

**49th QUARTERLY REPORT TO
THE CONGRESS AND THE
TRADE POLICY COMMITTEE
ON TRADE BETWEEN THE
UNITED STATES AND THE
NONMARKET ECONOMY
COUNTRIES DURING
1986**

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Martin F. Smith

Report principally prepared by:

Peter P. Pogany
Kate S. Tomlinson
Janine Wedel
Janet Whisler

With the assistance of:

Edward G. Carroll, Jr., Editor
James Gill, computer services
Steven K. Hudgens, statistical services
Veronica Robinson, statistical services and production
Paula R. Wells, secretarial services
Eva L. White, secretarial services

Address all communications to
Kenneth R. Mason, Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

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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's 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 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(d) 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/

Under section 410, 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 stated in the statute, the reports in this series are to provide data on the effect, if any, 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. Since U.S. trade with several of the NME's is negligible, the reports focus on Bulgaria, China, Czechoslovakia, East Germany, Hungary, Poland, Romania, and the U.S.S.R., whose current trade with the United States is at a level that might potentially affect a domestic industry. However, data on U.S. trade with Albania, Cuba, Mongolia, North Korea, and Vietnam are provided in the appendices to each report, and trade with these countries is included in totals for "All NME's" throughout the reports.

1/ The following countries or areas are listed under headnote 3(d) 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(d).

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 determined 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.

At present, China, Hungary, and Romania are the only NME's that receive most-favored-nation (MFN) tariff treatment from the United States. In the early 1950's, the MFN status of most NME's was suspended in accordance with section 5 of the Trade Agreements Extension Act of 1951, which provided that the benefits of trade-agreement concessions were not to be accorded to NME's. 1/ Poland's MFN status was restored in 1960, but was suspended indefinitely by the President in October 1982. Poland's MFN status was restored in February 1987. Section 401 of the Trade Act of 1974 reaffirmed the policy of denying nondiscriminatory treatment to imports from most NME's 2/, but it authorized the President to restore MFN status to countries meeting certain emigration policy criteria. MFN status was restored to Romania in 1975, to Hungary in 1978, and to China in 1980 under section 405 of the act.

Imports from Communist countries can be the subject of market disruption investigations by the Commission under section 406 of the Trade Act of 1974. Section 406 was included in the Trade Act because of concern, in the view of the Senate Committee on Finance, that a Communist country "through control of the distribution process and the price at which articles are sold," could direct exports "so as to flood domestic markets within a shorter time period than could occur under free market condition[s]." 3/

In the TSUS, the MFN rates of duty are set forth in column 1. The rates applicable to products of designated Communist nations 4/ are set forth in column 2; these are the rates that were established by the Tariff Act of 1930. They are equal to or higher than the MFN rates in column 1. Since many column 2 rates are substantially higher than corresponding column 1 rates, actual or potential U.S. imports from countries subject to column 2 rates 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) categories. 5/ Data

1/ More specifically, the provision applied to imports from the Soviet Union and "any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement." Presumably because Yugoslavia was not considered to be under Soviet domination, its MFN status was not suspended.

2/ This provision was not applicable to countries that had MFN status when the Trade Act was enacted, i.e., Poland and Yugoslavia.

3/ Trade Reform Act of 1974: Report of the Committee on Finance. . ., S. Rept. 93-1298, 93d Cong., 2d sess. (1974), p. 210.

4/ Those nations referred to in headnote 3(d) of the TSUS.

5/ 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.

from the Tariff Schedules of the United States Annotated (TSUSA) and Schedule B are reclassified into SITC categories, using concordances maintained by the Census Bureau.

In this report, references to specific products (e.g., wheat) that are not identified by a numerical classification (e.g., SITC Group 041) are either 7-digit TSUSA items (U.S. imports) or 7-digit Schedule B items (U.S. exports). The TSUSA or Schedule B classification numbers of these items may be found in the tables in appendix B of this report, which lists leading items in trade with the NME's as a group and with individual NME's.

The U.S. International Trade Commission is an independent, factfinding agency. Thus, any statements made in the quarterly reports on East-West trade do not necessarily reflect the views of executive branch agencies and should not be taken as an official statement of U.S. trade policy. The information and analyses in this report are for the purpose of this report only. Nothing in this report should be construed to indicate how the Commission would find in an investigation conducted under other statutory authority.

