

**37TH QUARTERLY REPORT TO THE
CONGRESS AND THE TRADE POLICY
COMMITTEE ON TRADE BETWEEN
THE UNITED STATES AND THE
NONMARKET ECONOMY
COUNTRIES DURING
1983**

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NOTE TO UNITED STATES GOVERNMENT RECIPIENTS OF THIS REPORT

U.S. Government officials are invited to inquire about the availability of statistics on U.S.-NME trade other than those presented herein. The Commission's East-West Trade Statistics Monitoring System contains the full detail of U.S. trade with all NME countries as issued by the Census Bureau. These data are maintained by the Commission on an annual, quarterly, and monthly basis, and are generally available within 6 weeks after the close of the monthly reporting period. More information on this service may be obtained from the Chief, Trade Reports Division, USITC, telephone (202) 523-1995.

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, 2/ viz, Hungary, the People's Republic of China (China), and Romania. 3/ These are countries whose exports can be investigated by the Commission under section 406 of title IV of the Trade Act of 1974. Through control of the level of production, the distribution channels, and the price at which articles are sold, they could disrupt the domestic market in the United States and thereby injure U.S. producers. 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, for 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 reports in this series is to provide data on the effect of imports from NME's on the production of like or directly competitive articles in the United States and on employment within industries producing those articles. Therefore, the reports include trade statistics for those NME's whose current trade with the United States is at least at a level that might possibly affect a domestic industry: Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R., and Vietnam.

At the present time, Romania, Hungary, and China receive most-favored-nation (MFN) tariff treatment from the United States. Poland's MFN status was indefinitely suspended by the President in October 1982. Most other NME's have never been accorded this treatment because of the policy legislated as section 5 of the Trade Agreements Extension Act of 1951, i.e.,

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

2/ When most-favored-nation tariff treatment is accorded a Communist country, that country is no longer included in headnote 3(f).

3/ Earlier reports in this series included Yugoslavia among the NME's whose trade with the United States is monitored. At the suggestion of the United States Trade Representative and after consultation with the appropriate congressional committees, the Commission decided that Yugoslavia would no longer be included in the countries covered by this report. This decision was effective with the 27th report. (27th Quarterly Report to the Congress and the Trade Policy Committee on Trade Between the United States and the Nonmarket Economy Countries During April-June 1981, USITC Publication 1188, September 1981, p. 1, hereinafter 27th Quarterly Report . . .). In the opinion of many analysts, Yugoslavia is not appropriately classified as an NME. Also, it is not a member of the Warsaw Pact or the Council for Mutual Economic Assistance. Yugoslavia has special status with the Organization for Economic Cooperation and Development and is a leader among nonaligned countries.

that the President should take appropriate action to deny the benefit of trade-agreement concessions to imports from certain Communist nations or areas. 1/

In the TSUS, the unconditional MFN rates of duty are set forth in column 1. The rates applicable to products of designated Communist nations 2/ are set forth in column 2; for the most part, these are the higher rates that were established 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 that 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 that do not enjoy MFN privileges depend in some measure on the rates of duty on the specific items involved.

Except as otherwise noted, trade data presented in this report are compiled from official statistics of the U.S. Census Bureau. Imports are imports for consumption (the sum of directly entered imports plus withdrawals from customs warehouses) at customs value (generally equivalent to f.o.b. value at the foreign port of export). Exports are domestic exports (U.S.-produced goods) at f.a.s. value. Detailed analysis in the report is generally done on a seven-digit TSUS (imports) or Schedule B (exports) basis, which is the basis on which the data are collected. Analysis of aggregate trade levels and trends is generally presented in terms of Standard International Trade Classification, Revision 2 (SITC) 3/ categories. The TSUSA and Schedule B data are reclassified into SITC categories using concordances maintained by the Census Bureau.

This particular report contains a summary of U.S. trade with the NME's during 1983, and examines U.S. exports, imports, and the balance of trade with these countries, as well as the commodity composition of this trade. This report also contains a summary for each major nonmarket economy--China, the Soviet Union, and Eastern Europe--of economic and other developments affecting U.S. trade and commercial relations with these countries, and a brief review of developments in U.S. trade with each of them. A glossary and a cumulative subject index are also included.

1/ Presidential Proclamations Nos. 4991, Oct. 27, 1982, and 5048, Apr. 14, 1983.

2/ Those nations referred to in headnote 3(f) of the TSUS.

3/ The SITC was developed by the United Nations Secretariat in 1950 as a common basis for the reporting of international trade data. In 1975, the U.N. Economic and Social Council recommended that member States begin reporting their trade statistics on the basis of Revision 2 of the SITC.

SUMMARY

Total two-way merchandise trade between the United States and the nonmarket economy countries (NME's) declined by nearly 12 percent, from \$9.8 billion in 1982 to \$8.6 billion during the year under review. U.S. exports to the NME's dropped by 22.5 percent, and imports from these countries increased by 9.1 percent from 1982 to 1983. The U.S. surplus in merchandise trade with the NME's shrank from \$3.3 billion to \$1.5 billion.

China continued to dominate trends in U.S.-NME trade during 1983. It accounted for 43 percent of all U.S. exports to and 62 percent of all U.S. imports from the NME's. As a result of a reduction of more than one-fourth in U.S. sales to China from 1982 to 1983 and a slight increase in Chinese sales on the U.S. markets, the year under review brought the first annual U.S. deficit in merchandise trade with that country since 1977. A large reduction in Chinese purchases of U.S. wheat and a continued increase in U.S. apparel imports from China accounted for the imbalance. U.S. import controls on Chinese textiles were the focus of strained U.S.-Chinese commercial relations during the first half of 1983. The new bilateral agreement on textile trade and U.S. steps to increase technology transfer appear to have been the primary factors in the considerable improvement of U.S.-Chinese commercial relations by the end of 1983. During the year under review, the U.S.-Chinese trade agreement was renewed for another 3-year period, progress was made toward concluding a bilateral nuclear cooperation agreement, and China's most-favored-nation (MFN) trade status was extended for another year.

Accounting for 40 percent of all U.S. exports to the NME's and 10 percent of all imports from these countries, the Soviet Union remained the second largest partner of the United States in trade with the NME's in 1983. U.S. trade with the Soviet Union stood at \$2.3 billion in 1983, representing a 17-percent decline in value from that in 1982. Most of this decline was caused by drastically reduced U.S. shipments of corn to the Soviet Union in 1983. Marking a reversal in the declining trend of the past 3 years, imports from the Soviet Union increased by nearly one-half from their 1982 level during the year under review. Large U.S. purchases of light fuel oils was a major factor in the rise of imports from the U.S.S.R. The seeking of a temporary international curtailment of the Soviet Airline's (Aeroflot's) landing rights remained the U.S. Administration's only substantive response to the Soviet downing of a Korean Air Lines (KAL) flight. At the same time, the U.S. Administration intensified restrictions on the transfer of Western technology to the Soviet Union. U.S.-Soviet commercial relations appeared to resist the unfavorable political backdrop which prevailed during the year under review. The United States and the Soviet Union concluded a new long-term grain agreement in 1983, stipulating increased Soviet minimum purchase commitments.

In trade with Eastern Europe, the U.S. merchandise trade surplus traditionally enjoyed with these countries became a \$134 million deficit in 1983. Although U.S. exports to Hungary and Poland increased during the year, exports to all other Eastern European markets declined as these countries continued to curb hard-currency imports. Compared with such imports in 1982,

U.S. imports from Eastern Europe increased by nearly one-fourth during the year under review. Poland was the only Eastern European supplier which did not increase shipments to the United States in 1983. Increased sales of Romanian refined petroleum products on U.S. markets accounted for the bulk of increased East European exports to the United States under 1983. U.S.-Eastern European commercial relations improved during the year under review. A limited easing of the sanctions against Poland and efforts by the Eastern European countries to keep up with their payment obligations to Western creditors appeared to have played the crucial role in this. Hungary's and Romania's MFN treatment by the United States was extended for another year in 1983.

In 1983 there was an increase in the number of administrative actions involving imports from China. In addition to seven antidumping investigations on products imported from China, an industry petition alleging that all Chinese textile exports are subsidized resulted in the first countervailing duty investigation against an NME. Ferrosilicon imports from the Soviet Union were the subject of one market disruption case during the year. The Commission and the Department of Commerce suspended an investigation on hot-rolled carbon steel plate from Romania early in 1983. Investigations involving carbon steel wire rod from Poland and Czechoslovakia and pig iron from Romania, East Germany, and Czechoslovakia were also conducted during the year under review.

TRADE IN 1983 BETWEEN THE UNITED STATES
AND THE NONMARKET ECONOMY COUNTRIES

The value of total two-way trade between the United States and the NME's dropped by 12.0 percent from 1982 to 1983 (table 1). At \$8.6 billion, U.S.-NME trade reached its lowest level since 1979. After a 16.7 percent decline in 1982, U.S. exports to the NME's fell an additional 22.5 percent during 1983, from \$6.5 billion to \$5.1 billion. Imports from the NME's increased by 9.1 percent during 1983, from \$3.3 billion to \$3.6 billion (fig. 1). The sharp decline in exports coupled with the rise in imports resulted in a 54.2 percent reduction in the U.S. merchandise trade surplus with the NME's. The 1983 U.S. merchandise trade surplus with the NME's amounted to \$1.5 billion, down from the 1982 level of \$3.3 billion. By comparison, the U.S. merchandise trade deficit with the world increased by 72.3 percent during 1983, from \$35.2 billion to \$60.1 billion. The size of this deficit has more than doubled since 1981.

A large portion of the fall in the U.S. surplus with the NME's was attributable to changes in U.S.-China trade. The longstanding bilateral surplus with China became a \$54 million deficit in 1983, as U.S. exports to China fell by \$741 million and imports from the country increased by \$1.7 million. A large drop in U.S. wheat shipments accounts for much of the decline in U.S. exports to China, while increased shipments of apparel explain a large portion of the increase in imports from China. The usual U.S. merchandise trade surplus with Eastern Europe was also replaced by a deficit in 1983. U.S. exports declined in all Eastern European NME markets except for Poland and Hungary, and U.S. imports from these sources increased for all countries except Poland. The main factor in declining U.S. exports to Eastern Europe was a collapse in corn shipments; imports from the area were boosted by U.S. purchases of gasoline and light fuel oils.

The value of all U.S. merchandise export and import transactions with the world increased between 1982 and 1983, whereas the value of these transactions with the NME's declined. As a result, the relative importance of the NME's as trading partners declined; they accounted for only 1.91 percent of total U.S. goods traded in 1983, down from 2.18 percent in 1982. The share of the NME's in total U.S. exports fell from 3.16 percent in 1982 to 2.59 percent in 1983. The NME share in the U.S. import market grew slightly, from 1.35 percent to 1.39 percent, as imports from NME sources grew more rapidly than total U.S. imports from the world.

U.S. Exports

Following a \$1.3 billion decline in 1982, U.S. exports to the NME's fell an additional \$1.5 billion during 1983. U.S. exports fared poorly in nearly all NME markets; only Poland and Hungary imported more from the United States

Table 1.--U.S. trade with the world and with the nonmarket economy countries (NME's), 1/
1981-83, October-December 1982, and October-December 1983

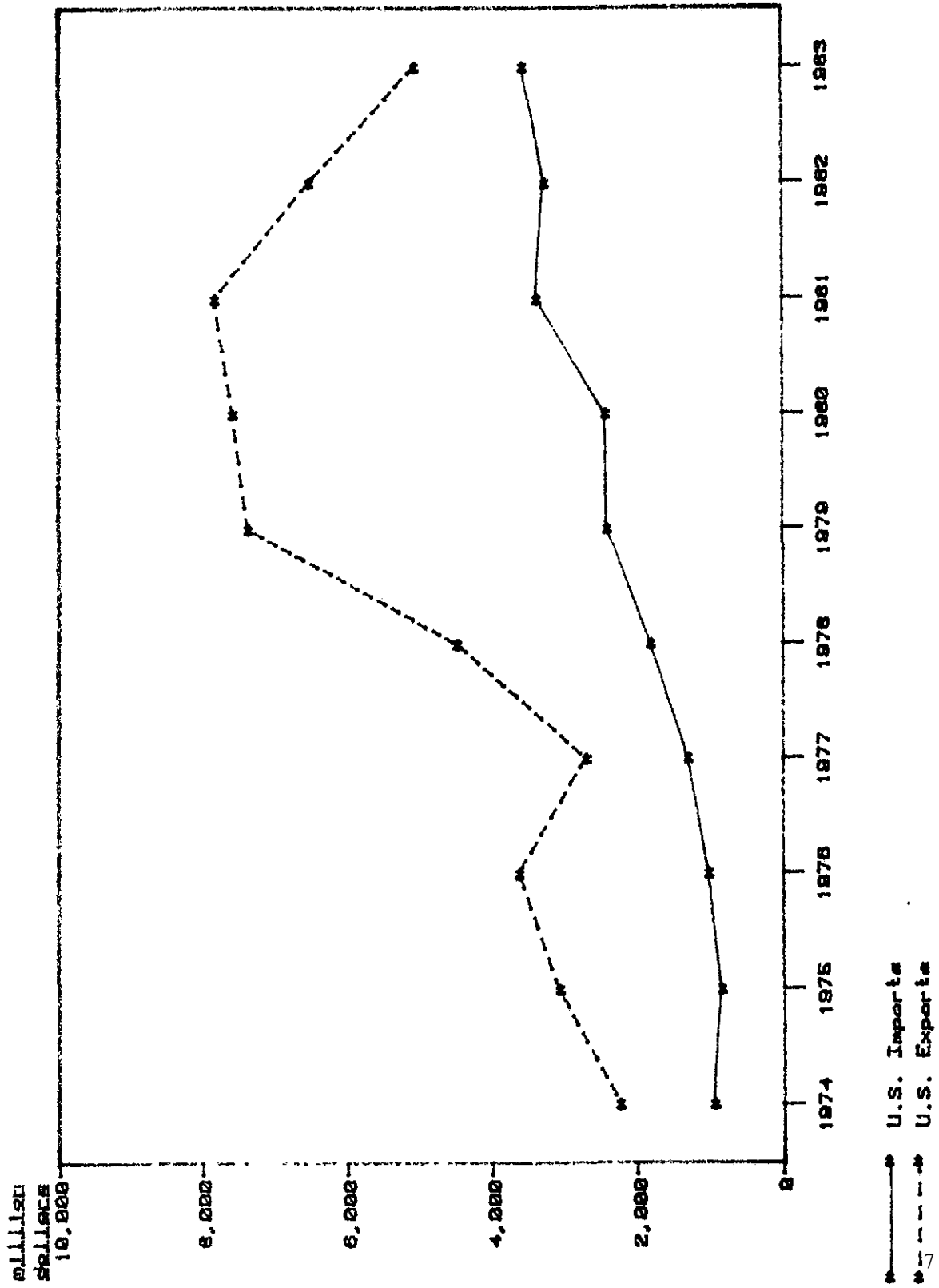
Item	1981	1982	1983	October-December--	
				1982	1983
U.S. world trade:					
Exports-----million dollars--					
Imports-----do-----					
Balance-----do-----	228,870	207,158	195,969	48,496	50,324
Trade turnover (exports plus imports)	259,012	242,340	256,596	58,708	69,656
Balance-----do-----	-30,142	-35,182	-60,627	-10,212	-19,333
U.S. trade with NME's:					
Exports-----million dollars--	487,881	449,498	452,565	107,203	119,980
Imports-----do-----					
Balance-----do-----	7,852	6,540	5,068	1,133	1,781
Trade turnover (exports plus imports)	3,380	3,276	3,574	745	904
Balance-----do-----	4,472	3,263	1,494	388	877
Share of total U.S. trade accounted for by trade with NME's:	11,232	9,816	8,642	1,877	2,686
Exports-----percent-----	3.43	3.16	2.59	2.34	3.54
Imports-----do-----	1.31	1.35	1.39	1.27	1.50

1/ Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R. (including Estonia, Latvia, and Lithuania), and Vietnam.

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

Note.--Import figures in this and all other tables in this report are Census-basis imports for consumption at customs value. Exports are domestic exports only, including Defense Department military assistance shipments, and are valued on an f.a.s. basis.

Figure 1.--U.S. trade with the nonmarket economy countries, 1974-83.



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

during 1983 than they did in 1982 (table 2). The value of shipments to China, the leading NME market for U.S. exports, declined for the third year in a row. The \$741 million drop in U.S. exports to China accounted for over one-half of the total decline in the dollar value of U.S. exports to all NME's.

The value of shipments to the Soviet Union, the second largest market for U.S. exports, also declined substantially, registering a \$587 million decrease from 1982 to 1983. After falling steadily during the second and third quarters of the year, however, exports to the Soviet Union rose sharply in the fourth quarter, as did total exports to the NME's (figure 2). Forty percent of all U.S. export transactions with the Soviet Union during 1983 took place in the final three months of the year (table 3).

Following a drastic reduction in 1982, U.S. exports to Poland rose by \$27 million in 1983 to a level of \$320 million; nonetheless, U.S. exports to Poland last year were only 47 percent of their 1981 level. Moreover, the modest rise in U.S. exports to Poland was more than offset by a \$38 million decline in exports to Romania, as that country restricted imports from the West to preserve its scarce hard currency for repayment of its debts to the West. U.S. exports to East Germany also fell substantially from 1982 to 1983, from \$223 million to \$139 million.

The relative shares of the individual markets in total U.S. exports to the NME's remained nearly constant from 1982 to 1983. U.S. exports to China and the U.S.S.R. amount to over 82 percent of all U.S. exports to the NME's (figure 3). U.S. exports to Poland accounted for 6.3 percent of total U.S. exports to the NME's in 1983. Poland's share of U.S. exports rose by 1.8 percentage points over what it was in 1982.

A comparison of 1982 and 1983 data shows a change in the product composition of U.S. exports to the NME's. Although food remained much more important in U.S. exports to NME's than in total U.S. exports, the relative importance of U.S. food and live animal exports to the NME's decreased during 1983. As in past years, U.S. exports of manufactured goods other than chemicals made up a smaller share of U.S. exports to the NME's than to the world (table 4). Within the overall downward trend of U.S. exports to the NME's in 1983, the main shifts which occurred were a 38.7 percent decline in the value of food and live animal exports, an 18.9 percent decrease in crude materials, a 23.7 percent fall in chemicals, and a 48.7 percent rise in exports of machinery and transportation equipment.

Food and live animals

U.S. exports to the NME's of food and live animals (products classified in SITC Section 0) declined by 38.7 percent from 1982 to 1983. The fall in the relative importance of these products was most pronounced in China, where food and live animals exports accounted for 43 percent of total U.S. exports in 1982, but only 25 percent in 1983. The share of these products in exports to the U.S.S.R. also fell, from 63 percent to 60 percent. The share of food and live animals exports to Eastern Europe declined from 48 percent in 1982 to 37 percent in 1983.

The decline in SITC Section 0 exports to Eastern Europe was most evident for Romania, which imported 45 million dollars' worth of food and live animals in 1982, and only 727,000 dollars' worth in 1983. Exports of food and live

Table 2.--U.S. exports to the individual nonmarket economy countries and to the world, 1981-83, October-December 1982, and October-December 1983

Market	(In thousands of dollars)				October-December--	
	1981	1982	1983		1982	1983
Albania	6,137	16,400	4,205		6,143	1
Bulgaria	258,104	106,453	65,389		8,769	10,243
China	3,598,601	2,904,535	2,163,219		516,231	740,269
Cuba	558	951	688		122	131
Czechoslovakia	82,420	83,598	57,079		9,977	23,003
East Germany	295,557	222,657	138,915		41,063	48,739
Hungary	77,511	67,842	109,781		17,374	21,292
Mongolia	75	344	123		4	-
North Korea	-	100	1		-	-
Poland	680,547	292,606	319,872		104,814	82,904
Romania	503,890	223,231	185,658		30,120	42,581
U.S.S.R.	2,338,818	2,588,975	2,001,951		388,261	807,069
Vietnam	10,135	31,995	20,745		9,825	5,033
Total	7,852,353	6,539,686	5,067,626		1,132,704	1,781,264
Total, U.S. exports to the world	228,869,586	207,157,641	195,969,353		48,495,886	50,323,591

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

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

Figure 2.—U.S. exports to the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters, 1980-83.

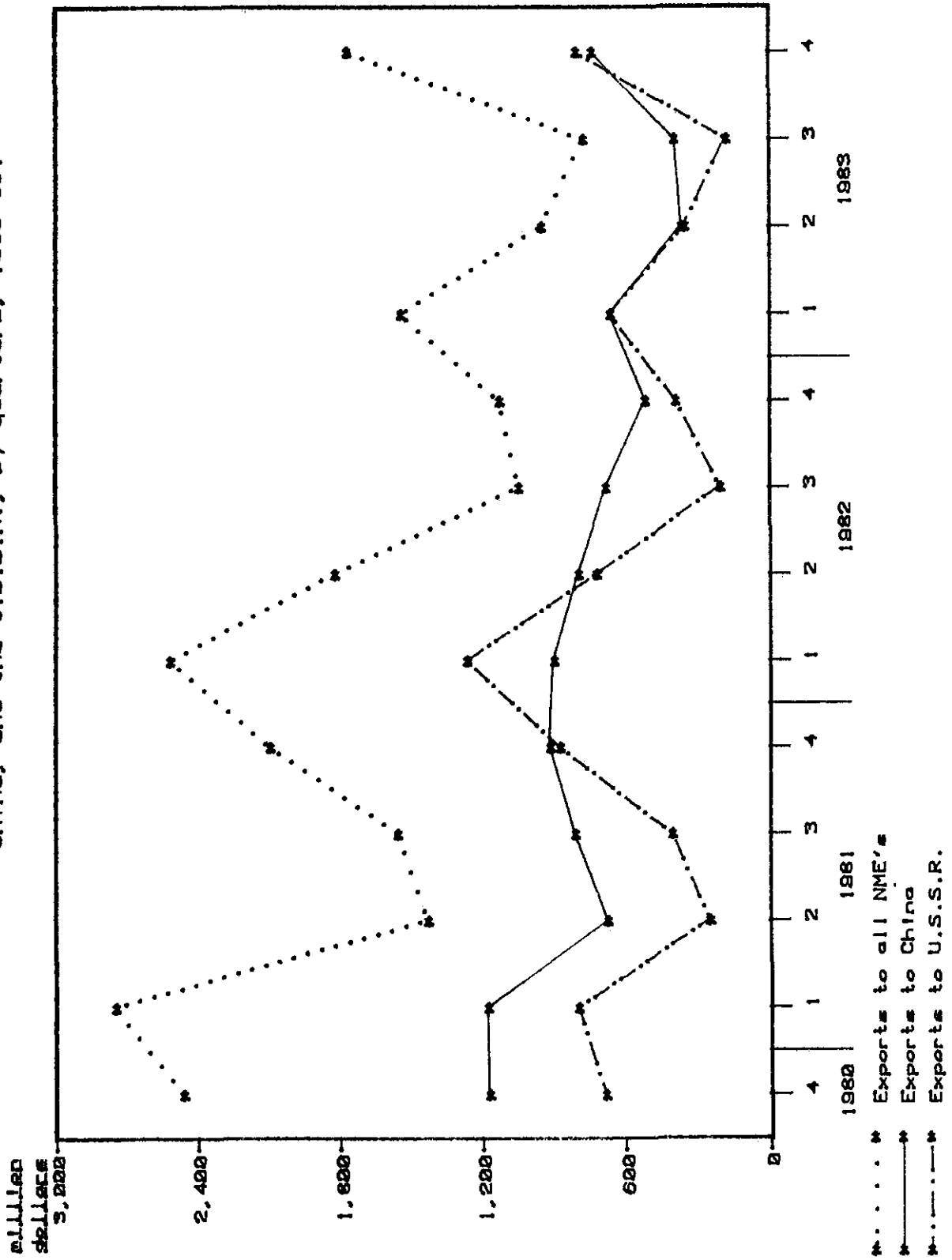


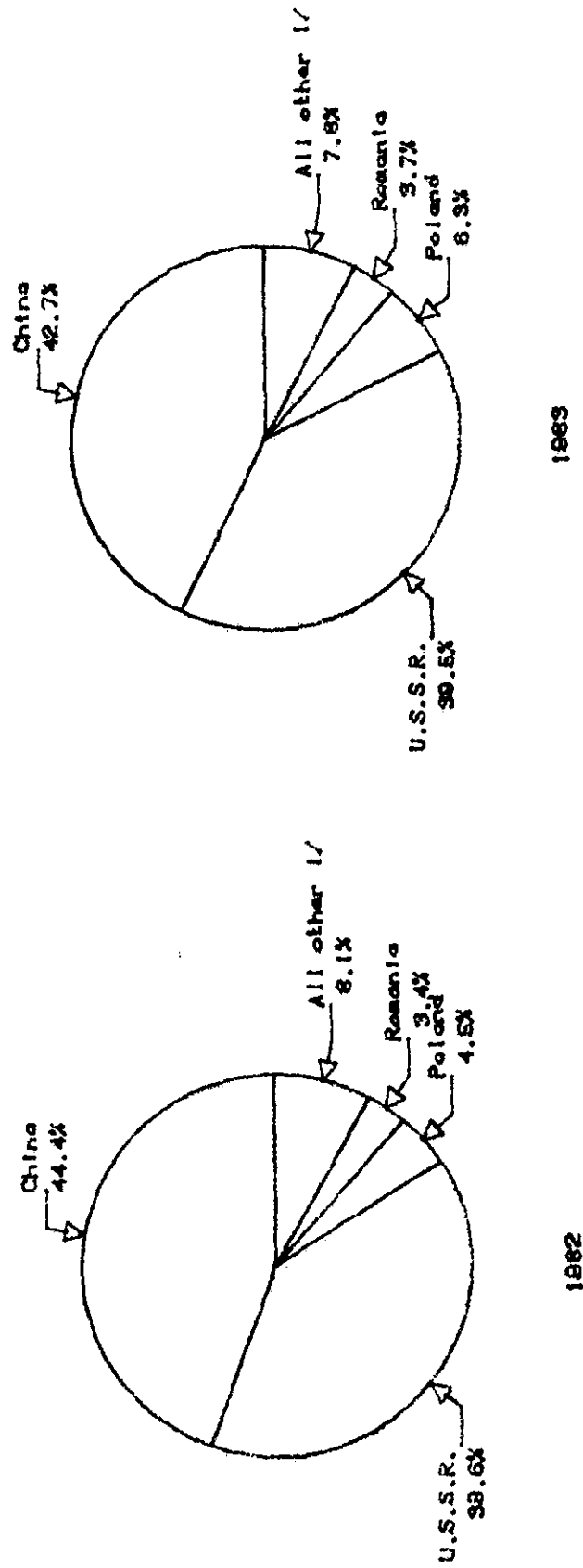
Table 3 --U S exports to the nonmarket economy countries, by SITC Sections, October-December 1983

SITC Section	(In thousands of dollars)									
	Albania	Bulgaria	China	Cuba	Czechoslovakia	East Germany	Hungary			
0 Food and live animals	-	4,599	194,186	-	-	16	46,673	8,657		
1 Beverages and tobacco	-	1,024	-	-	-	13	351	342		
2 Crude materials, inedible, except fuel	-	879	84,128	-	-	3,276	146	1,604		
3 Mineral fuels, lubricants, etc	-	-	74	-	-	2	-	1		
4 Oils and fats--animal and vegetable	-	-	1	-	-	-	235	-		
5 Chemicals	-	293	99,875	103	12,913	-	555	2,690		
6 Manufactured goods classified by chief material	-	-	-	-	-	-	-	-		
7 Machinery and transportation equipment	-	286	75,005	-	5	935	399	1,732		
8 Miscellaneous manufactured articles	1	2,440	242,562	-	-	3,839	154	4,990		
9 Commodities and transactions not elsewhere classified	-	709	42,802	11	1,858	-	136	1,030		
Total	1	10,243	740,269	131	23,003	48,739	21,292			
Mongolia	-	-	-	-	-	-	-	-	-	-
North Korea	-	-	-	-	-	-	-	-	-	-
Poland	-	-	-	-	-	-	-	-	-	-
Romania	-	-	-	-	-	-	-	-	-	-
U.S.S.R.	-	-	-	-	-	-	-	-	-	-
Vietnam	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
0 Food and live animals	-	-	37,486	-	6	556,816	77	848,516		
1 Beverages and tobacco	-	-	814	-	307	150	-	3,001		
2 Crude materials, inedible, except fuel	-	-	13,551	-	21,193	115,417	-	240,195		
3 Mineral fuels, lubricants, etc	-	-	-	-	5,515	3,789	-	9,382		
4 Oils and fats--animal and vegetable	-	-	3,624	-	-	4,300	-	8,160		
5 Chemicals	-	-	4,011	-	10,287	63,530	-	194,257		
6 Manufactured goods classified by chief material	-	-	-	-	-	-	-	-		
7 Machinery and transportation equipment	-	-	2,724	-	2,277	7,867	-	91,229		
8 Miscellaneous manufactured articles	-	-	4,121	-	2,176	41,531	1	301,813		
9 Commodities and transactions not elsewhere classified	-	-	2,612	-	765	12,384	1	62,308		
Total	-	-	13,960	55	1,284	4,954	22,603			
	-	-	82,904	42,581	807,869	5,033	1,781,264			

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

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

Figure 3.—Relative shares of U.S. exports to the nonmarket economy countries, 1982 and 1983.



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

Source: Based on data in table 2.

Table 4.--U.S. exports to the world and to the nonmarket economy countries (NME's), 1/ by SITC Sections, 1982 and 1983

SITC Section	Total exports		Exports to the NME's	
	1982	1983	1982	1983
	Value (million dollars)			
0. Food and live animals	23,830	24,070	3,355	2,057
1. Beverages and tobacco	3,026	2,813	15	23
2. Crude materials--inedible, except fuel	19,193	18,548	1,009	818
3. Mineral fuels, lubricants, etc	12,743	9,512	126	43
4. Oils and fats--animal and vegetable	1,569	1,486	64	35
5. Chemicals	21,949	22,204	866	661
6. Manufactured goods classified by chief material	17,117	15,244	324	272
7. Machinery and transportation equipment	85,236	80,299	550	818
8. Miscellaneous manufactured articles	15,609	14,865	173	269
9. Commodities and transactions not elsewhere classified	6,885	6,927	58	73
Total	207,158	195,969	6,540	5,068
	Percent of total			
0. Food and live animals	11.5	12.3	51.3	40.6
1. Beverages and tobacco	1.5	1.4	1.2	.5
2. Crude materials--inedible, except fuel	9.3	9.5	15.4	16.1
3. Mineral fuels, lubricants, etc	6.2	4.9	1.9	.8
4. Oils and fats--animal and vegetable	.8	.8	1.0	.7
5. Chemicals	10.6	11.3	13.2	13.1
6. Manufactured goods classified by chief material	8.3	7.8	5.0	5.4
7. Machinery and transportation equipment	41.1	41.0	8.4	16.1
8. Miscellaneous manufactured articles	7.5	7.6	2.7	5.3
9. Commodities and transactions not elsewhere classified	3.3	3.5	.9	1.4
Total	100.0	100.0	100.0	100.0

1/ Albania, Bulgaria, China, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R. (including Estonia, Latvia, and Lithuania), and Vietnam.

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

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

animals to East Germany, Bulgaria, and Czechoslovakia also declined during 1983; whereas exports of these products to both Hungary and Poland increased. Hungary and Poland imported more feedstock in order to boost the output of their livestock industries.

The overall \$1,298 million drop in food and live animal exports to all NME's during 1983 was due, in large part, to declining U.S. exports of unmilled wheat (Schedule B No. 130.6540) and yellow corn (Schedule B No. 130.3465). Appendix table B-1 shows that exports of unmilled wheat fell by \$678.7 million, or from 11.5 million metric tons to 7.6 million metric tons, in 1983, and exports of yellow corn declined by \$637.8 million or 6.3 million metric tons, from the 1982 level.

A collapse in wheat shipments to China accounts for nearly all of the fall in U.S. wheat exports from 1982 to 1983. ^{1/} After imposition of U.S. unilateral quotas on Chinese textiles in January, China halted purchases of U.S. wheat from early February until late August, at which time some small orders were placed. The amount of wheat exported to the U.S.S.R. rose slightly from 4.3 million metric tons in 1982 to 4.8 million metric tons in 1983. Wheat exports to Eastern Europe in 1983 stood at less than one-half the 1982 level, but this market is a minor one for U.S. wheat. In 1983, they accounted for only 0.10 percent of the value of U.S. wheat exports to the world.

Corn shipments to China declined only slightly during 1983, but corn exports to both Eastern Europe and the U.S.S.R. fell significantly. Corn exports to Eastern Europe fell 60 percent in 1983, from a value of \$299 million in 1982 to \$120 million in 1983. Corn exports to the Soviet Union fell from \$819 million in 1982 to \$391 million in 1983, or by 52 percent during the year. These declines were largely attributable to the rising price of U.S. corn.

Crude materials

Exports to the NME's of crude materials (products classified in SITC Section 2, which encompasses a wide variety of raw materials including oilseeds, hides and skins, crude fertilizers, and metalliferous ores), declined by 19 percent in 1983, following a 25 percent drop in 1982. China has been the leading NME market for U.S. exports of crude materials, yet U.S. exports of these products to China fell by \$516 million (47 percent) in 1982, and by \$289 million (49 percent) during 1983. Crude materials exports to both the Soviet Union and Eastern Europe increased during 1983, so the net fall in crude materials exports to all the NME's was only \$192 million.

The fall in U.S. exports of crude materials to the NME's can be almost entirely accounted for by the drastic fall in U.S. cotton exports to China (Schedule B Nos. 300.1060, 300.1550 and 300.1030). The value of these exports fell from \$178 million in 1982 to only \$2 million in 1983, as China halted imports of U.S. cotton in response to U.S. unilaterally imposed quotas on Chinese textiles. The drop in Chinese cotton imports was due also to several successive record cotton crops in China and to the country's increased use of manmade fibers in textile production.

^{1/} U.S. wheat exports to China declined from 6.8 million metric tons valued at \$1.0 billion in 1982 to 2.5 million metric tons valued at \$337.7 million in 1983.

Another portion of the fall in U.S. crude materials exports to China during 1983 can be explained by the drop in U.S. exports of soybeans (Schedule B No. 175 4100). Successful Chinese agricultural reforms and a Chinese embargo on imports of U.S. soybeans resulted in the complete loss of this U.S. export market during 1983. In 1982, China imported 63 million dollars' worth of U.S. soybeans.

Although China curtailed imports of U.S. cotton and soybeans during 1983, the country continued to provide a large market for U.S. softwood logs. Combined exports of Douglas-fir logs and Western hemlock logs (Schedule B Nos. 200.3510 and 200.3514) increased slightly during 1983, to a level of \$215 million. Since 1980, China has provided a rapidly growing market for U.S. logs, due to increased Chinese demand and to an oversupply in the United States caused by a slowdown in the construction industry. The Soviet Union, which is not currently shipping logs to China, is the only other potential supplier of large quantities of softwood logs. China has domestic forest resources, but these will probably require another 10 to 50 years to develop.

Crude materials exports to the Soviet Union actually increased during 1983, mainly due to increased exports of cotton, which rose from a level of only \$67,000 in 1982 to \$72 million in 1983. Soviet weather conditions resulted in a 1982 crop of poor quality, accounting for a portion of the surge in cotton exports to the Soviet Union. More importantly, the Soviets were bound by agreement to supply certain Eastern European countries with cotton, and the bulk of Soviet cotton imports actually went to these countries.

Crude materials exports to Eastern Europe were up by 23 percent in 1983, primarily due to larger shipments of soybeans, which increased in value from \$85 million in 1982 to \$125 million in 1983. Large increases in soybean exports to Poland and Romania more than offset a small decline in shipments to Czechoslovakia.

Chemicals

Following a 30 percent increase from 1981 to 1982, U.S. exports of chemicals (products classified in SITC Section 5) fell by 24 percent in 1983. The share of chemicals in total U.S. exports to the NME's had increased each year since 1978. The reversal of this trend during the past year was caused by a \$204 million decline in the value of U.S. chemical exports to the NME's. Six of the ten SITC categories of U.S. exports declined in value during 1983, however, so the share of chemicals in total exports to the NME's fell by only 0.2 percentage points.

U.S. exports of SITC Section 5 products declined in all three major NME markets in 1983, but the 29 percent fall in chemical shipments to China was the largest. An \$87 million drop in shipments of polyethylene resins (SITC No. 583.1) to China was the main factor in the fall, while a \$49 million reduction in shipments of polypropylene resins (SITC No. 583.2) also contributed to the decline. The drop in shipments of both chemicals was due to China's shift to less expensive sources of supply outside the United States. Exports of fertilizer (SITC No. 562.9) increased during the year, from a level of \$86 million in 1982 to \$100 million in 1983.

Shipments of chemicals to the Soviet Union fell by 17 percent during 1983, with the majority of the decline caused by reduced exports of superphosphoric acid (SPA) (Schedule B No. 480.7025). Following an increase of \$102 million in SPA exports to the Soviet Union in 1982, exports of this product fell by \$54 million during 1983. The spurt in exports of SPA during 1982 occurred after President Carter's embargo was lifted, and was based upon a long-term countertrade agreement with Occidental Petroleum. Despite the subsequent decline in SPA exports during 1983, NME purchases accounted for 91 percent of all U.S. exports of this product during the year, with the Soviet Union remaining the largest foreign market. SPA is used to make liquid fertilizer.

Machinery and transport equipment

Exports to the NME's of machinery and transportation equipment (products classified in SITC Section 7) increased by 49 percent from 1982 to 1983. Despite declining exports of this equipment to both the Soviet Union and Eastern Europe, a surge of shipments to China led to the overall rise in this category of exports.

U.S. exports of machinery and transportation equipment to China more than doubled during the past year, from a level of \$217 million in 1982 to \$583 million in 1983. Over one-half of this increase can be explained by China's purchases of multiple-engine, nonmilitary airplanes and parts (Schedule B Nos. 694.4062, 694.4068, and 694.6507), which were used to modernize the Chinese national airline. These purchases rose by \$211 million over 1982 levels.

Exports of SITC Section 7 products to the Soviet Union fell by 34 percent during 1983. A \$45 million drop in shipments of tractors (SITC Subgroup 722.3) accounts for the bulk of the decline. SITC Section 7 exports to Eastern Europe dropped by 21 percent in 1983, with reduced shipments of motor-vehicle parts and accessories (SITC Subgroup 784.9) responsible for a large portion of the fall.

Other export developments

U.S. exports of a number of other items in various SITC categories changed significantly from 1982 to 1983. In each of the remaining SITC categories not discussed above, changes in one or two disaggregate goods markets accounted for nearly all of the change in U.S. exports to the NME's last year.

In manufactured goods classified by chief material, SITC Section 6, slight increases in exports to both the Soviet Union and Eastern Europe could not offset a \$102 million decline in shipments to China of synthetic yarns (SITC Subgroup 651.4).

Shipments of mineral fuels and lubricants (products classified in SITC Section 3) to all three major NME markets were reduced, yet the fall in exports of fuel oil and petroleum bitumen (SITC Subgroups 334.4 and 335.4) to the Soviet Union accounts for most of the overall decline in this category. In addition, a \$23 million fall in Soviet imports of U.S. sunflower seed oil (SITC Subgroup 423.6) explains a large portion of the overall decline in the value of SITC Section 4 exports, products of animal and vegetable oils and fats.

U.S. exports to the NME's of miscellaneous manufactured articles (SITC Section 8) increased during 1983, primarily due to increased Chinese imports of electrical measuring instruments (SITC Subgroup 874.8) and larger shipments to the Soviets of miscellaneous articles of artificial resins and plastic materials (SITC No. 893.9).

In SITC Section 9, special export transactions, the value of exports to Eastern Europe---specifically, miscellaneous items donated for relief (SITC Group 931)---increased by \$20 million during 1983.

Of individual export items which increased most in percentage terms from 1982 to 1983, rock drilling bits (Schedule B No. 649.5040) was the largest in terms of value of shipments to all NME markets (table 5). Of the individual export items which decreased most in percentage terms, textured polyester yarns (Schedule B No. 310.0010) was the largest in terms of value. China provided the sole NME market for this product in 1983.

Although the NME's are relatively unimportant as a market for U.S. exports, there are a number of products for which NME's accounted for a large share of total U.S. exports last year (table 6). Of these products, by far the largest in value is superphosphoric acid. U.S. exports of this product to the NME's amounted to \$215 million last year, or 91 percent of all U.S. exports of the product. 1/ For exports of multiple-engine, nonmilitary aircraft (Schedule B No. 694.4068), the NME share of all U.S. exports rose from 0 percent in 1982 to 53 percent in 1983. 2/ U.S. exports of pressure-sensitive tape (Schedule B No. 790.5510) amounted to \$60 million last year, with the Soviet Union providing the major market. U.S. exports to the NME's of concentrated superphosphates (Schedule B No. 480.7050) amounted to \$67 million in 1983; the NME's account for a 41 percent share of all U.S. exports of this product.

U.S. Imports

U.S. imports from all NME's increased by 9 percent in 1983, rising to \$3.6 billion from \$3.3 billion in 1982. During the fourth quarter of 1983, imports from the NME's were 21 percent higher than in the same period of 1982 (table 7). Imports from China, the major NME supplier to the U.S. market, rose very slightly, increasing by less than 1 percent over the 1982 level. U.S. imports from China have grown every year since the process of normalization of trade relations began in the late 1970's, but the 1983

1/ See discussion in the section on chemicals exports, above.

2/ See discussion in the section on machinery and transportation equipment exports, above.

