender oil	104,446	18,810
674.3522	Machine tools, metal cutting, n.e.s.	100,335	100,335
452.6000	Rose oil or attar of roses	95,065	40,435
107.3525	Canned hams and shoulders, 3 pounds and over	82,690	82,690
700.4540	Women's footwear, of leather, cement soles, valued over \$2.50 per pair	79,484	22,160
439.1090	Natural drugs, n.e.s., crude	77,429	54,225
653.2200	Metal coins, n.e.s.	60,046	-
765.0300	Painting, etc., by hand	58,625	58,625
700.3529	Youth's and boys' work footwear, of leather, n.e.s.	52,813	-
692.4020	Parts, of fork-lift trucks	48,282	48,282
700.3515	Men's and boys' athletic footwear, of leather, n.e.s.	46,200	-
117.6500	Cheeses made from sheep's milk, in original loaves and suitable for grating	43,740	-
380.6324	Men's and boys' coats, of wool, valued over \$4 per pound	33,854	33,854
	Total 3/	11,374,312	5,824,265
	Total, U.S. imports from Bulgaria	11,627,678	5,965,440

1/ On Jan. 1, 1980, item 546.6020 was redesignated to include items 546.4520 and 546.5620. Totals for 1979 are the aggregation of the 2 numbers.

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 674.3547.

3/ Because of changes in the TSUSA trade classifications from 1979 to 1980, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-19.--Leading items exported to Albania, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	January-June	April-June--	
		1980	1980	1979
521.3110	Low volatile bituminous coal	\$2,961,069	\$2,061,981	\$2,930,854
685.4050	Tape recorders and parts, video, color	246,181	246,181	-
486.8900	Herbicide preparations, n.e.s.	5,489	5,489	-
688.4020	Particle accelerators, and parts thereof	2,750	2,750	-
270.8240	Periodicals, paper covered or unbound, not business or professional, n.s.p.f.	1,140	-	-
	Total	3,216,629	2,316,401	2,930,854
	Total, U.S. exports to Albania	3,276,532	2,316,401	2,948,860

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-20.--Leading items imported from Albania, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	April-June--	
		January-June 1980	1980 1979
161.9400	Sage, unground-----	\$1,813,056	\$1,219,625
601.1540	Chrome ore, chromium content 41 to 46 percent chromic oxide-----	1,672,000	-
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide-----	1,454,284	1,454,284
601.1560	Chrome ore, 46 percent or more chromic oxide-----	1,218,864	1,218,864
162.0100	Savory, crude or not manufactured-----	50,423	34,404
439.1090	Natural drugs, n.e.s., crude-----	29,637	22,730
161.6700	Crude origanum-----	10,805	10,805
748.3000	Dried or bleached plants, not flowers, for bouquets, or other ornamental use-----	7,818	-
161.9000	Rosemary, crude or not manufactured-----	6,113	-
653.2200	Metal coins, n.e.s.-----	2,178	2,178
	Total-----	6,265,178	3,962,890
	Total, U.S. imports from Albania-----	6,265,178	3,962,890
			\$789,495
			839,966

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-21.--Leading items exported to Mongolia, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	January-June	April-June--	
		1980	1980	1979
547.6000	Pharmaceutical, hygenic, or laboratory glassware	\$4,573	\$4,573	-
818.3900	Products, n.e.s., donated for relief	2,809	-	\$3,371
711.8760	Chemical- or physical-analysis equipment and parts, nonelectrical, n.s.p.f.	1,462	1,462	-
433.1079	Prepared culture media	1,394	-	-
438.6000	Diagnostic reagents, n.e.s.	1,394	-	1,982
688.4060	Electrical articles and parts, n.s.p.f.	1,200	1,200	-
	Total	12,832	7,235	5,353
	Total, U.S. exports to Mongolia	12,832	7,235	9,116

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-22.--Leading items imported from Mongolia, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	April-June--	
		January-June 1980	1980 1979
306.4293	Camel hair, sorted, etc-----	\$754,001	\$350,800
124.1025	Mink furskins, except "Japanese mink," undressed-----	25,928	-
	Total-----	779,929	350,800
	Total, U.S. imports from Mongolia-----	779,929	350,800

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-23.--Leading items exported to Vietnam, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	January-June	April-June--
		1980	1980 1979
818.3900	Products, n.e.s., donated for relief	\$110,560	\$48,800
818.3300	Medicine, etc., donated for relief	97,767	-
818.9000	General merchandise, valued not over \$500	21,507	11,481
661.7015	Sterilizers and autoclaves and parts	16,685	-
709.5700	Orthopedic appliances, internal fixation devices, n.s.p.f.	11,465	11,465
711.8710	Chemical-analysis equipment and parts, electrical, n.s.p.f.	10,545	-
433.1079	Prepared culture media	2,174	1,409
433.1056	Laboratory reagent preparations, organic and inorganic	1,186	-
	Total	271,889	71,746
	Total, U.S. exports to Vietnam	271,889	71,746