This report contains a summary of U.S. trade with the NME's during 1986, and a brief review of developments in U.S. trade with China, the Soviet Union, and Eastern Europe during the year. U.S. exports, imports, and the balance of trade with these countries as well as the commodity composition of this trade, are examined. The report also contains a summary of developments during 1986 that affected U.S. trade and commercial relations with the NME's and a overview of economic developments in each of these countries.

Additional copies of this report (USITC Publication 1958) can be obtained by calling (202) 523-5178, or by writing to the Office of the Secretary, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Requests to receive the report on a quarterly basis should be directed to (202) 523-1995, or to the Trade Reports Division, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

SUMMARY

Two-way merchandise trade between the United States and the NME's decreased by 8.5 percent, from \$12.8 billion during 1985 to \$11.7 billion during 1986. U.S. exports to the NME's fell by 27.8 percent, from \$7.0 billion in 1985 to \$5.1 billion during 1986, and U.S. imports from the NME's increased from \$5.8 billion to \$6.7 billion. As a result, the 1985 surplus of \$1.2 billion in U.S. trade with the NME's turned into a \$1.6 billion deficit during 1986. This was the first annual deficit in U.S. merchandise trade with these countries since 1965. The deficit in trade with China rose from \$67.2 million to \$1.6 billion, and the surplus in trade with the Soviet Union fell from \$2.0 billion to \$691.9 million. The deficit with Eastern Europe declined slightly from \$743.6 million to \$711.5 million.

U.S. exports to China dropped by 19.0 percent from \$3.8 billion during 1985 to \$3.1 billion during 1986, those to the Soviet Union by 48.5 percent, from \$2.4 billion to \$1.2 billion, and those to Eastern Europe by 7.4 percent, from \$770.6 million to \$713.6 million during the period. The Soviets' share of U.S. exports to the NME's contracted to 24.6 percent during the year under review. This boosted China's share to 60.6 percent, and that of Eastern Europe to 14.1 percent.

U.S. grain (wheat and corn combined) exports to the NME's decreased drastically, from \$1.9 billion (15.3 million metric tons (MMT)) during 1985 to \$368.5 million (3.4 MMT) during the year under review. Not since 1971 had the annual value of U.S. grain shipments to the NME's been this low. Reduced deliveries to the Soviet Union represented the most important factor in the decline. U.S. corn shipments to the Soviets plummeted from \$1.5 billion (12.7 MMT) to \$280.6 million (2.6 MMT) and wheat shipments from \$158.7 million (1.1 MMT) to nil over the period. U.S. wheat exports to China and Eastern Europe also declined. U.S. exports of machinery and transportation equipment (SITC sec. 7), which accounted for almost two-fifths of U.S. exports to the NME's, dropped by 7.5 percent, from \$2.2 billion during 1985 to \$2.0 billion during 1986. Shipments to China, the largest NME buyer of these U.S. products, declined from \$1.9 billion to \$1.7 billion. A combination of China's current foreign exchange crunch and delivery schedules explains this development and reductions in U.S. shipments of several other products to China during the year under review. U.S. exports of machinery and transportation equipment to the Soviet Union and Eastern Europe increased from 1985 to 1986. Increased shipments to the Soviet Union accounted for most of the growth in U.S. soybean exports to the NME's from 1985 to 1986, although shipments also increased to China and Eastern Europe.

U.S. imports from China increased by 20.9 percent, from \$3.9 billion during 1985 to \$4.7 billion during 1986, and those from the Soviet Union by 36.4 percent, from \$406.9 million to \$554.9 million. U.S. imports from Eastern Europe decreased from \$1.5 billion to \$1.4 billion over the period. China's share of U.S. imports from the NME's increased to 70.2 percent and that of the Soviet Union to 8.3 percent during 1986. Eastern Europe's share declined to 21.4 percent.

U.S. purchases in the combined categories of apparel and textiles from the NME's increased by 51.2 percent, from \$1.5 billion during 1985 to \$2.3 billion during the year under review. Increased imports from China were virtually the sole explanation for this development. U.S. purchases from China increased particularly in those products that are manufactured of materials not subject to U.S. quantitative restrictions. Reflecting a fall in world oil prices during the year under review, the volume of crude petroleum deliveries from the NME's increased from 28.1 million bbl to 32.4 million bbl from 1985 to 1986, whereas the value of these purchases declined from \$715.7 million to \$475.1 million. China remained nearly the sole NME source of this commodity. Imports of organic chemical products from the NME's, with Romania as the leading NME supplier, declined from 1985 to 1986 as did imports of inorganic chemical products, with the Soviet Union as the leading NME supplier. U.S. purchases of Soviet gold amounted to \$154.3 million during 1986, a considerable increase from 1985's \$1.4 million.