Table 5.--20 U.S. export items to the nonmarket economy countries (NME's) which changed substantially, by Schedule B nos., 1982 and 1983 1/

Schedule B no	Commodity	Major NME customer	Percentage change, 1983 from 1982		Value of exports to all NME's in 1983 1,000 dollars
			All NME's	World	
			-----Percent-----		
	Substantially increased:				
660.1040	Parts, n.s.p.f., of steam and other vapor generating boilers	China	915.8	-17.5	7,618
674.3045	Metalworking machine tools, for cutting or hobbing gears, new, n.s.p.f.	U.S.S.R.	828.8	16.7	5,540
678.3075	Parts for glass-working machines	China	635.5	-23.4	4,476
683.9540	Parts of industrial and laboratory electric furnaces and ovens, and of electric induction and dielectric heating equipment	do	679.8	-7.9	4,431
660.3040	Parts, n.s.p.f., of steam turbines	do	401.2	-5.7	10,948
649.5040	Rock drilling bits, core bits, and reamers, other than percussion rock drill bits	do	379.6	-20.9	23,517
676.2820	Digital central processing units consisting of arithmetical, logical and control elements	do	366.3	13.6	12,350
250.0225	Wood pulp, sulphite, bleached, n.e.s.	do	361.7	16.6	3,060
182.9754	Vegetable protein concentrates, hydrolyzates, and textured or spun products, derived from oil seeds	Poland	355.7	26.7	3,992
692.1400	Fire engines	China	347.2	-21.0	3,119
	Substantially decreased:				
121.0530	Bovine leather, rough, russet, and crust, wet blue, split, other than grains	China	-96.8	-37.3	855
692.3160	Tracklaying tractors, new, with a net engine horsepower rating of 345 horsepower and over	U.S.S.R.	-91.8	-63.6	4,539
664.0577	Rippers and rooters (attachments for excavating machinery)	do	-91.4	-63.4	3,677
517.5120	Petroleum coke, calcined	do	-90.9	-23.9	3,125
664.0572	Dezer attachments	do	-88.8	-53.6	898
310.0010	Textured yarns, of polyester	China	-88.4	-64.7	13,230
300.1550	Cotton, not carded, not combed, staple length 1-1/8 inches or more, n.e.s.	U.S.S.R.	-83.5	-33.7	10,885
612.0640	Unmelted copper, unalloyed, n.e.s.	China	-82.9	189.7	3,730
433.1035	Compound catalyst preparations, other than of nickel	do	-81.4	-6.3	6,275
521.3120	Bituminous coal, n.e.s.	Albania	-79.9	-38.0	2,207

1/ Only items which accounted for at least 500,000 dollars' worth of exports in both 1982 and 1983 are included in this table.

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

Table 6.--20 U.S. export items for which the nonmarket economy countries (NME's) collectively accounted for the largest market share in 1983, by Schedule B nos., 1982 and 1983 1/

Schedule B no.	Commodity	Major NME customer	Share of total exports accounted for by NME's		Value of exports to all NME's in 1983
			1982	1983	
			Percent		1,000 dollars
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents				
130.6000	Rye	U.S.S.R.	92.8	90.6	214,810
417.7100	Barium compounds	East Germany	0	88.6	2,224
674.3245	Combination boring, drilling and milling machines, new, at least \$2500, with numerical controls, horizontal spindle, table type	Romania	30.7	71.7	9,696
678.3240	Parts for machines for assembling electric filament and discharge lamps and electric tubes	China	0	70.7	1,928
121.0515	Bovine leather, rough, russet, and crust, wet blue, not split	East Germany	0	67.5	11,285
674.3249	Combination boring, drilling, and milling machines, new, valued at least \$2,500 each, n.s.p.f.	China	78.8	66.2	24,124
531.2100	Chrome bricks	do	9.7	62.4	2,909
818.1000	Products, n.e.s., donated for relief or charity	U.S.S.R.	6	57.2	1,376
894.4668	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds empty weight, n.s.p.f.	Poland	48.5	54.7	57,813
475.4555	Insulating or transformer oils	China	0	53.4	123,053
252.8230	Corrugating medium wrapping and packaging paper, weighing over 18 pounds but not over 92 pounds per ream	U.S.S.R.	57.4	52.4	13,946
790.5510	Pressure-sensitive tape having a plastic backing	China	0	50.2	2,696
678.3055	Glass-working machines	U.S.S.R.	37.8	46.7	59,588
117.8200	American-type cheeses, except Cheddar	China	1	44.6	7,737
116.0100	Butter	Poland	52.3	43.4	3,758
790.5570	Pressure sensitive tape having a rubberized textile backing, except surgical or medicated tape and tape of unwoven fiber	do	16.8	42.3	16,453
480.7050	Concentrated superphosphates	U.S.S.R.	0	42.3	5,646
126.0120	Alfalfa seeds, uncertified	China	21.2	40.7	67,061
433.1025	Chlorinated paraffin mixtures, acyclic, C10 - C30	Poland	0	39.6	1,556
		U.S.S.R.	16.3	37.7	2,416

1/ Only items which accounted for at least 1 million dollars' worth of exports in 1983 are included in this table.

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

Table 7.--U.S. imports from the individual nonmarket economy countries and from the world, 1981-83, October-December 1982, and October-December 1983

Source	(In thousands of dollars)				October-December--
	1981	1982	1983		
Albania	3,985	2,760	3,498	815	335
Bulgaria	25,604	25,124	32,765	6,701	6,105
China	1,830,027	2,215,856	2,217,526	526,447	548,245
Cuba	36	1,621	1/	1,618	1/
Czechoslovakia	67,232	61,548	62,821	15,406	15,770
East Germany	44,702	51,773	56,937	8,425	16,433
Hungary	127,939	133,238	154,493	35,243	36,387
Mongolia	3,635	3,628	1,483	349	498
North Korea	47	8	-	-	-
Poland	359,939	212,888	190,641	55,154	45,956
Romania	559,449	339,121	512,821	44,673	145,795
U.S.S.R.	357,424	228,792	341,093	49,675	88,861
Vietnam	96	-	-	-	-
Total	3,380,116	3,276,356	3,574,079	744,506	904,386
Total, U.S. imports from the world	259,011,977	242,339,988	256,596,033	58,707,593	69,656,455
1/ Less than \$500.					

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

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

increase was by far the smallest annual percentage gain since 1977. Imports from Romania, the second largest NME supplier to U.S. markets, also increased during the year, rising by 51 percent. Although U.S. imports from Poland declined in 1983, the rise in imports from Romania as well as increased shipments from Hungary, Czechoslovakia, East Germany, and Bulgaria led to an overall increase of 23 percent in U.S. imports from Eastern Europe.

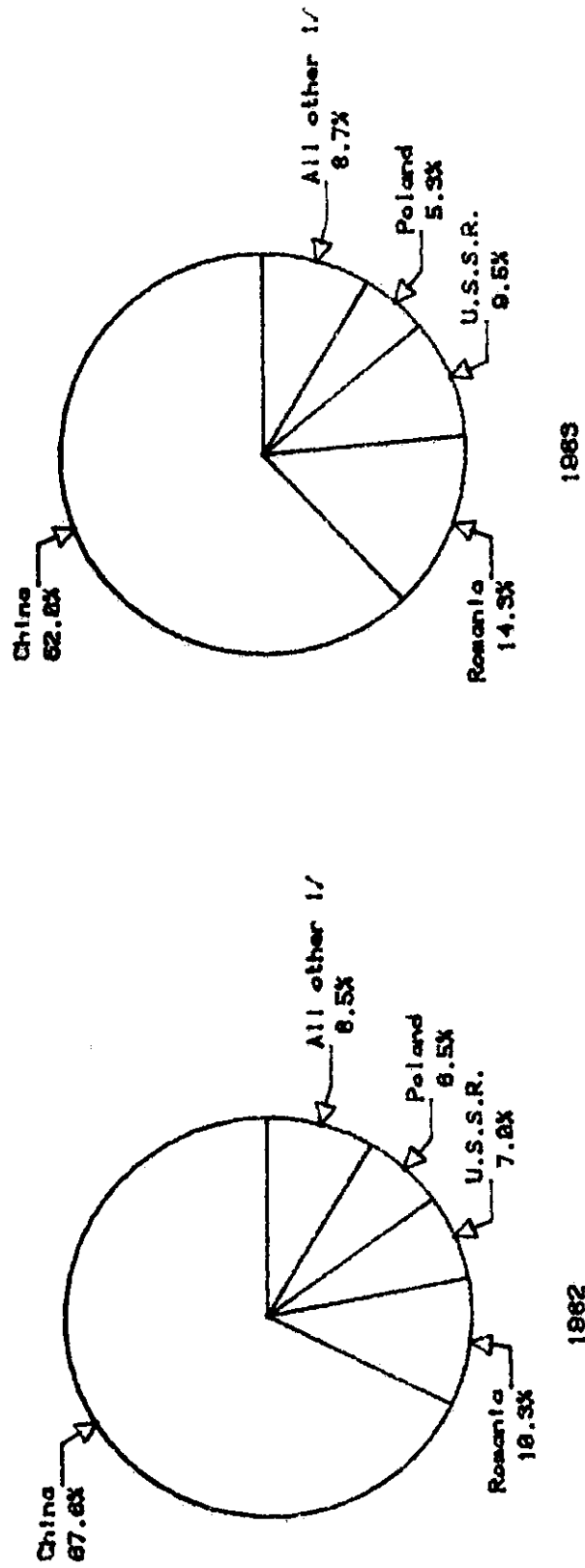
Figure 4 illustrates China's dominant share in total U.S. imports from the nonmarket economy countries. Despite an increase in the total value of U.S. imports from China in 1983, China's share of U.S. imports from all NME's declined by 5.6 percentage points, due to larger increases in U.S. imports from other NME's. Nonetheless, imports from China in 1983 accounted for 62 percent of U.S. imports from all NME's. China's growth as a supplier to the U.S. market since the late 1970's has been rapid; as recently as 1978, China accounted for only 17 percent of all U.S. imports from the NME's.

Figure 5 shows how imports from China have come to determine the trend in total imports from the nonmarket economy countries in the past few years. As U.S. imports from China rise and fall, total imports from all NME's tend to move in the same direction. Until about 1980, imports from the Soviet Union determined this overall trend. Figure 5 also illustrates that the 1983 increase in U.S. imports from the NME's may be attributed primarily to a third-quarter surge which appears to have abated by yearend. Nonetheless, imports from the NME's in each quarter of 1983 were higher than in the corresponding quarter of 1982.

Compared with U.S. imports from all sources in 1983, imports from the nonmarket economy countries contained a much higher proportion of miscellaneous manufactured articles (items classified in SITC Section 8) and a much lower proportion of machinery and transportation equipment (SITC Section 7). This pattern is even more pronounced in U.S. imports from China. NME's also supplied relatively more manufactured goods classified by chief material (SITC Section 6) and chemicals (SITC Section 5), and relatively less mineral fuels (SITC Section 3) than did other sources of U.S. imports last year (table 8).

The pattern of imports from the NME's in recent years reveals several trends. First, U.S. imports of miscellaneous manufactured articles (SITC Section 8) have increased, primarily due to the rapid growth in apparel imports from China. Imports of SITC Section 8 products rose by \$149 million (14 percent) in 1983. Second, imports of food and live animals (SITC Section 0), mainly consisting of meat from Eastern Europe, have declined in relative importance over the past several years. This category of products was responsible for 13.4 percent of total U.S. imports from the NME's in 1978; this share fell to 7.9 percent in 1982, and remained nearly constant at 8.0 percent during 1983. Third, U.S. imports of products in SITC Section 9--commodities and transactions not elsewhere classified--have nearly disappeared. In 1979, nonmonetary gold imports from the Soviet Union made this the largest category of imports from the NME's, accounting for 23 percent of total U.S. imports from the region in that year. This category has declined in importance each year since 1979, and imports of SITC Section 9 products were responsible for only 0.5 percent of U.S. imports from the NME's last year.

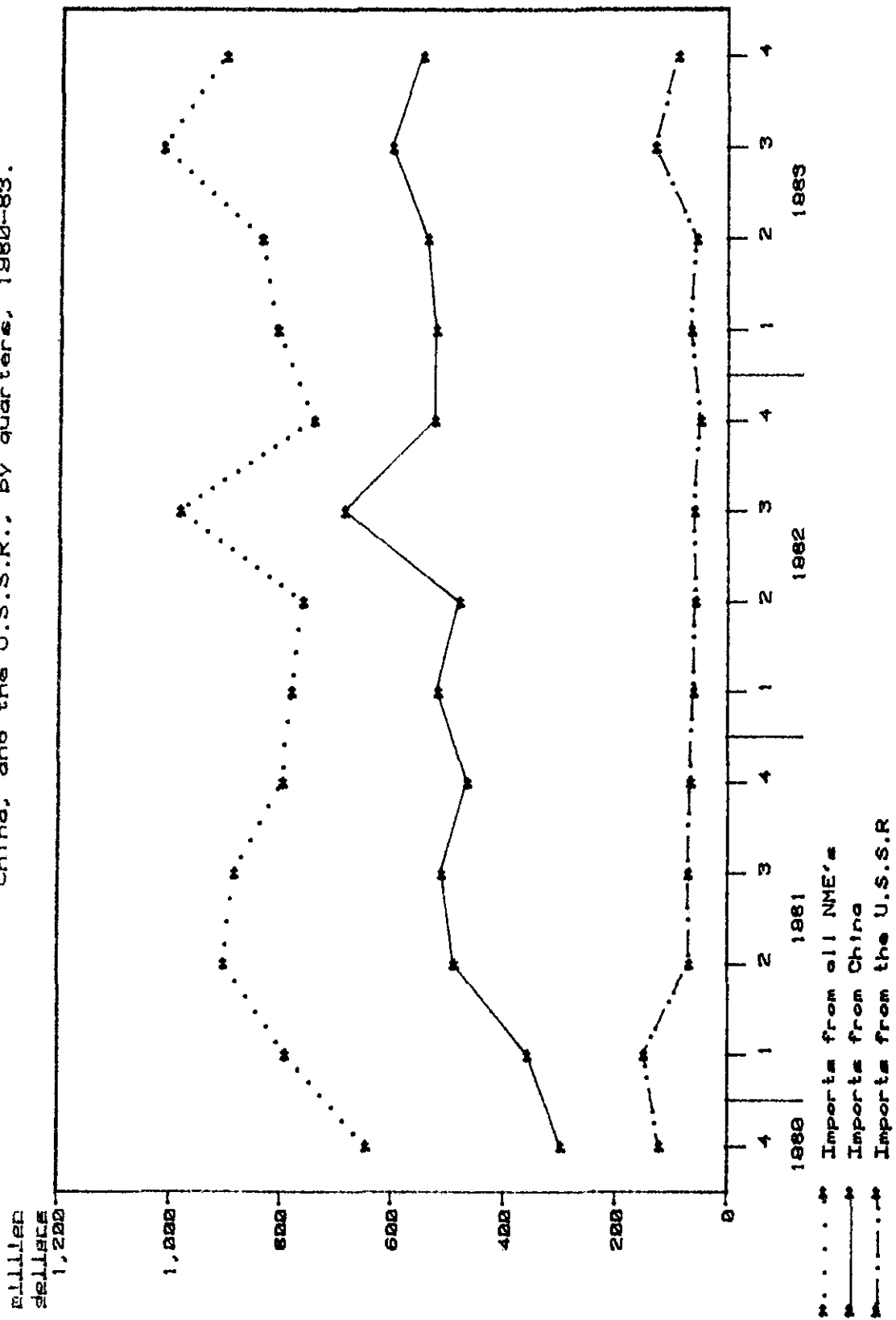
Figure 4.---Relative shares of U.S. imports from the nonmarket economy countries, 1982 and 1983.



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

Source: Based on data in table 7.

Figure 5.—U.S. Imports from the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters, 1980-83.



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

Table 8.--U.S. imports from the world and from the nonmarket economy countries (NME's), 1/
by SITC Sections, 1982 and 1983

SITC Section	Total imports		Imports from the NME's	
	1982	1983	1982	1983
	Value (million dollars)			
0 Food and live animals	14,362	15,410	259	287
1. Beverages and tobacco	3,025	3,442	36	51
2. Crude materials--inedible, except fuel	8,671	9,607	144	121
3. Mineral fuels, lubricants, etc	64,977	57,310	690	757
4. Oils and fats--animal and vegetable	401	478	1	2
5. Chemicals	9,378	10,676	284	331
6. Manufactured goods classified by chief material	33,138	34,909	586	638
7. Machinery and transportation equipment	73,278	85,745	190	153
8. Miscellaneous manufactured articles	27,732	31,380	1,068	1,217
9. Commodities and transactions not elsewhere classified	7,379	7,640	20	17
Total	242,340	256,596	3,276	3,574
	Percent of total			
0. Food and live animals	5.9	6.0	7.9	8.0
1. Beverages and tobacco	1.2	1.3	1.1	1.4
2. Crude materials--inedible, except fuel	3.6	3.7	4.4	3.4
3. Mineral fuels, lubricants, etc	26.8	22.3	21.1	21.2
4. Oils and fats--animal and vegetable	.2	.2	2/	2/
5. Chemicals	3.9	4.2	8.7	9.3
6. Manufactured goods classified by chief material	13.7	13.6	17.9	17.9
7. Machinery and transportation equipment	30.2	33.4	5.8	4.3
8. Miscellaneous manufactured articles	11.4	12.2	32.6	34.0
9. Commodities and transactions not elsewhere classified	3.0	3.0	.6	.5
Total	100.0	100.0	100.0	100.0

1/ Albania, Bulgaria, China, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R. (including Estonia, Latvia, and Lithuania), and Vietnam.
2/ Less than 0.05 percent.

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

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

Several shifts in the composition of U.S. imports from the NME's occurred during 1983; these are discussed below by SITC sections. From 1982 to 1983, increases were recorded of \$149 million in miscellaneous manufactures, \$67 million in mineral fuels (SITC Section 3), \$53 million in manufactured goods classified by chief material (SITC Section 6), and \$47 million in chemicals (SITC Section 5). A portion of these increases was offset by a decline of \$36 million in machinery and transportation equipment (SITC Section 7).

Miscellaneous manufactured articles

By far the leading category of imports from the NME's, SITC Section 8 products accounted for 34 percent of all U.S. imports from the NME's in 1983. Apparel and clothing accessories (SITC Division 84) from China are the largest component of this trade. Following a 51 percent surge in 1982, the value of apparel imports from China grew an additional 23 percent in 1983. At a level of \$755 million last year, these imports amounted to just over one-fifth of all U.S. imports from NME sources.

U.S. apparel imports from China were previously governed by the United States-China Textile Agreement which expired on December 31, 1982. During the negotiations that began in August of 1982, trade relations between the two countries became strained, but a new textile agreement was finally concluded in the third quarter of 1983. The U.S. imported \$224 million of apparel and clothing accessories from China during the fourth quarter, or 30 percent of all U.S. imports of these products during the year.

Imports of miscellaneous manufactures from the Soviet Union and Eastern Europe did not change significantly during 1983. Imports of these products amounted to only 2 percent of all U.S. imports from the Soviet Union in 1983. Twenty percent of U.S. imports from Eastern Europe last year were miscellaneous manufactures, with footwear (SITC Group 851) the dominant item in this category.

Mineral fuels

U.S. imports of mineral fuels (SITC Section 3) from the NME's last year amounted to \$757 million, representing a 21-percent share of total imports from these countries. Mineral fuels are currently the second largest category of U.S. imports from the NME's, although these countries supplied only 1.3 percent of total U.S. imports of petroleum and other fuels during 1983.

Of the four significant items in U.S. imports in this category, all are petroleum or petroleum products: gasoline (TSUSA item 475.2520), light fuel oil (TSUSA item 475.1015), crude petroleum (TSUSA item 475.1010), and naphthas derived from petroleum (TSUSA item 475.3500). These four items were among the top six items in total value imported from the NME's during 1983 (appendix table B-2).

Gasoline, which has been the largest U.S. fuel import from the NME's since 1981, registered a \$100 million rise in 1983 as the quantity imported increased by almost 5 million barrels. A fall in gasoline imports from China was more than offset by a \$138 million rise in these imports from Romania, which has a refining industry based on imported crude. Imports of light fuel oils also rose during 1983. After importing no light fuel oils from the Soviet Union or Romania during 1982, the United States imported \$92 million from these countries in 1983.

China has been the sole NME supplier of crude petroleum to the United States during the past 3 years, yet U.S. imports of crude petroleum fell by \$84 million last year, a 55 percent decline from the 1982 level. A net fall in imports of naphtha derived from petroleum also occurred in 1983, with the small rise in naphthas imports from Romania unable to offset the larger decline in these imports from China.

Manufactured goods classified chiefly by material

U.S. imports of SITC Section 6 products from the NME's increased by 9 percent over the past year, rising from \$586 million in 1982 to \$638 million in 1983. This increase followed a 26 percent drop in these imports from 1981 to 1982. Imports from China accounted for 62 percent of all U.S. imports of these products from the NME's in 1983, mainly due to China's shipments of cotton fabrics (SITC Subgroup 652.1), bed and table linen (SITC Subgroup 658.4), knotted carpets (SITC Subgroup 659.2), and porcelain or china tableware (SITC Subgroup 666.4).

U.S. imports of SITC Section 6 products from the Soviet Union increased from \$61 million to \$88 million during the past year. Platinum (SITC Subgroup 681.2) recorded the largest increase of the individual items in this category, rising by \$20 million over that in 1982. Imports of SITC Section 6 products from the Soviet Union last year accounted for 14 percent of all U.S. imports in this category from the NME's.

Imports of SITC Section 6 products from Eastern Europe also rose slightly during 1983, reaching a level of \$154 million. The largest changes were recorded for imports of pneumatic tires (SITC Subgroups 625.2 and 625.1), which rose by \$15 million, and for imports of tubes, pipes, and fittings of iron or steel (SITC Subgroup 678.0), which declined by nearly \$14 million during the year.

Machinery and transport equipment

U.S. imports from the NME's of machinery and transportation equipment (SITC Section 7) fell by 19 percent last year, following a 31 percent decline during 1982. The past year marked the second year of decline in this category of imports, following 4 consecutive years of increase. The share of machinery and transportation equipment items in total U.S. imports from the NME's fell from 8.1 percent in 1981, to 5.8 percent in 1982, and to only 4.3 percent last year.

Eastern Europe provided the major NME source of U.S. imports of these products. Although imports of these goods from Eastern Europe fell by \$37 million in 1983, these countries still accounted for over two-thirds of U.S. imports of machinery and transportation equipment from all NME's. A portion of the decline in these imports from Eastern Europe can be explained by a \$12 million drop in imports of metal-cutting machine tools (SITC Subgroup 736.1) and a \$9 million fall in imports of wheeled tractors (SITC Subgroup 722.4). The declines in these two imports were partially countered by a \$7 million increase in U.S. imports of motor-vehicle parts (TSUSA item 692.3288). Ninety-eight percent of the shipments in this category were from Hungary. Motor-vehicle parts from Hungary had been subject to an antidumping investigation in 1981 which led to price changes by the Hungarian exporter late in that year, and to a \$9 million fall in his exports to the United States during 1982.

Over one-fourth of the machinery and transportation equipment imported from the NME's in 1983 came from China. These imports remained nearly constant during the year, declining by only 2 percent from the 1982 level. The Soviet Union is a minor source for U.S. imports of these products, and its market share did not increase significantly during 1983.

Chemicals

U.S. imports from the NME's of chemicals (SITC Section 5) rose by 17 percent during 1983, to \$331 million. U.S. chemical imports from all three major NME markets increased, yet the largest rise was for imports from the Soviet Union. Both the Soviet Union and China are important sources for these products, each accounting for slightly over 40 percent of total U.S. imports from the NME's in this category.

Imports from the Soviet Union of anhydrous ammonia (TSUSA item 480.6540) accounted for over one-fourth of all U.S. chemical imports from the NME's. Anhydrous ammonia was by far the largest single item imported from the Soviet Union in 1983, and was the third largest item in value imported from all the NME's during the past year (appendix table B-2).

Nitrogenous and potassic fertilizers (SITC Subgroups 562.1 and 562.3) were also important items in SITC Section 5 during 1983. U.S. imports of these products from the Soviet Union and Eastern Europe more than tripled during the year, rising from \$20 million in 1982 to \$68 million in 1983.

Imports from China of fireworks (TSUSA item 755.1500) were a third important item in this category. The U.S. imported \$29 million of fireworks from China in 1983, making this item the fifth highest in value of all U.S. imports from China in the past year.

Other import developments

Significant changes occurred in several of the SITC categories not discussed above. In the food and live animals category (SITC Section 0), imports of canned hams (TSUSA item 107.3525) from Eastern Europe rose by \$33 million in 1983. Increased imports from Poland, the major supplier of this product, accounted for \$28 million of the rise; larger shipments from Hungary and Romania also contributed to the increase.

In SITC Section 9, imports of non-monetary gold (SITC Subgroup 971.0) from the Soviet Union have fallen drastically since 1980, and now stand at only \$1.7 million. In 1979, gold imports from the Soviet Union had made SITC Section 9 the largest category in U.S. imports from the NME's.

Table 9 shows TSUSA items for which U.S. imports from the NME's showed the greatest percentage changes from 1982 to 1983. U.S. imports from the NME's of light fuel oils (TSUSA item 475.1015), by far the highest item in value from this group, registered an increase of over 1,000 percent during the year. Table 10 shows TSUSA items for which most or all U.S. imports were supplied by the NME's. At \$28 million, imports of cotton printcloth shirting (TSUSA item 320.2032) were the largest item in value from this group.

Table 9.--20 U.S. import items from the nonmarket economy countries (NME's) which changed substantially, by TSUSA nos., 1982 and 1983 1/

TSUSA item no	Commodity	Major NME supplier	Percentage change, 1983 from 1982		Value of imports from all NME's in 1983
			All NME's	World	
			Percent		1,000 dollars
	Substantially increased:				
383 4730	Women's girls' or infants' shorts, of cotton, not knit	China	1,142.4	80.5	9,297
475 1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt				
	Universal viscosity at 100 degrees F. of less than 45 seconds	U.S.S.R.	1,085.8	145.9	85,159
383 7772	Women's girls' or infants' sweaters, of silk, knit,				
	other than cotton, wool or man-made made fiber restraints	China	759.4	109.1	5,468
383 2305	Women's dresses, not knit of man-made fibers	U.S.S.R.	535.0	126.7	3,372
114 3000	Crabs, nes	Czechoslovakia	482.1	2.1	12,988
772 5129	Tires, for light trucks, other than radials		388.3	-17.1	2,458
383 8045	Women's shirts, of man-made fibers, knit, other than				
	1-shirts and sweatshirts	China	365.9	28.5	7,493
165 1500	Apple and pear juice, not containing over 1 percent alcohol	Hungary	361.4	21.4	2,334
383 7540	Women's, girls' or infants' skirts of wool, not knit,				
	valued over \$4 per pound	China	356.4	55.6	2,713
383 8004	Women's blouses, of man-made fibers, knit, other than				
	tank tops	do	343.8	18.0	2,984
	Substantially decreased:				
601 5400	Tungsten ore	China	-91.1	-45.0	654
326 3092	Woven fabrics, not wholly of cotton, not fancy or figured, not				
	colored	do	-90.2	-67.3	1,654
422 4200	Tungsten compounds, n.e.s.	do	-88.2	-87.4	544
383 3460	Women's, girls' or infants' coats, cotton, not knit,				
	valued over \$4 each, velveteen	do	-81.1	-61.6	1,032
674 3512	Machine tools, metal-cutting, engine or toolroom	do	-74.5	-60.2	1,448
383 2240	Women's, girls' or infants' shorts, not knit	do	-72.5	-59.5	1,345
417 2800	Ammonium molybdate	do	-70.6	-52.2	2,276
522 2400	Fluorspar, containing not over 97% by weight of calcium				
	fluoride	do	-69.5	-33.0	1,387
383 2750	Women's sweaters, of cotton, knit	do	-68.4	21.7	2,492
383 3445	Women's 3/4 length coats (except raincoats), cotton, not knit,				
	other than corduroy or velveteen	do	-67.9	-28.8	608

1/ Only items which accounted for at least 500,000 dollars' worth of imports in both 1982 and 1983 are included in this table.

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

Table 10.--20 U.S. import items for which the nonmarket economy countries (NME's) collectively accounted for the largest market share in 1983, by TSUSA nos., 1982 and 1983 1/

TSUSA item no	Commodity	Major NME supplier	Share of total imports accounted for by NME's		Value of imports from all NME's in 1983
			1982	1983	
			Percent		1,000 dollars
306 4293	Camel hair, sorted, etc.	China	97.4	100.0	1,907
413 3280	Coumarin, from whatever source obtained, derived, or manufactured	do	89.0	98.0	1,391
306 6200	Cashmere goat hair, sorted, etc.	do	75.1	96.9	2,175
365.0000	Handmade-lace furnishings, of cotton, valued not over \$50 per pound	do	97.0	96.4	2,687
542.3120	Ordinary glass, weighing over 16 but not over 18.5 ounces per square foot, not over 40 united inches	Romania	97.1	96.0	1,857
605 0760	Radium	U.S.S.R.	72.2	96.0	1,478
366 6000	Pile or tuft construction of cotton	China	99.1	95.7	1,626
186 3000	Bristles, crude or processed	do	95.7		6,546
370 4800	Handkerchiefs, not ornamented, of cotton, hemmed, not fancy, figured or colored, not over 50s avg. yarn no.	do	84.1	95.5	1,094
411 8000	Sulfathiazole and sodium sulfathiazole	do	91.4	92.1	1,214
702 3785	Headwear, n.e.s., not sewed, etc., not bleached or colored	do	77.3	90.9	1,927
126 1045	Sable furskins, whole, undressed	U.S.S.R.	83.8	89.1	8,040
533 6200	Articles made of nonbone chinaware or of subporcelain in specified sets	China	81.6	86.2	12,270
222.5700	Floor coverings of unspun vegetable materials, n.e.s.	do	91.6	85.3	4,812
306.1200	Waste of silk, not advanced, other than noils	do	75.0	84.9	1,022
100.0110	Horses, male, for breeding	Poland	86.4	84.7	1,752
365.8670	Tablecloths and napkins, of manmade fibers, made on a lace, net, or knitting machine	China	82.5	83.0	10,324
546 6240	Glass tableware (other than tumblers and stemware), kitchen and cookware, cut or engraved, valued between \$3 and \$5 each	Romania	61.9	79.8	1,222
379.3905	Men's jogging, warm-up and similar athletic jacket of cotton knit	do	83.3	79.0	3,765
320 2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	China	72.8	73.8	27,762

1/ Only items which accounted for at least 1 million dollars' worth of imports in 1983 are included in this table.

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

CHINA

Introduction

After reaching an alltime high of \$5.4 billion in 1981, two-way trade between the United States and China decreased from \$5.1 billion in 1982 to only \$4.4 billion in 1983. U.S. imports increased by less than 0.1 percent, and exports declined by 25.5 percent. The result was a negative U.S. balance of \$54.3 million, the first annual U.S. deficit in merchandise trade between the two countries since 1977.

U.S. exports to China decreased by \$741.3 million to \$2.2 billion in 1983 (table 11), with agricultural commodities declining by \$953.8 million, or 63.7 percent. Wheat shipments decreased from \$1.0 billion in 1982 to only \$377.7 million in 1983, accounting for by far the largest loss in sales to China. Exports of cotton to China fell 98.6 percent in value to only \$2.4 million, and there were no shipments of U.S. soybeans to China.

In response to the unilateral quotas the United States imposed on import-sensitive categories of Chinese textile products, China imposed an embargo on imports of U.S. cotton and soybeans, and threatened to reduce its imports of other agricultural products. This retaliatory action, which remained in effect for 7 months of 1983, was directly and perhaps entirely responsible for the decline in wheat exports. However, in banning imports of cotton and soybeans, China selected commodities for which it had virtually no import demand. Under its rural reform program, known as the agricultural responsibility system, China's annual output of cotton, oilseeds, and other commercial crops has been increasing rapidly since 1977. Instead of importing substantial amounts of such commodities as in the past, China is now able to supply most or all of its consumption needs. Supported by good weather conditions in most years since the program began, the new system has also increased China's grain production. Its output of grain reached a record level in 1982, reducing its total grain import requirements in 1983 to well below their 1982 level. Moreover, the 1983 grain harvest in China is estimated to have surpassed any previous annual yield.

Some nonagricultural products also contributed to the decline in U.S. exports to China. Notable decreases were registered in shipments of polyethylene and polypropylene resins, manmade fibers and manmade-fiber yarns, and leather. On the positive side, however, were large exports of airplanes for commercial use, aircraft turbines, and other aircraft components. Shipments of other machinery and equipment also increased, and exports of scientific instruments rose substantially. The transfer of advanced technology is expected to increase rapidly since the United States eased restrictions on such sales to China in 1983.

U.S. imports from China increased only \$1.7 million in 1983. In contrast, shipments of textile apparel increased by \$133.2 million and accounted for nearly one-third of China's exports to the United States. The largest decline occurred in the import value of crude petroleum and petroleum products, owing in part to lower oil prices and in part to a decrease in the quantity imported from China.

Table 11.--U.S. trade with China, by SITC Sections, 1981-83

(In thousands of dollars)				
SITC Section	1981	1982	1983	
U.S. exports:				
0. Food and live animals	1,332,406	1,238,263	540,730	
1. Beverages and tobacco	1,133	279	418	
2. Crude materials--inedible, except fuel	1,102,797	586,862	297,773	
3. Mineral fuels, lubricants, etc	3,076	3,108	496	
4. Oils and fats--animal and vegetable	21,797	6,525	1	
5. Chemicals	408,498	497,031	354,176	
6. Manufactured goods classified by chief material	446,883	274,857	216,841	
7. Machinery and transportation equipment	208,556	216,696	582,928	
8. Miscellaneous manufactured articles	70,932	78,121	164,357	
9. Commodities and transactions not elsewhere classified	2,522	2,793	5,498	
Total	3,598,601	2,904,535	2,163,219	
U.S. imports:				
0. Food and live animals	95,231	118,964	107,071	
1. Beverages and tobacco	1,960	2,506	3,856	
2. Crude materials--inedible, except fuel	298,997	119,018	96,610	
3. Mineral fuels, lubricants, etc	295,428	580,172	419,644	
4. Oils and fats--animal and vegetable	339	650	1,552	
5. Chemicals	125,288	131,678	133,105	
6. Manufactured goods classified by chief material	367,473	376,667	394,693	
7. Machinery and transportation equipment	39,681	42,994	42,141	
8. Miscellaneous manufactured articles	599,180	835,883	1,008,436	
9. Commodities and transactions not elsewhere classified	6,452	7,324	10,418	
Total	1,830,027	2,215,856	2,217,526	

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

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

In August 1983 the bilateral textile dispute was tentatively resolved with the signing of a new pact to replace the expired agreement. China lifted its import embargo and resumed purchasing U.S. wheat. However, despite the direct effect of the textile issue on exports to China, it was only one of several developments affecting U.S.-Chinese commercial relations in 1983. Other expiring agreements were renewed or renegotiated, negotiations on new agreements were begun or continued, antidumping investigations were conducted on seven products imported from China, and a countervailing duty petition was filed charging that China subsidizes its textile exports. Probably the most important development was the implementation of new export-control guidelines to increase U.S. technology transfer to China. This step responded directly to China's import needs in modernizing its economy.

Overview of Economic Developments in China

For the second consecutive year, China reported strong economic growth in 1983. Preliminary data indicate that the combined output of agriculture and industry grew just under 10.0 percent, 1/ following an 8.9-percent increase in 1982. The agricultural sector increased by an estimated 8.8 percent, with grain production rising by over 7.0 percent and cotton and some other commercial crops attaining substantially higher growth rates. Industry grew by roughly 10.4 percent, reflecting a 12.1-percent increase in heavy industry and an 8.4-percent increase in light industry. The impressively high growth of heavy industry, which followed a 9.9-percent increase in 1982, almost made up the ground lost when Government authorities severely restricted investment in this sector in 1980 and 1981. Under the retrenchment policy then in effect, heavy industrial output grew by only 1.4 percent in 1980 and declined by 4.7 percent in 1981. The most significant gains in this sector in 1983 were reportedly made in the metallurgical and chemical industries. Output of alloy steel increased by 35.3 percent but remained in short supply. 2/

The high rate of growth in heavy industry put added pressure on China's limited energy supplies. All energy production targets were exceeded in 1983, with coal output increasing by 5.1 percent; crude oil, by 3.8 percent; and the output of hydroelectricity, by 14.2 percent. 3/ Nevertheless, energy shortages continued to threaten the progress of China's modernization program, requiring conservation measures and investment in more energy-efficient machinery. China signed a series of contracts for offshore oil exploration and drilling in 1983, including some with U.S. companies; but commercial production of offshore oil is not likely to begin for almost a decade.

1/ Wharton Econometric Forecasting Associates (WEFA), Centrally Planned Economies Current Analysis, vol. III, No. 15, Feb. 28, 1984.

2/ Business China, Jan. 25, 1984, p. 9.

3/ Ibid., p. 10.

The high rate of heavy industrial growth in both 1982 and 1983 indicates, however, that China's leaders are still having difficulty channeling scarce resources into key energy and transportation projects. In addition to exacerbating energy shortages, the high growth rate has intensified transportation bottlenecks (including serious problems in moving coal output to major industrial areas) and has reduced the supply of resources available for light industrial development. To alleviate these problems, China's plans call for importing more technology and for expanding its domestic investment by means of joint ventures with foreign companies.

Preliminary 1983 data on foreign trade show that China had its third consecutive year of surplus in total merchandise trade. The magnitude was smaller than the 1982 surplus, however, by almost \$1.2 billion. Exports were approximately the same as the previous year's level, but imports grew by 6.6 percent. ^{1/} The relatively slow growth of exports was probably due to weak world demand resulting from generally depressed economic conditions. On the other hand, imports grew because China finally began to make the major purchases required for modernizing its economy. China's imports had declined sharply in 1982, probably reflecting a policy of building foreign exchange reserves for the massive imports it would need to carry out development plans. Its foreign exchange reserves were an estimated \$15 billion as of the end of 1983. ^{2/}

Developments Affecting Commercial Relations With the United States

Relations between the United States and China became increasingly strained in early 1983, but several developments served to strengthen trade and economic ties during the second half of the year. In January 1983, when negotiations on a new bilateral textile agreement remained deadlocked after the old pact had expired, the United States imposed unilateral quotas on imports of more than 30 categories of Chinese textile products. China immediately responded by banning U.S. imports of cotton, soybeans, and manmade fibers, and in late January, it stopped placing orders for U.S. wheat. This impasse in trade relations was not fully resolved until a new U.S.-Chinese textile accord had been formally signed. It was early September before China resumed purchases of U.S. wheat and lifted its embargo on other U.S. agricultural and manmade-fiber exports.

Some improvement in relations was perceptible before midyear, however, after the United States pledged to significantly ease restrictions on the export of advanced equipment and technology to China. In June the administration announced that, for purposes of export control, China would be placed in the same country group that includes other friendly but unallied nations and U.S. allies in the North Atlantic Treaty Organization (NATO). This development was followed in July by the resumption of negotiations on a bilateral nuclear cooperation agreement that will enable U.S. companies to sell reactors and other technology for the construction of a series of nuclear power stations planned by China. These steps to increase technology transfer and the new agreement on trade in textiles together appear to have been the major factors contributing to better U.S.-Chinese relations.

^{1/} WEFA, Centrally Planned Economies Current Analysis, vol. III, No. 3, Jan. 18, 1984, p. 1. 34

^{2/} Ibid.

In addition to the textile accord, the trade agreement granting most-favored-nation (MFN) status to China and the bilateral agreements covering international air routes and marine shipping became effective in 1980 and were extended or renegotiated during 1983. Negotiations on a U.S.-Chinese income tax treaty and a bilateral investment treaty were also held in 1983.

Another major development was an increase in the number of administrative actions involving alleged injury to U.S. industries by imports from China. During 1983, investigations covering seven products imported from China were conducted under the antidumping provision of the Tariff Act of 1930. An industry petition charging that China subsidizes all its textile exports also resulted in the first countervailing duty investigation to be initiated against a nonmarket economy country.

New guidelines for the export of dual-use goods to China

During a trip to China in May 1983, Secretary of Commerce Baldrige announced that the United States would significantly improve the process of technology transfer to China. To translate this pledge into action, however, new technical guidelines for the sale to China of dual-use goods (civilian goods having potentially significant military uses) had to be worked out. Until this task could be completed, the announcement that China would be placed in the least restrictive export-control category, Country Group V, served to assure the Chinese that a major U.S. policy change was forthcoming.

The revised guidelines were not issued until November 23, 1983, ^{1/} following considerable debate within the administration concerning the extent to which U.S. sales that contribute to China's economic modernization should be permitted, through the export of dual-use goods, to potentially aid the development of China's military forces. To reflect the prevailing position that "the People's Republic of China is unlikely to pose a threat to U.S. security interests unless there is a major infusion into that country of the most advanced military systems," the new guidelines were designed to substantially increase the transfer of dual-use goods "while retaining national security controls on truly sensitive equipment and technology." ^{2/}

In addition to providing for an easing of restrictions, the guidelines were restructured to more clearly define the exports likely to be approved and to permit speedier handling of the license applications. These changes addressed problems with the previous guidelines for China issued by the Reagan

^{1/} See 48 F.R. 53067. On Nov. 23, 1983, China was also transferred from Country Group P, an export-control category created in 1980 for only China, to Country Group V.