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-24.--Leading items imported from Vietnam, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	April-June--	
		January-June 1980	1980 1979
389.6100	Artificial flowers, of silk, not ornamented-----	\$2,926	\$2,926
653.2200	Metal coins, n.e.s-----	1,995	-
	Total-----	4,921	2,926
	Total, U.S. imports from Vietnam-----	28,602	26,607
			\$187,935

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-25.--Leading items exported to North Korea, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979 <sup>1/</sup>

Schedule B No.	Description	April-June--	
		January-June 1980	1980
	Total, U.S. exports to North Korea <sup>1/</sup> -----	-	-

<sup>1/</sup> There were no exports to North Korea in January-June 1980 or in April-June 1979.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-26.--Leading items imported from North Korea, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	January-June	April-June--	
		1980	1980	1979
750.2000	Hair ornaments of rubber or plastic	\$20,530	\$20,530	-
338.3057	Woven fabrics, of polyester, n.s.p.f.	12,500	-	-
750.6000	Artists' brushes and hair pencils, valued over \$0.10 each	7,500	-	-
790.1500	Ribbon fly catchers	4,560	4,560	-
774.5500	Articles, of rubber or plastic, n.s.p.f., n.e.s.	3,400	-	-
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	1,891	-	-
750.4500	Toilet brushes, valued not over 40 cents each	600	-	-
	Total	50,981	25,090	-
	Total, U.S. imports from North Korea	50,981	25,090	\$9,500

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-27.--Leading items exported to Cuba, by Schedule B Nos., January-June 1980, April-June 1980, and April-June 1979

Schedule B No.	Description	January-June	April-June
		1980	1980 1979
709.2540	Dental instruments, n.s.p.f., and parts, n.s.p.f.	\$12,782	-
818.3300	Medicine, etc., donated for relief	10,000	\$10,000
709.3000	Medical, dental, surgical, and veterinary instruments, n.s.p.f.	5,852	-
772.5105	New car tires	5,100	5,100
683.1020	Lead-acid storage batteries	4,412	4,412
818.3900	Products, n.e.s., donated for relief	2,350	2,350
256.3840	Graphic paper and paperboard not further advanced than cut to size and shape, n.s.p.f.	1,918	1,918
433.1056	Laboratory reagent preparations, organic and inorganic	1,674	-
661.2270	Air conditioners, 60,000 btu/hr. and under	1,588	1,588
270.3080	Technical, scientific, and professional books	1,451	1,451
252.6700	Writing, printing, or other graphic paper containing over 10 percent by weight mechanical wood pulp	1,400	-
256.7190	Paper and paperboard, cut to size or shape; and other articles of pulp, papier-mache, paper, or paperboard, n.s.p.f.	1,016	1,016
	Total	49,543	27,835
	Total, U.S. exports to Cuba	49,543	27,835
			6,382
			68,175

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-28.--Leading items imported from Cuba, by TSUSA items, January-June 1980, April-June 1980, and April-June 1979

TSUSA item No.	Description	April-June--	
		January-June 1980	1980 1979
724.1025	Feature film, 35mm and over, n.e.s.	\$9,500	\$2,000
766.2540	Antique furniture	1,105	1,105
653.2200	Metal coins, n.e.s.	773	-
	Total	11,378	3,105
	Total, U.S. imports from Cuba	15,668	7,395
			\$1,285
			1,285
			18,480

Source: Compiled from official statistics of the U.S. Department of Commerce.



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Each Quarterly Report to the Congress and the Trade Policy Committee on Trade between the United States and the Nonmarket Economy Countries contains:

- (1) summary of developments in U.S.-NME trade for that calendar quarter, with the summary of the fourth quarter as an annual review;
- (2) seven summary tables and two figures describing the value, direction, composition, and individual country trade shares of U.S.-NME trade in that calendar quarter;
- (3) a series of appendix tables describing the leading items traded by the United States with each of the 14 NME countries covered, disaggregated to the 7-digit level of the respective export and import schedules, through the end of that calendar quarter.

Other subjects covered periodically or on an irregular basis are listed below. All page numbers refer to the official USITC publication, with the exception of Report No. 4. Page numbers for that report refer to the copy published by the U.S. Government Printing Office.

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