In September 1986, the U.S. Court of Appeals for the Federal Circuit (CAFC) handed down an opinion holding that the countervailing duty provisions of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) do not apply to imports from the nonmarket economies. The court vacated in part and reversed in part the decision of the U.S. Court of International Trade holding that section 303 applies to nonmarket economies.

Several agreements on expanding U.S.-China commercial relations and technological cooperation were concluded at the annual meetings of the United States-China Joint Commission on Commerce and Trade and the United States-China Joint Economic Committee in May 1986. China's most-favored-nation status was renewed during the year under review and Eximbank extended a \$54.4-million loan to the Chinese Government to help finance imports from the United States. But the growth of China's textile sales in the United States remained an unresolved issue. There was also no appreciable progress in the long negotiations on a bilateral investment treaty that would protect U.S. firms against expropriation and assure treatment of U.S. firms equal to that accorded their Chinese counterparts.

The growth of the Chinese economy slowed in 1986, after a year in which industrial production increased at a hectic pace, resulting in energy and raw-materials shortages and mounting inflationary pressures. Credit restrictions and administrative controls were used to curb growth. Agriculture grew at a more moderate pace. Despite an increase in grain output from 379.0 MMT during 1985 to 391.1 MMT during 1986, the grain crop was still far below 1984's record 407.3 MMT. By curbing imports and expanding exports, China reduced its merchandise trade deficit from \$14.9 billion during 1985 to \$12.0 billion during the year under review.

Defaulting for the second consecutive agreement year (October 1985-September 1986), the Soviet Union bought only a small fraction of the U.S. wheat that it was obligated to buy. At the ninth session of the U.S.-U.S.S.R. Joint Commercial Commission, held in December 1986, the two countries agreed on measures to promote bilateral trade and on steps that could result in removal of the U.S. embargo on imports of unwrought Soviet nickel.

According to Soviet estimates, the Soviet Union's economic growth accelerated from 3.5 percent during 1985 to 4.1 percent during the year under review. The 210.1 MMT grain harvest was the largest since 1978's record 237.4 MMT. The drastic fall in world oil and raw material prices during 1986 curtailed Soviet hard currency earnings. The year under review was marked by a lively and relatively open debate on economic policy as Gorbachev's economic strategy continued to evolve. Limited measures to decentralize management were introduced in practically all sectors of the economy and additional policy changes to take effect in 1987 were announced.

No major change occurred in U.S. commercial relations with Eastern Europe during the year under review. Hungary's and Romania's MFN status was renewed. Median economic growth was an estimated 4.2 percent in Eastern Europe and, despite a drought, agriculture was relatively successful during 1986. But, imbalances in both production and consumption, a reduction in overall Soviet deliveries of energy and raw materials, and losses in hard currency earnings made the region's economic situation more difficult. Economic reforms continued in Hungary and remained in the forefront of debate on economic policy in Poland and Bulgaria. Discussions of reforms in the Soviet Union helped keep the issue on the agenda in the rest of the region.

The combined surplus of the six East European NME's in trade with the world declined from \$4.3 billion in 1985 to \$2.2 billion in 1986. The region's gross debts increased from \$68.1 billion to \$72.3 billion and its net debts from \$54.1 billion to \$59.6 billion. Western analysts worry most about the Polish and Hungarian debt situation. The ban imposed from May 12 through 31, 1986 by the European Community on East European agricultural products, causing an estimated \$200-250 million loss in export revenues to the region, affected these two countries the most.

A total of 12 antidumping investigations involving 8 products from the NME's were in progress during the year under review. Seven of the cases involved imports from China, two from Romania, and one each from East Germany, Hungary, and the Soviet Union. The Commission made final determinations in six of the investigations, all of them involving imports from China. The findings in five of the six cases were affirmative, and the determination in one case was negative. Preliminary affirmative determinations were made by the Commission in the remaining cases.