^{2/} Testimony of Secretary of Commerce Baldrige before the House Special Subcommittee on U.S. Trade with China, the Committee on Energy and Commerce, Sept. 27, 1983.

administration in December 1981, which provided for the approval of technologies for China that were two times the technical level permitted for exports to the U.S.S.R. prior to its invasion of Afghanistan. Largely because of the ambiguity of this directive, the earlier guidelines had resulted in long delays in the licensing review process and a more restrictive policy toward China than was intended.

The structural concept underlying the new guidelines was the establishment of three major conditions or "zones" for use in processing license applications. The green zone includes products and technologies defined as minimum-risk items that will receive, for the most part, routine approval by the Department of Commerce. An intermediate zone covers very high-technology items that will require case-by-case interagency review. A third, or red, zone applies to technologies subject to "a strong presumption for denial" because of their direct application to advanced military systems.

After substantially raising the level of technologies defined as minimum-risk items, administration officials expect approximately 75 percent of all license applications for exports to China to fall within the green zone. To further facilitate the transfer process, the new guidelines describe the technical limits of items in this category, which covers equipment and technology in seven general product areas: computers, computerized instruments, microcircuits, electronic instruments, recording equipment, semiconductor production equipment, and oscilloscopes. The more advanced commodities and technologies that are not defined in the guidelines will require interagency review on a case-by-case basis, but are likely to be approved unless the item "poses a clear threat to U.S. security interests." ^{1/}

Most of the advanced-technology sales to China likely to be approved by the United States are also subject to review and final approval by the Coordinating Committee for Multilateral Export Controls (COCOM). The new guidelines for China were cleared with the other members of COCOM--the U.S. allies in NATO, except Iceland, plus Japan--prior to their publication. Some U.S.-approved sales were also forwarded for COCOM review and quickly approved in 1983. However, when the other members did not adopt similar policies on exports to China, there was growing concern both in the administration and in Congress that COCOM might use its veto power to obstruct the more liberal U.S. policy. A veto by any one country belonging to COCOM can halt a U.S. sale to China. Another concern is that U.S.-licensed exports to China will undergo long delays before they are approved by COCOM, if only because the number of cases the United States submits will increase significantly.

In 1983 the United States approved more than 3,000 license applications for exports to China, amounting to a total transactions value of over \$1 billion. This was a substantial increase over the almost 2,000 licenses, valued at over \$500 million, granted in 1982. With applications continuing to rise since the new guidelines for China were issued, it has been estimated that close to 5,000 applications, reaching an aggregate value of about \$2 billion, could be approved in 1984. ^{1/}

^{1/} Ibid.

^{2/} Testimony of Secretary Baldrige before the House Special Subcommittee on U.S. Trade with China, Committee on Energy and Commerce, Feb. 22, 1984.

Other steps to increase technology transfer

The U.S. announcement that controls on dual-use exports to China would be significantly reduced served to pave the way for the resumption of bilateral negotiations on peaceful nuclear cooperation. Before U.S. companies can participate in the construction of nuclear power plants in China, an agreement committing the Chinese to accept rigid conditions to safeguard nuclear materials, components, and technology imported from the United States is required by the Atomic Energy Act. In addition, the United States needs official assurance from China that it will not reexport any U.S.-supplied nuclear equipment or technology to third countries without U.S. consent. Although China has been a nuclear weapons state since 1964, it has refused to sign the international nuclear nonproliferation treaty, considering it a means by which the United States and Soviet Union have sought to perpetuate their nuclear superiority. Having taken this position, China has in effect not officially committed itself to refuse help to countries wanting to develop nuclear weapons.

For the last several years, China has been developing plans for the construction of a substantial number of nuclear power stations in those areas of the country where neither coal nor hydroelectric power is readily available. Since it does not now have the technical capability to build large installations, the plans call for importing the initial plants and gradually acquiring the technology and facilities to manufacture much of the equipment needed for later plants. Moreover, China's leaders have expressed an interest in obtaining the services of experienced U.S. firms to implement the program and carry it through the early stages.

Bilateral discussions concerning peaceful nuclear cooperation began in 1981. The negotiations were at an impasse in mid-1982, however, when Chinese authorities announced that the first nuclear power plant requiring foreign technology--an 1,800-megawatt installation--would be constructed in Guangdong Province. U.S. companies were asked to submit cost estimates for the project, but further talks to reach a U.S.-Chinese agreement on nuclear cooperation remained deadlocked throughout 1982. 1/

Negotiations were reopened when China sent a delegation to Washington in July 1983. Progress was made in both these and later discussions and was aided by China's decision to join the International Atomic Energy Agency. 2/ By December the two countries were close to reaching agreement. 3/ When concluded, the agreement will be sent to the Congress for 60 days and, if not disapproved during this period, will then become effective.

1/ In March 1983, China tentatively awarded construction of the Guangdong nuclear power plant to Framatome, the State-owned French nuclear firm, which will supply the reactor and related services. The United Kingdom's General Electric Co. received an offer to supply the power-generating turbines. The arrangements made were agreements in principle, rather than firm contracts.

2/ See the section on new membership in international organizations later in this report.

3/ Although further negotiations were held in January 1984, the effort to reach agreement while Premier Zhao Ziyang was in Washington was not successful. Bilateral discussions were continued in an attempt to settle the remaining differences before President Reagan's trip to China in April. 37

The apparent improvement in U.S.-Chinese relations by September 1983 provided an opportunity to also discuss possible U.S. weapons sales to China. 1/ Secretary of Defense Weinberger raised the matter with China's leaders during a trip to Beijing, reportedly offering to make certain defense technology available, subject to the conditions for such U.S. sales. 2/ The Chinese appeared to have no interest, however, in accepting the offer.

China has one of the largest and most poorly equipped armies in the world. Nevertheless, of the four areas that have been targeted for modernization--agriculture, industry, science, and defense--the military sector has received the smallest amount of funding. In addition to the low priority accorded defense development, China's dispute with the United States over the sale of U.S. military equipment to Taiwan was another reason for its unwillingness to take up Secretary Weinberger's offer.

New U.S.-Chinese textile agreement

In July, during the seventh round of difficult negotiations that began in August 1982, the United States and China concluded a new bilateral agreement on trade in textiles. The 5-year pact was formally signed on August 19 and was made retroactive to January 1, 1983, replacing the unilateral quotas imposed on U.S. imports of Chinese textile products after the original 3-year agreement expired on December 31, 1982.

A total of 33 textile import categories--all but 2 of them apparel items--were made subject to specific limits under the new bilateral pact. This meant that, on the basis of the quantity of trade during the previous 12-month period, approximately 70 percent of all U.S. textile imports from China were controlled when the agreement was put into effect. For these categories, the designated increases over the 5-year period average roughly 3.8 percent a year compared with an average annual rate of growth of approximately 4.1 percent under the agreement concluded in 1980, when only eight categories were initially placed under control. 3/

1/ An earlier offer to make arms available to China was made by former Secretary of State Haig in June 1981. U.S. regulations were accordingly changed in December 1981, when the Reagan administration removed China from a list of countries that are denied approval of U.S. arms exports. This action did not result, however, in the Chinese making any arms purchases.

2/ Any application for a license to export U.S. arms is considered on a case-by-case basis, and the license can be granted only if certain criteria are met--notably, if the importing country agrees not to make an unauthorized transfer of the article or to permit it to be used for purposes other than those for which it is intended. In addition, the Arms Export Control Act also allows the Congress to disapprove a sale of defense equipment under specified circumstances.

3/ Estimates of the average annual rates of growth are based on a study cited in U.S. Import Weekly, Aug. 24, 1983, p. 811.

A "call to consultation" provision is also included in the agreement, as it was in the previous one, to bring additional categories under control. The consultation mechanism can be invoked whenever a textile import from China is disrupting, or threatening to disrupt, the U.S. market. If the two countries cannot mutually agree upon a quantitative limit for the product by 90 days after notification of the market disruption, the import category can be automatically restricted under a formula specified in the agreement. By the end of 1983, five calls to consultation had been made under the new agreement. 1/

Meeting with the Department of Commerce's Management-Labor Textile Advisory Committee on August 31, 1983, domestic textile manufacturers maintained that the new agreement would permit imports from China "to continue as a major disruptive force in the U.S. market." 2/ Their dissatisfaction was based only in part on the annual rates of import growth allowed in the agreement, which they contended were incompatible with the administration's commitment to limit imports to the growth of the domestic industry. Another factor was the inadequacy of the consultation mechanism to stem potential surges of import growth in the 76 textile categories not controlled under the agreement. On September 12, an association of U.S. manufacturers and two unions representing domestic textile workers filed a petition for further import relief. Alleging that China subsidizes its textile exports, they requested the imposition of a countervailing duty of 40.4 percent ad valorem in addition to the normal U.S. duty rates. In December, however, the administration persuaded the U.S. industry to withdraw this petition, and in turn, it instituted more restrictive rules for invoking the consultation mechanism to increase controls on textile imports from all sources. 3/

Extension of the U.S.-Chinese trade agreement and annual MFN review

The U.S.-Chinese trade agreement was renewed for a 3-year period on February 1, 1983. One of the provisions of the agreement is the Presidential waiver extending MFN tariff treatment to U.S. imports from China. Section 402 of the Trade Act of 1974 (the Jackson-Vanik amendment) prohibits the extension of MFN treatment to the products of any NME that denies or severely restricts emigration by its citizens, but it also permits the President to waive the prohibition if he determines that granting a country MFN status would promote free emigration. The trade agreement was entered into force and MFN treatment of imports from China became effective on February 1, 1980, following a concurrent resolution of approval by the Congress. On December 23, 1982, President Reagan recommended that the original agreement be renewed. Its extension was automatic when the recommendation was not disapproved by Congress.

1/ This figure does not include the calls made on four categories of textile imports from China on Dec. 30, 1983, after President Reagan issued more restrictive criteria for textile imports from all sources on Dec. 16, 1983. For details, see the section on administrative actions affecting imports of textiles from China, p. 45.

2/ U.S. Import Weekly, Sept. 14, 1983, p. 884.

3/ For more detailed information on the countervailing duty petition and the new textile import standards, see the section on administrative actions affecting imports of textiles from China, pp. 44 and 45.

Section 402 of the Trade Act of 1974 also includes a provision for annual congressional review of the waiver authority under which the President can extend MFN status to an NME and of any waivers granted by him. The act further stipulates that, during the 60-day annual review period, Congress can terminate the President's general waiver authority or any of the waivers currently in effect by either House adopting a resolution of disapproval. At the congressional hearings held in 1983, virtually no opposition was voiced against the President's recommendation to continue the waiver in effect for China, 1/ but the entire congressional review process was questioned.

Testimony presented during the hearing of the House Committee on Ways and Means, Subcommittee on Trade, on July 14, 1983, indicated that Chinese officials are reluctant to approve the emigration of persons with skills that are needed for that country's modernization efforts. Current regulations also restrict foreign study by Chinese university students until they complete their Chinese education and work 2 years. Nevertheless, the major obstacle to emigration from China is the inability or unwillingness of other countries to receive the large number of people who are able and willing to leave. For example, because of the numerical limitation on immigrants from each country, the United States cannot keep up with the Chinese applications for entry. 2/

At the hearing of the Senate Committee on Finance, Subcommittee on International Trade, held on July 29, 1983, the effect that a recent (June 23, 1983) U.S. Supreme Court decision would have on the annual MFN review process was raised. This decision held unconstitutional the legislative veto in an immigration law case (United States Immigration and Naturalization Service v. Chadha). The question explored at the hearing was whether it was constitutional for the Congress to terminate the waiver authority of the President to extend MFN status to an NME by either House adopting a resolution of disapproval (in effect, a legislative veto). Further study was made of this issue in 1983, but no decision was reached.

Negotiations conducted on other bilateral agreements

During 1983 the textile issue and the agreement finally reached were a major determinant of the trend in U.S.-Chinese trade relations. The negotiations on bilateral nuclear cooperation were also particularly noteworthy because of the potentially large transfer of U.S. technology that could result from an agreement. In addition to these developments, a series of negotiations were conducted during the year to revise old agreements or develop new ones in other areas affecting commercial relations between the United States and China.

1/ President Reagan also recommended, in documents submitted to the Congress on June 3, 1983, that the waivers be continued for Hungary and Romania. For a discussion of the congressional review of the MFN status of these countries, see the section on Eastern Europe in this report.

2/ Testimony of Donald M. Anderson, Director, Office of Chinese Affairs, Department of State.

Civil air transport agreement.---The agreement authorizing direct scheduled air service between the United States and China for the first time since 1949 was signed on September 17, 1980, and extended for another 3-year period on September 17, 1983. However, in June 1983, Pan American World Airways (Pan Am) had for financial reasons resumed flights to Taiwan, in addition to flying its route between the United States and China. This action was strongly protested by China and continued to strain bilateral relations during the remainder of the year.

Pan Am had relinquished its lucrative Taiwan route as a gesture of good will, rather than as a requirement for its being designated the one U.S. airline to begin service on the new China route under the 1980 agreement. Nevertheless, China responded to its decision to reinstate flights to Taipei by demanding that Pan Am be replaced by another U.S. company not serving Taiwan, noting that this change was a requirement for maintaining good bilateral relations. The demand was rejected by the U.S. Civil Aeronautics Board (CAB) on the grounds that the United States has the right to select airlines to serve foreign countries according to its own criteria. Although the prospect of China canceling Pan Am's flights to Beijing and Shanghai became less likely as U.S.-Chinese relations improved with the announcement that U.S. controls on exports of advanced technology to China would be reduced, the Chinese took limited steps to indicate the seriousness with which they regarded the airline issue. They withdrew Pan Am's emergency landing rights in Guangzhou and revoked the permission they had granted Pan Am to fly over China on flights eastbound to Hong Kong. This retaliatory action was more symbolic than damaging, since Pan Am had never used Guangzhou for an emergency landing and does not fly east to Hong Kong. More important, however, it did not violate the civil aircraft agreement, leaving the issue open to further consultation under the extended pact.

Although China has only one national airline, the Civil Aviation Administration of China (CAAC), the 1980 agreement included a provision that each country could designate a second airline to fly between the United States and China 2 years after service had begun. In 1983, the CAB selected Northwest Orient Airlines, another U.S. carrier with a Taiwan route, to fly cargo service into China beginning January 1, 1984. 1/

Maritime transport agreement.---Negotiations to renew the bilateral maritime agreement were begun in April 1983, with the United States submitting a number of complaints about problems that had arisen since the pact became effective in 1980. The two countries subsequently exchanged drafts that were substantially different from the 3-year agreement scheduled to expire on September 17, 1983. When further negotiations failed to resolve these differences, the agreement was initially extended for 3 months, to December 17, 1983, and then allowed to expire.

1/ Because U.S. carriers flying into both Taiwan and China remains a highly sensitive issue in U.S.-Chinese relations, Northwest did not begin the route to China as scheduled.

Cargo sharing was the major problem raised by the United States. The agreement stipulated that U.S.-registered and Chinese-registered vessels would carry "equal and substantial shares of the bilateral cargoes." The remaining one-third of the cargoes could be allocated unequally between the two countries when availability was a problem or carried by third-country vessels. In practice, however, third-flag vessels carried a larger share than either the United States or China. Yet while the portion carried by Chinese vessels increased rapidly and by 1983 even slightly exceeded one-third of the total cargo value, U.S. vessels accounted for only about one-half the one-third cargo share (in terms of value) allocated to the United States under the agreement. Other issues related to restrictions on the operating freedom of U.S. carriers, including the small number of Chinese ports open to them.

In the absence of an agreement, Chinese-registered vessels must request entry into U.S. ports 7 days in advance, whereas the agreement permitted them to give only 4 days' notice to enter 55 U.S. ports. U.S.-flag carriers were already subject to 7 days' notice under the agreement, which is the standard requirement for all foreign vessels entering China's international commercial ports.

Investment treaty.--In 1982, China ended more than a year of economic retrenchment and announced plans for substantial new investment to develop its energy resources and its transportation and communications facilities. In addition, the Chinese invited foreign investors to participate in more than 100 industrial modernization projects. To attract the large amounts of capital and the technical expertise required, a new emphasis was placed on joint-venture arrangements for both major and small-scale undertakings. However, most U.S. companies remained reluctant to invest in China until a bilateral investment treaty could be concluded. China, on the other hand, expressed a particular interest in attracting more U.S. investment. In December 1982, U.S. and Chinese officials agreed to begin the treaty negotiations.

The United States and China exchanged drafts of a bilateral investment treaty in May 1983, during the first session of the United States-China Joint Commission on Commerce and Trade. ^{1/} The first negotiations on a treaty were held in June and were followed by two more rounds of talks during 1983. Not much progress was made, however, since a number of difficult issues must be resolved, including provision for the repatriation of earnings, a process to arbitrate disputes, and rules for compensation in case of expropriation. In addition, the most essential provision a treaty must include is assurance that the treatment accorded U.S. companies is equal to that accorded the Chinese economic organizations and other foreign firms investing jointly with them.

^{1/} The United States-China Joint Commission on Commerce and Trade was formed in 1981 to expand U.S. exports to China and further develop China's commercial dealings with the United States. Its first major product was a bilateral industrial cooperation agreement signed by President Reagan and Premier Zhao Ziyang on Jan. 12, 1984. The agreement provides a framework within which the United States-China Joint Commission will implement activities to strengthen industrial and technological cooperation between the two countries.

As of September 1983, a total of 19 U.S. companies had invested \$102.6 million in 89 different joint equity ventures in China, 1/ i.e., joint ventures involving the direct investment of funds and a proportionate share of the profits, losses, and risk. This figure did not include U.S. participation in offshore oil exploration and other energy development projects that are contractual joint ventures, under which the foreign investor provides technology and capital (not necessarily money) and is repaid a negotiated rate of return, plus principal, over a specified term. In December 1983, a U.S. company (Minnesota Mining & Manufacturing) concluded negotiations to establish the first fully foreign-owned venture in China outside of the special economic zones. This development may require additional provisions in the bilateral investment treaty to cover such operations. China does not now have any laws or regulations relating to this type of venture.

Administrative actions affecting imports from China

During 1983, the U.S. International Trade Commission (Commission) made final determinations in each of two antidumping cases involving alleged injury to the domestic industry by imports of a textile product from China. These investigations were followed by a series of other administrative actions. In response to the new bilateral agreement on trade in textiles, the U.S. industry filed a petition alleging that China subsidizes all its textile exports. A countervailing duty investigation was initiated by the Department of Commerce, terminated when the domestic industry was persuaded to withdraw its petition, and subsequently replaced--as an alternative form of import relief--by a new set of rules designed to tighten controls on textiles imported from all suppliers.

Preliminary determinations were also made by the Commission in four antidumping investigations involving chemical products imported from China. In addition, the Commission instituted two investigations on behalf of certain U.S. producers of mushrooms. One was a review of conditions in the domestic industry, for the purpose of assessing the economic effect of terminating "escape-clause" relief against imports (of which those from China were a prominent share). The other action was a final antidumping investigation on imports from China.

Textiles.--Two separate investigations on imports of textile products from China were instituted by the Commission under section 733(a) of the Tariff Act of 1930 (antidumping provision) in August 1982 and concluded during 1983. On August 22, 1983, the Commission made a final determination that the domestic industry was being materially injured by imports of greige polyester/cotton printcloth from China, found to be sold in the United States at less than fair value. 2/ Subsequently, on September 6, 1983, the

1/ The China Business Review, September-October 1983, pp. 21, 22, and 25.

2/ Commission Chairman Alfred E. Eckes and Commissioners Paula Stern and Veronica A. Haggart voted affirmatively; Commissioner Seeley G. Lodwick abstained.

Commission completed its final investigation on imports of cotton shop towels from China, making a unanimous determination that imports of shop towels sold at less than fair value were also materially injuring the U.S. industry. 1/

Concerned by the annual rates of import growth permitted under the new bilateral textile agreement and the apparent inadequacy of the consultation mechanism to stem a continuing rise in the uncontrolled categories of imports from China, a coalition of U.S. textile manufacturers and two unions representing textile and apparel workers filed a petition for further import relief. In documents filed with the Department of Commerce, the domestic industry alleged that China subsidizes its textile exports and should be subject to a U.S. countervailing duty in addition to the normal rates of duty.

The subsidization charge was based on China's dual exchange-rate system. In January 1981, China introduced an internal settlement rate of 2.8 yuan to the dollar for all external transactions, both export and import. This settlement price for Chinese enterprises has been maintained since that time, but the official rate of exchange has fluctuated because it is pegged to a basket of currencies. The difference between the two rates as of May 31, 1983, when the official exchange rate was 1.9939 yuan to the dollar, was used to determine the amount of the subsidy and the countervailing duty rate of 40.4 percent ad valorem sought by the U.S. industry.

Despite the virtually unprecedented issues raised by the complaint, including whether U.S. countervailing duty law can feasibly be applied to nonmarket economy countries, 2/ the Department of Commerce instituted an investigation on October 4, 1983, 3/ and was scheduled to make a preliminary determination on December 6, 1983. On that date, however, concerned that continuation of the case would lead to retaliation by China, administration officials persuaded the domestic industry to withdraw its petition with the proviso that it could be resubmitted in 10 days in the absence of an acceptable alternative.

1/ For more detailed information on these two investigations, see 32d Quarterly Report . . . , pp. 36-38; 33d Quarterly Report . . . , pp. 42-44; 35th Quarterly Report . . . , p. 41; and 36th Quarterly Report . . . , p. 51. See also Greige Polyester/Cotton Printcloth From the People's Republic of China: Determination of the Commission in Investigation No. 731-TA-101 (Final) . . . , USITC Publication 1289, September 1983; and Shop Towels of Cotton From the People's Republic of China: Determination of the Commission in Investigation No. 731-TA-103 (Final) . . . , USITC Publication 1431, September 1983.

2/ The Department of Commerce made its first ruling on this issue on Feb. 17, 1984, in two cases involving carbon steel wire rod from Czechoslovakia and Poland. Although Commerce's International Trade Administration made negative findings on these complaints, it ruled that "nonmarket economy countries are not exempt per se from the countervailing duty law."

3/ The Commission did not participate in the investigation because a determination on the question of injury to the U.S. industry was not required. For details, see the 36th Quarterly Report . . . , p. 52.

On December 16, 1983, the administration issued new rules for automatically determining whether textile imports are disrupting, or threatening to disrupt, the U.S. market. The new criteria are (1) the total growth in U.S. imports in that product or category is 30 percent or more in the most recent year, or the ratio of total imports to domestic production in that product or category is 20 percent or more; and (2) imports from the individual supplier are 1 percent or more of the total U.S. production in that product or category. If these conditions apply, a call to consultation will be made on an uncontrolled import category when export authorizations issued by a supplier in the particular product reach 65 percent of a certain level, which is determined by applying a formula negotiated as part of each exporter's textile agreement with the United States. 1/

The new standards produced an almost immediate effect, triggering 32 calls for consultation on December 30, of which 4 applied to imports from China. If consultations with China do not lead to a mutually agreed limit on imports in each category called, the formula limit negotiated for that import category under the agreement will be imposed 90 days after receipt of the call. Thus, a total of 42 categories of textile imports from China will be restricted as a result of the new bilateral agreement and the calls to consultation made in 1983.

Chemicals.--On February 22, 1983, the Commission instituted a preliminary investigation on alleged injury to a domestic industry by imports of potassium permanganate from China, 2/ alleged to be sold in the United States at less than fair value. A second case involving imports of a chemical product from China was initiated by the Commission on April 6, 1983, in which the petitioners alleged that chloropicrin was also being sold at less than fair value. In preliminary determinations made on March 31, 1983, and on May 17, 1983, respectively, the Commission found a reasonable indication, by unanimous vote in both cases, that imports from China of potassium permanganate and chloropicrin were materially injuring, or threatening to materially injure, a U.S. industry. 3/

In two separate preliminary investigations conducted by the Department of Commerce, both products from China were also found to be sold in the United States at less than fair value. In accordance with the procedures for antidumping cases, the Commission subsequently initiated its final investigation on potassium permanganate from China on August 9, 1983, and on chloropicrin from China on September 19, 1983. Its deadline for making a

1/ The bilateral textile agreements include formulas for determining the quantitative restrictions that may be imposed on previously uncontrolled categories in each broad commodity group (e.g., cotton apparel) if an item is found to be disrupting the U.S. market.

2/ The initial investigation covered imports from both China and Spain.

3/ For details, see 35th Quarterly Report . . ., pp. 39 and 40. See also Potassium Permanganate From the People's Republic of China and Spain: Determinations of the Commission in Investigations Nos. 731-TA-125 and 126 (Preliminary) . . ., USITC Publication 1369, April 1983; and Chloropicrin From the People's Republic of China: Determination of the Commission in Investigation No. 731-TA-130 (Preliminary) . . ., USITC Publication 1395, May 1983.

final determination in both cases was extended into 1984, however, when the Department of Commerce granted a request of the China National Chemicals Import & Export Corp. to postpone the final determinations on the question of sales at less than fair value. 1/

On October 25, 1983, two antidumping petitions were filed by a domestic chemical company, alleging that industries in the United States are materially injured, or are threatened with material injury, by imports from China of barium chloride and precipitated barium carbonate sold at less than fair value. In making its investigations of these products (barium chloride and barium carbonate were determined to be two products and two industries), the Commission found that imports from China, as a percentage of apparent U.S. consumption, had increased substantially in the past 3 years and had consistently undersold the domestic products by substantial margins. On the basis of this evidence and other data supporting a reasonable indication that such imports were having a detrimental effect on the profitability of the U.S. industries, the Commission made affirmative preliminary determinations, by unanimous vote, 2/ on December 2, 1983. 3/

1/ On Dec. 26, 1983, the Department of Commerce published its final determination that imports of potassium permanganate from China are being sold in the United States at less than fair value. It also found that "critical circumstances" exist, with dumping occurring in 100 percent of the sales of the Chinese product in the U.S. market; the overall weighted-average dumping margin was calculated to be 39.63 percent. On Jan. 12, 1984, the Commission concluded its final investigation on potassium permanganate from China, making a unanimous determination of material injury to a U.S. industry. Voting unanimously, the Commission also made a critical-circumstances finding that the material injury is by reason of massive imports from China of this product over a relatively short period of time; it therefore imposed the dumping duty retroactively to prevent such injury from recurring (Potassium Permanganate From the People's Republic of China: Determination of the Commission in Investigation No. 731-TA-125 (Final) . . . , USITC Publication 1480, January 1984).

On Feb. 16, 1984, the Department of Commerce announced a final determination that chloropicrin from China was being sold in the United States at less than fair value. Lowering its preliminary estimate, Commerce found the weighted-average margin of dumping to be 58 percent; it also reversed its preliminary finding that critical circumstances exist. Concluding its final investigation in this case on Mar. 6, 1984, the Commission unanimously determined that a domestic industry is being materially injured by imports of chloropicrin from China sold in the United States at less than fair value. Dumping duties will be imposed, but the Commission did not address the question of critical circumstances since Commerce's vote on this issue was negative (Chloropicrin From the People's Republic of China: Determination of the Commission in Investigation No. 731-TA-130 (Final) . . . , USITC Publication 1505, March 1984).

2/ In addition to finding a reasonable indication of material injury to the two industries, Commissioner Paula Stern also found a reasonable indication of threat of material injury to the domestic industries by reason of alleged less-than-fair-value imports from China.

3/ Barium Chloride and Barium Carbonate (Precipitated) From the People's Republic of China: Determinations of the Commission in Investigations Nos. 731-TA-149 and 150 (Preliminary) . . . , USITC Publication 1458, December 1983.

The Department of Commerce is scheduled to make its preliminary determinations on the nature and extent of sales at less than fair value on or before April 2, 1984. The petitioner also alleged that critical circumstances exist with respect to imports from China of both barium chloride and barium carbonate, requiring that Commerce also return preliminary findings on this question.

Mushrooms.—On April 29, 1983, certain U.S. producers of mushrooms filed a petition with the Commission under section 203 of the Trade Act of 1974, requesting that relief then in effect against the importation of most types of canned mushrooms (including those supplied by China) be continued. This relief, in the form of a tariff increase subject to annual reductions, was provided for the domestic mushroom industry for a 3-year period effective November 1, 1980, under the escape-clause provision (sec. 201) of the Trade Act of 1974. To determine and advise the President whether, in its judgment, import relief should be extended or allowed to expire as scheduled, the Commission instituted a review of economic conditions in the domestic industry on May 11, 1983. Subsequently, however, the petitioners withdrew their request, and the investigation was terminated on June 23. The duty on imports of certain prepared or preserved mushrooms (TSUS item 144.20) automatically reverted to its previous level on November 1, 1983.

China accounted for an increasing share of U.S. imports of canned mushrooms during most of the 3-year period in which the higher tariff was in effect. Although the U.S. industry was able to recapture a small portion of the domestic market under import relief, the decline that occurred in imports from Taiwan and the Republic of Korea following the duty increase was largely offset by the rise in China's import share. The trend was reversed, however, in 1983. After accounting for 31.0 percent, by quantity, of total mushroom imports in 1981 and 34.8 percent in 1982, China's share declined to 32.5 percent in 1983. The ratio of imports from China to U.S. consumption of canned mushrooms also decreased slightly, to 16.0 percent in 1983 from 16.3 percent in 1982. ^{1/} The decline occurred during the last half of 1983, after the Department of Commerce made a preliminary finding that mushrooms from China were being sold in the United States at less than fair value.

The antidumping investigation was instituted on behalf of U.S. mushroom producers on October 18, 1982. In making its preliminary determination in the case, the Commission found, by unanimous vote, on November 22, 1982, that there was a reasonable indication of material injury, or threat of material injury, to the domestic industry by imports of the product from China. ^{2/} The Department of Commerce continued its investigation on the question of sales at less than fair value, announcing the affirmative finding after estimating a dumping margin of 7.38 percent. The Commission initiated its final

^{1/} Computed from data in Processed Mushrooms . . . Fourth Calendar Quarter 1982 . . ., USITC Publication 1351, February 1983, and Processed Mushrooms . . . Fourth Calendar Quarter 1983 . . ., USITC Publication 1498, February 1984.

^{2/} Canned Mushrooms From the People's Republic of China: Determination of the Commission in Investigation No. 731-TA-115 (Preliminary) . . ., USITC Publication 1324, December 1982.

investigation on June 10, but delayed further action after Commerce issued a notice on June 14 extending its deadline for a final determination at the request of the Chinese exporter.

On October 5, 1983, the Department of Commerce, having reversed its earlier finding, announced that imports of canned mushrooms from China were not being sold in the United States at less than fair value. As a result, the proceedings were terminated and dumping duties were not imposed. Because shipments lag substantially behind import orders, the determination had no effect on the volume of mushrooms imported from China during the fourth quarter of 1983.

New Membership in International Organizations

As China has continued to expand its bilateral ties with the Western industrial countries, a number of developing nations, and other NME's, it has also increased its participation in multilateral organizations. China's membership in two international organizations it decided to join in 1983 could have a particularly significant effect on its commercial relations with the United States and other countries. They are the International Atomic Energy Agency and the Arrangement Regarding International Trade in Textiles, or Multifiber Arrangement (MFA).

International Atomic Energy Agency.---On October 11, 1983, China was accepted as a member of the International Atomic Energy Agency (IAEA), and, following ratification of the admission decision, became its 112th member on January 1, 1984. In joining the agency, which is under the aegis of the United Nations, China agreed in principle to adhere to its safeguard provisions and accept outside inspection of the series of nuclear power plants that it plans to build using foreign equipment and technology. 1/ Its decision to become a member represented a significant reversal of a long-held position that the IAEA's monitoring of nuclear power facilities was a violation of national sovereignty. In addition, China joined despite maintaining that the agency is dominated by the superpowers, but it refused to sign the IAEA nonproliferation treaty applicable to countries with nuclear weapons, considering it to be discriminatory. The fact, however, that China decided to join the IAEA was regarded by the United States as "an indication of its intention to play a constructive role in nonproliferation and international cooperation in the peaceful uses of atomic energy." 2/ Carrying China's position even further in a recent major policy statement, Premier Zhao Ziyang declared that "we do not engage in nuclear proliferation ourselves, nor do we help other countries develop nuclear weapons." 3/

1/ For more information, see the section on other steps to increase U.S. technology transfer to China, p. 37.

2/ Statement from testimony of Ambassador-at-Large Richard T. Kennedy before a joint hearing of the Senate Foreign Relations Committee and the Senate Committee on Governmental Affairs, Subcommittee on Energy, Nuclear Proliferation, and Government Processes, Sept. 30, 1983.

3/ Far Eastern Economic Review, Jan. 26, 1984, p. 49.

Although China's decision to join the IAEA and its assurances concerning nonproliferation are not a substitute for the specific guarantees required by U.S. law, they probably contributed significantly to the progress made in 1983 in negotiations to conclude a U.S.-Chinese agreement on nuclear cooperation. Japan is also expected to show more interest in reaching an agreement to provide China with technical assistance for its nuclear power plant construction. Unlike the United States, Japan does not formal policy on nuclear exports, but it regards IAEA membership as an important pledge of China's intention to use any nuclear technology provided it for only peaceful ends. If both the United States and Japan--in addition to France and the United Kingdom 1/--agree to cooperate with China, an additional benefit that it is likely to realize from IAEA membership is a competitive environment in which it can obtain more favorable financing for this costly technology.

Multifiber Arrangement.--China's application to join the MFA as a nonmember of its parent organization, the General Agreement on Tariffs and Trade (GATT), 2/ was presented and accepted with no formal opposition voiced at a regular meeting of GATT's Textile Committee held on December 15, 1983. 3/ Before applying to the MFA, however, China consulted with a number of its members--among them, the United States, the European Community, Japan, Hong Kong, India, the Republic of Korea, Egypt, and Brazil--and received assurances that they did not object to its joining.

China requested membership in the MFA under the condition that it be entitled to treatment equivalent to that accorded other participating countries of a similar level of economic development. Inasmuch as the question of whether China--as one of the world's largest producers of textiles--should instead be designated a major supplier was not formally raised by the Textile Committee, it was extended developing-country status. The main benefit to China of this classification is that neither the United States nor the European Community can offer import growth rates in the restricted categories of textiles and apparel that are lower than those specified under the MFA.

The new United States-China textile agreement meets the criteria of a bilateral agreement negotiated under the MFA. However, according to GATT officials, China's membership will now protect both countries from trade practices of the type employed in 1983. In joining the MFA, China is constrained from acting unilaterally to embargo or reduce trade in other commodities in order to acquire concessions in a dispute on trade in textiles, but it is also protected from sudden or unilateral curbs against its textile products. 4/

1/ See section on other steps to increase U.S technology transfer to China, p. 37, footnote 1.

2/ China has observer status in the GATT and attended the annual meeting of the Contracting Parties to the GATT in November 1983.

3/ China formally acceded to the MFA on Jan. 18, 1984.

4/ U.S. Import Weekly, Dec. 21, 1983, p. 461.

On the other hand, China's membership in the MFA calls for some modification of its bilateral agreement with the European Community; for example, a provision giving priority to the EC textile industry is not compatible with MFA rules. ^{1/} The 5-year agreement was scheduled to expire on December 31, 1983, but was extended when almost no progress was made in negotiations on a new pact by mid-December.

U.S. Exports

The value of U.S. exports to China decreased from \$2.9 billion in 1982 to \$2.2 billion in 1983. The largest decline occurred in shipments of food and live animals (SITC Section 0), consisting primarily of wheat and corn. Crude materials (SITC Section 2) was another major category of exports to China that lost ground in 1983, marking its third consecutive year of decline. Smaller decreases also occurred in exports of chemicals (SITC Section 5) and manufactured goods classified chiefly by material (SITC Section 6). In contrast, U.S. sales to China of machinery and transport equipment (SITC Section 7) increased to an alltime high. This development was accompanied by a rise in exports of miscellaneous manufactured articles (SITC Section 8), which includes some of the advanced equipment and technology that China needs to modernize its economy.

Food and live animals

Exports of food and live animals to China, of which 99.1 percent was shipments of wheat and corn, declined by 56.3 percent in 1983 (table 11). A significant drop in wheat exports (Schedule B No. 130.6540) was largely responsible for the downturn, with U.S. shipments in 1983 amounting to only about 2.5 million metric tons, valued at \$377.7 million, compared with shipments in 1982 of 6.8 million metric tons, valued at \$1.0 billion (app. table B-3). Exports to China of corn (Schedule B No. 130.3465) also declined in 1983, dropping to approximately 1.4 million metric tons, valued at \$158.1 million, from 1.6 million metric tons, valued at \$189.4 million, in 1982. China's annual imports of corn are consistently much smaller, however, than the annual imports of wheat that it requires, and they have fluctuated considerably with price changes in the international market.

U.S. corn shipments to China in the first half of 1983 were \$76.0 million higher in value than those in the corresponding period of 1982. The price increased sharply in the last half of 1983, after dry weather destroyed almost one-half of this country's 1983 crop, and China imported none from the United States in the second half of the year. Higher corn production in China in 1983 was probably another reason it stopped buying corn from the United States. Because of limited internal transport facilities, the Chinese normally import corn for urban consumption. However, evidence of an unusually large surplus crop in northeast China, the major growing area, suggests that the Government may have found it practical to transfer corn internally, especially after the import price increased significantly.

^{1/} European Report, Nov. 26, 1983, pt. V, p. 8.

The precipitous decline in U.S. wheat exports to China in 1983 was primarily, perhaps completely, the result of China's retaliation against the U.S. imposition of unilateral quotas on imports of Chinese textile products in January 1983. China responded officially to the quotas by banning imports of U.S. cotton, soybeans, and manmade fibers, but it also threatened to reduce its purchase of other U.S. agricultural products. Subsequently, the Chinese stopped buying U.S. wheat for approximately 7 months, placing no new orders from late January to early September, after the new bilateral agreement on trade in textiles was signed. With exports of wheat to China limited to previous orders, the United States shipped only 1.2 million metric tons, valued at \$183.6 million, in the first half of 1983. Additional exports resulting from new orders placed in or after September did not take place until the fourth quarter, when another 1.2 million metric tons, valued at \$194.1 million, was shipped.

On the basis of statements made by Chinese officials and assessments made by the U.S. Department of Agriculture, China's total grain import requirements for 1983 were projected to be approximately 13 million metric tons. By the time China resumed buying U.S. wheat, its total grain orders contracted for delivery in 1983 had already almost reached this level. Preliminary data on shipments during 1983 show that other suppliers exported a total of 8.8 million metric tons of wheat to China, as follows: Canada, 4.7 million metric tons; Argentina, 2.9 million metric tons; the European Community (primarily France), 803,000 metric tons; and Australia, 418,000 metric tons. China also imported a total of 153,000 metric tons of corn from Thailand and Argentina, 107,000 metric tons of barley from Canada and the European Community combined, and a small amount of rice from Thailand. Including the U.S. shipments of 3.8 million metric tons of wheat and corn combined, China's total grain imports reached 12.9 million metric tons. The U.S. share was only 29.6 percent, however, compared with its 54.1-percent share of 15.6 million metric tons of grain that China imported in 1982.

The 4-year United States-China grain agreement, which will remain in effect through December 31, 1984, calls for China to purchase and the United States to actually make shipments of from 6 million to 8 million metric tons of U.S. grain annually. ^{1/} By September 1983, doubtful that China would want to import enough additional U.S. grain during the remainder of the year to fulfill its minimum commitment of 6 million metric tons, U.S. officials requested that the annual bilateral consultations, which are provided for in the grain pact, be held as early as possible. However, the Chinese did not respond until November 30, when they proposed that, in addition to the 3.8 million metric tons of wheat and corn already shipped, they buy

^{1/} The agreement includes a provision permitting China to buy up to a total of 9 million metric tons of U.S. grain annually without giving prior notice.

approximately 2 million metric tons of wheat in December for delivery in early 1984. The United States agreed to this carryover of 1983 shipments, but China's additional wheat purchases by yearend amounted to less than 0.5 million metric tons. 1/

China may import enough U.S. grain in 1984 to meet its minimum commitment for the agreement year and make up the shortfall in 1983 imports. However, preliminary data indicate that its output of grain 2/ increased over 7 percent in 1983, 3/ following an increase of 8.7 percent in 1982 and 3 previous years of record or near-record harvests. In view of the continuing high rate of growth in grain production, the Chinese may have committed themselves to import more grain in 1984 than they will require. In addition to the 6 million to 8 million metric tons of annual grain imports that the U.S. agreement calls for, China is committed to buy another 6 million to 8.2 million metric tons annually from Argentina, Australia, and Canada combined. 4/ China's agreement with the European Community, which was for 500,000 to 700,000 metric tons of wheat annually, expired in July 1983 and was not extended or renegotiated. Its grain agreements with three major suppliers--Argentina, Australia, and the United States--are scheduled to expire in 1984.

Crude materials

Following a 46.8-percent decline, from \$1.1 billion in 1981 to \$586.9 million in 1982, U.S. exports to China of crude materials (SITC Section 2) dropped by another 49.3 percent to \$297.8 million in 1983. Large decreases in shipments to China of cotton, soybeans, and manmade fibers accounted for most of the decline in this category. On January 19, 1983, China announced a ban on imports from the United States of these three commodities and did not lift the embargo until September 5, 1983. Before taking this action, however, it had already sharply reduced its purchases of

1/ China had contracted for an additional 630,000 metric tons of U.S. wheat before Nov. 30, 1983, but had specified that these orders were for delivery in the 1984 agreement year. Rather than call for further consultations about the shortfall in China's grain imports for 1983, the United States has continued to credit some orders to the 1983 agreement year and others to the 1984 agreement year. As of Mar. 1, 1984, the grain sales reported by private companies to the U.S. Department of Agriculture consisted of 4.9 million metric tons (wheat and corn) credited to the 1983 agreement year and 932,200 metric tons (wheat) credited to the 1984 agreement year. (U.S. Department of Agriculture, Foreign Agricultural Service, U.S. Export Sales, Mar. 8, 1984.)