TRADE IN 1986 BETWEEN THE UNITED STATES
AND THE NONMARKET ECONOMY COUNTRIES

Two-way merchandise trade between the United States and the nonmarket economy countries (NME's) declined during 1986, after rising since 1983. At \$11.7 billion, the trade turnover during 1986 was 8.5 percent less than the \$12.8 billion recorded during 1985 (table 1). During 1986, the U.S. trade deficit with the NME's totaled \$1.6 billion. This represented the first annual U.S. deficit in trade with the NME's since 1965.

U.S. exports to the NME's declined from \$7.0 billion during 1985 to \$5.1 billion during 1986 (table 2). Quarterly exports to the NME's declined during the first three quarters of 1986, before rising slightly during the fourth quarter (figure 1). Whereas China's share of U.S. exports to the NME's increased from 54.1 percent during 1985 to 60.6 percent during 1986, sales to China decreased by 19.0 percent, from \$3.8 billion during 1985 to \$3.1 billion during 1986 (figure 2). The Soviet Union's share of U.S. sales to the NME's fell from 34.5 percent, valued at \$2.4 billion, during 1985 to 24.6 percent, valued at \$1.2 billion, during 1986. Exports to Eastern Europe declined by 7.4 percent, from \$770.6 million during 1985 to \$713.6 million during 1986, but the region's share of U.S. exports to the NME's rose from 11.0 percent during 1985 to 14.1 percent during 1986. (U.S. exports to the individual NME's from 1984 to 1986 are shown in table 3.)

U.S. imports from the NME's, which have increased steadily since 1983 (figure 3), continued to rise during the year under review, from \$5.8 billion during 1985 to \$6.7 billion during 1986 (table 4). Quarterly imports from the NME's rose during the first and third quarters of 1986 and fell during the second and fourth quarters of 1986, but exceeded the level of imports during each of the corresponding quarters of 1985 (figure 4). China's share of U.S. imports from the NME's rose from 66.7 percent, valued at \$3.9 billion, during 1985 to 70.2 percent, valued at \$4.7 billion, during 1986 (figure 5). Eastern Europe's share of imports from the NME's decreased from 26.1 percent, valued at \$1.5 billion, during 1985 to 21.4 percent, valued at \$1.4 billion, during 1986. The Soviet Union's share of U.S. imports from the NME's rose from 7.0 percent, amounting to \$406.9 million, during 1985 to 8.3 percent, amounting to \$554.9 million, during 1986. (See table 5 for U.S. imports from individual NME's.)

China

Total U.S. exports to China decreased 19.0 percent, from \$3.8 billion during 1985 to \$3.1 billion during 1986, whereas U.S. imports from China increased 20.9 percent, from \$3.9 billion to \$4.7 billion over the same period. As a result, the U.S. deficit with the nation's largest NME trading partner surged from \$67.2 million to \$1.6 billion over this period.

U.S. exports to China of machinery and transportation equipment (SITC Section 7), which is the largest one-digit SITC category among U.S. exports to China, declined 11.2 percent, from \$1.9 billion during 1985 to \$1.7 billion during 1986. In their first annual decline during the past half decade, sales

Table 1.--U.S. trade with the world and with the nonmarket economy countries (NME's), 1/ 1984-86, October-December 1985, and October-December 1986

Item	1984	1985	1986	October-December--	
				1985	1986
U.S. world trade:					
Exports-----million dollars--	212,057	206,925	206,376	50,828	54,266
Imports-----do-----	322,990	343,553	368,657	88,753	93,680
Balance-----do-----	-110,933	-136,628	-162,280	-37,926	-39,414
Trade turnover (exports plus imports)					
million dollars--	535,047	550,478	575,033	139,581	147,947
U.S. trade with NME's:					
Exports-----million dollars--	7,188	7,022	5,073	1,983	1,034
Imports-----do-----	5,198	5,791	6,656	1,492	1,666
Balance-----do-----	1,990	1,231	-1,584	492	-631
Trade turnover (exports plus imports)					
million dollars--	12,386	12,812	11,729	3,475	2,700
Share of total U.S. trade accounted for by trade with NME's:					
Exports-----percent--	3.39	3.39	2.46	3.90	1.91
Imports-----do-----	1.61	1.69	1.81	1.68	1.78
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.					

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.