2/ China's grain production statistics include wheat, rice, corn and other coarse grains, and tubers.

3/ WEFA, Centrally Planned Economies Current Analysis, vol. III, No. 15, Feb. 15, 1984, p. 2.

4/ These totals include a commitment to buy 3.5 million to 4.2 million metric tons of wheat from Canada annually. However, China's agreement with Canada calls for the purchase of 10.5 million to 12.6 million metric tons of wheat over a 3-year period (August 1982-July 1985), giving China more flexibility to adjust its imports from year to year.

U.S. cotton, soybeans, and manmade fibers. Softwood logs accounted for a major share of U.S. crude-materials exports to China in 1983.

Cotton and soybeans.--U.S. shipments to China of cotton (SITC Group 263) 1/ reached an alltime high of \$701.3 million in 1980, making China the leading market for this export. After dropping to \$464.0 million in 1981, China's imports of U.S. cotton declined to \$177.8 million in 1982 and to only \$2.4 million in 1983. A similar trend occurred in U.S. sales of soybeans (Schedule B No. 175.4100) to China. The value of shipments was \$155.2 million in 1980, but declined to \$129.7 million in 1981 and \$63.2 million in 1982. China imported no U.S. soybeans in 1983.

The import ban that China imposed on cotton and soybeans in response to the unilateral quotas that the United States imposed on imports of its textile products probably contributed little, if anything, to its negligible imports of U.S. cotton in 1983 or the cessation of its soybean imports. The primary reasons for this loss in exports are China's agricultural reforms, which have greatly increased its level of farm output since 1977, and the inclusion of cotton and oilseeds among the crops that the Chinese leaders have promoted as part of a policy of import substitution. Instead of relying on large imports of these commodities, China shifted the cultivation of some land out of grain and used imports of grain specifically for the purpose of increasing food supplies for producers of cotton, oil-bearing seeds, sugar, and other crops that it previously imported in substantial amounts. However, under the reform program, grain production in China has also increased more rapidly than was apparently anticipated.

The essential element of the rural reforms is the agricultural responsibility system, under which individual households or teams of families are allocated fields and enter into contracts to meet specific quotas and payments. Crops such as cotton, oilseeds, and grain are still sold to State marketing organizations, but substantial increases in the base procurement prices paid by the Government have created an incentive to increase output. In addition, premium prices are paid for above-quota production, and for output above specified levels, the price can be negotiated. Households are also permitted to retain their output in excess of the base quota. The most recent reforms have involved the transfer of more decisionmaking about what crops to grow to the households. One result is that specialization in commercial crops has increased.

In 1983, China's total cotton imports were insignificant, and it even started to export a small amount of cotton. Moreover, preliminary data indicate that its cotton production may have increased by as much as 25 percent in 1983. 2/ Prospects are also poor for a revival in U.S. exports of soybeans to China, although it may gradually emerge as a market for both soybeans and soybean meal (SITC Section 0) as its livestock industry expands in and around the major urban areas of China. 3/

1/ Schedule B Nos. 300.1030, 300.1060, 300.1550, and 300.4140.

2/ WEFA, Centrally Planned Economies Current Analysis, vol. III, No. 15, Feb. 15, 1984, p. 2.

3/ Frederic Surls, "The Changing Climate for East-West Trade: China," in WEFA, Proceedings of the Wharton Middle East and Centrally Planned Economies Economic Outlook Conference, Oct. 10-12, 1983, p. 302.

Manmade fibers.---Announcing that a problem of excess inventories existed, China stopped buying any polyester staple, or noncontinuous polyester fibers (Schedule B No. 309.4242), its leading manmade-fiber import, in May 1982. U.S. exports to China of polyester fibers declined from \$281.8 million in 1981 to \$69.9 million in 1982. China resumed imports in 1983, and despite banning purchases from the United States in January 1983, it bought a small amount of U.S. manmade fibers even during the embargo period. However, U.S. exports to China of manmade fibers amounted to only \$28.8 million in 1983, of which \$12.6 million was polyester staple. The remainder consisted of acrylic fibers (Schedule B No. 309.4245), valued at \$11.9 million, and group filaments and strips (Schedule B No. 309.3270), valued at \$4.3 million.

China is expected to increase its imports of manmade fibers, especially acrylic fibers, but U.S. shipments to China are likely to remain at a small fraction of their 1981 level. Early in 1983, Chinese authorities lowered the home-market price of synthetic fabrics (and increased the domestic price of cotton fabrics). Domestic consumption of synthetic and polyester/cotton cloth has increased, but China's manmade-fiber output is also growing. Recently opened polyester-fiber plants are gradually bringing their production levels up to capacity, and additional polyester production facilities will be operating within the next few years. 1/

Softwood logs.---U.S. exports of logs to China increased 7.5 percent to \$227.9 million in 1983. This increase was small compared with that in the previous year, when shipments climbed from \$89.2 million in 1981 to \$211.9 million in 1982. In the first half of 1983, however, exports to China lagged well behind those in the corresponding period of 1982; sales then climbed to record quarterly levels during the last half of the year. China has imported primarily softwood saw logs from the United States: Douglas-fir logs (Schedule B No. 200.3510), which accounted for 70.9 percent of its 1983 log imports (table B-3); western hemlock logs (Schedule B No. 200.3514), which were 23.3 percent of imports; spruce logs (Schedule B No. 200.3508), 4.8 percent; and other miscellaneous categories.

China is expected to continue to require substantial imports of logs and lumber, especially for capital construction such as railroad ties, bridge trestles, port facilities, and mine shafts. However, it could import supplies from several sources in addition to the United States. In 1983, China was reported to have reached a lumber-purchase agreement with the Soviet Union. 2/

1/ The China Business Review, September-October 1983, p. 8.

2/ Ibid.

Chemicals

Exports of chemicals (SITC Section 5) to China declined 28.7 percent, from \$497.0 million in 1982 to \$354.2 million in 1983, owing mainly to a steep drop in U.S. shipments of plastics resins. In 1982, China increased its total imports of plastics resins, and the United States captured a significant share of the market. The combined value of U.S. exports to China of polyethylene resins (Schedule B Nos. 444.1610 and 444.1620) and polypropylene resins (Schedule B No. 444.1700) climbed to \$212.0 million from \$72.1 million in 1981. However, the prices of plastics resins began to rise in the United States as the economy recovered. The Chinese apparently began to turn to cheaper sources of supply in Europe and Latin America, and U.S. exports to China of polyethylene and polypropylene resins declined to a combined value of only \$76.4 million in 1983.

Chemical fertilizers, the mainstay of U.S. sales to China in this SITC category, increased 14.1 percent to \$167.7 million in 1983. Shipments of diammonium phosphate fertilizer (Schedule B No. 480.8005) amounted to \$99.8 million, and those of concentrated phosphate fertilizer (Schedule B No. 480.7050) and urea (Schedule B No. 480.3000), to \$35.2 million and \$32.7 million, respectively. Exports of herbicide preparations (Schedule B No. 486.8900) and insecticides (Schedule B No. 486.2900) also increased in 1983. Together they accounted for \$19.3 million in U.S. sales, up from \$6.2 million in 1982.

Manufactured goods classified chiefly by material

Exports to China of manufactured goods classified chiefly by material (SITC Section 6) declined from \$274.9 million in 1982 to \$216.8 million in 1983. Large decreases occurred in U.S. shipments of textile yarn and bovine leather, but exports of machine tool components increased significantly. However, unwrought aluminum accounted for the largest increase in U.S. sales to China and was the single leading export item in this SITC category in 1983.

Following a 40-percent decline to \$122.2 million in 1982, U.S. shipments to China of textile yarn (SITC Group 651) fell another 89 percent to \$13.5 million in 1983. The leading item exported to China was textured yarn of continuous polyester filament (Schedule B No. 310.0010), and shipments fell in conjunction with the decline in exports of polyester staple. ^{1/} Most of the decline in U.S. exports to China of manmade fabrics (SITC Group 653) occurred in 1982, when shipments declined to \$4.7 million from \$68.3 million in 1981. Such exports decreased to only \$3.2 million in 1983. After amounting to \$64.6 million in 1982, exports to China of bovine leather (SITC Subgroup 611.4) ^{2/} also declined in 1983, by 60.1 percent to \$25.8 million.

^{1/} For details, see the section on manmade fibers, p. 54.

^{2/} Schedule B Nos. 121.0515, 121.0525, 121.0530, 121.0540, 121.5707, 121.5726, 121.5732, and 121.5737.

Exports to China of parts for machine tools or power-operated hand tools (SITC Subgroup 695.4) increased from \$3.0 million in 1982 to \$24.3 million in 1983. The leading export in this product group was rotary rock-drilling bits (Schedule B No. 649.5040), which probably reflected the recent expansion of China's oil production and exploration.

Aluminum accounted for \$86.6 million in SITC Section 6 exports to China in 1983. Although the Chinese bought none from the United States in 1982, they imported \$14.9 million in aluminum from U.S. suppliers in 1980 and 8.1 million dollars' worth in 1981. China has also imported aluminum from Japan. However, because of the large amount of energy required in the production of aluminum, U.S. plants tend to have a cost advantage over those in Japan, which depend entirely upon imported energy.

China is expected to maintain or increase its demand for aluminum, using it to meet international standards in the packaging of its food exports, in the production of a variety of consumer goods, and in construction. Its own production of aluminum is very small, and it currently lacks both the transport facilities and the energy supplies to economically extend the development and refinement of its bauxite deposits.

Machinery and transport equipment

Machinery and transport equipment (SITC Section 7) became the leading category of exports to China in 1983. As shipments of food and live animals declined \$697.5 million and those of crude materials fell \$289.1 million, shipments to China of machinery and transport equipment increased \$366.2 million, or by 169.0 percent, to a record \$582.9 million. The increase resulted from the resumption in China's imports of the technically advanced goods that it needs to modernize its economy. In 1983, major U.S. sales to China in this category were largely limited to only a few types of products, but both the variety and volume of China's purchases are expected to increase significantly.

Aircraft and associated equipment (SITC Group 792) accounted for \$234.8 million, or 40.3 percent, of the exports to China in this commodity group in 1983. A total of seven new airplanes (Schedule B Nos. 694.4062 and 694.4068), amounting to a combined value of \$203.2 million, were delivered during the year to the Civil Aviation Administration of China (CAAC), its national airline. The remaining \$31.6 million in sales included two nonmilitary helicopters (Schedule B No. 694.4034), valued at \$11.6 million, and miscellaneous aircraft parts (Schedule B No. 694.6507), valued at \$19.4 million. The seven aircraft exported in 1983, consisting of five Boeing 737-200 jetliners and two McDonnell Douglas MD-80's, will be used to modernize China's aging passenger airline fleet and expand its service. Boeing Corp.'s agreement with the CAAC calls for the delivery of five more 737's. In addition, the McDonnell Douglas Co. has recently concluded a 25-aircraft coproduction agreement with China, under which the Chinese will manufacture some of the airplane components.

U.S. exports to China of aircraft turbines (SITC Subgroup 714.8 and Schedule B No. 660 4930) amounted to another \$24.8 million. If this item is included, shipments to China of aircraft and aircraft components increased from \$19.0 million in 1982 to \$259.6 million in 1983 and accounted for 65.7 percent of the increase in SITC Section 7 exports. Compared with shipments in 1982, exports of several other types of products increased moderately. These product groups included machine tools for working metal (SITC Group 736), mechanical handling equipment (SITC Group 744), automatic data processing machines (SITC Group 752), and medical and radiological apparatus (SITC Group 774).

Some of the technically advanced equipment that China imported in 1983 are classified as miscellaneous manufactured articles (SITC Section 8). The unprecedented rise in U.S. exports to China in this broad commodity group was largely attributable to its purchases of measuring, analyzing, and controlling instruments (SITC Group 874); such U.S. shipments to China more than doubled in value to \$138.3 million. These exports included geophysical instruments (Schedule B No. 710.2820), chemical analysis equipment (Schedule B No. 711.8710), and physical analysis equipment (Schedule B No. 711.8750).

The easing of U.S. restrictions on licensing the sale of dual-use goods to China ^{1/} should significantly increase exports of commodities such as advanced computers, semiconductor-manufacturing equipment, telecommunications equipment (all product groups in SITC Section 7), and scientific instruments (SITC Section 8). The revised export-control guidelines had almost no effect on shipments in 1983 since they were not officially implemented until November.

U.S. Imports

U.S. imports from China increased only \$1.7 million in 1983, remaining at the same level of \$2.2 billion reported in 1982 (table 11). Significant changes occurred in the value of trade, however, in two commodity groups. Miscellaneous manufactured articles (SITC Section 8), the leading group of imports from China, increased by \$172.6 million, and mineral fuels and lubricants (SITC Section 3), the second ranking import group, declined by \$160.5 million. The commodities in these two SITC Sections together accounted for 64.4 percent of all U.S. imports from China in 1983.

Miscellaneous manufactured articles

Propelled by a continuing rise in shipments of apparel and clothing accessories, U.S. imports from China of miscellaneous manufactured articles (SITC Section 8) increased by 20.6 percent, from \$835.9 million in 1982 to \$1.0 billion in 1983. China's exports to the United States of all apparel and related accessories--textile products plus items of materials such as fur and leather--increased 23.4 percent to \$754.8 million from \$611.8 million in 1982, and accounted for 74.8 percent of Section 8 imports from China in 1983. Imports of textile products alone accounted for a 71.2-percent share.

^{1/} See the section on new guidelines for the export of dual-use goods to China, pp. 35 and 36.

The rate of growth in imports of Chinese textile apparel and clothing accessories (SITC Groups 842-847) slowed substantially in 1983. After increasing by 57.4 percent to \$382.2 million in 1981 and by 52.9 percent to \$584.3 million in 1982, such imports grew by only 22.8 percent to \$717.6 million in 1983. There were also considerable differences in import growth rates among the various product groups: knitted or crocheted undergarments (SITC Group 846) increased by 64.5 percent to \$80.6 million; men's and boys' outer garments other than knitted (SITC Group 842) increased by 38.5 percent to \$163.9 million; women's, girls', and infants' outer garments other than knitted (SITC Group 843) increased by 22.3 percent to \$301.5 million; and clothing accessories such as handkerchiefs, gloves, and scarves (SITC Group 847) grew by 9.0 percent to \$22.6 million. On the other hand, imports from China of undergarments other than knitted or crocheted (SITC Group 844) increased by a negligible 0.1 percent from \$72.3 million in 1982 to \$72.4 million in 1983, and those of knitted or crocheted outer garments (SITC Group 845) declined by 1.2 percent to \$76.7 million.

An increase in the number of apparel categories that were restricted during 1982 and early 1983 appears to have been the primary reason for the slowdown in imports from China. There was a particularly large increase in Chinese textile exports to the United States during the last half of 1982, which triggered a series of calls to consultation as imports threatened to disrupt the U.S. textile market. Since such calls automatically lead to the imposition of new import limits 90 days after their receipt, 14 additional Chinese apparel categories had been restricted by the end of 1982, increasing to 27 the total number of apparel categories subject to mutually agreed or formula limits under the first U.S.-Chinese textile agreement. When unilateral quotas were imposed on textile products from China in January 1983, after the original bilateral pact expired, imports of four more apparel categories were limited. The new bilateral textile agreement signed in August 1983 subsequently provided for mutually agreed import limits on the 31 apparel categories (plus 2 categories of fabrics).

The tightening of controls initially appeared to have only a limited effect on imports of textile apparel from China. Shipments in January-June 1983 were \$324.9 million, up 42.5 percent from \$228.0 million in the corresponding period of 1982. During July-December 1983, they were \$392.7 million. This represented a 20.9-percent increase from those in the previous 6-month period, but only a 10.2-percent increase compared with the \$356.3 million in Chinese apparel imports in July-December 1982.

Textile apparel and clothing accessories accounted for 32.4 percent of the value of all U.S. imports from China in 1983. 1/ The limits in effect on textile imports under the bilateral agreement apply, however, to the quantity imported in each category, and much of the continuing rise in the value of shipments from China has resulted from the diversification of its textile exports to the United States into categories not yet subject to quantitative restriction. The new criteria for controlling U.S. textile imports from all suppliers, implemented on December 16, 1983, 2/ are therefore likely to

1/ Because of the low unit value of U.S. imports of apparel from China, their share understates the quantity of Chinese apparel entering the U.S. market.

2/ For a discussion of the new criteria to limit textile imports, see the ⁵⁸ section on administrative actions affecting imports from China, p. 45.

significantly curb the rate of growth in imports from China because the imposition of quantitative restrictions on new categories has been expedited. Most Chinese apparel products are in the low end of the price range for their designated import categories, and the Chinese have not yet acquired the fashion sophistication to substantially upgrade the value of the product as an increasing number of new import limits are imposed.

Mineral fuels and lubricants

Imports from China of mineral fuels and lubricants (SITC Section 3) declined by 27.7 percent, from \$580.2 million in 1982 to \$419.6 million in 1983. This decrease in the value of shipments was attributable, in part, to a reduction in the international prices of crude petroleum and petroleum products compared with their levels in 1982 and, in part, to a decline in the quantities imported.

Most of the decline occurred in imports from China of crude petroleum and shale oil (TSUSA items 475.0510 and 475.1010), which fell by 62.0 percent in value, from \$180.5 million in 1982 to \$68.7 million in 1983, and by 57.4 percent in quantity, from 5.8 million barrels in 1982 to 2.5 million barrels in 1983. Since the United States began to buy petroleum from China in 1979, such imports have fluctuated widely from year to year. Although China's total annual exports of crude petroleum--to markets such as Japan, Romania, Brazil, and the Philippines--are much larger than its exports of petroleum products, it normally sells more of the refined petroleum to the United States.

U.S. purchases of gasoline (TSUSA item 475.2520) from China decreased by 8.3 percent in value, from \$336.9 million in 1982 to \$308.9 million in 1983, but increased by 8.5 percent in quantity, from 9.6 million barrels in 1982 to 10.4 million barrels in 1983. However, imports from China of naphthas (TSUSA item 475.3500) declined by 33.0 percent in value and by 32.9 percent in quantity, reflecting only a small decline in price. Such shipments decreased from 1.8 million barrels, valued at \$62.8 million, in 1982 to 1.2 million barrels, valued at \$42.0 million, in 1983. Gasoline was the leading U.S. import from China in 1983 (table B-4), and crude petroleum and naphthas ranked second and fourth, respectively. Gasoline from China accounted for 12.0 percent, by value, of all such imports in 1983, and naphthas from China, for 2.9 percent of the naphthas the United States imported. China's share of U.S. crude petroleum imports was negligible, amounting to only 0.2 percent.

Other imports

Manufactured goods classified chiefly by material (SITC Section 6), the third ranking category of imports from China, increased by only 4.8 percent, from \$376.7 million in 1982 to \$394.7 million in 1983. Nevertheless, there was a substantial rise in imports of certain fabrics and household articles of textile materials. These items included unbleached cotton sheeting (TSUSA item 320.1038), up by 153.3 percent, from \$5.6 million in 1982 to \$14.1 million in 1983; cotton printcloth shirting (TSUSA item 320.2032), up 52.3 percent, from \$18.2 million in 1982 to \$27.8 million in 1983; and handknotted wool pile floor coverings (TSUSA item 360.1515), which increased 28.0 percent, from \$37.1 million in 1982 to \$47.5 million in 1983.

Tin (TSUS item 622 02) was the only leading SITC Section 6 import from China to decline (table B-4). The value of such shipments decreased by 33.5 percent, from \$35.5 million in 1982 to \$23.6 million in 1983, only slightly higher than their value in 1981. China is not, however, a major source of U.S. tin imports, and its exports to this country have fluctuated widely from year to year. Tin from China accounted for only 5.4 percent of the value of all tin imported by the United States in 1983 and for 5.7 percent of the quantity imported.

A decline in shipments from China of several other metals or minerals--imported either as ores or in a semiprocessed form--contributed to a leveling off in imports of chemicals (SITC Section 5) and another year of overall decline in crude-material imports (SITC Section 2, table 11). Imports from China of tungsten ore (SITC Section 2, TSUS item 601.54) decreased from \$7.3 million in 1982 to only \$653,957 in 1983; imports of ammonium tungstate, or APT (SITC Section 5, TSUS item 417.40), decreased from \$7.1 million in 1982 to \$2.5 million in 1983; and imports of tungsten carbide and other tungsten compounds (SITC Section 5, TSUS items 422.40 and 422.42) declined from \$5.2 million to \$620,146. Ammonium molybdate (SITC Section 5, TSUS item 417.28) was another import from China that declined substantially from \$7.7 million in 1982 to \$2.3 million in 1983, owing mainly to the continuing low level of production in the U.S. steel industry.

U.S. demand for tungsten imports has declined since 1981, owing to a combination of factors such as stagnant or falling oil prices (tungsten is used in drill bits) and the depressed condition of industries producing machine tools, mill products such as wire and rod, and specialty tool steels. Imports from China of tungsten ore fell steeply after 1981, when they amounted to \$20.7 million. However, imports of APT and tungsten oxide increased rapidly in 1982 because China's prices were much lower, even including the import duty, than the prices asked by U.S. producers. This matter was apparently settled through consultations held between U.S. and Chinese officials in early 1983.

After more than doubling from 1980 to 1982, imports from China of food and live animals (SITC Section 0) declined slightly in 1983. This reflected mainly a slowing in the rate of import growth of canned mushrooms from China, ^{1/} and a decrease in imports of cocoa butter (TSUS item 156.35), water chestnuts (TSUS item 141.70), and fresh or frozen shrimps and prawns (TSUSA items 114.4545 and 114.4557).

^{1/} See the section on administrative actions affecting imports of mushrooms from China, pp. 47 and 48.

Introduction

The climate for U.S.-Soviet trade relations continued to be chilly during the year under review. President Reagan continued efforts within COCOM to persuade the Western European countries and Japan to tighten restrictions on high-technology exports to the Soviet bloc. For its part, the Soviet Union appeared to be following a policy of diversifying its sources of supply away from the United States. Nonetheless, there was no dramatic worsening in trade relations. In July, the two countries signed a long-term grain agreement. Despite calls for tough action following the Soviet Union's downing of a Korean Air Lines plane on August 31, President Reagan did not impose new trade sanctions on the Soviet Union.

The value of two-way trade declined 16.8 percent, from \$2.8 billion in 1982 to \$2.3 billion in 1983 (see table 12). The decline was attributable to a 22.7-percent decrease in U.S. exports, from almost \$2.6 billion in 1982 to about \$2.0 billion in 1983.

Led by chemicals, nonferrous metals, and petroleum products, U.S. imports from the Soviet Union increased 49.1 percent, from \$228.8 million in 1982 to \$341.1 million in 1983. This reversed the downward trend of the previous 3 years, but imports from the Soviet Union remained small in absolute terms.

The increase in imports cut into the trade surplus that the United States traditionally runs with the Soviet Union. In previous years, Soviet officials had repeatedly asked the United States for more balanced trade. In 1983, the U.S. surplus was 29.6 percent lower than in the previous year (\$1.7 billion as opposed to \$2.4 billion). Or viewed in another way, for every dollar's worth of purchases from the Soviet Union, the United States sold about 11 dollars' worth of merchandise in 1982, but only 6 dollars' worth in 1983.

As in previous years, U.S.-Soviet trade remained concentrated in a few products. For example, during the year the top 20 U.S. exports together accounted for 92 percent of all exports, and the top 20 U.S. imports together accounted for 91 percent of total imports. This pattern is not typical of U.S. trade with other developed countries.

Economic Overview

Under Yuri Andropov, whose tenure as First Party Secretary roughly corresponds with the period under review, the Soviet economy registered some substantial gains.

When he came to power in November 1982, Andropov inherited an economy with fundamental weaknesses, but also major strengths such as large reserves of energy and other raw materials. ^{1/} The key economic problem was the long-term decline in Soviet growth rates. Although the Soviet economy continued to expand, its rate of growth had slowed considerably since the mid- to late 1970's. At the same time, the productivity of capital and labor

^{1/} For detailed analyses of the Soviet economy, see U.S. Congress, Joint Economic Committee, Soviet Economy in the 1980's: Problems and Prospects, Part 1, 1982.

Table 12. --U.S. trade with the U.S.S.R., 1/ by SITC Sections, 1981-83
(In thousands of dollars)

SITC Section	1981	1982	1983
U.S. exports:			
0. Food and live animals	1,600,140	1,642,161	1,194,996
1. Beverages and tobacco	400	2,979	874
2. Crude materials--inedible, except fuel	59,350	214,249	264,583
3. Mineral fuels, lubricants, etc	62,840	90,013	22,571
4. Oils and fats--animal and vegetable	56,089	40,565	21,507
5. Chemicals	180,220	287,846	239,398
6. Manufactured goods classified by chief material	32,871	25,961	29,729
7. Machinery and transportation equipment	300,814	225,458	149,452
8. Miscellaneous manufactured articles	45,371	59,129	76,422
9. Commodities and transactions not elsewhere classified	722	614	2,419
Total	2,338,818	2,588,975	2,001,951
U.S. imports:			
0. Food and live animals	2,675	5,236	17,488
1. Beverages and tobacco	8,446	9,961	11,744
2. Crude materials--inedible, except fuel	17,820	9,511	11,481
3. Mineral fuels, lubricants, etc	106,795	10,356	55,968
4. Oils and fats--animal and vegetable	19	5	1
5. Chemicals	93,509	117,307	144,417
6. Manufactured goods classified by chief material	100,241	60,555	88,031
7. Machinery and transportation equipment	2,387	1,579	3,382
8. Miscellaneous manufactured articles	2,860	9,053	6,259
9. Commodities and transactions not elsewhere classified	22,673	5,230	2,322
Total	357,424	228,792	341,093

1/ Includes Estonia, Latvia, and Lithuania.

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

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

was lagging. Another pressing concern was the persistence of bottlenecks in key sectors of the economy such as agriculture, transportation, and ferrous metallurgy. Poor performance in these sectors affected other sectors in turn.

Most Western analysts did not expect Andropov to inaugurate major economic reforms like the introduction of market mechanisms similar to those adopted in Hungary. Less-sweeping changes in economic policy consistent with Marxist-Leninist ideology were, however, considered a possibility. On the issue of whether relatively minor changes in economic policy can significantly contribute to Soviet economic growth, Western analysts are split between those who agree and those who argue that only the introduction of market mechanisms can cure Soviet economic ills.

During his tenure, Andropov basically confirmed Western predictions. In his speeches, especially his first speech as Party leader in November 1982, when he declared that he had no ready recipes to solve the economy's problems, Andropov spoke with greater candor than Soviet leaders since Lenin. He also adopted a more open style, which was symbolized by a well-publicized discussion with factory workers on the shop floor. More importantly, Andropov introduced several new economic programs. Most, if not all, of them have been proposed or tried before in some form, but some Western observers believe that, taken as a group, they could have a beneficial impact on the Soviet economy. The most well known example was two linked programs: the discipline campaign, which sought to improve worker discipline, and the anticorruption campaign, which resulted in the firing of several corrupt high-level officials. Moreover, some officials who were guilty of poor performance were relieved of their duties.

In addition, the formation of contract brigades in industry and agriculture, which link brigade members' pay to their performance, was stressed as a means of increasing labor productivity. This concept dates back to the late 1960's and serious defects in its management have been noted. ^{1/} However, the Soviet Union appears to be serious about spreading the system throughout the economy. In December 1983, the Central Committee of the Party approved a resolution calling for the formation of brigades that would be responsible for the whole production process and would be paid on the basis of their output. ^{2/}

Another change in economic management was announced in July. Beginning on January 1, 1984, managers in enterprises subordinate to five ministries would be allowed greater discretion over the use of enterprise revenues for investment and extra payments to workers. The new rules combine positive and negative incentives. For example, if a participating enterprise produces the volume and assortment of products for which it contracted on time, its fund for material incentives will be increased by 15 percent. If, however, it fails to fulfill the plan, the bonus fund will be decreased by 3 percent. ^{3/}

^{1/} Radio Free Europe/Radio Liberty, RL 476/83, Dec. 20, 1983, pp. 1-3.

^{2/} *Ibid.* p. 1.

^{3/} Foreign Broadcast Information Service (FBIS), Feb. 3, 1984, p. R2.

Most Western observers believe that 1983 was a relatively good year for the Soviet economy. Some have even used the term "recovery." In contrast, the respected Wharton Econometric Forecasting Associates (WEFA) argues that "[a]t best, Soviet economic growth in 1983 was similar to that of the preceding four years and, at worst, actual deterioration in Soviet growth may have taken place in 1983 relative to 1982." ^{1/} The difference in views depends on which indicators are considered and whether the original or the revised economic statistics for 1982 are used. Thus, according to official Soviet statistics, net material product (NMP) ^{2/} increased by 3.1 percent in 1983. If this figure is compared with the original official Soviet figure of 2.7 percent for 1982, economic growth seems to have accelerated in 1983, but the opposite seems to be the case if the revised figure of 3.6 is used. Recomputations by WEFA show decelerating growth of NMP (up 4.2 percent in 1982, but up only 3.6 percent in 1983). By WEFA's estimate, Soviet GNP increased by a little over 2 percent in 1983 compared with an increase of 2.5 percent in 1982.

Although overall economic growth may have decelerated in 1983, industrial performance appeared to have improved substantially. Gross industrial output was up 4.0 percent compared with the gain of 3.2 percent (estimated by Wharton) for the previous year. In a planned departure from past practice, production of consumer goods (Group B) grew faster, by 4.3 percent, than that of producer goods (Group A), which grew by 3.9 percent. Labor productivity in industry increased by 3.5 percent. ^{3/} Production plans for some manufactured goods were fulfilled or overfulfilled. They include computers, metal-cutting machine tools such as numerically controlled machine tools, and industrial robots. Production plans for a number of key commodities, including steel, mineral fertilizers, turbines, and synthetic resins and plastics were not fulfilled.

Similarly, performance in the critical energy subsector was mixed. Production of natural gas, a key Soviet export, increased by 7.1 percent to 536 billion cubic meters in 1983. Although the increase registered during 1983 was 0.5 percent less than that registered in 1982, natural gas production has been maintaining an annual rate of growth of about 7 percent in recent years. Moreover, in late 1982 or early 1983, the Soviet Union announced that the natural gas pipeline from the Urengoi field in Siberia to Western Europe had been completed on time. Western observers were skeptical that the pipeline was fully operational in light of earlier reports that a fire had seriously damaged the pumping station closest to the field. Oil production increased by 0.6 percent to 616 million metric tons (the equivalent of 12.32 million barrels per day). This performance was similar to that of previous years and seems to indicate a leveling off of production. Coal production, however, continued its decline, falling slightly to 716 million metric tons.

^{1/} WEFA, Centrally Planned Economies, Current Analysis, Feb. 14, 1983.

^{2/} NMP, an economic indicator used only in socialist countries, is essentially gross national product minus depreciation and services.

^{3/} FBIS, Feb. 3, 1984, p. R1.

In contrast with industry, agriculture may not have sustained the gains of 1982. 1/ Agricultural production increased 5 percent as opposed to the 5.5 percent (revised) or 4 percent (original) reported for 1982. The size of the 1983 grain harvest was not revealed in accordance with Soviet practice since 1980. The U.S. Department of Agriculture (USDA) estimates that it reached 200 million metric tons, 8 percent higher than it was in 1982. With the exception of sugar beets, the production of other key crops was disappointing. By contrast, the production of animal products improved in 1983. For example, meat production increased by 3.9 percent in 1983, compared with an increase of 2.6 percent in 1982. Gains were also achieved in milk and egg production in 1983. Significant improvement was noted in another bottleneck, the transportation sector. 2/

There is some skepticism among Western observers about the impact of Andropov's programs on economic performance in 1983. Yet there seems to be a consensus that the personnel changes and the discipline campaign were factors in the improvement in industrial performance. 3/ Few, however, see the discipline campaign as the basis for further improvement.

Konstantin U. Chernenko, who was named First Secretary following Andropov's death, is generally not considered likely to introduce major changes in economic policy. The general consensus is that the introduction of fundamental reforms will require a younger, less conservative leader. With the probable exception of the discipline campaign, which is thought likely to slacken, the other programs--the contract brigades and the industrial experiment with incentives--of Andropov's 15 months in power seem likely to continue in some form. In fact, the Soviet press has been highlighting the brigade system, and the industrial experiment has already been expanded to more ministries.

Developments Affecting Commercial Relations

Although U.S.-Soviet relations have been described as the frostiest since World War II, trade has weathered the cold of East-West political relations surprisingly well. In August, the United States signed a new long-term grain agreement with the Soviets that increases their minimum yearly purchases to 9 million metric tons of U.S. grain.

President Reagan also resisted pressure to impose trade sanctions after the Soviet downing of a Korean Air Lines 747 that strayed over Soviet territory on August 31, 1983. The administration's principal substantive response was to seek temporary international curtailment of landing rights against the Soviet airline, Aeroflot. 4/

However, the Reagan administration has also intensified restrictions on technology transfer, virtually cutting off the legal export of high technology to the Soviet Union and "substantially reducing trade in less sophisticated technology and machinery." 5/ In addition, it has pushed for tighter

1/ WEFA, Feb. 14, 1984.

2/ Ibid.

3/ WEFA, Jan. 11, 1984.

4/ U.S. Library of Congress, Congressional Research Service, U.S.-U.S.S.R. Relations, Issue Brief IB 83006, p. 10.

5/ Ibid.

multilateral controls on exports of militarily relevant technology to the Soviet bloc and tried to restrict the flow of Western credit to the Soviet bloc by seeking allied agreement on the reduction of subsidized financing.

New U.S.-U.S.S.R. long-term grain agreement 1/

Increased U.S. grain shipments to the U.S.S.R. during October-December 1983 were the result of the new 5-year grain agreement with the Soviets that went into effect on October 1, 1983. The terms for each agreement year call for the Soviets to import 9 million metric tons of U.S. grain, approximately equally divided between wheat and corn. As an alternative, they may import 8 million metric tons of grain and 500,000 tons of soybeans or soybean meal. In addition, they may purchase an additional 3 million metric tons of wheat or corn without U.S. Government authorization.

Unlike the previous long-term U.S.-Soviet grain agreement, the new one has no "escape clause" which would allow the United States to reduce or suspend its grain deliveries to the U.S.S.R. because of short supply.

Soviet importation of U.S. grain was up sharply during October-December 1983. The Soviets almost met their grain agreement obligations for the entire October-September agreement year by the end of December, with imports of approximately 4 million tons of wheat, 4 million tons of corn, and 400,000 tons of soybeans. The rapid pace of Soviet purchases is noteworthy in light of the 200 million metric ton harvest, which was the third largest in 8 years. USDA analysts believe this signifies a Soviet effort to replenish stocks depleted by the disastrous 1980 and 1981 harvests. 2/ The Central Intelligence Agency estimates that the U.S.S.R. will import approximately 20 million to 30 million tons of grain annually for the next 10 years on the basis of Soviet plans to expand the livestock sector and to create a reserve for potential domestic harvest shortfalls. According to some predictions, none of the changes recently introduced in Soviet food policy will have a significant impact on Soviet grain imports during this decade.

East-West Policy Coordination

The focus of Western economic policy on trade with the East shifted from the pipeline to broader commercial issues in 1983. During the year, the Reagan administration continued its efforts to secure allied agreement on strengthening COCOM, improving the enforcement of multilateral export controls, and reducing the subsidization of official credits to the Soviet Union. When he removed the sanctions on the sale of energy equipment to the Soviet Union on November 13, 1982, President Reagan announced the initiation of four alliance studies to survey East-West Economic relations. According to Allen Wallis, Under Secretary for Economic Affairs, they are targeted at four areas:

1/ For more details, see 37th Quarterly report . . ., pp. 48 and 49.

2/ East European Agriculture, December 1983, pp. 1-5.

an effort in COCOM to strengthen that organization and examine whether members' security interests require controls on additional high technology items;

continuing work within NATO on security implications of East-West economic relations;

an analysis in OECD of the balance of economic advantages in East-West trade; and

the ongoing study of national-energy policies and Western energy. 1/

The studies are designed to provide a baseline for common Western policies on commercial relations with the Soviet bloc. The process is apparently not yet complete, but U.S. officials have given some indication of what progress has been made. Presumably referring to the North Atlantic Treaty Organization (NATO) study, Secretary of State George P. Shultz noted the declaration contained in communiques following the Williamsburg Economic Summit in May and the NATO ministerial meeting in June that East-West commercial relations should be compatible with Western security interests. He described the implications of this agreement as follows:

Our allies agree with us that trade which makes a clear and direct contribution to the military strength of the Soviet Union should be prohibited. There is also general agreement that economic relations with the USSR should be conducted on the basis of a strict balance of mutual advantages. 2/

On the credit issue, Secretary Shultz noted the communique of the Organization for Economic Cooperation and Development (OECD) ministerial meeting in May, which read--

East-West trade and credit flows should be guided by the indications of the market. In light of these indications, Governments should exercise financial prudence without granting preferential treatment. 3/

Regarding the energy study, the Secretary cited the ministerial meeting of the International Energy Agency in May, at which

. . . it was agreed that security concerns should be considered among the full costs of imported energy, such as gas; it was agreed that countries 'would seek to avoid undue dependence on any one source of gas imports and to obtain future gas, supplies from secure sources, with emphasis on indigenous OECD sources. 4/

1/ Cited in U.S. Library of Congress, Congressional Research Service, East-West Commercial Issues: The Western Alliance Studies, Issue Brief IB 83086 p. 1, Dec. 27, 1983.

2/ "US-Soviet Relations in the Context of US Foreign Policy: Statement by the Honorable George P. Shultz Before the Senate Foreign Relations Committee," June 15, 1983, p. 17.

3/ Ibid.

4/ Ibid., p. 18.

Work continues in COCOM on U.S. proposals to change controls on various products and on incorporating the results of the militarily critical technology exercise into the COCOM list.

U.S. Government actions affecting imports from the Soviet Union

Suspension of nickel imports.--On November 21, the Reagan administration announced a ban on imports of nickel from the Soviet Union. The ban, which went into effect on December 22, applies to unfabricated nickel-bearing materials, including nickel ore whether refined or not, any form of primary nickel, wrought nickel in its basic forms such as ingots and bars, nickel waste and scrap, nickel alloys, and stainless steel in its basic forms. 1/ The administration enacted this ban under the Trading with the Enemy Act, because there was reason to believe that some Soviet nickel products contain Cuban nickel. Since 1963 there has been a virtual embargo on U.S. imports from, or exports to, Cuba.

In recent years, nickel has accounted for between 5 and 10 percent of imports from the Soviet Union. In 1982, unwrought nickel (TSUS item 620.03) accounted for \$12 million of total imports of \$229 million. In 1983, the figure was \$19 million, making this product the fifth ranking U.S. import from the Soviet Union. That year, total imports totaled \$341 million. In addition, the United States imported a small amount of nickel flakes in 1983.

This move will deny Moscow hard-currency earnings as well as enforce the trade embargo against Cuba. 2/ According to Government officials, this action should be seen in a broader context of increasingly strained relations with the Soviet Union since the downing of the Korean Airlines 747 last September. 3/ These officials also insisted that the nickel embargo is connected with the closing off of some parts of the United States, such as Houston and the Silicon Valley area of California, to Soviet diplomats.

Charges of market disruption by Soviet ferrosilicon imports--On November 21, 1983, U.S. Trade Representative William Brock requested an investigation by the U.S. International Trade Commission to determine whether market disruption exists as a result of Soviet ferrosilicon imports. This investigation was authorized by section 406(a) of the Trade Act of 1974.

Ferrosilicon is an alloy of iron and silicon that is used in the production of steel or cast iron as a deoxidizing agent or as an alloying agent to increase a product's strength. Nine domestic firms produced ferrosilicon in 1983. Although there were no imports of Soviet ferrosilicon from 1981 until June 1983, imports totaled 16,647 short tons during June-November 1983. The ratio of Soviet ferrosilicon imports to total U.S. ferrosilicon production accordingly increased from zero during 1980-82 to 3.8 percent in 1983. 4/ However, the Commission concluded that these imports, although having increased rapidly since June 1983, remained small relative to total imports of ferrosilicon. Brazil, Canada, Norway, and Venezuela are all larger suppliers. Together these imports accounted for 25.8 percent of U.S. consumption during January-September 1983.

1/ 48 F.R. 53007.

2/ The New York Times, Nov. 22, 1983, p. D1.

3/ Ibid.

4/ Ferrosilicon from the Union of Soviet Socialist Republics: Report to the President on Investigation No. TA-406-10 . . ., USITC Publication 1484, February 1984, pp. A-14, A-30-A-32.

As a result of its investigation, the Commission ruled by a margin of 3 to 1 on January 24, 1984, that there was no market disruption. 1/ The majority found that the problems being experienced by the domestic industry antedated the importation of Soviet ferrosilicon, which had begun only in June 1983. 2/ The Commission majority did not find a sufficient causal connection between the rapidly increasing imports from the Soviet Union and material injury or threat of material injury to the U.S. industry and hence made a negative determination. This decision followed nine previous market disruption investigations since 1974. The Commission made an affirmative determination in two of these cases and was equally divided in a third.

Titanium sponge.--A preliminary review of the 1982 antidumping findings on titanium sponge from the U.S.S.R. was completed in January 1983. In December of that year, the U.S. Department of Commerce published the results of the final review. They indicated that there was no dumping of titanium sponge by the one known exporter of Soviet titanium sponge, Techsnab Export, during the period August 1, 1981-July 31, 1982. 3/ Administrative reviews are conducted periodically as required by section 751 of the Tariff Act of 1930. 4/ In the case of titanium sponge, reviews have been in progress since the original antidumping suit was brought against Soviet exports of titanium sponge on August 28, 1968. Titanium sponge is used chiefly for aerospace vehicles, specifically in the construction of compressor blades and wheels, rotors, and other parts in aircraft gas turbine engines.

Trends in Soviet trade with OECD countries 5/

Overall trade between the Soviet Union and OECD nations has slowed considerably since 1981. Stagnation in 1981 was followed by a slight increase of 4 percent in 1982. However, in 1983, two-way trade slipped by about 3 percent. This is directly related to a leveling off in the volume of oil exports by the U.S.S.R. (33.4 million tons) due to a continuing worldwide energy glut, which pushed total sales down 6.2 percent. In recent years, fuel and raw materials have become the major Soviet exports, with the former representing four-fifths, or 20 billion dollars' worth, of its \$25 billion in exports to the OECD. 6/

1/ Chairman Alfred Eckes dissented, finding that Soviet ferrosilicon imports were disrupting the market.

2/ Ferrosilicon from the Union of Soviet Socialist Republics, pp. 3 and 12.

3/ 48 F.R. 56816.

4/ Whenever the International Trade Administration (ITA) receives information concerning, or a request for, a review of an outstanding countervailing duty or antidumping determination that shows changed circumstances sufficient to warrant such a review, the ITA conducts one. In the absence of good cause, the ITA may not conduct a review less than 24 months after publication of notice of the original determination. (Operation of the Trade Agreements Program, 34th Report, 1982, USITC Publication 1414, 1983, p. 239.)

5/ The members of the Organization for Economic Cooperation and Development are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States, and West Germany.

6/ OECD, Recent Trends in East-West Economic Relations, Dec. 20, 1983, p. 69.

Overall, Soviet trade with the OECD nations was in balance in 1983, compared with a Soviet surplus of approximately \$700 million in 1982. 1/ In contrast to that of the smaller East European countries, which have little chance of expanding their exports because of difficult financial situations, the Soviet market looks promising to the business community but remains uncertain, since the U.S.S.R. tends to switch its priorities between food imports and imports of machinery and equipment. In January-October 1983, the Soviets cutback on imports of agricultural goods and increased imports of machinery and equipment. 2/ However, in the U.S. case, the trend has reversed itself with the conclusion of a new long-term grain agreement.

In 1984, the Soviet Union is likely to pursue a highly selective import policy focusing on such priority economic sectors as agriculture, agri-business industries, energy development, and transport. It will also try to provoke competition by continuing to insist that its Western suppliers grant special financial concessions similar to those used to finance the Siberian natural gas pipeline. 3/

Soviet exhibits signal import priorities

Although overall Soviet imports from the West stagnated this year, Western firms were nevertheless reported to be enjoying brisk sales for equipment and technical knowhow related to agriculture and food processing. 4/

Despite the recent downturn in U.S.-Soviet relations, the Agri-Business-U.S.A. show held during October 17-25 in Moscow attracted about 100 firms. The exhibition was sponsored by the U.S.-Soviet Trade and Economic Council. Displays and discussion focused on agrochemicals, farm equipment, and food processing. This trend will continue throughout 1984, with six of the international trade fairs sponsored by the Soviets being centered on food and agriculture. 5/

EC sanctions lifted

In a related development, the European Economic Community (EC) decided to lift its sanctions--limits on imports of certain luxury products from the Soviet Union--which were imposed in response to the declaration of martial law in Poland in December, 1981. Although the EC discussed extending these sanctions, there was tacit agreement not to push for another year of sanctions. 6/ The regulation imposing the sanctions expired on December 31, 1983.

1/ Economist, Jan. 7, 1984, p. 64.

2/ Incoming Department of State Telegram, Dec. 9, 1983, p. 1.

3/ Examples of these concessions include subsidized financing, long-term payback provisions, and payment from natural gas exports shipped through the pipeline.

4/ Business Eastern Europe, Nov. 11, 1983, p. 353.

5/ Economist, Jan. 7, 1984, p. 65.

6/ European Reports, Dec. 23, 1983, p. 11.

U.S. Exports

U.S. exports to the Soviet Union declined by 22.7 percent, from a level of \$2.6 billion in 1982 to \$2.0 billion in 1983. Nonetheless, U.S. exports remained above their recent low of \$1.5 billion registered in 1980, the year President Carter imposed trade sanctions against the Soviet Union. Although a few SITC product categories and several commodities can be singled out, the decline in exports was pervasive.

As in previous years, U.S. exports to the Soviet Union were predominantly agricultural. In 1983, agricultural exports accounted for 72.8 percent of total exports, a slightly higher proportion than in 1982. In 1983, both agricultural and nonagricultural exports declined by similar amounts--21.5 percent and 25.7 percent, respectively.

U.S. exports in 6 out of 10 SITC Sections registered declines. In terms of its impact on total U.S. exports to the U.S.S.R., the decline of \$447.2 million in U.S. exports of food and live animals was critical. The categories in which exports increased were crude materials, miscellaneous manufactures, manufactures classified by chief material, and commodities and transactions not classified elsewhere.

Food and live animals

U.S. exports of food and live animals (SITC Section 0) declined by 27.2 percent, from \$1.6 billion in 1982 to \$1.2 billion in 1983. Nonetheless, this remains the leading category of U.S. exports to the Soviet Union. Reduced exports of corn, traditionally the number one or number two U.S. export to the Soviet Union, were the key factor in the category's decline. Corn exports fell from \$818.8 million in 1982 to \$390.9 million in 1983, or by 52.3 percent. The quantity exported fell by 57.9 percent, but was partially offset by an increase of 13.4 percent in unit value. Wheat exports declined only slightly, from \$802.2 million in 1982 to \$800.6 million in 1983, due to lower prices. The quantity shipped increased by 12.6 percent.

The Soviets purchased less corn while slightly increasing the level of wheat imports for two reasons. First, Soviet production of coarse grains has increased dramatically in the last 3 years (from 72 to 108 million metric tons), while wheat production has stagnated. Second, wheat was the better buy in 1983 as its price was falling and that of corn was rising. 1/

Crude materials

In 1983, crude materials (SITC Section 2) displaced chemicals as the second largest category of exports to the Soviet Union. The 23.5-percent increase in this category was due primarily to soaring exports of cotton.

1/ Telephone conversation with Commodities Analyst at USDA.

Cotton--In 1982, cotton (SITC Group 263) exports amounted to only \$67,000, but they increased to \$72.2 million in 1983. The large purchase in 1983 was a consequence of the poor-quality Soviet crop of 1982. The Soviet Union could not fulfill contracts to supply Eastern European countries with high-quality cotton, so it imported U.S. cotton for shipment to Eastern Europe. Of the 300,100 bales bought from the United States, the Soviets retained only 20,000. 1/

Other crude materials--The Soviets purchased 10.6 million dollars' worth of cow and horse hides (SITC Subgroup 211.1), their first since a small purchase valued at \$65,000 in 1980. Exports of several other crude materials declined. The amount of soybeans exported declined by 13.6 percent, but rising prices cushioned the decline. In value terms, soybean exports declined by 8.2 percent, from \$171.3 million in 1982 to \$157.2 million in 1983. U.S. exports of ores and concentrates of base metals (SITC Group 287)--chiefly copper ore--fell off from \$34.2 million in 1982 to nothing in 1983 due to the opening of the Udokan copper mine. 2/

Chemicals

U.S. exports of chemicals (SITC sec. 5) declined by 16.8 percent to \$239.4 million in 1983.

Superphosphoric acid--A single product--phosphoric acid with a concentration of 65 percent or more phosphorus (Schedule B No. 480.7025)--accounted for 89.7 percent of the value of U.S. chemical exports to the Soviet Union in 1983. Most U.S. exports are shipped by the Occidental Petroleum Co. under a 20-year contract, which was signed in 1973. 3/ The contract provides for sales by Occidental of superphosphoric acid (SPA), a concentrated form of phosphoric acid, in return for deliveries by the Soviet Union of anhydrous ammonia, urea, and potash, which are used in the production of fertilizer. (See section on U.S. imports.) Annual deliveries and prices are negotiated periodically by the company and the Soviet Government. The prices received by Occidental for its sales of SPA are related to world market prices. 4/ By 1979, shipments were substantial, but they declined sharply in 1980 due to President Carter's embargo on all phosphate exports to the Soviet Union. Following President Reagan's lifting of the embargo in April 1981, shipments recovered. Sales increased dramatically in 1982. In 1983, however, the quantity and unit value of SPA exported to the Soviet Union declined, causing shipments to fall from \$268.5 million in 1982 to \$214.8 million in 1983. Nonetheless, the product remained the third largest U.S. export to the Soviet Union, and the Soviet Union remained the largest customer for U.S. SPA. Sales to the Soviet Union accounted for 90.6 percent of all U.S. exports of the product in 1983. Although the Soviet Union did not retaliate by ceasing its shipments of anhydrous ammonia after the phosphate embargo, it does seem to have adopted a policy of diversifying suppliers. In 1982, it began to purchase SPA from a Belgian company; in 1984, it will purchase the acid from the Belgian company and, under a ten year contract, from a Spanish company, as well as two American firms. 5/

1/ Ibid.

2/ Telephone conversation with an analyst at the U.S. Bureau of Mines.

3/ According to an Occidental spokesman, another U.S. company began exporting SPA to the Soviet Union in 1983.

4/ For more information on this arrangement and President Carter's embargo⁷² on exports of SPA, see 33d Quarterly Report . . ., pp. 66-67.

5/ This information was confirmed by Occidental.

Other chemicals.--In 1983, the Soviet Union began to purchase concentrated superphosphate (Schedule B No. 480.7050), a related product manufactured from phosphoric acid. Shipments were valued at \$2.9 million. For the first time since 1979, the Soviet Union also purchased a less concentrated phosphoric acid (Schedule B No. 480.7015) known as merchant or commercial grade. The shipment was also valued at \$2.9 million. In addition, the Soviets purchased fairly small quantities of a wide variety of other chemicals, including aluminum compounds, industrial varnishes, electrodes, insecticides, herbicides, and fungicides.

Machinery and transport equipment

High-technology products are concentrated in SITC Section 7, machinery and transport equipment, but the section also contains a number of less sophisticated commodities. U.S. exports classified in this section fell from \$225.5 million in 1982 to \$149.5 million in 1983, or by 33.7 percent. Since 1980, when President Carter tightened licensing criteria for computers and other high-technology items, U.S. exports in this category have declined except for a temporary recovery in 1981. In 1982 and 1983, exports in this category were even below the 1980 level, which was already low due to the embargo. To the extent that this category captures high-technology exports, the declining trend reflects the impact of the tightening of licensing criteria begun by President Carter and continued under President Reagan. As some have argued, the trend may also reflect Soviet unwillingness to rely on U.S. suppliers.

Pipelayers--Of the hundreds of commodities the United States exports to the Soviet Union, pipelayers--known as tracklaying tractors (Schedule B No. 692.3160)--showed the greatest decline. Pipelayers produced by the Caterpillar Tractor Co. were among the products affected by the oil and gas equipment sanctions imposed by President Reagan on December 29, 1981. Caterpillar lost the sale of 200 pipelayers; instead the order was filled by a Japanese firm, Komatsu. The impact of the sanction seems to have persisted. In value terms, sales fell 92.9 percent from their 1982 level of \$51.0 million to \$3.6 million in 1983. Over the same period, the volume of sales dropped from 266 units to 15 units. Concurrently, exports of parts for pipelayers (Schedule B No. 692.3820), which totaled \$16.2 million in 1983, were down 36.8 percent. The loss was somewhat offset by Soviet purchases of lower horsepower pipelayers (Schedule B No. 692.3150) valued at \$2.8 million. According to the Department of Commerce, the U.S.S.R. contracted with Komatsu to buy an additional 1,500 pipelayers valued at \$600 million. ^{1/}

Other machinery--In addition to those of pipelayers, exports of other machinery declined in 1983. For example, exports of parts for motor vehicles (Schedule B No. 692.2985) declined by 70.7 percent to \$1.7 million in 1983, and exports of parts for boring and drilling machines (Schedule B No. 664.0586) declined by \$7.0 million, or 35.1 percent compared with 1982. But exports of several types of machinery increased, notably parts of earth-moving machinery, lifting machinery, gear cutting machines, and parts for industrial gas turbines. The last are rotors and other parts for gas turbines (TSUSA item 660.5460) supplied by General Electric for the pipeline. They had been embargoed from December 1981 to November 1982. Following the lifting of the sanctions, parts, worth \$23,187, were exported during 1982. Exports for the next full year jumped to slightly over \$17.1 million.

^{1/} Telephone conversation with an analyst at the Department of Commerce.

Miscellaneous manufactured articles

Exports of miscellaneous manufactured articles (SITC Section 8), increased by 29.2 percent in 1983, mostly because of a dramatic increase in exports of one type of pressure-sensitive tape (Schedule B No. 790.5510), which jumped from \$36.1 million in 1982 to \$58.7 million in 1983. Most of the gain was due to a 57-percent increase in the quantity exported. In addition to this kind of tape, which was the sixth ranking U.S. export to the Soviet Union in 1983, the United States also exported pressure-sensitive sheets.

Other exports

The remaining SITC Sections account for smaller amounts of U.S. exports--not more than \$30 million in any single category. Exports of manufactured goods classified by chief material (SITC Section 6) rose 14.5 percent to a level of \$29.7 million. Much of the gain may be attributed to increased shipments of textile yarn and fabrics (SITC Section 65) in 1983. This category includes products similar to the pressure-sensitive tapes mentioned above.

Exports in the mineral fuels category (SITC Section 3) fell by 74.9 percent to \$22.6 million. All of the decline was due to reduced exports of petroleum products, particularly calcined petroleum coke (Schedule B No. 517.5120).

Inedible tallow (Schedule B No. 177.5640) accounted for over 99 percent of the value of U.S. exports of fats and oils (SITC Section 4). Exports of this product, which ranks seventh on the list of U.S. exports to the Soviet Union, were up 20.2 percent in 1983. In 1983, however, the Soviets did not repeat their atypical 1982 purchase of sunflower seed oil (Schedule B No. 176.5400), which was valued at \$22.7 million. As a result, exports in this category were 47.0 percent lower than those in 1982.

U.S. exports placed in the residual category, commodities and transactions not elsewhere classified (SITC Section 9), registered a surprising increase of 294.2 percent. This was the result of increases in donations of unspecified commodities for relief, the value of U.S. repairs and alterations, and miscellaneous articles not provided for elsewhere.

U.S. Imports

In 1983, U.S. imports from the Soviet Union reached \$341.1 million, representing an increase of 49.1 percent compared with such imports in 1982. This was a reversal of the downward trend of the 3 previous years. Imports in 7 out of the 10 SITC product categories increased, but the most significant gains were registered in SITC Sections 3 (mineral fuels and lubricants) and 6 (manufactured goods classified chiefly by material). Despite the upturn, U.S. purchases from the Soviet Union remained well below the 1979 level of \$872.8 million.

Chemicals

Chemicals (SITC Section 5) accounted for about 51 percent of U.S. imports from the Soviet Union in 1982, but their share declined to 42 percent in 1983. Last year, chemical imports, the largest SITC category, were valued at

\$144.4 million, representing an increase of 23.1 percent over those in 1982. A high proportion is imported under long-term agreements signed with the Soviet Union by Occidental. In return for shipments of superphosphoric acid (see the section on U.S. exports), Occidental imports anhydrous ammonia (TSUSA item 480.6540) and urea (TSUSA item 480.3000). Since 1978, anhydrous ammonia imported by Occidental has been a leading import from the Soviet Union. In 1983, the United States imported a greater volume of the chemical, but due to a decrease in the price agreed upon, the value slipped from \$88.8 million to \$85.7 million. Nonetheless, this one product accounted for 25 percent of the value of U.S. imports from the Soviet Union in 1983. Imports of urea (TSUSA item 480.3000), the other major product in the Occidental arrangement, jumped from \$10.4 million in 1982 to \$38.9 million in 1983, or by 272.9 percent. The increase was entirely due to increasing imports; the unit value declined slightly.

Manufactured goods classified chiefly by material

Since 1980, manufactured goods classified by chief material (SITC Section 6) have been the second largest category of U.S. imports from the Soviet Union. Imports reached \$88.0 million in 1983, representing an increase of 45.4 percent compared with those in 1982. Nonferrous metals accounted for almost 90 percent of imports in SITC Section 6. Six nonferrous metals were included on the list of the top 20 imports during 1983 (appendix table B-6).

Platinum group--The major import in the platinum group is palladium, a strategic metal used in the automotive, oil-refining, and electronics industries. Imports of the metal (TSUSA item 605.0260) increased by 68.5 percent to \$41.8 million in 1983. The increase in value was entirely due to a 70-percent increase in unit value, as the quantity imported declined slightly. Totalling \$4.3 million, imports of palladium in the form of bars and plates (TSUSA item 605.0750) were also up. In this case there was a substantial increase in unit value (65 percent), but also a large increase in quantity. The United States also imported significant amounts of other metals in the platinum group, including platinum sponge (TSUSA item 605.0220), imports of which declined 24.2 percent compared with those in 1982.

Other imports--The remaining 10 percent of U.S. imports in this category includes ferrosilicon. Before 1983, the United States did not import this metal, which was the subject of a market disruption investigation (see section on commercial developments). For the full year, imports of ferrosilicon with content over 30 percent (TSUSA item 606.3546) slightly exceeded \$2.8 million. The President's ban on imports of nickel went into effect too late in the year to affect U.S. imports. (See section on commercial developments.) In fact, their value was 58.8 percent higher than that in 1982. In addition to unwrought nickel (TSUSA item 620.0300), the United States imported a small amount of nickel flakes (TSUSA item 620.3000). Significantly, there were no imports of unwrought copper (TSUSA items 612.0630 and 612.0640) in 1983, although the United States had imported 1.3 million dollars' worth of the metal in 1982. Unwrought copper is the subject of an escape-clause investigation initiated on January 26, 1984, by the U.S. International Trade Commission. U.S. imports of items classified in SITC Section 6 other than metals include plywood and building board.

Mineral fuels and lubricants

U.S. imports of mineral fuels and lubricants (SITC Section 3) registered a 440.4-percent gain over those in 1982. In 1983, U.S. imports in this category consisted entirely of two products, light fuel oils (TSUSA item 475.1015), which are used for home heating, and No.4-type fuel oils (TSUSA item 475.1025), which are used mainly in commercial burners. Neither product was imported in 1982. Imports of light fuel oils, the second ranked import from the U.S.S.R. in 1983, totaled \$48.9 million. Imports of No.4-type fuel oils were valued at \$7.1 million. These purchases occurred because Soviet oil was advantageously priced. Although petroleum and petroleum products have consistently been a major Soviet export to other Western countries, exports of petroleum products to the United States have been highly variable during the past 5 years. For example, in 1982, imports of gasoline (TSUSA item 475.2520) amounted to \$10.3 million, but were not repeated in 1983. The recent high was achieved in 1981, when U.S. imports of petroleum products (including naphthas) exceeded \$106 million. In 1979, 1980, and 1982, however, the value of U.S. petroleum imports did not exceed \$20 million.

Food and live animals

U.S. imports in the food and live animals category (SITC Section 0) were up 234.0 percent in 1983. Accounting for \$17.5 million in imports, this category moved up from seventh place in 1982 to fourth in 1983. The gain was entirely due to increased imports of shellfish (SITC Group 036), which accounted for 91 percent of imports in the category. In comparison with those in 1982, purchases of crabs (TSUSA item 114.3000) increased by 507.1 percent to \$12.8 million. Imports of shrimps and prawns (TSUSA items 114.4545 and 114.4557), which amounted to a negligible \$16,829 in 1982, jumped to \$3.1 million. The National Marine Fisheries Service attributes the jump in crab imports to a 50-percent decline in U.S. catches of king and tanner crabs in the Bering Straits. ^{1/} In contrast, imports of finfish declined in 1983.

Beverages and tobacco

U.S. imports of beverages and tobacco (SITC Section 1) increased by 17.9 percent to \$11.7 million in 1983. The increase was entirely attributable to larger sales of vodka. Imports of all kinds of vodka were up 19.2 percent. Valued at \$11.1 million in 1983, they accounted for 94.9 percent of all imports in this category. However, the volume of imported vodka in its most popular form (TSUSA item 169.3800) during the fourth quarter of 1983 was about 50 percent lower than during the corresponding period of the previous year and approximately 43 percent lower than in the third quarter of 1983. Decisions by some States not to sell Soviet vodka in State liquor stores and by individuals not to buy Soviet products in reaction to the KAL incident in late August may explain the slip in imports.

^{1/} Conversation with an analyst at the National Marine Fisheries Service.

Crude materials

At \$11.5 million in 1983, imports of crude materials (SITC Section 2) registered a 20.7-percent gain over those in 1982. The most important crude material imported was sable furskins (TSUSA item 124.1045), which accounted for 68 percent of all imports in this category. The skins are imported raw for further processing in the United States. The number of pelts imported declined 15 percent, but due to price increases, the value edged up by about 8.9 percent. Together with imports of other furskins, they accounted for 72 percent of imports in this category. The only other import exceeding \$1 million in value was limestone for fertilizer (TSUSA item 480.0500), which was not imported in 1979-82. In 1983, imports of this product were valued at \$2.2 million. In contrast, imports of metalliferous ores (SITC Division 28) plummeted from \$1.7 million in 1982 to \$47,000 in 1983.

Other imports

With the exception of machinery and transport equipment (SITC Section 7), U.S. imports in the remaining categories declined. Due to quality and servicing problems, U.S. imports of machinery from the Soviet Union remain small, but they showed some improvement in 1983. They increased 114.2 percent, from \$1.6 million in 1982 to \$3.4 million in 1983. In addition to agricultural tractors (SITC Subgroup 722.4), the most well known machinery import from the Soviet Union, the United States imports metalworking machinery (SITC Group 737) and thermionic, cold cathode, and photo-cathode valves and tubes (SITC Group 776). Imports of nonmonetary gold (SITC Group 971), which used to be one of the most important items in U.S.-Soviet trade, continued their decline, from \$4.1 million in 1982 to \$1.7 million in 1983. The other categories registering declines were miscellaneous manufactures (SITC Section 8)--mostly works of art in recent years--and oils and fats (SITC Section 4).

EASTERN EUROPE

Introduction

Trade between the United States and Eastern Europe represented 21.8 percent of total U.S. trade with the NME's during the year under review, up from 18.5 percent in 1982. U.S.-East European trade rose from \$1.8 billion to \$1.9 billion, or by 3.7 percent, from 1982 to 1983 (table 13). U.S. exports to Eastern Europe marked a 12.0-percent decline, and imports from the region a 22.7-percent increase, in a similar comparison.

After registering deficits in every quarter of 1983, the U.S. balance of trade with Eastern Europe had deteriorated from a \$172.7 million surplus in 1982 to a \$133.8 million deficit during the year under review. The U.S. deficit in trade with Romania amounted to \$327.2 million in 1983, representing a 182.3-percent increase from its 1982 level. Deficits were also registered in trade with Hungary and Czechoslovakia in 1983. The 1982 U.S. surplus in trade with East Germany and Bulgaria diminished, but it increased with Poland during the year under review.

U.S. trade with Romania represented 37.0 percent of total U.S.-East European merchandise trade in 1983, U.S.-Polish trade, 27.1 percent, and U.S.-Hungarian trade, 14.0 percent. At \$698.5 million in 1983, U.S.-Romanian trade, although having exceeded its 1982 level by 24.2 percent, remained significantly below the \$1 billion annual value it attained in 1980 and 1981. U.S.-Romanian trade showed a secular trend of growth throughout the 1970's, with U.S. exports to Romania peaking at \$720.2 million in 1980; U.S. imports from Romania reached their \$559.4 million maximum in 1981. In trade with Poland, total two-way trade increased slightly, from \$505.5 million in 1982 to \$510.5 million in 1983. U.S.-Polish trade, increasing gradually through the 1970's, reached the \$1 billion dollar mark in 1978, and remained above it until political reasons forced it down in 1982.

A decline of U.S. corn (Schedule B No. 130.3465) exports to Eastern Europe from 2.6 million metric tons to 0.9 million metric tons reduced U.S. export revenues from \$296.9 million in 1982 to \$118.2 million in 1983. Decline over a broad range of U.S. machinery and equipment (SITC Section 7) sales to Eastern European NME's reflected regionwide efforts to curb hard-currency imports and a possible continuation of the 1980-82 shift in relative demand toward SITC Section 7 goods sold by other Organization for Economic Cooperation and Development (OECD) countries. From 1982 to 1983, growing Eastern European demand for protein animal feed increased U.S. export revenues from the combined sales of soybeans (Schedule B No. 175.4100) and soybean oil cake (Schedule B No. 184.5260) by \$78.0 million.

Romania's vast efforts to reactivate the hard-currency earning potential of its relatively large petrochemical industry spelled sharp increases in Romanian petroleum product sales to the United States from 1982 to 1983. U.S. imports of Romanian gasoline, amounting to \$69.8 million in 1982, increased to \$207.7 million during 1983. U.S. purchases of Eastern European pork hams (TSUSA item 107.3525), with Poland and Hungary as major suppliers, increased from \$87.4 million in 1982 to \$120.0 million during the year under review.

Table 13.--U.S. trade with Eastern Europe_1/ by SITC Sections, 1981-83

(In thousands of dollars)				
SITC Section	1981	1982	1983	
U.S. exports:				
0. Food and live animals				321,173
1. Beverages and tobacco	1,372,971	474,670		21,763
2. Crude materials--inedible, except fuel	26,503	11,245		254,487
3. Mineral fuels, lubricants, etc	176,576	206,588		16,201
4. Oils and fats--animal and vegetable	41,107	17,399		13,482
5. Chemicals	14,389	16,465		67,383
6. Manufactured goods classified by chief material	78,417	79,194		
7. Machinery and transportation equipment	30,088	23,060		25,080
8. Miscellaneous manufactured articles	121,417	107,529		84,964
9. Commodities and transactions not elsewhere classified	28,090	35,935		27,638
Total	8,472	24,301		44,525
	1,898,029	996,387		876,695
U.S. imports:				
0. Food and live animals				162,492
1. Beverages and tobacco	179,507	134,417		34,951
2. Crude materials--inedible, except fuel	24,481	23,849		9,584
3. Mineral fuels, lubricants, etc	14,858	9,329		281,786
4. Oils and fats--animal and vegetable	151,759	99,431		-
5. Chemicals	1,047	430		53,305
6. Manufactured goods classified by chief material	36,371	33,327		154,109
7. Machinery and transportation equipment	327,331	148,040		107,919
8. Miscellaneous manufactured articles	231,946	144,951		202,014
9. Commodities and transactions not elsewhere classified	213,629	222,641		
Total	3,937	7,275		4,318
	1,184,865	823,691		1,010,479
1/ Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania.				

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

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

In 1983 there was a minor improvement in U.S.-Polish commercial relations and a successful rescheduling of Polish and Romanian debts. Although the still-unresolved Eastern European debt problem continued to menace normal commercial relations with the region, a renewed, cautious, Western banking confidence in the NME's collective ability to deal with their external debt problem lead to the resumption of a trickle of new credit to Eastern Europe during the year under review.

The region's aggregate hard currency trade surplus increased from \$5.3 billion in 1982 to \$6.4 billion in 1983. Excepting Poland, all the Eastern European NME's succeeded in reducing their gross hard-currency debts in 1983. Signs of a mild economic recovery in Eastern Europe also became evident during the year under review. Growth in the region's aggregate gross domestic product and industrial output from 1982 to 1983 exceeded those from 1981 to 1982. Increase in the region's aggregate investment spending, possible increases in labor productivity, and the abysmally low growth from 1981 to 1982, providing an advantageous base for comparison, may share the credit for this short-term acceleration. Evidence as to whether this improvement in overall growth performance represents the beginning of a new period of sustained economic growth in the region remained mixed in 1983.

Regional Economic Developments

Romania

At the cost of severe austerity and harsh discipline imposed on the population, overall Romanian economic performance showed signs of recovery during the year under review. According to official Romanian statistics, 1/ the country's national income grew by 3.4 percent in 1983, and its industrial production, by 4.8 percent. Production in the machine-building industry increased by 6.0 percent from 1982 to 1983, and it increased in the chemical industry by 5.8 percent. Among the fastest growing industrial activities in 1983 were mining equipment and coal production, and the volume of overall investment reportedly increased by 2.9 percent. Completion of investment projects already in progress was favored over new starts, although projects aimed at power generation and import substitution were introduced. 2/

In agriculture, severe drought extending from September 1982 through April 1983 resulted in poor grain harvests. 3/ Wheat production was estimated to be two-fifths below the 1983 plan target. 4/ As a result of the poor harvests and cuts in the level of imported feed, the output of the livestock sector grew slower than was expected by the authorities. In addition to

1/ For Romania's official report on the country's 1983 economic performance see U.S. Foreign Broadcast Information Service, (FBIS), Daily Report, Eastern Europe, Feb. 2, 1984, H14-H23.

2/ See Department of State, Foreign Economic Trends, Romania (Airgram), Apr. 8, 1983, pp. 5,6.

3/ See Malish, Trip Report, Bulgaria and Romania, Sept. 27-Oct. 7, 1983, p. 1.

4/ ETU Quarterly Economic Report: Romania, Bulgaria, and Albania, No. 4, 1983, p. 8.

causing extensive damage to grain crops, the drought in Romania forced the closing of hydroelectric power plants. 1/ The plant closings have intensified Romania's already-severe energy problems.

Energy imbalance continued to be the central problem in Romania's slowly receding 5-year economic crisis. 2/ The relatively large petrochemical industry that Bucharest developed by incurring foreign debts during the 1970's turned Romania, rich in oil and natural gas, into a net oil-importing country during the second half of the 1970's. The profitable operation of the new capacities, which extended downstream into the chemical and synthetic textile industries, faced overwhelming odds when oil prices increased, the relatively cheap Soviet oil became scarce, and world demand for refined products and downstream derivatives declined in 1979. The authorities identified the restoration of the country's self-sufficiency in energy as the key to eradicating its foreign debts. The approach marked progress during the past few years. The share of net imports in total apparent domestic energy consumption fell from 18.8 percent in 1980 to 14.5 percent in 1982, and preliminary data indicated a further 12.5-percent fall in 1983. 3/ Romania increased coal output by 21.6 percent in 1983 and made progress in the construction of two nuclear power plants. Despite these gains, Romania did not achieve its goal of producing 90 percent of energy domestically in 1983. 4/

In an effort to manage external payment obligations, Romania continued to curtail the imports of energy carriers and a large variety of other goods while seeking to expand exports during the year under review. Imports from the West fell by 43 percent in 1982 and are estimated to have declined by 36 percent in 1983. 5/ This policy resulted in a dramatic improvement in Romania's balance of trade with the West. The 1981 surplus of \$200 million grew to over \$1.5 billion in 1982. Romania's goal for 1983 was a \$3.0 billion hard currency surplus. 6/ The actual trade surplus, according to official Romanian statistics 7/ amounted to \$2.4 billion. This had been used primarily to meet 1983 foreign payment obligations. 8/

1/ See RFE-RL, Situation Report, Romania, Radio Free Europe Research, Dec. 31, 1983, pp. 20, and 21.

2/ For background information on Romania's energy-crisis-related economic woes, see U.S. Congress, Joint Economic Committee, East European Economic Assessment, Country Studies, 1980, pp. 285-290.

3/ See Wharton Econometric Forecasting Associates, Wharton, Sep. 23, 1983

4/ For more on Romania's prospects of achieving complete self-sufficiency by 1990, see RFE-RL Situation Report, Romania, Radio Free Europe Research, Dec. 31, 1983, p. 22.

5/ RFE-RL, Situation Report, Romania, Radio Free Europe Research, Dec. 31, 1983, p. 16.]

6/ Department of State, Foreign Economic Trends, Romania (Airgram), Apr. 8, 1983, p. 7.

7/ FBIS, Daily Report, Eastern Europe, Feb. 2, 1984, H14-H23.

8/ For more on Romania's improved external accounts see appropriate subsection in this report.

As a consequence of Romania's reduction of imports from advanced Western countries, the Western share in Romanian trade fell from 34 percent in 1978 to an estimated 20 percent in 1983. Simultaneously, Romania's trade share with the NME's grew from 44 percent in 1978 to 53 percent during the year under review. 1/

Improvement in the country's trade balance has been accomplished at a significant cost to both consumers and producers. Severe shortages of fuel and raw materials have reduced the average citizen's standard of living and have impaired the normal functioning of industry and agriculture. Although this endangers Romania's ability to increase its hard currency exports in the immediate future, the country's good commercial relations with the West, and further improvements of the world economy, it may help put Romania on the path to economic recovery.

Poland

The Polish economy showed signs of a modest recovery during the year under review. Mainly as a result of increased industrial production and construction, national income rose for the first time since 1978. According to official Polish data, the country's national income rose by 4.5 percent from 1982 to 1983, and industrial production, by 6.7 percent. 2/ Production of extractive industries increased by 2.3 percent, and the output of manufacturing industries, by 7.1 percent. Poland's coal industry, the country's largest single hard currency earner, increased total exports by 19 percent and exports to the West by 34 percent from 1982 levels. 3/ Goals in 1983 for electricity, crude oil processing, lead, zinc, copper, and sulphur production were reportedly also exceeded. 4/ After 4 successive years of reducing investment, Government authorities relaxed central control over investment spending in 1983. 5/ Warsaw also made efforts to stabilize wages and prices, to increase productivity, and promote efficiency during the year under review. It has successfully renegotiated its obligations to Western commercial creditors. 6/

1/ FBIS, Daily Report, Eastern Europe, Feb. 2, 1984, H14-H23, and The New York Times, Dec. 26, 1983, p. D4.

2/ For Poland's official 1983 economic performance see U.S. FBIS, Eastern Europe, Daily Report, Jan. 16, 1984, p. G6-G8. For an analysis of the country's 1983 economic performance see Wharton Econometric Forecasting Associates, Wharton, Feb. 22, 1984.

3/ Business Eastern Europe, Jan. 20, 1984, p. 18.

4/ FBIS, Eastern Europe, Daily Report, Jan. 16, 1984, pp. G6-G8.

5/ Wharton Econometric Forecasting Associates, Wharton, Feb. 22, 1984.

6/ For more on rescheduling Poland's debts see appropriate subsection in this report.

Western sanctions against Poland and the country's shortage of hard currency have caused forced cuts in many imports that are essential to production. Inadequate supplies of raw materials, intermediate goods, and spare parts during the year under review constrained efforts to utilize plant capacity and improve productivity throughout industry. 1/

The Government has designated certain sectors of the economy as "protected areas" in order to insure these with adequate supplies of scarce commodities. 2/ Coal mining and the military, for example, have been designated as such priority areas. In addition, the Government introduced a new system allowing firms to bid on Government production contracts with the assurance that they would be supplied with sufficient production inputs to complete the projects if they won the bidding.

Poland fared well in crop production in 1983. Compared with that in 1982, grain production increased by 4.4 percent; potatoes, by 7.9 percent; sugar beets, by 7.3 percent; and rape and turnip output, by 27.0 percent. 3/ The livestock output, however, was poor. Poland's inability to import sufficient quantities of animal fodder led to a significant decline in the number of cattle and pigs. As a result, meat rationing is likely to continue. 4/ Rationing of fats was reinstituted in November 1983. 5/

The purchasing power of the average consumer declined during 1983, because a 24.7-percent increase in money income was more than offset by a 30-percent inflation rate. A 4- to 6-percent rise in the cost of living was caused by an increase in the price of staple foodstuffs which was put into effect in mid-November. 6/ Delivery of certain consumer durables, including washing machines, cars, and refrigerators, improved during 1983. 7/

Polish trade with both the NME's and non-NME's increased during 1983. In current prices, Polish exports grew by 9.5 percent, and imports increased by 10.6 percent as compared with those in 1982. Polish terms of trade deteriorated during January-September 1983. Import prices increased by 2.5 percent, but export prices fell by 2.8 percent. 8/ In trade with non-NME's, Poland's merchandise trade surplus increased from \$1.4 billion in 1982 to \$1.5 billion during the year under review. 9/ The deficit in trade

1/ Official Polish estimates place the loss to the national economy from reduced Western imports in 1982-83 at \$10.5 billion. These estimates include losses which had been incurred as a result of factories operating at 50 to 60 percent of their normal capacity. See FBIS, Eastern Europe, Daily Report, Dec. 12, 1983, p. G3.

2/ See Department of State Airgram, Embassy Warsaw, July 7, 1983, p. 4.

3/ FBIS, Eastern Europe, Daily Report, Jan. 16, 1984, p. G7.

4/ Meat ration was 2.5 kilogram per person per month at the end of 1983. See RFE-RL, Situation Report, Poland, Radio Free Europe Research, Dec. 31, 1983, p. 25.

5/ FBIS, Eastern Europe, Daily Report, Dec. 7, 1983, p. G15.

6/ FBIS, Eastern Europe, Daily Report, Jan. 16, 1984, p. G6, and RFE-RL, Situation Report, Poland, Radio Free Europe Research, Nov. 27, 1983, p. 14.

7/ See FBIS, Eastern Europe, Daily Report, Jan. 16, 1984, p. G8.

8/ See EIU Quarterly Economic Review of Poland, No. 4, 1983, p. 20.

9/ See Wharton Econometric Forecasting Associates, Wharton, Feb. 22, 1984.

with the other NME's, mainly the U.S.S.R., increased by 300 percent in 1983. Poland's share of trade with Council for Mutual Economic Assistance (CEMA) partners has been increasing in recent years. Polish imports from the East rose from 55 percent of total imports in 1981 to approximately 63 percent all imports in 1982 and 1983. 1/

Hungary

For the Hungarian economy, 1983 was decidedly a lackluster year. Still, the continued implementation of the country's economic reform program, its good standing with multilateral lending organizations, and generally stable commercial relations both with the West and other NME's helped alleviate its problems. According to official Hungarian statistics, national income increased by less than 1 percent from 1982 to 1983, and industrial production by roughly 1 percent. The increase in the light industry sector was reported to be 0.6 percent over that in 1982, and mining and metallurgical outputs decreased by a similar amount. 2/ In agriculture, drought reportedly destroyed 2 million metric tons of Hungarian grain crops and significantly reduced sugar beet, sunflower, and potato output during the year under review. 3/ One of the country's strong hard-currency earning industries, the food-processing industry, has consequently suffered a serious blow. It is estimated that the severe drought reduced Hungary's hard-currency export earnings by \$200 million to 300 million during the year under review. 4/ Poor agricultural and industrial performance led to substantial increases in consumer goods prices. The September 1983 food price increases ranged from 10 to 23 percent. 5/ The actual reduction in the population's real income must have exceeded the 1.5 to 2.0 percent reduction which was foreseen by the authorities for 1983.

As a result of output levels and hard-currency exports falling below expectations, and further deterioration in Hungary's terms of trade, the country's foreign trade surplus in 1983 reached only \$300 million to \$450 million. The projected surplus under the International Monetary Fund (IMF) supported stabilization program was \$700 million to \$800 million. Gross hard-currency debts have slightly decreased, from \$7.7 billion at the end of

1/ Authorities have announced plans for increasing trade with CEMA partners through the reorientation of trade to the East and through stepping up industrial cooperation with NME partner states during the next 5-year plan period (1986-90). For details, see FBIS, Economic and Industrial Affairs, East Europe Report, Dec. 22, 1983, p. 3.

2/ For details of the Hungary's 1983 economic fulfillment plan, see FBIS, Eastern Europe, Daily Report, Jan. 9, 1983, pp. F1-F4.

3/ See RFE-RL, Background Report, Hungary, Radio Free Europe Research, Dec. 31, 1983.

4/ Ibid.

5/ Ibid.

1982 to \$7.6 billion at the end of 1983. 1/ By successfully engaging a number of Western firms in negotiations, the Hungarian Government's promotion of joint ventures and industrial cooperation agreements registered progress during the year under review. Hungary was successful in syndicating loans on the Euromarkets, 2/ and China reportedly deposited hundreds of millions of dollars in Hungarian banks. 3/ Budapest continued negotiations with several Western firms for organizing so-called offshore joint ventures that would allow the Western partners to conduct their operations in duty-free trade zones in Hungary. 4/ The year under review marked Hungary's debut as a World Bank borrower. The overall package provided by the Bank amounted to about \$620 million and was earmarked for the development of agricultural and energy projects. It included a direct loan of \$240 million, and a further \$200 million was extended as a commercial bank loan with the World Bank taking a 15-percent share. The package also included a Japanese yen facility from commercial banks with a 15-percent contribution from the World Bank. The remainder was provided in local currency. 5/

Similar to the situation in 1978, when the onset of Hungary's hard-currency problems spurred a new drive to institute the country's market-oriented reform program, the reform process apparently gained strength from the economic difficulties which emerged during the year under review. Hungary's burgeoning consumer-oriented small business and cooperative sectors received more official support and expanded their operations in 1983. 6/ This helped not only to keep the country's standard of living a showcase among the

1/ The IMF also reported that although the process of eradicating Hungary's external imbalance fell behind expectations in 1983, the surplus realized during the year brought the cumulative improvement in the country's hard-currency current account balance since 1981 to more than \$1.1 billion. The IMF continues to support Hungary's stabilization efforts. In January 1984, the IMF approved a standby arrangement for Hungary, authorizing purchases up to the equivalent of SDR 425 million over a 12-month period. IMF preconditions for the standby credit stipulate a minimum \$400 million surplus on Hungary's current account balance in 1984 in addition to phasing out the 18-month old curbs on imported raw materials and equipment from the West, and improving the position of the State budget. See IMF Survey, Jan. 23, 1983, p. 30 and Bank for International Settlements (BIS), Press Review, Jan. 24, 1984, p. 5.