Table 2.--U.S. exports to the world and to the nonmarket economy countries (NME's), 1/
by SITC Sections, 1985 and 1986

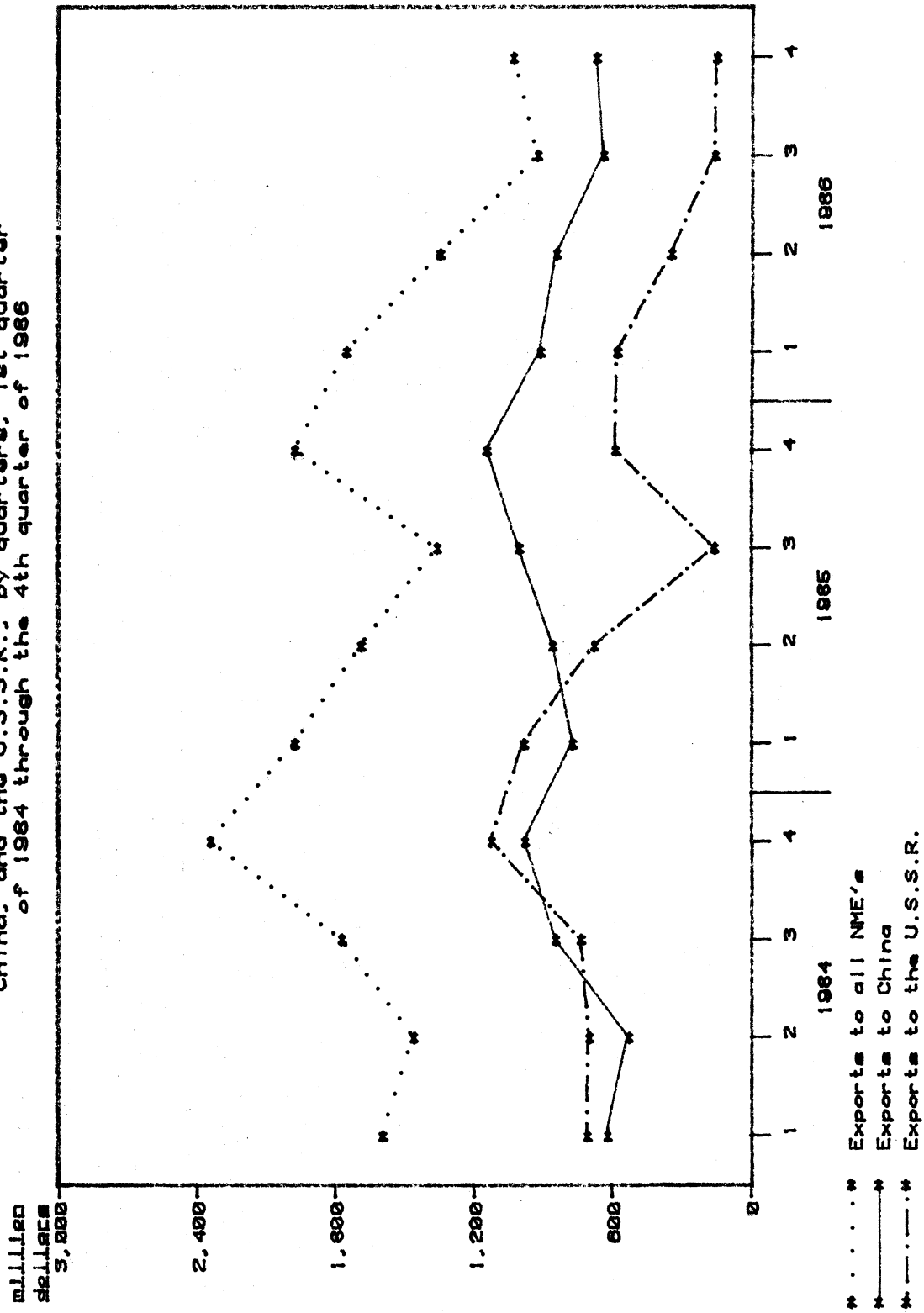
SITC Section	Total exports		Exports to the NME's	
	1985	1986	1985	1986
	Value (million dollars)			
0. Food and live animals	19,156	17,156	2,028	511
1. Beverages and tobacco	2,958	2,920	25	17
2. Crude materials--inedible, except fuel	16,899	17,288	805	815
3. Mineral fuels, lubricants, etc	9,987	8,157	154	134
4. Oils and fats--animal and vegetable	1,466	1,045	68	22
5. Chemicals	21,800	22,808	884	828
6. Manufactured goods classified by chief material	14,395	14,467	393	242
7. Machinery and transportation equipment	94,429	95,389	2,167	2,004
8. Miscellaneous manufactured articles	14,906	16,189	411	422
9. Commodities and transactions not elsewhere classified	10,928	10,958	86	78
Total	206,925	206,376	7,022	5,073
	Percent of total			
0. Food and live animals	9.3	8.3	28.9	10.1
1. Beverages and tobacco	1.4	1.4	.4	.3
2. Crude materials--inedible, except fuel	8.2	8.4	11.5	16.1
3. Mineral fuels, lubricants, etc	4.8	4.0	2.2	2.7
4. Oils and fats--animal and vegetable	.7	.5	1.0	.4
5. Chemicals	10.5	11.1	12.6	16.3
6. Manufactured goods classified by chief material	7.0	7.0	5.6	4.8
7. Machinery and transportation equipment	45.6	46.2	30.9	39.5
8. Miscellaneous manufactured articles	7.2	7.8	5.9	8.3
9. Commodities and transactions not elsewhere classified	5.3	5.3	1.2	1.5
Total	100.0	100.0	100.0	100.0