2/ See Embassy Budapest, Department of State Airgram, May 3, 1983.

3/ See Le Point, Nov. 28, 1983, p. 69.

4/ The first such joint venture was reportedly concluded between a Danish log house manufacturer and the Hungarian Government in early 1984. See Business Eastern Europe, Feb. 10, 1984, p. 1.

5/ In arranging this loan package for Hungary, the World Bank used its new cofinancing formula which calls for the Bank's participation in a syndicated loan for the first time. See BIS, Press Review, Sept. 7, 1983, pp. 5 and 6.

6/ For appraisals of the Hungarian reform's political backdrop, see The New York Times, Jan. 9, 1983, section 3, p. 1, and Washington Post, Oct. 19, 1983, pp. A-1 and A-23. For official Hungarian views on the country's small business reform, see U.S. FBIS Economic and Industrial Affairs, Eastern Europe Report, Dec. 19, 1983, pp. 47-51.

NME's, but was also useful in the slow process of restoring external and internal balance to the economy. The new small- and medium-sized businesses require few new hard-currency imports, and by being generally labor-intensive, they help absorb manpower which large, State-run, subsidized firms are being forced to release under the pressure of efficiency-improving reform measures. 1/ Since personal savings represent the primary source of capital for the new small businesses and cooperative enterprises, their growth saves scarce investment capital for the State. This and the fact that small and cooperative businesses are not eligible for subsidies help reduce State expenditures. The authorities also aimed at improving the State budget and alleviating the shortage of State capital in 1983 by promoting the use of infrastructural development bonds. 2/

East Germany

Overall East German economic performance continued to be impressive by Eastern bloc standards during the year under review. National income grew by 4.2 percent and industrial production by 3.8 percent in 1983. 3/ According to official East German statistics, 4/ investment in State-run industry increased by 3.8 percent in 1983, and 84 percent of the growth of national income was attributable to a rise in labor productivity. Foreign trade turnover increased by 12 percent, exports to the U.S.S.R. by 16 percent, and exports to non-NME's by 11 percent. In addition to the favorable picture created by official statistics, reports about the sorry condition of the country's housing stock, food supply shortages, and bottlenecks created by its highly centralized economic management system also reached the West in 1983. 5/

The drive to export more to the West while restraining imports resulted in a decline of approximately \$500 million in East Berlin's hard-currency debts during the year under review. East German gross hard-currency debts decreased from \$12.8 billion in December 1982 to \$12.3 billion in December 1983. According to Western estimates, 6/ East Germany owed the West more than \$4 billion in 1983, including short-term obligations. Even so, a web of rollover loans arranged by West Germany and widespread intra-German commercial relations allowed East Germany 7/ not only to cope with its debt problems in 1983, but also to maintain its reputation as a reliable borrower in the

1/ In 1983, Hungary's industrial labor force declined by at least 2.4 percent. See FBIS, Eastern Europe, Daily Report, Jan. 12, 1984, p. F1.

2/ See RFE-RL, Situation Report, "The Bonds Explosion", Radio Free Europe Research, Dec. 20, 1983, pp. 29-33.

3/ See Business Eastern Europe, Dec. 23, 1983, pp. 404,405.

4/ For East Germany's detailed plan fulfillment report, see FBIS, Feb. 1, 1984, pp. E10-E36.

5/ EIU Quarterly Economic Review of East Germany, No. 4, 1983, pp. 11 and 12.

6/ For details see translation of article from Sueddeutsche Zeitung in FBIS, Economic and Industrial Affairs, East Europe Report, Dec. 30, 1983, pp. 32 and 33.

7/ Intra-German transactions are conducted by using the so-called "accounting unit" rather than currencies, with the West Germans allowing an easy term "swing credit" for the balance. Consequently, East Germans can save their hard currency reserves and export earnings for paying other than their West German creditors if they increase their imports from West Germany, and reduce those from other Western countries.

West. 1/ Intra-German trade registered a buoyant growth in 1983. Overall January-June 1983 trade turnover between East Germany and West Germany increased by 16 percent over that in January-June 1982. 2/ Even with its privileged position with West Germany among the NME's, East Germany had to continue restraining its purchases of Western machinery and equipment in 1983. This restraint of capital goods inflows hurts East Germany's prospects for sustained economic growth, particularly in its high-technology industries (e.g., microelectronics and robotics).

In 1983, East Germany remained the East European state most reluctant to experiment with market-oriented economic reforms. In its efforts to accomplish macroeconomic adjustments necessitated by external factors, East Berlin continued to profess that national economic management can be improved through perfecting the methods of central planning. At the same time, a modest agricultural reform encouraging production on private plots, for which the ideological ground had already been broken by the U.S.S.R., received increased official support during the year under review.

Czechoslovakia

After negative growth in 1981 and barely zero growth in 1982, Czechoslovak national income may have grown by 2.2 percent, industrial output by 2.7 percent, and the volume of investment by 2.2 percent in 1983. 3/

With an overall growth of 2.2 percent over 1982 levels and record-setting grain output of 11 million metric tons, agriculture was Czechoslovakia's most successful sector in 1983. Animal husbandry output increased by 4.6 percent. Small producers were reportedly responsible for 61.8 percent of fruit production and 39.2 percent of vegetable production during the year under review. 4/ In conformity with the trend set by the Soviet Union, the private sector expanded in Czechoslovak agriculture in 1983. 5/ Industry's performance was not as successful as its growth results would suggest. The rekindled expansion in 1983 once again demonstrated that the Czechoslovak industry's systemic malaise of following a pattern of extensive growth

1/ For an appraisal of commercial relations between East Germany and West Germany in 1983, see Washington Post, Jan. 8, 1984, Section A, p. 15.

2/ EIU Quarterly Economic Review of East Germany, No. 4, 1983, p. 15. By using the first half of 1983 as a basis for approximation and the first quarter exchange rate of 2.76 between the dollar and the deutschmark, intra-German trade was approximately \$5.8 billion in 1983. Given that more than one-half of this represents West German exports to the receptive East German market, it is evidently also in the interest of West German industries to safeguard East Germany's solvency.

3/ For the Czechoslovak Government's report on the country's economy in 1983, see FBIS, Eastern Europe, Daily Report, Feb. 8, 1984, pp. D1-D17.

4/ Ibid.

5/ The end of the tough ideological line against "privatization," however, did not remove all the difficulties from making legitimate small scale, semiprivate agricultural enterprises. The Government appears to be torn between its ideological orthodoxy and pragmatic considerations urging further progress in a market-oriented agricultural reform. For a discussion on the status of Czechoslovakia's agricultural reform in 1983, see RFE-RL, Situation Report, Czechoslovakia, Radio Free Europe Research, Dec., 12, 1983, pp. 17-20.

when stimulated has not been cured since the Set of Measures--Prague's timid alternative to a bone fide economic reform--went into effect in 1981. Input-heavy production increases recreated the waste/shortage paradox characteristic of centrally managed economies beyond a threshold level of maturity which Czechoslovakia has long surpassed. 1/ Efforts to increase efficiency seemed to focus on spending more on research and development and on increasing the role of computers in production management. The production of digital computers increased drastically from 1982 to 1983. 2/

Compared with those in 1982, overall exports increased by 8.9 percent during the year under review. Within this increase, exports to the NME's increased by 10.1 percent, and to non-NME's, by 5.7 percent. Overall imports increased by 9.4 percent in a similar comparison; imports from the NME's increased by 13.0 percent, but those from non-NME's declined by 2.4 percent. 3/ According to official Czechoslovak sources 4/ the country's hard-currency surplus reached \$1 billion during 1983, enabling Prague to reduce its gross hard-currency debts from \$4.0 billion at the end of 1982 to \$3.7 billion at the end of the year under review. Bilateral Czech-Soviet trade increased by 13.8 percent over that in 1982. The share of NME's in the country's total trade reached 77 percent in 1983, of which the U.S.S.R. accounted for 44 percent. Imports from the United States were frequently considered supplies of the last resort. 5/

Bulgaria

Despite the relatively poor agricultural performance due to weather conditions, the Bulgarian economy continued to expand during the year under review. National income increased by 3.0 percent, and industrial output, by 4.6 percent, according to official Bulgarian statistics. 6/ In agriculture, net production of wheat, sunflower, sugar beet, tomatoes and grapes was inferior to 1982 levels. Animal husbandry production, however, increased by 3 percent over its 1982 level, and output in certain fodder crops also registered some growth, according to official statistics. 7/

Compared with that in 1982, total foreign trade turnover grew by 8.3 percent in 1983. 8/ Bulgaria's gross hard-currency obligations decreased from \$3.3 billion at the end of 1982 to \$2.6 billion at the end of 1983. With this, Bulgaria accomplished the largest decrease of hard-currency liabilities from 1982 to 1983, both in absolute and relative terms, among Eastern European NME's. Sofia's exceptionally strong trade link with the Soviet Union continued to contribute to Bulgaria's strong trade performance during the year

1/ For an analysis of the state of Czechoslovak reform see RFE-RL, Background Report, Czechoslovakia, Radio Free Europe Research, Jan. 12, 1984.

2/ FBIS, Eastern Europe, Daily Report, Feb. 8, 1984, pp. D1-D17.

3/ FBIS, Eastern Europe, Daily Report, Feb. 8, 1984, D1-D17.

4/ BIS, Press Review, No. 27, Feb. 8, 1984, p. 4

5/ See U.S. Department of Commerce Business America, May 30, 1983, p. 29.

6/ For further details on Bulgarian economic performance in 1983, see FBIS, Eastern Europe, Daily Report, Feb. 2, 1984, pp. C3-C10.

7/ Ibid.

8/ About 80 percent of Bulgaria's total trade is with the NME's of which the Soviet Union represents the largest portion. FBIS, Eastern Europe, Daily Report, Jan. 26, 1984, p. C2.

under review. 1/ Bulgaria is in the position to reexport to the West relatively large quantities of Soviet crude oil which it purchases at preferential prices for rubles. This was an important factor that enabled Bulgaria to realize its record hard-currency surplus during the year under review. 2/

The implementation of Bulgaria's market-oriented reform program 3/ continued in 1983. Allocation of private lots to farmers also increased. Major economic problems in the country during the year under review were labor migration and housing. 4/

Developments Affecting Commercial Relations With the United States

The status of U.S. sanctions against Poland.

U.S. economic sanctions against the Polish Government, prompted by the imposition of martial law in December 1981 were as follows: Ban on extending any new U.S. Government credit to Poland, refusal to negotiate the rescheduling of Polish payment obligations on existing Government loans and opposition to Poland's membership in the International Monetary Fund (IMF); implementation of a no-exceptions policy restricting the licensing of high-technology items for export to Poland; curtailment of nonhumanitarian agricultural commodity shipments for distribution by the Polish Government; suspension of Export-Import Bank export credit insurance for Poland; curtailment of Polish fishing rights in U.S. waters; suspension of Polish civil aviation privileges in U.S. air space; and suspension of travel under the Maria Sklodowska Curie Fund's joint scientific visitors' exchange program. 5/ The suspension of Poland's MFN status on November 1, 1982, came in response to the Polish Government's banning of the Solidarity trade union. Poland's failure since 1978 to comply with its obligation to increase imports from General Agreement on Tariffs and Trade (GATT) members, and the Trade Act of 1974, which empowered the administration to suspend bilateral trade agreements in retaliation for noncompliance with trade agreements, provided the legal ground for this suspension. 6/

1/ For a detailed discussions of Bulgaria's foreign trade in the 1980's, see Wharton Econometric Forecasting Associates, Wharton, Sept. 28, 1983.

2/ Bulgaria's hard currency trade surplus averaged \$500 million in each of the past 4 years. U.S. Department of Commerce, Business America, Aug. 22, 1983, p. 27

3/ The Bulgarian reform, introduced first in agriculture in 1979 and then gradually throughout the economy in 1981 and 1982, had been designed along the lines of Hungary's market-oriented reform program of 1968. It stipulates reduction in central plan targets, in the State subsidization of poorly performing enterprises, and makes enterprise profitability the centerpiece of a more indirect method of macroeconomic management than what prevailed before the reform's introduction. Ibid.

4/ See EIU Quarterly Economic Review of Rumania, Bulgaria, Albania, No. 1, 1983.

5/ See 33d Quarterly Report, . . . , pp. 76-79 and Statement by the Principal Deputy Press Secretary on Nov. 2, 1983; Weekly Compilation of Presidential Documents, Vol. 19, No. 44, 1983, p. 1514.

6/ For more details on Poland's lost MFN status see, 33d Quarterly Report, . . . , pp. 75 and 77, and this report's section on Eastern European GATT activities.

The Presidential Proclamation of April 14, 1983, made a limited exemption from Poland's suspended MFN privileges. Polish goods sold to U.S. traders under consignment contracts could enter the United States at column 1 rates of duty, i.e., at most-favored-nation tariff rates, if these contracts were concluded before October 9, 1982, and the goods sold under them were delivered before June 30, 1983. 1/

Although the lifting of martial law by the Polish Government on July 22, 1983, did not dramatically change the unfavorable political climate which had existed between the Western alliance and Warsaw since the of martial law's imposition, it caused a limited improvement in U.S.-Polish commercial relations.

On July 5, 1983, President Reagan announced U.S. willingness to negotiate specialty steel quotas with countries that request such negotiations. Official Polish request for negotiations was transmitted to the U.S. Government on August 29, 1983. Negotiations with Poland over this matter took place in late September and early October. On October 20, 1983, the United States announced the allocation of specialty steel import quotas to Poland, the only nonmarket economy country among several other countries receiving such quantity limits. 2/ The announced quotas were granted for 4 years, with the initial global quotas expanding at an annual 3-percent rate. Although Warsaw did not get the high-quantity limits it stipulated for the two main categories of steel products it had traditionally exported to the U.S. market, the fact that successful negotiations between the United States and Poland did take place was by itself a sign of improved relations between the two countries. 3/

The United States and its Western allies engaged in discussions with the Polish Government in October and November 1983 concerning the repayment of Polish debts to official Western creditors. With this, the administration eliminated one of the 1981 economic sanctions. 4/ At the same time Polish officials were permitted to discuss with private U.S. companies potential fishing arrangements. The eventual lifting of the ban on fishing by Polish vessels in U.S. waters, however, was made contingent on the Polish Government's actions on human rights. Polish fishing rights were not restored during 1983.

1/ See Presidential Proclamation No. 5048, Presidential Documents, Apr. 13, 1983, p. 542.

2/ 48 F.R. 48888-48892.

3/ The Polish request for negotiations on steel quotas stipulated an annual quota of 1,000 tons for alloy steel bars and 200 tons for stainless steel bars. By including Poland in the category of "other" sellers, U.S. allocation for stainless steel bars remained unspecified, and allocation on alloy tool steel bars fell significantly short of the Polish request.

4/ The formal announcement of eliminating the ban on such discussions occurred on Nov. 2, 1983. See Presidential Documents 19, No. 44, p. 1,514. For a further discussion of Poland's official debts, see appropriate subheading in this section.

Mr. Lech Walesa, leader of Poland's free trade-union movement, issued a statement on December 5 urging the United States and other Western nations to end economic sanctions against the Polish Government. On December 7, 1983, President Reagan responded by promising "immediate and serious consideration" 1/ to this matter and consultation with U.S. allies. 2/

Interim solution to Poland's debt problem

By paying its obligations under the 1981 and 1982 rescheduling agreements to commercial creditors, Warsaw demonstrated willingness and ability to cooperate with the West in finding interim solutions to its unresolved debt problem. Consequently, the ground was well prepared for a reasonably smooth, third-year rescheduling of Poland's obligations to Western commercial creditors.

On August 18, 1983, representatives of Western banks and Polish officials agreed to the stopgap measure of allowing Poland to pay only \$460 million of the country's total \$2.6 billion maturity on principal and interest that was due in 1983. The agreement was formally concluded between Western commercial creditors and the Polish Government on November 3, 1983. Of the \$460 million, \$75 million represented payment on a \$1.5 billion obligation on principal, and \$385 million on the \$1.1 billion obligation for interest. The \$1.43 billion unpaid maturity on the principal was rescheduled for 10 years with a grace period of 5 years. 3/ Moreover, Western commercial creditors agreed to extend short-term renewable credits to Polish traders for the remaining \$715 million of the Polish Government's 1983 obligations on interest.

The terms of the 1983 rescheduling agreement, although not as favorable as Warsaw requested, were better than those of 1982. The rescheduling period increased from 7-1/2 years in 1982 to 10 years in 1983; the percentage of interest rebated as short-term trade credits increased from 50 percent in 1982 to 65 percent in 1983. 4/ As specified by the 1983 rescheduling agreement, Poland paid its obligations before the end of 1983. One of the economic sanctions imposed by the United States and its Western allies on Poland in December 1981 5/ was the refusal to negotiate the country's debts to Western Governments with the martial law government. Subsequent to the lifting of martial law in Poland on July 22, 1983, the United States declared its willingness to join other Western nations in talks on Poland's obligations to Western Governments. In October, the representatives of the United States

1/ See Presidential Documents, Dec. 12, 1983, Vol. 19, No. 49, p. 1,658

2/ The lifting of the ban on Polish fishing rights occurred on Jan. 19, 1984, The New York Times, Jan. 20, p. A-1. At the same time, the ban on Polish use of U.S. airspace for the purpose of civil aviation was softened by giving landing rights to a limited number of Polish charter flights. The Administration's actions were made in response to Lech Walesa's quoted plea as well as alleged improvements in Warsaw's human rights practices.

3/ For a more detailed description of the rescheduling agreement see 36th Quarterly Report . . ., pp. 49, 50.

4/ details of the 1982 rescheduling agreement see 33d Quarterly Report. . ., pp. 79 and 80.

5/ For a discussion of these sanctions, see the section dealing with sanctions against Poland in this report.

and other official Western creditors went to Warsaw to discuss with Polish officials the possibility of rescheduling Poland's debts to Western Governments. Although these discussions continued in Paris in November 1983, no further progress was made during 1983 in dealing with the Polish debt problem in a comprehensive and long-run context.

Poland has not made payments on its official debts since 1981. As a result of serious arrears in payments to Western official lending organizations, and debt service burdens on rescheduled or recycled short-term loans, Poland's hard-currency gross debt has increased to \$28 billion at the end of 1983 from \$24 billion at the end of 1982. ^{1/} Within this total, the relative share of official holdings of Polish debt has increased compared with the share of private holdings. Beyond paying only private creditors since 1981, this is explained by the fact that some of Poland's obligations to private creditors have been assumed by Government lending organizations of creditor countries during the past 3 years. Western Governments assumed these unpaid obligations in order to protect their respective national monetary and credit systems. ^{2/}

Improvement in Romania's credit status, debt rescheduling

A continuation of harsh austerity measures has brought further improvement to Romania's external debt situation in 1983. After peaking at \$10.8 billion in mid-1981, Romania's hard-currency gross debts were reduced from \$10.2 billion at the end of 1982 to \$8.8 billion at the end of 1983. ^{3/} Romania's short-term, hard-currency liabilities have decreased from their crisis magnitude of \$2.1 billion at the end of the 1980 to an estimated \$0.3 billion at the end of 1983. In accordance with the conditions specified by the 1982 rescheduling agreements, Romania retired its short-term liabilities to its official creditors, and rescheduled short-term liabilities to its commercial creditors. These debts amounted to \$1 billion at the end of 1982.

About 60 percent, or \$130 million, of Romania's 1983 obligations to Western official lenders had been rescheduled through the Paris Club in May 1983. The terms of the rescheduling agreement allowed for a 3.5-year grace period, after which Romania will have to pay in seven semiannual payments the rescheduled amount between December 31, 1986, and December 31, 1989. Interest rates on the restructured obligations were left to be negotiated between the Romanian Government and individual creditors. Romania also received \$0.6 billion in debt relief from Western and Arab banks in 1983. This agreement specified the same time table for the payment of renegotiated obligations as the one concluded between official Western creditors and Bucharest in May 1983. The interest charged on the rescheduled amount will be a 1.75-percent spread above the London Interbank Offered Rate,

^{1/} Official Polish sources reportedly predict a 7.2-percent rise in Poland's overall debt to the West in 1984. This would increase Polish debts to approximately \$30 billion by the end of 1984. Wall Street Journal, Jan. 10, 1984, p. 37.

^{2/} For more on the subrogation of Poland's private debts by Western governments see 36th Quarterly Report, . . . , p. 50, and the U.S. International Trade Commission's, International Economic Review, IER, February 1984, pp. ⁹³ and 10.

^{3/} For Romania's 1982 debt situation and rescheduling, see 33d Quarterly Report . . . , pp. 82 and 83.

and a 1-percent rescheduling fee will also be charged. At the end of 1983, Bucharest had reportedly no arrears in payments to its Western creditors, and there were no plans to reschedule Romanian debts in 1984.

According to news reports, 1/ Romania intends to retire about 25 percent of its 1983 gross debts by 1985 and liquidate the whole amount by 1987 or 1988.

Romania's improved external equilibrium is reflected by the decision of the United States Export Import Bank (Eximbank) in September 1983 to conditionally reopen a loan for Romania which was approved by the Congress and the administration in 1981, but was subsequently suspended by Eximbank for reasons of Romania's severe balance of payments difficulties in March 1982. 2/ At that time, Eximbank determined that Romania's external financial imbalance would jeopardize the Eastern European country's ability to repay the loan. The purpose of the loan is to finance Romanian purchases of U.S. goods and services for the construction of a nuclear power station. The conditions attached to the availability of the loan include the payment of fees and some administrative formalities. Vice President Bush's visit to Bucharest in September 1983, the same month when Eximbank reopened Romania's suspended credit line, further underlined the improvement which occurred in U.S.-Romanian bilateral commercial relations during the second half of the year under review. 3/

Most-favored-nation status for Hungary and Romania

After hearings before the House Ways and Means Committee and the Senate Subcommittee on International Trade in July 1983, the MFN status of Hungary and Romania was renewed for another year on September 1, 1983.

In March 1983, President Reagan declared that he would not recommend the renewal of Romania's MFN status unless the country's Government dropped its so-called "education tax" which it imposed on potential emigrants in October 1982. 4/ After extensive bilateral consultations, Bucharest backed down, giving the U.S. Government assurances that the tax would not be applied. This removed the obstacle for the administration to recommend extension of Romania's MFN status for another year.

During the 1983 Congressional hearings (as had been the case frequently since 1976, when waiver for Romania had to be extended for the first time), various civic groups maintained that Romania's emigration policies were highly restrictive. These civic groups urged the U.S. Congress to use with its veto

1/ Interview with Romanian Planning Commission official, The New York Times, Dec. 26, 1983, p. D4.

2/ For a detailed description of the original Eximbank commitment to Romania, see 27th Quarterly Report . . ., pp. 48-50.

3/ Bush Bucharest Press Conference, FBIS, Eastern Europe, Daily Report, Sept. 20, 1983, p. H-1.

4/ For a description of renewing MFN status for NME's under the U.S. Government's freedom-of-emigration requirement and the issues associated with the 1983 renewal, see 35th Quarterly Report . . ., pp. 36 and 37.

power and adopt disapproving resolutions against the continuation of Romania's MFN status. A bill of disapproving resolution by the House of Representatives (H. Res. 256) and one by the Senate (S. Res. 171) against Romania's MFN status were indeed introduced during the Congressional review period. One such resolution of disapproval against Hungary's MFN status was also introduced in the House of Representatives during the same period. (H. Res. 257). 1/ The House resolutions against the MFN status of both countries were indefinitely postponed, and the Senate resolution against Romania's MFN status was never reported out of the Finance Committee.

The effect of the June 23, 1983, Supreme Court ruling, the so-called Chadha decision 2/ on the unconstitutionality of legislative vetoes, remained unclear in 1983. This ruling is believed to apply to the current status of legislation which defines the system of interaction between Congress and administration in granting MFN status to NME's. No significant progress in complying with the frequently repeated request of Hungary and Romania and their U.S. business partners for a multiyear MFN status of these countries occurred in 1983.

Eastern European Participation in the GATT

In 1983, NME's 3/ did not accede to any of the General Agreement on Tariffs and Trade (GATT) agreements negotiated at the Tokyo round conference in 1979. 4/ The United States, however, discussed with Poland, Hungary, and Czechoslovakia a variety of topics under GATT auspices during the year under review.

Poland.--At the April 1983 GATT meeting, Poland stated that the suspension of its most-favored-nation treatment by the United States was politically motivated. Poland further claimed that the suspension was unrelated to the legitimate commercial interests of the Contracting Parties, and that it severely distorted the fundamental GATT rule of nondiscrimination. 5/ GATT rules indeed stipulate that the Contracting Parties extend MFN treatment to each other. The Trade Act of 1974, on the other hand, allows the President to retaliate against countries which do not meet their trade obligations. Upon accession to the GATT in 1967, Poland obligated itself to increase imports from GATT member countries by 7 percent per year. Since 1978, Poland has not complied with this obligation. Action on the Polish request was put off until the next GATT Council meeting in 1984.

1/ See U.S. Import Weekly, vol. 8, No. 19, p. 746.

2/ For more details on this ruling, see 35th Quarterly Report . . ., p. 36.

3/ Czechoslovakia, Hungary, Poland, and Romania are members of the General Agreement on Tariffs and Trade (GATT); Bulgaria has observer status in the world organization.

4/ For NME accessions to such agreements in 1982, Operation of the Trade Agreements Program, 34th Report, USITC Publication 1414, 1983, p. 227.

5/ Poland's MFN status was suspended in response to the Warsaw regime's suspension of the country's free labor union movement in October 1982. For further details and references on Poland's lost MFN status, see the section on U.S. sanctions against Poland.

Hungary.---At the April 1983 GATT meeting, the United States introduced the issue of Hungarian import restrictions. In 1982, Hungary had imposed quotas and a 20-percent surcharge on certain hard-currency imports in order to rebuild the country's foreign exchange reserves, which had been depleted by the withdrawal of funds by foreign depositors, particularly during the first quarter of that year. 1/ After numerous consultations with the Hungarians, the Contracting Parties decided to allow Hungary, which acceded to GATT membership in 1973, to keep these measures in force on a temporary basis, until the country's balance-of-payment situation improves. 2/

Czechoslovakia.---At the GATT Council meeting in July, 1983, Czechoslovakia asked the member nations for assistance in ending the mutual suspension of U.S.-Czechoslovak GATT obligations which had been in effect since 1951. The United States maintained that the current circumstances lacked basis for changing the reciprocal suspension of obligations which did not affect the rights of third countries.

U.S. administrative actions affecting imports from Eastern European NME's

Hot-rolled carbon steel plate from Romania.---On January 4, 1983, the Commission and the Commerce Department suspended investigation No. 731-TA-58 (Preliminary), regarding allegations that hot-rolled carbon steel plates from Romania were sold at the less than fair value (LTFV) in the United States. 3/ Consent by the Romanian seller to revise its price provided basis for the suspension.

Carbon steel wire rod from Poland.---On November 23, 1983, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce by five U.S. steel companies alleging that imports of carbon steel wire rod from Poland, among other countries, are being sold in the United States at LTFV. 4/ The Commission instituted a preliminary investigation 5/

1/ For a more detailed discussion of the Hungarian liquidity crisis and import restrictions, see 33d Quarterly Report, . . ., pp. 83,84.

2/ Hungary has reportedly agreed to lift these restraints under certain conditions in 1984. See Bank for International Settlements, (BIS), Press Review, Jan. 24, 1984, p 5

3/ For a detailed description of the case, see 33d Quarterly Report . . ., pp. 84 and 85.

4/ At the same time, the Commission recieved a petition alleging injury from subsidized imports of carbon steel wire rod from Poland and Czechoslovakia. However, the Commission cannot by statue perform an injury investigation concerning such imports, since these countries are not signatories to the GATT Subsidies Code.

5/ For details of this investigation see USITC Carbon Steel Wire Rod From Argentina, Mexico, Poland and Spain: Determinations of the Commission in Investigations Nos. 731-TA-157-160 . . ., USITC Publication 1476, January 1984.

under section 733(a) of the Tariff Act of 1930 (investigation No. 731-TA-159). 1/ On December 21, 1983, 2/ the Department of Commerce agreed to initiate an investigation on the countervailing duty cases involving steel wire rod from Poland and Czechoslovakia. 3/

Pig iron from Romania, East Germany and Czechoslovakia.—On October 12, 1983, the Department of Commerce published the final results of its review of the antidumping findings on pig iron from Romania and East Germany. According to the final results, cash deposits at specified percentages of the entered value of all shipments of pig iron from Romania and East Germany are required. 4/

On November 17, 1983, the Department of Commerce made a tentative preliminary determination to cease the annual administrative review of pig iron imports from Czechoslovakia. Annual reviews, as required by section 751 of the Tariff Act of 1930, were prompted in 1968 by allegations of dumping of this merchandise on the U.S. market by a Czechoslovak seller. The ruling 5/ established that there have been no shipments of this merchandise to the United States in the past 15 years and that there was no likelihood of resumption of sales of this merchandise on the U.S. market at LTFV.

In 1983, Congress and the Commerce Department continued to prepare a special remedy against subsidization of exports and dumping by the NME's. 6/ According to the remedy plan, reference prices set for imports would serve as criteria to determine the incident and extent of illegal trade practices by the NME's. Whether this method would replace the current methodology based largely on the "surrogate country" system or represent an addition to it remained undecided during the year under review.

U.S. Exports

Food and live animals

After dropping precipitously from \$1.4 billion in 1981 to \$474.7 million in 1982, U.S. exports of food and live animals (SITC Section 0) to Eastern Europe declined further by 32.3 percent to \$321.2 million during the year under review (table A-4). With 36.6 percent of the total U.S. sales to the

1/ By a unanimous decision, the Commission notified the Department of Commerce on Jan. 9, 1984, that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of carbon steel wire rod from Poland, among other countries, which are allegedly being sold at LTFV. The Commission's decision was based on evidence that sharp increases occurred in both imports from Poland since 1982 and in the margins of underselling.

2/ See Washington Tariff & Trade Letter, Jan. 2, 1984, p. 4.

3/ The question whether or not the law on countervailing duty applies to NME's may finally be answered by Commerce in conjunction with this case. Commerce avoided ruling on the question when a countervailing duty complaint against certain Chinese textile imports were withdrawn.

4/ The decision took effect on Jan. 10, 1984. For the percentages of required cash deposits and antecedents of the case, see 49. F.R. pp. 1261 and 1262.

5/ 48 F.R. 52345 and 52346.

6/ For details, see Inside U.S. Trade, vol. 2, No. 4, Jan. 27, 1984.

region in 1983, U.S. SITC Section 0 sales retained their traditional dominance among U.S. exports to the Eastern European market. U.S. sales of SITC Section 0 commodities declined to Romania, East Germany, Czechoslovakia, and Bulgaria, but increased to Hungary and Poland during the year under review. A drop in corn (Schedule B No. 130.3465) sales was primarily responsible for the declines, and increase in the sale of soybean oil cake and oil cake meal (Schedule B No. 184.5260), for the increases.

Despite the drop in Eastern European corn production in 1983 compared with that in 1982, sales of U.S. corn (Schedule B No. 130.3465) decreased from 2.6 million metric tons in 1982 to 0.9 million during the year under review. 1/ The decline in export revenue was 60.2 percent, amounting to \$178.7 million (table B-7). Given that U.S. corn (Schedule B No. 130.3465) is highly competitive with corn offered for sale by other Western producers in Eastern Europe, 2/ the exceptionally strong corn production in 1982, allowing for high initial stocks in 1983, the region's hard-currency shortage, and its efforts to substitute Canadian barley and other products for corn as feedstock provide explanation for this decline. 3/ East Germans reduced their purchases of U.S. corn (Schedule B No. 130.3465) from \$159.5 million in 1982 to \$82.9 million in 1983. 4/ Whereas Czechoslovak purchases of U.S. corn amounted to \$30.8 million and Romanian purchases to \$29.3 million in 1982, there were no shipments of U.S. corn to these two countries during the year under review. Polish purchases of U.S. corn declined from \$45.3 million in 1982 to \$21.6 million in 1983, and Bulgarian purchases, from \$32.0 million to \$13.8 million, in a similar comparison.

U.S. sales of soybean oil cake and meal (Schedule B No. 184.5260) to Eastern Europe increased from \$83.8 million, or 405,432 short tons, in 1982 to \$121.5 million, or 564,575 short tons, during the year under review. Hungary, which did not purchase any of this U.S. commodity in 1982, received shipments valuing \$50.8 million in 1983 (table B-19). Polish purchases increased from \$1.4 million to \$37.9 million in a similar comparison (table B-25). During

1/ According to the estimates of the Eastern Europe/U.S.S.R. branch of the USDA, Eastern European corn production declined from 24.8 million metric tons in 1982 to 21.6 million during the year under review.

2/ The financial support Western European wheat growers enjoy through the European Community's common agricultural policy translates into competitive advantages which U.S. farmers do not have. In corn, however, competition appears to be more even. The USDA estimates that, barring unforeseen political interference with market forces, U.S. corn producers have a good chance of retaining 20 to 30 percent of the Eastern European market in the years ahead.

3/ For a more detailed explanation of this decline which became evident during the first three quarters of 1983, see 36th Quarterly Report . . ., p. 18.

4/ Ibid. This is partly explained by Romanian corn shipments to East Germany.

the fourth quarter of 1983, shipments to Poland amounted to \$27.1 million. 1/ Romania, however, an important buyer of U.S. soybean oil cake in the past few years did not purchase any of this U.S. product during the year under review. 2/ Czechoslovak and Bulgarian purchases of this product declined from 1982 to 1983. Although East German purchases also dropped in such a year-to-year comparison, the East Germans bought 17.4 million dollars' worth of this U.S. product during the last quarter of 1983, when the reduction of livestock feed for the 1983/84 winter season became acute. 3/ U.S. wheat (Schedule B No. 130.6540) sales to East Europeans amounted to an insignificant \$6.1 million (38,000 metric tons) in 1983, a decline from \$14.2 million, (90,000 metric tons) representing East German purchases, in 1982.

Among other Section 0 sales to Eastern Europe, Polish imports of U.S. butter (Schedule B No. 116.0100) declined slightly, from \$17.5 million in 1982 to \$16.5 million during the year under review (table B-25). Polish purchases of other U.S. dairy products, however, showed increases from 1982 to 1983. For instance, shipments of nonfat dry milk (Schedule B Nos. 115.5020 and 115.5040) increased from \$6.5 million to \$13.8 million. 4/ Food products, not specifically provided for, donated for relief (Schedule B No. 818.3100) to that country dropped from \$14.4 million in 1982, to \$4.9 million during the year under review. 5/

1/ Regionwide efforts underway to boost livestock and to shift from grain to protein meal as the primary ingredient in mixed livestock feed explain the sharp increase of Hungarian and Polish soybean oil cake and meal purchases from the United States in 1983. Both Poland and Hungary realize significant export revenues by selling meat and meat preparation (SITC Section 01) products to the United States. Both these countries increased their sales on the U.S. market in this product category from 1982 to 1983. (See also under U.S. food and live animal (SITC Section 0) imports from Eastern Europe later in this report). The long summer draught that created a livestock feed shortage in Eastern Europe during the latter half of 1983 may have also been a factor in increased overall demand for this product.

2/ U.S. sales of soybean oil cake (Schedule B No. 184.5260) to Romania amounted to \$86.7 million in 1981 and then dropped to \$14.3 million in 1982. Some observers explain this decline by uncompetitive U.S. prices. Romanian demand for oilseed imports has reportedly expanded as a result of the country's disastrous year in plant production and improved balance-of-payments situation.

3/ East Europe Agriculture, No. 13, October 1983, p. 16.

4/ According to some news reports, Poland paid USDA's Commodity Credit Corporation (CCC) in Polish zlotys for some of its purchases of U.S. dairy products during the past few years. This may have resulted in the accumulation of \$100 million Polish zlotys at the CCC. See East Europe Agriculture, No. 11, August 1983, p. 11.

5/ Donations, however, which are not specified for type of commodity but do include food items (Schedule B No. 818.3900 included in SITC section 9), increased from \$20.5 million in 1982 to \$40.6 million during the year under review.

Crude Materials

U.S. exports of crude materials (SITC Section 2) to Eastern Europe increased from \$206.6 million in 1982 to \$254.5 million, or by 23.2 percent, during 1983 (table A-4). Although this exceeded the 17.0-percent growth from 1981 to 1982, total sales of SITC Section 2 commodities to Eastern Europe remained still significantly below their 1979 peak level. Soybeans (Schedule B No. 175.4100), cattle hides (Schedule B No. 120.1400) and phosphates (Schedule B No. 480.4500) were the most significant items during the year under review; Romania and Poland were the most significant buyers.

Exports of soybeans (Schedule B No. 175.4100) to Eastern Europe increased from 349,386 tons in 1982 to 498,358 tons, or by 42.6 percent, in 1983. Export revenues from the sale of this product to Eastern Europe increased from \$84.8 million to \$125.1 million in a similar comparison. Romanian purchases increased from \$60.7 million in 1982 to \$76.4 million in 1983, and Polish purchases, from \$20.9 million to \$48.7 million. 1/ In quantity terms, Romania increased its purchases from the United States by 12.5 percent and Poland by 8.8 percent. 2/ The quoted increase of U.S. soybean exports to Poland from 1982 to 1983 followed a drastic 62-percent decline of Polish purchases, from \$67 million in 1980 to \$25 million in 1981. 3/ Romanian imports of U.S. soybeans fell from \$61.7 million in 1980 to \$17.9 million in 1981 as supplies of processing chemicals became inadequate and extreme energy-economizing measures went into effect as a result of the country's severe external payment difficulties. 4/ Similarly to increased Romanian import needs for soybean oil cake (Schedule B No. 184.5260), Romania's demand for soybeans is also on the increasing. 5/

U.S. exports of cattle hides (Schedule B No. 120.1400) to Eastern Europe increased from \$61.5 million in 1982 to \$65.4 million during the year under review. Among U.S. exports of this commodity to the NME's, Eastern Europe accounted for 81.9 percent in 1983. Romania, the most significant buyer of

1/ Both these countries, struggling with the problem of inadequate domestic meat supplies, intend to increase meat production by upgrading the protein content of animal feed. Both soybean oil cake, discussed under SITC Section 0 items, and soybeans may be used for this purpose but a special capital-intensive oilseed-crushing process is required to produce animal feed from soybeans.

2/ A December 1982 study, prepared by a U.S. scientific delegation that previously visited Poland under the auspices of the Rockefeller Foundation, called for increases in the country's domestic oilseed product supplies as well as assistance to Poland in such efforts. Warsaw is expected to engage in such a program during the next few years, probably changing the structure of its oilseed product imports. The Church-sponsored agricultural aid program to Polish farmers, which is expected to get underway in 1984, may well be instrumental in this. See also East Europe Agriculture, No. 11, August 1983, pp. 11 and 12.

3/ See 29th Quarterly Report. . . , p. 95.

4/ Ibid., pp. 86 and 87.

5/ Despite the encouraging increase of U.S. sales in 1983, competition, particularly with Argentine suppliers, is expected to be fierce in the immediate future. See East Europe Agriculture, No. 13, October 1983, p. 25.

this U.S. commodity on the Eastern European market, increased its purchases from \$27.2 million in 1982 to \$40.8 million in 1983 and Czechoslovakia, from \$10.1 million to \$13.5 million (tables B-27 and B-15). These two countries increased their acquisitions of this U.S. commodity in order to boost their hard currency earning footwear industries. ^{1/} These increases more than compensated for the decline of cattle hide shipments to Poland from \$21.9 million in 1982 to \$7.3 million during the year under review (Table B-25).

Eastern European purchases of U.S. phosphates (Schedule B No. 480.4500) increased from \$21.4 million in 1982 to \$33.7 million in 1983. Shipments of this commodity to Poland, representing the largest portion of U.S. phosphate sales to Eastern Europe during past years, increased from \$15.7 million in 1982 to \$22.2 million in 1983. Sales of this U.S. product to Romania increased from \$5.2 million to \$11.5 million in a similar year-to-year comparison. Shipments of U.S. sulfur (Schedule B No. 415.4500) to Eastern Europe decreased from \$8.6 million in 1982 to \$3.8 million in 1983, and those of U.S. Zinc ore (Schedule B No. 601.66100), from \$7.7 million to \$3.9 million.

Machinery and transport equipment

U.S. sales of machinery and transportation equipment (SITC Section 7 commodities) to Eastern Europe continued their downward slide during the year under review. These sales declined by 21.0 percent from \$107.5 million in 1982 to \$85.0 million in 1983. Although shipments to East Germany increased and those to Hungary, the largest buyer, remained essentially on the same level as those in 1982, cuts in the importation of U.S. SITC Section 7 commodities by the rest of the region spelled an overall drop in U.S. SITC Section 7 revenues from the Eastern European market during the year under review.

U.S. SITC Section 7 sales to Eastern Europe are spread over a large variety of items, none of which dominate the region's total import bill or stands out as a sign of direct dependence on U.S. suppliers of SITC Section 7 commodities. Consequently, the overall reduction, affecting a broad range of commodities, may be explained by the prevalent Eastern European policy of

^{1/} The increased 1983 purchases of U.S. cattle hides by Romania and Czechoslovakia were not reflected in increased sales of footwear on the U.S. market (tables B-28 and B-16). These two countries, particularly Romania, which enjoys the benefits of a trade accord with the European Community, have a strong presence in the Western European footwear market.

restricting hard currency imports and by the strongly appreciated dollar. ^{1/} The declining trend of Eastern European purchases of U.S. SITC Section 7 items is paralleled by the overall pattern of reduced U.S. purchases of such goods from Eastern Europe during the past few years (table A-4).

Among the reductions in the value of U.S. SITC Section 7 shipments to Eastern Europe from 1982 to 1983, the following were relatively prominent. Hungary reduced its purchases of tractor parts (Schedule B No. 692.3840), Bulgaria cut the importation of converters and foundry machines (Schedule B No. 674.1022), and Czechoslovakia and Poland reduced their purchases of tracklaying tractors (Schedule B No. 692.3160) and parts for these (Schedule B No. 692.3820), respectively. Among the increases which occurred in 1983, East Germany's \$11.3 million purchase of parts for machines used in manufacturing electric filaments (Schedule B No. 678.3240), and the \$5.4 million Hungarian purchase of U.S. oilfield and gasfield wire (Schedule B No. 678.5002) were relatively noteworthy.

Chemicals

After a moderate rebound from 1981 to 1982, U.S. sales of chemicals (SITC Section 5) to Eastern Europe decreased from \$79.2 million in 1982 to \$67.4 million, or by 14.9 percent, in 1983. Poland, the largest buyer of U.S. section 5 goods in 1982, reduced its purchases from \$32.2 million in 1982 to \$10.1 million during the year under review. In contrast to shipments amounting to \$13.8 million in 1982, there were no shipments of U.S. concentrated superphosphate (Schedule B No. 480.7050) to Poland in 1983. Polish purchases of U.S. medicinal and pharmaceutical goods (Schedule B No. 818.3300) were reduced from \$10.1 million in 1982 to \$3.8 million in 1983. Czechoslovakia, by buying 15.6 million dollars' worth of U.S. concentrated superphosphate (Schedule B No. 480.7050) became the most significant Eastern European buyer of U.S. SITC Section 5 items during the year under review. Similar to the situation in 1982, concentrated superphosphate sales, amounting

^{1/} According to preliminary estimates, the United States may have lost some on its 1980-82 average market share of approximately 3.6 percent it held on the Eastern European SITC Section 7 market to other OECD countries.

Although the absolute value of SITC Section 7 sales of West Germany and Japan to Eastern Europe declined in 1980-82, the market shares of these two, major suppliers of Western capital goods to Eastern Europe increased during that period. Without taking East Germany into consideration, West Germany increased its market share on the Eastern European SITC Section 7 market from 31.9 percent in 1980 to 39.4 percent in 1982, and Japan, from 6.0 percent to 8.9 percent. Finland and Norway have increased their absolute sales to Eastern Europe during 1980-82. The combined 1982 SITC Section 7 sales of these two countries to Eastern Europe roughly equaled U.S. SITC Section 7 sales to the region during the year under review. OECD data on 1983 SITC Section 7 sales to Eastern Europe were not available at the preparation of this report. Given signs, however, that OECD exports to Eastern Europe were generally pulling out of their nosedive in 1983, it is unlikely that from 1982 to 1983, OECD SITC Section 7 exports to the region continued declining at the same or at a larger rate than their estimated decline of 20.8 percent in 1981 and 1982. In contrast, U.S. SITC Section 7 sales dropped by 21.0 percent from 1982 to 1983, resulting in a likely shift of market distribution in favor of other suppliers. Canadian SITC Section 7 exports to Eastern Europe fell at an equally precipitous rate as U.S. SITC Section 7 sales to the region. This points at the roughly equal appreciation of the two nations' currencies as a common factor in explaining the loss of sales.

Light fuel oil (TSUSA item 475.1015) imports from Romania amounted to \$36.2 million in 1983 compared with \$7.7 million in 1982, when East Germany was the sole Eastern European supplier of this product to the United States. U.S. imports of naphthas (TSUS item 475.35) from Eastern Europe increased from \$19.8 million in 1982 to \$24.0 million in 1983, and those of heavy fuel oils (TSUSA item 475.0535) valued at \$10.1 million in 1983 compared with no such purchases from Eastern Europe during 1982. U.S. imports of montan wax (TSUS item 494.20) decreased from \$1.7 million in 1982 to \$1.3 million during the year under review.

Miscellaneous manufactured articles

U.S. imports of miscellaneous manufactured articles (SITC Section 8 commodities) representing the largest 1-digit SITC section import from Eastern Europe in 1982, declined from \$222.6 million in 1982 to \$202.0 million in 1983. These imports represented the second largest 1-digit SITC category among U.S. imports from Eastern Europe during the year under review. The decline is largely explained by a reduction of Polish sales from \$49.0 million in 1982 to \$29.2 million in 1983 and the reduction of Romanian sales from \$119.2 million to \$107.4 million in a similar comparison.

Romania's export revenues from the sale of apparel and clothing articles (SITC Section 84) to U.S. markets decreased from \$53.5 million in 1982 to 48.6 million in 1982; those of footwear (SITC Section 85) decreased from \$37.2 million to \$30.0 million. U.S. imports of Romanian furniture and related items (SITC Section 82) edged up slightly from \$22.2 million in 1982 to \$23.4 million during the year under review. The most important footwear products imported from Romania were leather footwear (TSUSA items 700.4540 and 700.3550), amounting to a combined value of \$16.6 million in 1983. Among U.S. textile imports from Romania, women's and girls' knit sweaters (TSUSA item 383.8073), women's manmade fiber coats (TSUSA item 383.9050), women's, girls' and infants' manmade fiber suits (TSUSA item 383.9060), and men's and boys' jogging jackets (TSUSA item 379.3905) figured prominently in 1983. Polish sales of apparel and clothing (SITC Section 84), having decreased since 1979, fell to \$19.5 million in 1983 from \$30.7 million in 1982. Hungarian SITC Section 84 sales in the United States, having gradually increased since 1980, reached \$19.1 million during the year under review. ^{1/}

Food and live animals

Food and live animals (SITC Section 0) imports represented the third largest major category of imports from Eastern Europe during the year under review. These imports increased to \$162.5 million in 1983 from \$134.4 million in 1982. Eastern European canned ham (TSUSA item 107.3525) sales, amounting to \$120.0 million, were the second largest item among U.S. purchases both from Eastern Europe and the NME's, as a whole in 1983.

^{1/} The U.S.-Romanian bilateral agreement on cottons (Bilateral Cotton Textile Agreement) became effective in January 1983, and it will expire in December 1987. For details, see Embassy Bucharest, Department of State Airgram, Apr. 7, 1983. This is the second bilateral U.S.-Romanian textile agreement negotiated under the Multifiber Arrangement (MFA). The first one,¹⁰³ covering wool and man-made fibers, went into effect in April 1981, and it will expire at the end of 1984. See 29th Quarterly Report, . . ., pp. 71 and 72.

to \$29.0 million in 1983, represented the leading SITC Section 5 item among U.S. exports to the region. Deliveries of manufactured fertilizers (SITC Section 56) to Eastern Europe declined by 10.2 percent from 1982 to 1983.

Romania, the second most important buyer of U.S. SITC Section 5 goods in 1983, increased its barium compound (Schedule B. item 417.7100) purchases from the United States from \$3.0 million in 1982 to \$9.7 million in 1983. It reduced, however, its acquisitions in a variety of insecticides and pesticides.

Other export developments

In other export developments, the increase from \$24.3 million in 1982 to \$44.5 million in 1983 in the category of commodities and transactions not elsewhere classified (SITC Section 9), reflects increases in the donations of unspecified commodities (Schedule B No. 818.3900) to Poland (tables A-4 and B-25). Compared with such exports in 1982, a 23.1-percent reduction occurred in U.S. exports to Eastern Europe classified as miscellaneous manufactured articles (SITC Section 8) during the year under review. The shipments of manufactured goods classified by chief material (SITC Section 6), however, increased by 8.8 percent from 1982 to 1983. In the rest of the 1-digit SITC categories, each below \$25 million in 1983, an increase occurred in U.S. sales of beverages and tobacco (SITC Section 1) to Eastern Europe; decreases were recorded in the sales of mineral fuels and lubricants (SITC Section 3); and those of oils and fats (SITC Section 4), from 1982 to 1983.

U.S. Imports

Mineral fuels, and lubricants

For the first time since records of East-West trade have been kept, mineral fuels, and lubricants, commodities classified into SITC Section 3, took the lead in 1983 as the largest 1-digit SITC category of imports from Eastern Europe. SITC Section 3 purchases amounted to \$281.8 million during the year under review, compared with \$99.4 million in 1982. U.S. SITC Section 3 imports from Eastern Europe constituted 37.2 percent of total U.S. imports from the NME's in this product category. The second largest total for SITC Section 3 imports from Eastern Europe, \$151.8 million, was registered in 1981.

The growth from 1982 to 1983 was attributable to increased U.S. acquisitions of Romanian refined petroleum products. The first four leading SITC Section 3 U.S. imports from Eastern Europe in 1983 were gasoline (Tariff Schedules of the United States Annotated (TSUSA) item 475.2520), light fuel oils (TSUSA 475.1015), naphthas (TSUS item 475.35) and heavy fuel oils (TSUSA item 475.0535), originated exclusively from Romania. U.S. imports of Romanian gasoline (TSUSA item 475.2520) amounted to \$207.7 million (6.4 million barrels) in 1983 compared with \$69.8 million (2.0 million barrels) in 1982. Gasoline imports from Romania became the largest single import item from Eastern Europe in 1983. 1/ Romanian gasoline sales to the United States in October-December 1983 amounted to \$62.5 million compared to no such sales during the corresponding period of 1982. The price of Romanian gasoline charged to U.S. buyers decreased to \$32.5/per barrel in 1983 from \$35.7/per barrel in 1982. 2/

1/ Total U.S. gasoline imports from all sources in 1983 amounted to \$2.6 billion.

2/ The average price of gasoline imported from the NME's was \$30.8/per barrel in 1983.

Stepped-up Polish meat and meat preparation (SITC Division 01) shipments to the United States accounted for the bulk of increased U.S. SITC Section 0 purchases from Eastern European sellers from 1982 to 1983. Poland increased sales in its traditionally most important U.S.-dollar-earning product, canned ham (TSUSA item 107.3525) from \$55.2 million in 1982 to \$83.3 million during the year under review. The increase registered in Polish sales of meat and meat preparations (SITC Division 01) products to the United States from 1982 to 1983 broke a 3-year downward trend of sales in this product category. Polish SITC Division 01 sales on the U.S. market stood at \$147.0 million in 1979. The second largest product category among Polish food and live animal exports to the United States were vegetables and fruits (SITC Division 05), valued at \$6.3 million in 1983.

Hungary was the second most important seller of SITC Section 0 items to the United States in 1983. Hungarian SITC Section 0 export revenues from the U.S. market increased from \$29.6 million in 1982 to \$37.3 million, or by 25.7 percent, in 1983. The increase of canned hams (TSUSA item 107.3525) sales, from \$20.5 million in 1982 to \$27.5 million in 1983, accounted for the bulk of the increase. Romanian SITC Section 0 sales remained at \$16 million in 1982 during the year under review; Czechoslovak sales to the United States in this category declined from \$11.2 million in 1982 to \$5.5 million during the year under review.

Manufactured goods classified chiefly by material

Eastern European sales of manufactured goods classified by chief material (SITC Section 6) on U.S. markets represented the fourth largest 1-digit SITC category among U.S. imports from Eastern Europe during the year under review. At \$154.1 million, Eastern European SITC Section 6 sales to the United States were 4.1 percent higher than their \$148.0 million level in 1982, but 52.9 percent below their \$327.3 million 1981 peak. The exceptionally high 1981 level was caused by the more than threefold increase in the sale of iron and steel products (SITC Section 67), particularly from Romania and Poland, compared with such sales in 1980. ^{1/}

In 1983, Romania was the most significant seller of SITC Section 6 goods among Eastern European countries in the United States, although its export revenues obtained from U.S. section 6 markets reached only \$52.6 million compared with \$55.5 million in 1982 and \$171.4 million in 1981. Glassware (SITC Section 665) was the most important product group among Romania's 1983 SITC Section 6 sales to the United States. Sales in this category amounted to \$19.0 million compared to \$12.6 million in 1982. Tubes, pipes and fittings (SITC Section 678) represented Romania's most important SITC section 6 product group in 1982. Romanian SITC Section 678 sales totaled \$21.2 million in 1982,

^{1/} Romanian sales of plates and sheets (SITC Section 674) in 1981 amounted to \$87.8 million. These sales, however, shrank to \$1.4 million in 1982 and disappeared in 1983. Polish sales of plate and sheets (SITC Section 674) reached \$36.9 million in 1981, receding to \$4.8 million in 1982 and to \$2.6 million in 1983. For an explanation of increased Romanian sales of steel products in 1981, see 29th Quarterly Report, . . . , p. 87. For a description of U.S. action taken in consequence of these increases see 29th Quarterly Report, . . . , p. 76, and 33d Quarterly Report, . . . , pp. 84 and 85.

and then decreasing to \$1.5 million in 1983. The largest single section 6 commodity sold to the United States by Romania in 1983 was unwrought aluminium (TSUS item 618.02), with sales totaling \$8.3 million.

Increases in Romanian sales of manmade fiber yarn of noncontinuous filament falling into textile category 604 gave rise to concern in the United States in early 1983. According to State Department officials, the United States requested consultations with the Romanian Government in February 1983 under the provisions of the U.S.-Romanian bilateral wool and manmade fibers agreement. 1/ In October 1983, consultations resulted in Romania voluntarily limiting its textile category 604 sales to the United States to 2.5 million pounds during the year under review. The agreement reached between the two Governments also limits Romania's 1984 category 604 sales in the United States. 2/

Poland was the second most significant Eastern European seller of SITC section 6 goods to the United States in 1983. It earned \$36.0 million from the sale of these goods compared with \$42.4 million in 1982 and \$110.8 million in the 1981 peak year. With sales amounting to \$7.5 million, nails, screws, nuts and bolts (SITC Section 694) was the most significant product category among Poland's SITC Section 6 earners on U.S. markets in 1983. In 1982, woven textile products (SITC Section 654), with a total sales value of \$13.2 million had the lead. SITC Section 654 sales from Poland decreased to \$5.2 million during the year under review. Czechoslovakia's SITC Section 6 goods sales on the U.S. market totaled \$24.2 million in 1983 compared with \$19.5 million in 1982. Czechoslovakia rubber tyre (SITC Section 625) sales in the United States totaled \$8.9 million in 1983, and those of glassware (SITC Section 665), \$6.1 million. Rubber tyres (SITC Section 625) also figured prominently among Eastern German and Hungarian sales of SITC Section 6 items to the United States in 1983.

Machinery and transport equipment

U.S. imports of Eastern European machinery and transportation equipment (SITC Section 7) declined by 25.5 percent, from \$145.0 million in 1982 to \$107.9 million in 1983. Total U.S. SITC Section 7 purchases from Eastern Europe in 1983 stood lower than in any year since 1979 and 53.5 percent lower than in 1981, when the peak for the past five years in SITC Section 7 imports from Eastern Europe was registered. Poland's Section 7 sales to U.S. markets decreased from \$30.1 million in 1982 to \$14.4 million in 1983 those of Romania which decreased from \$47.6 million to \$28.2 million, were primarily responsible for the overall decline of U.S. SITC Section 7 imports from Eastern Europe. At \$40.7 million, Hungarian sales, although having decreased by 8.3 percent from 1982, topped Eastern European machinery and transportation equipment sales to U.S. markets among the region's six countries during the year under review. At \$18.7 million, motor-vehicle parts (TSUSA item 692.3288) was the most significant SITC Section 7 item sold by Eastern Europeans on U.S. markets in 1983. Hungarian sales made up almost all of

1/ For more information on the U.S.-Romanian wool and manmade fibers agreement see 29th Quarterly Report . . ., pp. 71 and 72.

2/ For more information on this subject, see F.R. 40290 and 40291.

these U.S. imports during the year under review. Hungarian motor bus (TSUSA item 692.0440) sales declined from 38 units in 1982 to 25 in 1983, but the City of Houston began negotiations with Hungary for the purchase of 50 more buses in 1983. ^{1/}

Romania's SITC Section 7 sales to the United States from 1982 to 1983 declined in every 3-digit SITC category in which the 1982 sales value exceeded the \$1 million threshold value. The most significant decline occurred in the sale of tractors machinery (SITC Section 722). Within this, U.S. purchases of agricultural tractors (TSUSA item 692.3406) declined from \$11.3 million in 1982 to \$4.5 million during the year under review. Nonelectric parts and accessories (SITC Section 749) remained Romania's leading commodity group among its SITC Section 7 exports to U.S. markets in 1983.

Similarly to Romanian SITC Section 7 sales, Polish sales to the United States also declined from 1982 to 1983 in every 3-digit SITC category where the 1982 sales value exceeded the \$1 million benchmark. Polish sales in the most significant SITC 3-digit category, metalworking machine tools (SITC Section 736) amounted to \$10.6 million in 1982. Although decreasing to \$3.1 million, these sales remained Poland's leading 3-digit SITC Section 7 export category to the United States during the year under review.

East German SITC section 7 sales increased and Czechoslovak sales edged up from 1982 to 1983. Bulgarian SITC Section 7 sales to U.S. markets already insignificant in 1982, dwindled to less than \$0.5 million in 1983.

Other import developments

In other import developments, U.S. purchases of cigarette leaf (Beverages and tobacco SITC Section 1, TSUS item 170.28) from Bulgaria increased from \$17.7 million in 1982 to \$25.8 million during the year under review. The increase has made this commodity the fourth most significant among all Eastern European sales to the United States in 1983. Among the many increases of Eastern European chemical (SITC Section 5) exports to U.S. markets, representing an overall 59.9 percent increase from 1982 to 1983 (table A-4), Romanian sales of urea (TSUS item 480.30) and East German sales of potassium chloride (TSUS item 480.50) stood out. Romanian urea sales to the United States increased from none in 1982 to \$10.9 million in 1983, and those of East German potassium chloride rose from \$3.3 million to \$8.6 million, in a similar comparison.

^{1/} The City of Houston reportedly signed a contract in early January 1984 for the delivery of 50 more Hungarian buses. Since 1979, various U.S. cities bought about 250 Hungarian buses, which acquired considerable added value before their actual use. For example, the 50 buses for Houston will be fitted by Crown Coach in Los Angeles with Cummins diesel engines, Rockwell axles, Allison automatic gear shifts, Shepard steering wheels, and Westinghouse brakes. Financial Times, Jan. 26, 1983, p. 4.

APPENDIX A

U.S. TRADE WITH NONMARKET ECONOMY COUNTRIES,
BY SITC SECTIONS, 1981-1983

Table A-1.--U.S. trade with all nonmarket economy countries, 1/ by SITC Sections, 1981-83

(In thousands of dollars)			
SITC Section	1981	1982	1983
U.S. exports:			
0. Food and live animals-----	4,305,670	3,355,099	2,057,131
1. Beverages and tobacco-----	28,036	14,503	23,117
2. Crude materials--inedible, except fuel-----	1,339,174	1,009,198	817,570
3. Mineral fuels, lubricants, etc-----	112,621	125,544	42,730
4. Oils and fats--animal and vegetable-----	92,274	63,555	34,990
5. Chemicals-----	667,923	865,899	661,403
6. Manufactured goods classified by chief material-----	509,876	323,957	271,657
7. Machinery and transportation equipment-----	630,968	549,989	817,551
8. Miscellaneous manufactured articles-----	145,346	173,472	268,648
9. Commodities and transactions not elsewhere classified-----	20,465	58,469	72,828
Total-----	7,852,353	6,539,686	5,067,626
U.S. imports:			
0. Food and live animals-----	277,431	258,627	287,051
1. Beverages and tobacco-----	34,886	36,316	50,551
2. Crude materials--inedible, except fuel-----	339,071	143,917	121,165
3. Mineral fuels, lubricants, etc-----	553,981	689,959	757,400
4. Oils and fats--animal and vegetable-----	1,405	1,086	1,552
5. Chemicals-----	255,253	283,947	330,848
6. Manufactured goods classified by chief material-----	795,056	585,548	638,285
7. Machinery and transportation equipment-----	274,049	189,526	153,443
8. Miscellaneous manufactured articles-----	815,809	1,067,590	1,216,717
9. Commodities and transactions not elsewhere classified-----	33,176	19,842	17,066
Total-----	3,380,116	3,276,356	3,574,079

1/ Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R. (including Estonia, Latvia, and Lithuania), and Vietnam.

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

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

Table A-2.--U.S. trade with Albania, by SITC Sections, 1981-83
(In thousands of dollars)

SITC Section	1981	1982	1983
U.S. exports:			
0. Food and live animals	-	-	-
1. Beverages and tobacco	-	-	62
2. Crude materials--inedible, except fuel	444	1,251	588
3. Mineral fuels, lubricants, etc	5,598	15,023	3,463
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	4	13	1
6. Manufactured goods classified by chief material	-	-	-
7. Machinery and transportation equipment	89	96	86
8. Miscellaneous manufactured articles	-	17	5
9. Commodities and transactions not elsewhere classified	2	-	-
Total	6,137	16,400	4,205
U.S. imports:			
0. Food and live animals	-	-	-
1. Beverages and tobacco	19	2	-
2. Crude materials--inedible, except fuel	-	-	-
3. Mineral fuels, lubricants, etc	3,860	2,464	2,018
4. Oils and fats--animal and vegetable	-	-	2
5. Chemicals	86	21	21
6. Manufactured goods classified by chief material	-	-	-
7. Machinery and transportation equipment	9	263	1,451
8. Miscellaneous manufactured articles	-	2	-
9. Commodities and transactions not elsewhere classified	12	8	6
Total	3,985	2,760	3,498

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

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

Table A-3.--U.S. trade with Bulgaria, by SITC Sections, 1981-83

		(In thousands of dollars)		
SITC Section		1981	1982	1983
U.S. exports:				
0. Food and live animals		180,884		22,889
1. Beverages and tobacco		9,882	56,992	13,435
2. Crude materials--inedible, except fuel		16,960	6,984	4,801
3. Mineral fuels, lubricants, etc.		-	-	2
4. Oils and fats--animal and vegetable		-	-	-
5. Chemicals		36,517	13,861	13,344
6. Manufactured goods classified by chief material				
7. Machinery and transportation equipment		1,350	794	604
8. Miscellaneous manufactured articles		8,767	16,017	5,777
9. Commodities and transactions not elsewhere classified		3,535	4,725	4,470
Total		209	93	66
		258,104	106,453	65,389
U.S. imports:				
0. Food and live animals				
1. Beverages and tobacco		2,014	1,907	2,362
2. Crude materials--inedible, except fuel		18,766	18,682	27,264
3. Mineral fuels, lubricants, etc.		66	99	80
4. Oils and fats--animal and vegetable		-	-	-
5. Chemicals		858	1,464	1,184
6. Manufactured goods classified by chief material				
7. Machinery and transportation equipment		136	25	141
8. Miscellaneous manufactured articles		2,963	2,612	366
9. Commodities and transactions not elsewhere classified		601	277	1,033
Total		200	58	335
		25,604	25,124	32,765

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

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

Table A-4.--U.S. trade with Cuba, by SITC Sections, 1981-83

(In thousands of dollars)			
SITC Section	1981	1982	1983
U.S. exports:			
0. Food and live animals	-	-	-
1. Beverages and tobacco	-	-	-
2. Crude materials--inedible, except fuel	-	-	2
3. Mineral fuels, lubricants, etc.	-	-	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	510	744	435
6. Manufactured goods classified by chief material	3	-	5
7. Machinery and transportation equipment	48	130	38
8. Miscellaneous manufactured articles	8	31	122
9. Commodities and transactions not elsewhere classified	19	46	84
Total	558	951	688
U.S. imports:			
0. Food and live animals	-	-	-
1. Beverages and tobacco	-	-	-
2. Crude materials--inedible, except fuel	1/	-	-
3. Mineral fuels, lubricants, etc.	-	-	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	-	1,614	-
6. Manufactured goods classified by chief material	-	-	-
7. Machinery and transportation equipment	-	-	-
8. Miscellaneous manufactured articles	11	5	1/
9. Commodities and transactions not elsewhere classified	25	2	-
Total	36	1,621	1/
1/ Value less than \$500.			

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

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

Table A-5.--U.S. trade with Czechoslovakia, by SITC Sections, 1981-83

(In thousands of dollars)			
SITC Section	1981	1982	1983
U.S. exports:			
0. Food and live animals	47,715	48,148	7,107
1. Beverages and tobacco	52	34	42
2. Crude materials--inedible, except fuel	11,598	14,370	14,292
3. Mineral fuels, lubricants, etc	7	1	5
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	2,227	2,108	17,749
6. Manufactured goods classified by chief material	3,371	2,912	3,372
7. Machinery and transportation equipment	11,498	11,651	9,793
8. Miscellaneous manufactured articles	5,385	3,826	4,061
9. Commodities and transactions not elsewhere classified	567	548	659
Total	82,420	83,598	57,079
U.S. imports:			
0. Food and live animals	10,059	11,237	5,491
1. Beverages and tobacco	718	840	1,206
2. Crude materials--inedible, except fuel	1,321	1,558	1,060
3. Mineral fuels, lubricants, etc	-	359	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	1,512	4,083	3,022
6. Manufactured goods classified by chief material	21,959	19,532	24,205
7. Machinery and transportation equipment	14,746	7,532	7,861
8. Miscellaneous manufactured articles	16,497	16,049	19,267
9. Commodities and transactions not elsewhere classified	420	358	709
Total	67,232	61,548	62,821

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

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

Table A-6.--U.S. trade with East Germany, by SITC Sections, 1981-83

(In thousands of dollars)				
SITC Section	1981	1982	1983	
U.S. exports:				
0. Food and live animals	283,094	203,011	111,147	
1. Beverages and tobacco	163	369	957	
2. Crude materials--inedible, except fuel	2,430	4,788	5,105	
3. Mineral fuels, lubricants, etc.	-	-	9	
4. Oils and fats--animal and vegetable	-	-	235	
5. Chemicals	3,232	1,080	1,516	
6. Manufactured goods classified by chief material	1,417	1,434	1,282	
7. Machinery and transportation equipment	2,520	8,420	16,160	
8. Miscellaneous manufactured articles	2,003	2,991	2,206	
9. Commodities and transactions not elsewhere classified	698	565	299	
Total	295,557	222,657	138,915	
U.S. imports:				
0. Food and live animals	418	530	986	
1. Beverages and tobacco	154	366	374	
2. Crude materials--inedible, except fuel	724	1,830	976	
3. Mineral fuels, lubricants, etc.	1,195	9,439	1,308	
4. Oils and fats--animal and vegetable	-	-	-	
5. Chemicals	5,101	6,141	9,772	
6. Manufactured goods classified by chief material	14,896	15,331	21,732	
7. Machinery and transportation equipment	17,235	12,693	16,503	
8. Miscellaneous manufactured articles	4,774	4,673	5,092	
9. Commodities and transactions not elsewhere classified	205	768	190	
Total	44,702	51,773	56,937	

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

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

Table A -7.--U.S. trade with Hungary, by SITC Sections, 1981-83

(In thousands of dollars)				
SITC Section	1981	1982	1983	
U.S. exports:				
0. Food and live animals	2,629	1,596	51,585	
1. Beverages and tobacco	-	653	1,121	
2. Crude materials--inedible, except fuel	9,942	5,567	4,759	
3. Mineral fuels, lubricants, etc	23	23	28	
4. Oils and fats--animal and vegetable	16	6	3	
5. Chemicals	17,664	15,030	10,800	
6. Manufactured goods classified by chief material	8,730	10,447	8,068	
7. Machinery and transportation equipment	33,224	27,361	27,607	
8. Miscellaneous manufactured articles	4,634	6,034	4,615	
9. Commodities and transactions not elsewhere classified	648	1,125	1,194	
Total	77,511	67,842	109,781	
U.S. imports:				
0. Food and live animals	29,312	29,642	37,262	
1. Beverages and tobacco	1,908	1,592	2,122	
2. Crude materials--inedible, except fuel	2,167	2,002	3,602	
3. Mineral fuels, lubricants, etc	-	-	-	
4. Oils and fats--animal and vegetable	-	-	-	
5. Chemicals	6,842	6,058	10,683	
6. Manufactured goods classified by chief material	8,105	15,265	19,390	
7. Machinery and transportation equipment	57,505	44,357	40,655	
8. Miscellaneous manufactured articles	21,037	33,376	39,993	
9. Commodities and transactions not elsewhere classified	1,063	944	785	
Total	127,939	133,238	154,493	

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

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

Table A -8.--U.S. trade with Mongolia, by SITC Sections, 1981-83

(In thousands of dollars)				
SITC Section	1981	1982	1983	
U.S. exports:				
0. Food and live animals	-	-	-	-
1. Beverages and tobacco	-	-	-	-
2. Crude materials--inedible, except fuel	-	175	-	-
3. Mineral fuels, lubricants, etc.	-	-	-	-
4. Oils and fats--animal and vegetable	-	-	-	-
5. Chemicals	1	-	-	1
6. Manufactured goods classified by chief material	-	-	-	-
7. Machinery and transportation equipment	22	12	-	2
8. Miscellaneous manufactured articles	16	37	-	82
9. Commodities and transactions not elsewhere classified	29	103	-	28
Total	7	17	-	9
	75	344	-	123
U.S. imports:				
0. Food and live animals	-	-	-	-
1. Beverages and tobacco	-	-	-	-
2. Crude materials--inedible, except fuel	-	-	-	-
3. Mineral fuels, lubricants, etc.	3,526	3,595	-	1,472
4. Oils and fats--animal and vegetable	-	-	-	-
5. Chemicals	-	-	-	-
6. Manufactured goods classified by chief material	-	-	-	-
7. Machinery and transportation equipment	1	23	-	1
8. Miscellaneous manufactured articles	108	-	-	1
9. Commodities and transactions not elsewhere classified	-	-	-	-
Total	3,635	3,628	10	9
				1,483

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

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

Table A -9.--U.S. trade with North Korea, by SITC Sections, 1981-83

(In thousands of dollars)			
SITC Section	1981	1982	1983
U.S. exports:			
0. Food and live animals-----	-	-	-
1. Beverages and tobacco-----	-	-	-
2. Crude materials--inedible, except fuel-----	-	69	-
3. Mineral fuels, lubricants, etc-----	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	-	-	-
6. Manufactured goods classified by chief material-----	-	-	-
7. Machinery and transportation equipment-----	-	30	-
8. Miscellaneous manufactured articles-----	-	-	-
9. Commodities and transactions not elsewhere classified-----	-	-	-
Total-----	-	100	-
U.S. imports:			
0. Food and live animals-----	-	-	-
1. Beverages and tobacco-----	-	-	-
2. Crude materials--inedible, except fuel-----	10	-	-
3. Mineral fuels, lubricants, etc-----	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	-	-	-
6. Manufactured goods classified by chief material-----	-	-	-
7. Machinery and transportation equipment-----	35	-	-
8. Miscellaneous manufactured articles-----	3	-	-
9. Commodities and transactions not elsewhere classified-----	-	-	-
Total-----	47	-	8

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

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

Table A -10--U.S. trade with Poland, by SITC Sections, 1981-83
(In thousands of dollars)

SITC Section	1981	1982	1983
U.S. exports:			
0. Food and live animals			127,717
1. Beverages and tobacco	531,436	120,328	3,405
2. Crude materials--inedible, except fuel	9,360	2,098	88,102
3. Mineral fuels, lubricants, etc	60,118	66,551	7
4. Oils and fats--animal and vegetable	30	16,459	13,244
5. Chemicals	14,373	32,180	10,086
6. Manufactured goods classified by chief material	12,198		
7. Machinery and transportation equipment	4,370	3,653	7,573
8. Miscellaneous manufactured articles	35,976	21,144	18,372
9. Commodities and transactions not elsewhere classified	6,649	8,408	9,267
Total	6,037	21,779	42,097
	680,547	292,606	319,872
U.S. imports:			
0. Food and live animals			100,680
1. Beverages and tobacco	113,124	75,634	1,616
2. Crude materials--inedible, except fuel	1,144	633	1,413
3. Mineral fuels, lubricants, etc	3,999	899	-
4. Oils and fats--animal and vegetable	1,439	1/	-
5. Chemicals	1,047	430	6,015
6. Manufactured goods classified by chief material	15,353	9,337	
7. Machinery and transportation equipment	110,838	42,364	36,046
8. Miscellaneous manufactured articles	49,058	30,123	14,358
9. Commodities and transactions not elsewhere classified	62,241	49,045	29,201
Total	1,696	4,421	1,312
	359,939	212,888	190,641

1/ Value less than \$500.

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

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

Table A -11--U.S. trade with Romania, by SITC Sections, 1981-83

(In thousands of dollars)			
SITC Section	1981	1982	1983
U.S. exports:			
0. Food and live animals	327,212	44,595	727
1. Beverages and tobacco	7,046	1,105	2,803
2. Crude materials--inedible, except fuel	75,527	108,330	137,428
3. Mineral fuels, lubricants, etc	41,047	17,368	16,148
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	6,579	14,934	13,888
6. Manufactured goods classified by chief material	10,850	3,818	4,180
7. Machinery and transportation equipment	29,432	22,937	7,255
8. Miscellaneous manufactured articles	5,884	9,952	3,019
9. Commodities and transactions not elsewhere classified	313	191	211
Total	503,890	223,231	185,658
U.S. imports:			
0. Food and live animals	24,580	15,466	15,711
1. Beverages and tobacco	1,790	1,736	2,369
2. Crude materials--inedible, except fuel	6,581	2,941	2,454
3. Mineral fuels, lubricants, etc	149,124	89,633	280,478
4. Oils and fats--animal and vegetable	-	1/	-
5. Chemicals	6,705	6,243	22,629
6. Manufactured goods classified by chief material	171,397	55,522	52,595
7. Machinery and transportation equipment	90,439	47,634	28,177
8. Miscellaneous manufactured articles	108,479	119,221	107,423
9. Commodities and transactions not elsewhere classified	353	726	987
Total	559,449	339,121	512,821

1/ Value less than \$500.

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

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

Table A-12.--U.S. trade with Vietnam, by SITC Sections, 1981-83
(In thousands of dollars)

SITC Section	1981	1982	1983
U.S. exports:			
0. Food and live animals	153	5	232
1. Beverages and tobacco	-	-	-
2. Crude materials--inedible, except fuel	7	4	137
3. Mineral fuels, lubricants, etc	-	-	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	273	1,072	9
6. Manufactured goods classified by chief material	9	67	-
7. Machinery and transportation equipment	57	12	1
8. Miscellaneous manufactured articles	916	137	75
9. Commodities and transactions not elsewhere classified	8,720	30,698	20,293
Total	10,135	31,995	20,745
U.S. imports:			
0. Food and live animals	-	-	-
1. Beverages and tobacco	-	-	-
2. Crude materials--inedible, except fuel	-	-	-
3. Mineral fuels, lubricants, etc	-	-	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	-	-	-
6. Manufactured goods classified by chief material	-	-	-
7. Machinery and transportation equipment	-	-	-
8. Miscellaneous manufactured articles	7	-	-
9. Commodities and transactions not elsewhere classified	89	-	-
Total	96	-	-

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

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

APPENDIX B

**LEADING U.S. IMPORTS AND EXPORTS IN TRADE WITH THE NONMARKET
ECONOMY COUNTRIES, 1982, 1983, OCTOBER-DECEMBER 1983**

Table B-1.--Leading items exported to nonmarket economy countries (NME's), 1/ by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
130.6540	Wheat, unmilled, not donated for relief or charity	\$1,863,103	\$1,184,409	\$498,168
130.3465	Yellow corn, not donated for relief or charity	1,305,049	667,284	279,051
175.4100	Soybeans, other than seed for planting	319,240	282,218	125,869
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents			
200.3510	Douglas-fir logs and timber, rough	268,485	214,810	60,177
694.4068	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds empty weight, n.s.p.f.	161,959	161,616	48,814
184.5260	Soybean oil cake and oil-cake meal		123,053	123,053
480.8005	Diammonium phosphate fertilizer	83,778	121,520	57,552
618.0300	Nonalloyed unwrought aluminum	90,911	99,820	29,245
694.4062	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds empty weight, passenger transports, n.s.p.f.		86,550	45,860
120.1400	Cattle hides, whole		80,182	-
480.7050	Concentrated superphosphates	72,479	79,919	16,937
300.1060	Cotton, not carded, not combed, staple length 1 to 1-1/8 inches	33,334	67,061	15,718
790.5510	Pressure-sensitive tape having a plastic backing	109,682	62,802	1,685
818.3900	Products, n.e.s., donated for relief or charity	36,248	59,568	9,387
200.3514	Western hemlock logs and timber, rough	46,065	57,813	18,297
664.0584	Parts, n.e.s., of oil and gas field drilling machines	42,476	53,027	15,992
710.2820	Electrical (including electronic) geophysical instruments and apparatus, and parts thereof	53,387	37,535	12,324
480.4500	Phosphates, crude, and apatite	20,434	36,781	12,869
480.3000	Urea	21,390	33,673	4,976
	Total	55,034	32,706	13,777
	Total, U.S. exports to NME's	4,583,055	3,542,346	1,389,753
		6,539,686	5,067,626	1,781,264

1/ Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R. (including Estonia, Latvia, and Lithuania), and Vietnam.

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

Note: Columns may not add to total because of rounding.

Table B-2.--Leading items imported from nonmarket economy countries (NME's), 1/ by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
475.2520	Gasoline	\$417,071	\$516,603	\$119,587
107.3525	Canned hams and shoulders, 3 pounds and over	87,409	120,055	28,382
480.6540	Anhydrous ammonia	88,765	85,722	33,587
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt	7,701	85,159	14,156
475.1010	Universal viscosity at 100 degrees F of less than 45 seconds--	152,891	68,682	58,611
475.3500	Crude petroleum, testing 25 degrees A.P.I. or more	82,539	66,048	24,017
360.1515	Naphthas, derived from petroleum, etc., n.e.s.	40,962	51,374	12,614
	Floor coverings of wool, valued over 66-2/3 cents per	12,194	49,798	13,999
	square foot	24,880	42,031	9,207
480.3000	Urea, n.e.s.	31,139	29,024	5,541
605.0260	Palladium	18,229	27,762	8,712
755.1500	Fireworks	27,135	26,200	4,542
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn	17,688	25,838	3,977
	number 20)	15,016	25,749	7,742
472.1000	Barytes ore, crude	35,495	23,617	3,038
170.2800	Cigarette leaf, not stemmed, oriental or turkish type not	16,099	22,651	5,160
	over 8.5 inches	21,177	22,319	5,724
383.9015	Women's blouses and shirts, n.e.s., man-made fibers, not knit--	19,475	21,595	2,026
622.0200	Tin, other than alloyed, unwrought	24,669	21,568	2,039
727.3540	Furniture, of wood, n.s.p.f.	7,908	21,458	645
700.4540	Women's footwear, of leather, cement soles, valued over \$2.50	1,148,443	1,353,254	363,327
	per pair	3,276,356	3,574,079	904,386
379.9530	Men's coats of man-made fibers, not knit, n.s.p.f.			
383.9050	Women's coats, n.e.s., 3/4 length or longer			
383.4761	Women's trousers and slacks of cotton, other than denim,			
	corduroy and velveteen			
	Total			
	Total, U.S. imports from NME's			

1/ Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R. (including Estonia, Latvia, and Lithuania), and Vietnam.

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

Note: Columns may not add to total because of rounding.

Table B-3.--Leading items exported to China, by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
130.6540	Wheat, unmilled, not donated for relief or charity			\$194,106
200.3510	Douglas-fir logs and timber, rough	\$1,046,693	\$377,686	48,814
130.3465	Yellow corn, not donated for relief or charity	161,959	161,616	-
694.4068	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds empty weight, n.s.p.f.	189,358	158,138	-
480.8005	Diammonium phosphate fertilizer	-	123,053	123,053
618.0300	Nonalloyed unwrought aluminum	85,797	99,820	29,245
694.4062	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds	-	86,550	45,860
200.3514	empty weight, passenger transports, n.s.p.f.	-	80,182	-
480.7050	Western hemlock logs and timber, rough	42,476	53,027	15,992
710.2820	Concentrated superphosphates	6,198	35,175	3,190
664.0584	Electrical (including electronic) geophysical instruments and apparatus, and parts thereof	16,363	34,904	12,554
480.3000	Parts, n.e.s., of oil and gas field drilling machines	44,156	32,963	10,093
252.7810	Urea	55,034	32,706	13,777
444.1620	Unbleached kraft linerboard	31,701	31,567	6,737
444.1700	Polyethylene resins, excluding amorphous or atactic polymers and copolymers	49,895	30,021	2,852
711.8710	Electrical (including electronic) chemical analysis equipment, and parts thereof	78,513	29,443	10,379
660.4930	Aircraft jet and gas turbines, non-piston-type engines, nonmilitary, new	11,647	24,899	5,838
121.0515	Bovine leather, rough, russet, and crust, wet blue, not split	-	24,798	13,531
649.5040	Rock drilling bits, core bits, and reamers, other than percussion rock drill bits	30,220	23,487	4,909
694.6507	Parts designed for use in civil aircraft, n.e.s.	2,392	23,458	8,363
	Total	12,097	19,449	5,627
	Total, U.S. exports to China	1,864,498	1,482,943	554,921
		2,904,535	2,163,219	740,269

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

Note: Columns may not add to total because of rounding.

Table B-4.--Leading items imported from China, by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
475.2520	Gasoline			\$57,037
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more	\$336,884	\$308,895	58,611
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	152,891	68,682	
475.3500	Naphthas, derived from petroleum, etc., n.e.s.	37,077	47,451	12,045
755.1500	Fireworks	62,753	42,031	-
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	31,139	29,024	5,541
472.1000	Barytes ore, crude	18,229	27,762	8,712
383.9015	Women's blouses and shirts, n.e.s., man-made fibers, not knit	27,135	26,200	4,542
622.0200	Tin, other than alloyed, unwrought	15,016	25,749	7,742
383.4761	Women's trousers and slacks of cotton, other than denim, corduroy and velveteen	35,495	23,617	3,038
379.9530	Men's coats of man-made fibers, not knit, n.s.p.f.	7,802	21,354	645
144.2053	Mushrooms otherwise prepared or preserved in containers each holding more than 9 ounces, other than whole or sliced	19,106	21,178	2,008
383.9050	Women's coats, n.e.s., 3/4 length or longer	1/ 18,449	1/ 18,651	1/ 2,775
379.4050	Men's shirts, n.e.s., knit, cotton	21,072	18,458	2,026
383.4753	Women's corduroy trousers and slacks, cotton	9,073	18,233	4,588
379.9575	Men's trousers and slacks of man-made fibers, not knit	16,018	16,904	1,573
222.4000	Baskets and bags of bamboo	10,326	16,331	977
383.3448	Women's 3/4 length raincoats, n.e.s., cotton, not knit	15,694	16,242	4,921
320.1038	Sheeting, wholly of cotton, carded (average yarn number 10)	19,852	14,245	58
383.4709	Women's wearing apparel other than, blouses of cotton, not knit	5,551	14,060	6,039
	Total	7,544	13,763	573
	Total, U.S. imports from China	867,107	788,831	183,451
		2,215,856	2,217,526	548,245

1/ Includes imports entered under TSUSA item 922.5653 as well as those entered under TSUSA item 144.2053. Item 922.5653 was created April 9, 1982, as a temporary tariff provision modification for selected items which formerly entered under item 144.2053. For comparability throughout the time periods presented, the numbers in the table represent aggregated data for imports entering under the two numbers. During the year 1982, \$9,949,607 entered under item 144.2053 and \$8,499,781 entered under item 922.5653, while for the year 1983, \$3,334,534 entered under item 144.2053 and \$15,316,863 entered under item 922.5653. During October-December 1983, \$1,478,293 entered under item 144.2053 and \$1,296,947 entered under item 922.5653.

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

Note: Columns may not add to total because of rounding.

Table B-5.--Leading items exported to the U.S.S.R., 1/ by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
130.6540	Wheat, unmilled, not donated for relief or charity	\$802,182	\$800,584	\$304,062
130.3465	Yellow corn, not donated for relief or charity	818,768	390,915	252,754
480.7025	Phosphoric acid, 65 percent or more available phosphorus			
	pentoxide equivalents	268,485		60,177
175.4100	Soybeans, other than seed for planting	171,264	214,810	109,355
300.1060	Cotton, not carded, not combed, staple length 1 to 1-1/8 inches	67	157,162	
790.5510	Pressure-sensitive tape having a plastic backing	36,095	61,338	9,318
177.5640	Tallow, inedible	17,887	58,650	4,299
660.5460	Parts of industrial gas turbines	23	21,505	3,987
692.3820	Parts of tracklaying tractors	25,651	17,144	2,677
692.3840	Parts of tractors, other than tracklaying tractors	17,195	16,220	1,024
475.4555	Insulating or transformer oils	27,928	14,628	1,985
664.0586	Parts, n.e.s., of boring and drilling machines	20,003	13,923	808
300.1550	Cotton, not carded, not combed, staple length 1-1/8 inches or more, n.e.s.	-	12,978	-
120.1400	Cattle hides, whole	-	10,885	1,588
446.1561	Synthetic rubber, not containing fillers, pigments, or rubber processing chemicals, n.s.p.f.	-	10,575	-
338.2600	Woven fabrics of glass	6,841	8,191	1,160
309.4222	Fibers of rayon (in noncontinuous form)	-	6,960	2,417
660.5440	Parts of tractor engines	7,728	6,176	-
790.5570	Pressure sensitive tape having a rubberized textile backing, except surgical or medicated tape and tape of unwoven fiber	-	6,036	985
475.6781	Mixtures of hydrocarbons n.s.p.f., derived from petroleum, shale oil, natural gas, or combinations thereof, n.e.s.	3,885	5,634	2,563
	Total	2,224,001	5,501	1,798
	Total, U.S. exports to the U.S.S.R.	2,588,975	1,839,814	761,402
			2,001,951	807,069

1/ Includes Estonia, Latvia, and Lithuania.

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

Note: Columns may not add to total because of rounding.

Table B-6.--Leading items imported from the U.S.S.R., 1/ by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
480.6540	Anhydrous ammonia	\$88,765	\$85,722	\$33,587
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal viscosity at 100 degrees F of less than 45 seconds--	-	48,913	6,152
605.0260	Palladium	24,836	41,849	9,207
480.3000	Urea, n.e.s.	10,434	38,913	10,220
620.0300	Nickel, unwrought	12,182	19,268	6,355
114.3000	Crabs, nes	2,107	12,790	5,877
169.3800	Vodka, in containers holding not over 1 gallon, valued over \$7.75 per gallon	7,173	9,883	1,559
422.5220	Uranium compounds, fluorides	9,647	9,732	-
124.1045	Sable furskins, whole, undressed	7,164	7,803	1,188
475.1025	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt universal viscosity at 100 degrees F. of 45-125 second:	-	7,055	-
605.0750	Palladium bars, plates, etc	1,685	4,343	-
480.5000	Potassium chloride, crude	4,600	4,134	829
765.0300	Paintings, etc., by hand	115	3,102	3,006
605.0220	Platinum sponge	3,961	3,003	1,148
606.3546	Ferrosilicon, containing over 30% but not over 60% by weight of silicon, except, over 2% by wt. of magnesium	-	2,804	2,134
605.0710	Platinum bars, plates, etc	1,197	2,356	-
240.1440	Plywood, with face ply of birch, not face finished	1,374	2,283	160
114.4545	Shrimp, shell on	17	2,227	913
480.0500	Limestone, crude, broken or crushed when imported to be used in the manufacture of fertilizer	-	2,210	-
605.0270	Rhodium	3,475	2,105	158
	Total	178,732	310,496	82,493
	Total, U.S. imports from the U.S.S.R.	228,792	341,093	88,861

1/ Includes Estonia, Latvia, and Lithuania.

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

Note: Columns may not add to total because of rounding.

Table B-7.--Leading items exported to Eastern Europe, 1/ by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
175.4100	Soybeans, other than seed for planting	\$84,751	\$125,056	\$16,514
184.5260	Soybean oil cake and oil-cake meal	83,778	121,520	57,552
130.3465	Yellow corn, not donated for relief or charity	296,923	118,231	26,296
120.1400	Cattle hides, whole	61,456	65,428	14,989
818.3900	Products, n.e.s., donated for relief or charity	20,489	40,648	13,695
480.4500	Phosphates, crude, and apatite	21,390	33,673	4,976
480.7050	Concentrated superphosphates	27,137	28,961	12,528
116.0100	Butter	17,513	16,453	2,473
521.3110	Low volatile bituminous coal	11,180	16,145	5,513
678.3240	Parts for machines for assembling electric filament and discharge lamps and electric tubes	-	11,279	-
115.5020	Nonfat dry milk, donated for relief or charity	3,238	10,123	1,415
417.7100	Barium compounds	2,960	9,696	9,609
176.5260	Soybean oil, n.e.s., donated for relief or charity	8,756	7,672	3,004
131.4030	Wheat flour, n.e.s., donated for relief or charity	7,780	7,382	1,580
170.3320	Flue-cured cigarette leaf filler tobacco, stemmed	5,588	7,138	342
130.1040	Barley, other than for malting purposes	-	7,002	2,239
170.6500	Cigarettes	3,277	6,204	1,129
130.6540	Wheat, unmilled, not donated for relief or charity	14,228	6,139	-
818.3400	Wearing apparel donated for relief or charity	3,911	5,490	1,901
678.5002	Oil and gas field wire line and downhole equipment and parts thereof	133	5,439	42
	Total	674,689	649,678	175,788
	Total, U.S. exports to Eastern Europe	996,387	876,695	228,763

1/ Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania.

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

Note: Columns may not add to total because of rounding.

Table B-8.--Leading items imported from Eastern Europe, 1/ by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
475.2520	Gasoline			
107.3525	Canned hams and shoulders, 3 pounds and over	\$69,846	\$207,709	\$62,549
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt	87,409	119,996	28,382
	Universal viscosity at 100 degrees F of less than 45 seconds--			
170.2800	Cigarette leaf, not stemmed, oriental or turkish type not	7,701	36,246	8,004
	over 8.5 inches			
475.3500	Naphthas, derived from petroleum, etc., n.e.s.	17,659	25,835	3,977
700.4540	Women's footwear, of leather, cement soles, valued over \$2.50	19,786	24,017	24,017
	per pair			
692.3288	Parts for motor vehicles, n.e.s.	20,568	21,439	5,372
727.3540	Furniture, of wood, n.s.p.f.	12,045	18,740	5,123
480.3000	Urea, n.e.s.	12,386	14,473	2,455
686.9030	Other lamps, including standard household	1,760	10,885	3,780
700.3550	Men's footwear, of leather, n.e.s., cement soles	11,456	10,707	2,992
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel	10,899	10,090	1,716
	oils)			
379.8355	Men's wool suits, not knit, not ornamented	-	10,052	-
607.1700	Wire rods, of iron or steel, not tempered or treated, valued	13,891	9,470	1,296
	over 4 cents per pound			
480.5000	Potassium chloride, crude	2,265	8,763	2,358
546.6020	Glass tumblers, etc., valued over \$0.30 but not over \$3 each	3,290	8,557	3,046
618.0200	Aluminum, other than alloys of aluminum	6,752	8,491	2,100
772.5109	Passenger car tires, radial	-	8,259	8,259
772.5136	Truck and bus tires, radial	3,619	7,999	1,530
727.1500	Furniture and parts, of bentwood	3,863	7,043	1,937
	Total	7,606	7,028	1,563
	Total, U.S. imports from Eastern Europe	312,802	575,799	170,456
		823,691	1,010,479	266,446

1/ Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania.

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

Note: Columns may not add to total because of rounding.

Table B-9.--Leading items exported to Albania, by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct -Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
521.3120	Bituminous coal, n.e.s.	\$1,903	\$2,124	-
521.3110	Low volatile bituminous coal	13,120	1,339	-
309.3270	Grouped filaments and strips, continuous, n.e.s.	1,251	329	-
120.1400	Cattle hides, whole	-	259	-
688.1900	Insulated wire and cable, n.s.p.f.	95	84	-
170.5100	Unmanufactured tobacco, n.s.p.f., including stems, trimmings, scraps, cuttings and siftings	-	62	-
712.1560	Parts of instruments and apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiations	-	5	-
692.5000	Motorcycles	-	1	-
438.1090	Blood and blood derivatives, except for passive immunization, n.e.s.	13	1	-
661.3510	Household refrigerators and combination refrigerator-freezers, under 13.5 cubic feet	1	1	1
	Total	16,382	4,205	1
	Total, U.S. exports to Albania	16,400	4,205	1

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

Note: Columns may not add to total because of rounding.

Table B-10.--Leading items imported from Albania, by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
161.9400	Sage, unground--			
606.2400	Ferrochrome, over 3 percent carbon	\$2,099	\$1,547	\$306
601.1520	Chromite ore, chromium content not over 40 percent chromic oxide--	299	1,424	-
161.9000	Rosemary, crude or not manufactured--	5	422	-
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot--	240	32	11
439.1090	Natural drugs, n.e.s., crude	21	27	12
161.0300	Basil, crude--	32	21	-
653.2200	Metal coins, n.e.s--	8	13	-
162.0100	Savory, crude or not manufactured--	5	6	2
475.6000	Greases, other than, containing not over 10 percent by weight of salts of fatty acids of animal or vegetable origin--	-	4	4
367.3428	Other furnishings, not ornamented, of wool, other than nonwoven fabric--	-	2	-
	Total--	2,707	1/	-
	Total, U.S. imports from Albania--	2,760	3,498	335

1/ Trade less than \$500.

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

Note: Columns may not add to total because of rounding.

Table B-11.--Leading items exported to Bulgaria, by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
130.3465	Yellow corn, not donated for relief or charity	\$32,000	\$13,784	-
480.7050	Concentrated superphosphates	11,264	10,612	-
184.5260	Soybean oil cake and oil-cake meal	23,388	8,572	4,526
170.3320	Flue-cured cigarette leaf filler tobacco, stemmed	4,860	6,017	-
170.3340	Burley cigarette leaf filler tobacco, stemmed	1,835	5,321	-
601.6100	Zinc ore	3,210	3,900	-
170.4300	Leaf tobacco, n.e.s.	-	1,639	1,024
712.5025	Frequency-testing apparatus for electrical, radio, and communications circuits, and parts thereof	150	1,352	-
433.1035	Compound catalyst preparations, other than of nickel	1,456	1,306	-
711.8750	Electrical (including electronic) physical analysis equipment, n.s.p.f., and parts thereof	644	827	193
120.1400	Cattle hides, whole	-	788	788
678.5065	Machines n.s.p.f. for production and assembly of semiconductor devices, diodes, transistors, and circuits, and parts	140	617	614
661.9880	Parts, n.s.p.f., of filtering and purifying machinery and apparatus for liquids or gases	765	496	318
170.5100	Unmanufactured tobacco, n.s.p.f., including stems, trimmings, scraps, cuttings and siftings	265	459	-
709.2540	Dental instruments, n.s.p.f., and parts and attachments thereof	3	412	-
435.8500	Anticonvulsants, hypnotics, and sedatives	80	379	-
130.3440	Corn seed, except sweet, not donated for relief or charity	36	363	178
712.1520	Instruments and apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiations	209	340	116
709.6340	X-ray apparatus n.s.p.f., and parts thereof	-	328	328
674.1022	Converters, including foundry machines and parts, n.e.s.	6,286	312	14
	Total	86,591	57,821	8,100
	Total, U.S. exports to Bulgaria	106,453	65,389	10,243

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

Note: Columns may not add to total because of rounding.

Table B-12.--Leading items imported from Bulgaria, by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
170.2800	Cigarette leaf, not stemmed, oriental or turkish type not over 8.5 inches	\$17,659	\$25,835	\$3,977
117.6700	Pecorino cheese, not for grating	1,806	2,194	734
452.6000	Rose oil or attar of roses	992	856	356
167.3005	Red wine not over 14 percent alcohol, valued not over \$4 per gallon, in containers not over 1 gallon	-	610	105
167.3015	White wine not over 14 percent alcohol, valued not over \$4 per gallon, in containers not over 1 gallon	-	503	135
439.1090	Natural drugs, n.e.s., crude	268	257	26
379.8318	Men's and boys' other separate coats of wool not knit, valued \$4 per pound	-	211	179
379.8311	Men's suit-type coats and jackets made of wool, not knit valued over \$4 per pound	-	196	78
700.3550	Men's footwear, of leather, n.e.s., cement soles	-	193	46
167.3030	Red wine over 14 percent alcohol valued over \$4 per gallon, in containers not over 1 gallon	-	182	38
379.8315	Men's and boys' overcoats topcoats and car coats of wool not knit valued over \$4 per pound	3	174	15
674.3215	Metal working machine tools combination boring, drilling and milling machines used or rebuilt	-	126	-
514.6500	Marble, breccia, and onyx slabs rubbed or polished in whole or in part	-	110	110
379.6934	Men's and boys' suit-type coats and jackets, not knit, subject of wool restraints	-	110	52
379.1740	Men's and boys' suits of wool, not knit	-	95	-
117.6500	Cheeses made from sheep's milk, in original loaves and suitable for grating	51	86	26
167.3045	Still wine produced from grapes, not over 14% alcohol, in one gallon containers valued over \$4 per gallon, white	-	84	45
676.0560	Typewriters, nonelectric, nonautomatic	-	81	-
379.8355	Men's wool suits, not knit, not ornamented	-	67	-
676.0510	Typewriters, electric, nonautomatic, portable	-	65	-
	Total	291	32,036	5,921
	Total, U.S. imports from Bulgaria	21,069	32,765	6,105
		25,124		

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

Note: Columns may not add to total because of rounding.

Table B-13.--Leading items exported to Cuba, by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
818.3300	Medicinal and pharmaceutical products donated for relief or charity	\$736	\$435	\$103
818.3400	Wearing apparel donated for relief or charity	14	117	11
818.3900	Products, n.e.s., donated for relief or charity	46	84	12
685.1050	Television cameras	-	32	-
662.6035	Power sprayers and dusters for agricultural, including horticultural, use	-	7	-
359.0000	Textile fabrics, n.s.p.f.	-	5	5
653.3180	Illuminating electric articles n.s.p.f., of base metal	-	5	-
818.4000	Used wearing apparel and other used articles, of textile materials, exported in bulk	-	2	-
256.4900	Boxes, pouches, wallets, or writing compendiums of paper or paperboard containing only an assortment of stationery	-	1	-
	Total	795	688	131
	Total, U.S. exports to Cuba	951	688	131

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

Note: Columns may not add to total because of rounding.

Table B-14.--Leading items imported from Cuba, by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
653.2200	Metal coins, n.e.s.			
	Total	<u>1,000</u> dollars	<u>1,000</u> dollars	<u>1,000</u> dollars
	Total, U.S. imports from Cuba	\$5	1/	1/
		5	1/	1/
		1,621	1/	1/
	1/ Trade less than \$500.			

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

Note: Columns may not add to total because of rounding.

Table B-15.--Leading items exported to Czechoslovakia, by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
480.7050	Concentrated superphosphates-----	-	-	\$12,528
120.1400	Cattle hides, whole-----	-	\$15,645	3,221
184.5260	Soybean oil cake and oil-cake meal-----	10,086	13,451	-
676.2820	Digital central processing units consisting of arithmetical, logical and control elements-----	17,240	6,873	-
674.3578	Bending, folding, straightening and flattening machines, valued at least \$2,500 each, new, with numerical controls or facings-----	98	1,483	1,483
207.0035	Wooden pencil slats-----	-	1,261	637
790.5510	Pressure-sensitive tape having a plastic backing-----	1,141	1,210	194
692.3160	Tracklaying tractors, new, with a net engine horsepower rating of 345 horsepower and over-----	10	771	46
486.2900	Insecticides, unmixed, n.e.s.-----	3,518	701	-
678.5055	Metal-treating machines and parts thereof, n.s.p.f.-----	699	645	-
540.4200	Glass rods, tubes, and tubing-----	-	607	-
309.0170	Monofilaments (in continuous form), n.e.s.-----	676	604	221
273.4000	Plans and drawings for industrial, architectural, engineering, commercial or similar purposes; manuscripts and copies of data Muskraat furskins, whole, undressed-----	13	587	163
124.1527	Machines n.s.p.f. for production and assembly of semiconductor devices, diodes, transistors, and circuits, and parts-----	561	506	506
678.5065	Electrical (including electronic) physical analysis equipment, n.s.p.f., and parts thereof-----	77	442	52
711.8750	Primary cells and primary batteries-----	750	381	183
682.9520	Parts of automatic data processing machines and units thereof, n.s.p.f.-----	62	346	96
676.5560	Bovine leather, rough, russet, and crust, wet blue, not split-----	296	338	94
121.0515	Instruments and apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiations-----	-	330	237
712.1520	Total-----	377	310	230
	Total, U.S. exports to Czechoslovakia-----	35,607	46,955	19,892
		83,598	57,079	23,003

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

Note: Columns may not add to total because of rounding.

Table B-16.--Leading items imported from Czechoslovakia, by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
700.2940	Welt work footwear, of leather, valued over \$6.80 per pair	\$3,253	\$5,103	\$955
607.1700	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound	781	3,781	1,174
192.2520	Hops, not in pellets	5,640	2,931	146
772.5138	Truck and bus tires, other than radial	239	2,809	835
546.6020	Glass tumblers, etc., valued over \$0.30 but not over \$3 each	1,760	2,263	558
107.3525	Canned hams and shoulders, 3 pounds and over	5,170	1,964	-
401.1000	Benzene	2,982	1,915	-
772.5109	Passenger car tires, radial	861	1,860	428
772.5136	Truck and bus tires, radial	720	1,442	310
772.5129	Tires for light trucks, other than radials	102	1,191	505
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	812	1,186	1,151
741.3500	Imitation gemstones, except imitation gemstone beads	830	1,163	243
167.0515	Ale, porter, stout, and beer, glass containers, not over 1 gallon	809	1,147	412
700.3550	Men's footwear, of leather, n.e.s., cement soles	1,734	1,114	374
741.3000	Beads, bugles, and spangles, n.e.s.	942	1,114	286
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	1,106	1,004	307
700.2960	Men's welt footwear, of leather, n.e.s., valued over \$6.80 per pair	1,151	983	661
727.1500	Furniture and parts, of bentwood	1,025	947	267
437.3000	Antibiotics, natural and not artificially mixed	946	919	60
366.2760	Dish towels, of cotton not jacquard-figured	161	791	300
	Total	31,022	35,626	8,973
	Total, U.S. imports from Czechoslovakia	61,548	62,821	15,770

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

Note: Columns may not add to total because of rounding.

Table B-17.--Leading items exported to East Germany, by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
130.3465	Yellow corn, not donated for relief or charity			
184.5260	Soybean oil cake and oil-cake meal	\$159,494	\$82,864	\$26,296
678.3240	Parts for machines for assembling electric filament and discharge lamps and electric tubes	27,537	17,423	17,423
130.1040	Barley, other than for malting purposes	-	11,260	-
175.5100	Sunflower seed	-	7,002	2,239
684.6210	Telephone switching and switchboard equipment and parts and components thereof	-	4,017	-
130.6000	Rye	-	3,064	-
106.9200	Swine livers	-	2,224	-
722.9540	Equipment specially designed for photofinishing (still pictures), other than microfilm and microfiche equipment	1,713	1,624	706
712.5040	Instruments n.e.s. for measuring or testing electrical characteristics, and parts thereof	8	895	-
709.1690	Parts of electro-medical apparatus	481	881	47
170.4300	Leaf tobacco, n.e.s.	2,354	783	-
433.1016	Tetraethyl lead (TEL) antiknock preparations	-	783	351
300.3021	Cotton linters, n.e.s.	393	622	273
818.9000	General merchandise, valued not over \$500	462	526	93
355.0740	Textile webs, batting, and non-woven fabrics, of manmade fibers, n.e.s.	433	299	91
120.1400	Cattle hides, whole	21	276	22
177.5640	Tallow, inedible	-	248	-
433.1044	Fuel oil additive preparations, n.s.p.f.	158	235	235
310.8029	Nylon yarns, other than high tenacity	107	231	-
	Total	193,162	135,487	47,827
	Total, U.S. exports to East Germany	222,657	138,915	48,739

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

Note: Columns may not add to total because of rounding.

Table B-18.--Leading items imported from East Germany, by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982 1,000 dollars	1983 1,000 dollars	Oct.-Dec. 1983 1,000 dollars
480.5000	Potassium chloride, crude	\$3,290	\$8,557	\$3,046
772.5109	Passenger car tires, radial	2,605	5,565	863
668.2100	Offset printing presses, weighing 3,500 pounds or more, sheet-fed type			
676.0510	Typewriters, electric, nonautomatic, portable	2,067	3,125	1,350
772.5136	Truck and bus tires, radial	1,031	2,743	691
772.5112	Passenger car tires, other than radial	1,634	2,427	517
668.2345	Printing presses, not letter or offset	1,732	2,356	144
772.5138	Truck and bus tires, other than radial	2,603	2,288	822
494.2000	Montan wax	1,255	1,445	181
668.5060	Parts of printing presses	1,707	1,295	276
607.6615	Sheets of iron or steel, not shaped, not pickled or cold- rolled, n.e.s.	866	1,260	343
772.5129	Tires for light trucks, other than radials	-	1,205	534
772.5127	Radial tires for light trucks	338	1,151	316
608.1330	Sheets of iron or steel, valued over 10 cents per lb, zinc coated, other than a minimum 40,000 lbs psi	355	1,107	524
121.5000	Pig and hog leather	-	839	541
124.1025	Mink furskins, except "Japanese mink," undressed	1,125	698	367
674.2000	Metal rolling mills and parts thereof	1,369	697	-
668.2340	Offset presses, of the roll-fed type, weighing 3,500 pounds or more	-	696	-
708.7600	Compound optical microscopes, other	122	646	-
727.5560	Furniture, other than convertible sofas, sofa beds, bedsprings	433	633	440
	Total	1/	557	146
	Total, U.S. imports from East Germany	22,534	39,290	11,103
		51,773	56,937	16,433

1/ Trade less than \$500.

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

Note: Columns may not add to total because of rounding.

Table B-19.--Leading items exported to Hungary, by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
184.5260	Soybean oil cake and oil-cake meal	-	\$50,795	\$8,507
678.5002	Oil and gas field wire line and downhole equipment and parts thereof	-	-	-
692.3840	Parts of tractors, other than tracklaying tractors	20	5,400	11
120.1400	Cattle hides, whole	5,401	3,549	1,155
480.7050	Concentrated superphosphates	2,276	2,849	1,048
692.3345	Tractors, wheel type, new, n.s.p.f., suitable for agricultural use, at least 140 but less than 160 horsepower	2,099	2,704	-
540.4200	Glass rods, tubes, and tubing	58	2,309	-
692.3330	Tractors, wheel type, new, n.s.p.f., suitable for agricultural use, at least 80 but less than 100 horsepower	1,924	2,280	394
486.2800	Organophosphorus insecticides, other than methyl parathion	-	2,100	-
666.0079	Parts for farm dairy machinery	991	1,405	770
170.3320	Flue-cured cigarette leaf filler tobacco, stemmed	395	1,285	-
182.9752	Vegetable protein isolates derived from oil seeds	647	1,121	342
666.0024	Planting machines	376	1,014	391
772.5000	Pneumatic tires designed for tractors or for agricultural or horticultural machinery or implements	-	947	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines	946	947	193
121.5737	Bovine leather, not rough, russet, and crust, n.e.s.	689	913	442
666.2578	Industrial machinery n.s.p.f. for preparing and manufacturing food or drink, and parts thereof	1,019	865	62
676.5560	Parts of automatic data processing machines and units thereof, n.s.p.f.	7	829	456
710.2820	Electrical (including electronic) geophysical instruments and apparatus, and parts thereof	548	776	112
435.3300	Corticosteroids, n.s.p.f. (bulk)	730	742	56
	Total	810	685	261
	Total, U.S. exports to Hungary	18,935	83,515	14,199
		67,842	109,781	21,292

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

Note: Columns may not add to total because of rounding.

Table B-20.--Leading items imported from Hungary, by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
107.3525	Canned hams and shoulders, 3 pounds and over	\$20,492	\$27,522	\$6,933
692.3283	Parts for motor vehicles, n.e.s.	11,855	18,442	5,059
700.6540	Women's footwear, of leather, cement soles, valued over \$2.50 per pair	9,374	10,842	2,910
686.9030	Other lamps, including standard household	10,733	8,971	2,246
618.2565	Aluminum sheets and strip, not clad, wrought	1,598	4,405	1,531
692.0440	Motor buses, other (including diesel)	4,201	3,367	645
107.3040	Bacon, not boned and cooked	1,498	3,172	861
772.5136	Truck and bus tires, radial	1,509	3,124	1,110
692.3460	Parts for agricultural tractors	7,392	2,185	1,539
165.1500	Apple and pear juice, not containing over 1 percent alcohol	482	2,168	347
379.8311	Men's suit-type coats and jackets made of wool, not knit valued over \$4 per pound	2,100	2,102	288
379.8355	Men's wool suits, not knit, not ornamented	4,034	2,009	662
383.7210	Women's wearing apparel, of wool, not knit valued over \$4 per pound, n.e.s. coats other than 3/4 length or longer	80	1,930	485
612.3982	Brass strips under 1/16 inch in thickness copper content	-	1,727	412
644.1200	Aluminum foil, not backed or cut to shape, over .00035 inch in thickness valued over 55 cents per pound	52	1,549	418
661.9500	Centrifuges, filtering and purifying machinery, except cast iron parts	644	1,508	282
379.8735	Men's wearing apparel, n.e.s., silk, not knit	387	1,489	1
186.1560	Feathers, not meeting Federal standards	409	1,457	389
750.6500	Paint brushes, except artists' brushes	517	1,362	-
411.2400	Sulfamethazine	1,633	1,315	-
	Total	78,990	100,646	26,119
	Total, U.S. imports from Hungary	133,238	154,493	36,387

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

Note: Columns may not add to total because of rounding.

Table B-21.--Leading items exported to Mongolia, by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
692.2985	Parts, n.s.p.f., of motor vehicles	-	\$71	-
709.0200	Optical instruments and appliances (except electro-medical), and parts thereof	-	-	-
818.3900	Products, n.e.s., donated for relief or charity	-	18	-
712.1520	Instruments and apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiations	17	9	-
688.4060	Electrical articles and electrical parts of articles, n.s.p.f.	-	8	-
688.4013	Ultrasonic cleaning equipment and parts thereof	-	5	-
680.9240	Machinery parts not containing electrical features, n.s.p.f.	-	3	-
774.5020	Articles n.s.p.f., of rubber or plastics	-	3	-
433.1095	Chemical mixtures and preparations, n.s.p.f.	-	1	-
711.8747	Nonelectrical chemical analysis equipment, n.s.p.f.	-	1	-
727.2740	Office furniture, of metal, other than filing cabinets	-	1	-
	Total	17	123	-
	Total, U.S. exports to Mongolia	344	123	-

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

Note: Columns may not add to total because of rounding.

Table B-22.--Leading items imported from Mongolia, by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
306.4293	Camel hair, sorted, etc.		\$706	\$73
306.4192	Camel hair, not sorted, etc.		642	312
306.6200	Cashmere goat hair, sorted, etc.	674	113	113
124.1045	Sable furskins, whole, undressed	634	10	-
274.4000	Postage stamps, etc., and government stamped envelopes, with no printing other than official imprint	-	-	-
190.5500	Hoofs and horns, crude	-	1	-
207.0080	Articles of wood, n.s.p.f.	-	1	-
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	-	1	1
383.1320	Women's, girls' or infants knit sweaters of wool	-	1/	-
	Total	2,806	1,474	498
	Total, U.S. imports from Mongolia	3,628	1,483	498

1/ Trade less than \$500.

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

Note: Columns may not add to total because of rounding.

Table B-23.--Leading items exported to North Korea, by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
687.6068	Mounted piezoelectric crystals	1,000 dollars	1,000 dollars	1,000 dollars
	Total	-	\$1	-
	Total, U.S. exports to North Korea	100	1	-

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

Note: Columns may not add to total because of rounding.

Table B-24.--Leading items imported from North Korea, by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
111.1300	Dried fish, whether or not whole, not in airtight containers--	1,000 dollars	1,000 dollars	1,000 dollars
	Total--	\$8	-	-
	Total, U.S. imports from North Korea--	8	-	-

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

Note: Columns may not add to total because of rounding.

Table B-25.--Leading items exported to Poland, by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
175.4100	Soybeans, other than seed for planting	\$20,939	\$48,700	\$6,474
818.3900	Products, n.e.s., donated for relief or charity	20,484	40,640	13,695
184.5260	Soybean oil cake and oil-cake meal	1,354	37,858	27,096
480.4500	Phosphates, crude, and apatite	15,712	22,181	4,083
130.3465	Yellow corn, not donated for relief or charity	45,337	21,582	
116.0100	Butter	17,513	16,453	2,473
115.5020	Nonfat dry milk, donated for relief or charity	3,238	10,123	1,415
176.5260	Soybean oil, n.e.s., donated for relief or charity	8,756	7,672	3,004
131.4030	Wheat flour, n.e.s., donated for relief or charity	7,780	7,382	1,580
120.1400	Cattle hides, whole	21,871	7,286	877
130.6540	Wheat, unmilled, not donated for relief or charity	-	6,139	-
818.3400	Wearing apparel donated for relief or charity	3,897	5,486	1,901
818.3100	Food products, n.s.p.f., donated for relief or charity	14,437	4,876	1,452
182.9754	Vegetable protein concentrates, hydrolysates, and textured or spun products, derived from oil seeds	-	3,992	-
818.3300	Medicinal and pharmaceutical products donated for relief or charity	-	-	-
117.8200	American-type cheeses, except Cheddar	10,092	3,837	1,544
115.5040	Nonfat dry milk, not donated for relief or charity	4,125	3,758	362
131.3010	Rice, donated for relief or charity	3,273	3,683	-
818.4000	Used wearing apparel and other used articles, of textile materials, exported in bulk	2,006	3,607	388
177.5640	Tallow, inedible	6,111	3,530	628
	Total	6,672	3,491	-
	Total, U.S. exports to Poland	213,598	262,277	66,974
		292,606	319,872	82,904

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

Note: Columns may not add to total because of rounding.

Table B-26.--Leading items imported from Poland, by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
107.3525	Canned hams and shoulders, 3 pounds and over	\$55,170	\$83,311	\$19,121
607.1700	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound	1,484	4,758	1,042
379.8355	Men's wool suits, not knit, not ornamented	5,944	4,593	584
646.2622	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or more in length, uncoated	1,951	3,764	957
493.1200	Casein	1,664	3,596	588
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	9,333	3,418	1,181
646.2626	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or more in length, coated	851	2,921	847
192.2520	Hops, not in pellets	2,784	2,803	-
146.7630	Strawberries in containers holding more than 40 ounces	1,999	2,600	375
727.1500	Furniture and parts, of bentwood	2,745	2,580	682
607.6615	Sheets, of iron or steel, not shaped, not pickled or cold- rolled, n.e.s.	4,778	2,554	1,406
379.4620	Men's and boys' suit-type sport coats and jackets made of corduroy	3,198	2,430	251
383.3415	Women's cotton raincoats, n.e.s., 3/4 length or longer	4,899	2,214	518
107.3560	Pork, n.e.s., boned, cooked, canned	1,166	2,185	514
609.8041	Channels, other than alloy iron or steel, maximum cross-sectional dimension of 3 inches or more	233	1,946	1,089
700.3550	Men's footwear, of leather, n.e.s., cement soles	2,877	1,877	248
692.1090	Automobile trucks, valued under \$1,000	1,889	1,852	377
700.2960	Men's welt footwear, of leather, n.e.s., valued over \$6.80 per pair	3,350	1,822	402
100.0110	Horses, male, for breeding	-	1,752	1,752
686.9030	Other lamps, including standard household	722	1,692	745
	Total	107,038	134,670	32,682
	Total, U.S. imports from Poland	212,888	190,641	45,956

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

Note: Columns may not add to total because of rounding.

Table B-27.--Leading items exported to Romania, by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
175.4100	Soybeans, other than seed for planting	\$60,661	\$76,356	\$10,039
120.1400	Cattle hides, whole	27,201	40,806	9,055
521.3110	Low volatile bituminous coal	11,180	16,145	5,513
480.4500	Phosphates, crude, and apatite	5,225	11,492	893
417.7100	Barium compounds	2,960	9,696	9,609
415.4500	Sulfur, native elemental or recovered	7,336	3,819	-
676.5560	Parts of automatic data processing machines and units thereof, n.s.p.f.	4,131	3,613	1,087
446.1521	Polychloroprene (neoprene) synthetic rubber	2,678	3,588	550
170.6500	Cigarettes	1,103	2,798	304
610.3940	Seamless oil well drill pipe, of iron or steel, not alloyed	-	1,981	1,981
486.2900	Insecticides, unmixed, n.e.s.	2,268	783	-
433.1035	Compound catalyst preparations, other than of nickel	1,297	720	-
130.3440	Corn seed, except sweet, not donated for relief or charity	694	714	-
520.2410	Powder or dust of industrial diamonds, natural or synthetic, not set or suitable for use in the manufacture of jewelry	103	681	346
710.2820	Electrical (including electronic) geophysical instruments and apparatus, and parts thereof	2,683	671	10
404.0580	Hydrocarbons, except derivatives, n.e.s.	2,287	657	-
459.6000	Aromatic and odoriferous substances, mixed, n.s.p.f.	50	534	321
416.5500	Inorganic acids, n.s.p.f.	446	422	-
630.8500	Other base metals, unwrought and wrought, and waste and scrap of such metals, n.s.p.f.	-	418	-
712.5005	Equipment n.e.s. for testing the electrical characteristics of internal combustion engines, and parts thereof	10	399	2
	Total	132,312	176,291	39,710
	Total, U.S. exports to Romania	223,231	185,658	42,581

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

Note: Columns may not add to total because of rounding.

Table B-28.--Leading items imported from Romania, by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
475.2520	Gasoline	\$69,846	\$207,709	\$62,549
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal viscosity at 100 degrees F of less than 45 seconds--	-	-	-
475.3500	Naphthas, derived from petroleum, etc., n.e.s.	19,786	36,246	8,004
727.3540	Furniture, of wood, n.s.p.f.	11,639	24,017	24,017
480.3000	Urea, n.e.s.	-	13,199	2,171
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)	-	10,885	3,780
700.4540	Women's footwear, of leather, cement soles, valued over \$2.50 per pair	-	10,052	-
618.0200	Aluminum, other than alloys of aluminum	10,826	9,719	2,217
107.3525	Canned hams and shoulders, 3 pounds and over	6,577	8,259	8,259
700.3550	Men's footwear, of leather, n.e.s., cement soles	6,171	7,199	2,329
546.6020	Glass tumblers, etc., valued over \$0.30 but not over \$3 each	3,822	6,897	1,048
727.2900	Chairs of wood, not folding, not teak, n.e.s.	4,154	5,572	1,341
480.6550	Nitrogen solution	-	4,781	480
310.5049	Yarns wholly of noncontinuous man-made fibers plied, acrylic	3,786	4,654	3,970
680.3712	Ball bearings, radial ball bearings, outside diameter over 30- mm but not over 52-mm	3,699	4,576	663
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	11,289	4,526	1,128
117.6700	Pecorino cheese, not for grating	2,905	4,468	352
700.2960	Men's welt footwear, of leather, n.e.s., valued over \$6.80 per pair	9,952	4,217	888
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	3,616	3,936	266
727.1500	Furniture and parts, of bentwood	3,743	3,773	478
	Total	171,813	378,114	588
	Total, U.S. imports from Romania	339,121	512,821	124,528
				145,795

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

Note: Columns may not add to total because of rounding.

Table B-29.--Leading items exported to Vietnam, by Schedule B Nos., 1982, 1983, and October-December 1983

Schedule B No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
818.3900	Products, n.e.s., donated for relief or charity			
818.9000	General merchandise, valued not over \$500	\$25,187	\$16,381	\$4,090
818.4000	Used wearing apparel and other used articles, of textile materials, exported in bulk	5,433	3,905	864
131.4030	Wheat flour, n.e.s., donated for relief or charity	4	137	-
818.3100	Food products, n.s.p.f., donated for relief or charity	-	120	-
772.0400	Household articles n.s.p.f., of rubber or plastics	5	112	77
709.3000	Medical, dental, surgical, and veterinary instruments and apparatus, n.s.p.f., and parts thereof	58	61	-
818.3300	Medicinal and pharmaceutical products donated for relief or charity	-	14	1
795.0000	Nonenumerated products	1,069	9	-
685.2620	Radio receivers, entertainment broadcast bands, not designed for use in civil aircraft or for motor vehicle installation	78	7	-
	Total	-	1	1
	Total, U.S. exports to Vietnam	31,834	20,745	5,033
		31,995	20,745	5,033

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

Note: Columns may not add to total because of rounding.

Table B-30.--Leading items imported from Vietnam, by TSUSA items, 1982, 1983, and October-December 1983

TSUSA item No.	Description	1982	1983	Oct.-Dec. 1983
		1,000 dollars	1,000 dollars	1,000 dollars
	Total-----	-	-	-
	Total, U.S. imports from Vietnam-----	-	-	-

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

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GLOSSARY

Abbreviation	Full wording
CIA	Central Intelligence Agency
CCC	Commodity Credit Corporation (U.S. Department of Agriculture)
CCL	Commodity Control List
CMEA	Council for Mutual Economic Assistance
COCOM	Coordinating Committee for Multilateral Export Controls
CPE	Centrally planned economy
EAA	Export Administration Act of 1979 (United States)
EC	European Community
EXIMBANK	Export-Import Bank of the United States
FAO	Food and Agricultural Organization (United Nations)
GATT	General Agreement on Tariffs and Trade
GNP	Gross national product
GSP	Generalized System of Preferences
IAEA	International Atomic Energy Agency
IMF	International Monetary Fund
LTFV	Less than fair value
MFA	Multifiber Arrangement
MFN	Most-favored-nation
NME's	Nonmarket economy countries
OEA	Office of Export Administration (U.S. Department of Commerce)
OECD	Organization for Economic Cooperation and Development
QGL	Qualified General License
SCE	State-controlled economy
SDR	Special Drawing Rights
SIC	Standard Industrial Classification
	MSIC: SIC-based import product groupings
	OSIC: SIC-based domestic manufactured output categories
SITC	Standard International Trade Classification
	SITC categories are defined as follows:
	1-digit SITC: Section
	2-digit SITC: Division
	3-digit SITC: Group
	4-digit SITC: Subgroup
	5-digit SITC: Item
TSUSA	Tariff Schedules of the United States Annotated
USC	United States Code
USDA	U.S. Department of Agriculture
USITC	U.S. International Trade Commission

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- (2) summary tables and 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 NME countries covered, disaggregated to the 7-digit level of the respective export and import schedules, through the end of that calendar quarter.

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