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.

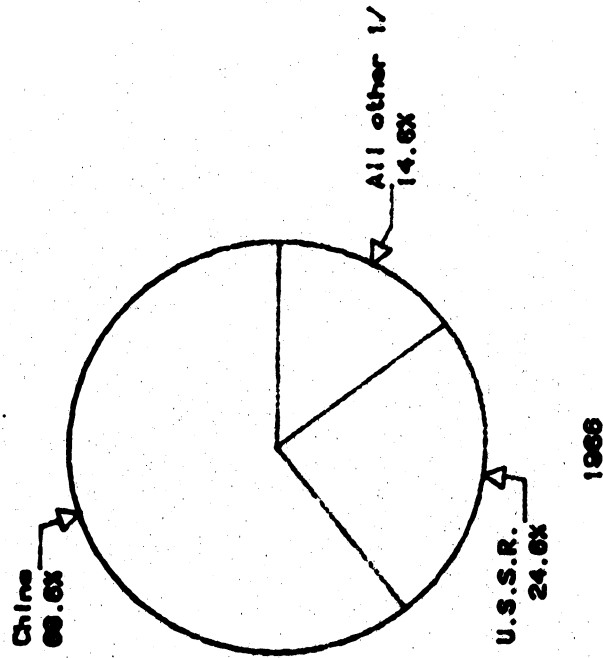
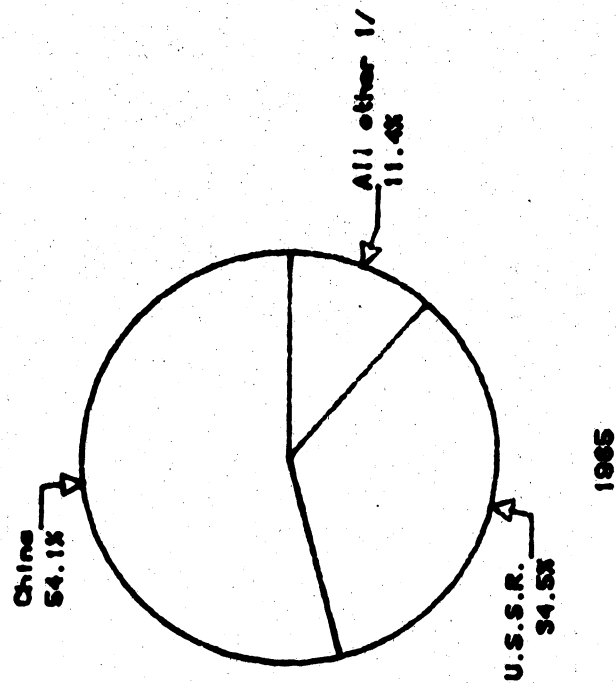
Note.--Because of rounding, figures may not add to the totals shown.

Figure 1.--U.S. exports to the nonmarket economy countries (NME's), China, and the U.S.S.R.: by quarters, 1st quarter of 1984 through the 4th quarter of 1986



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

Figure 2.--Relative shares of U.S. exports to the nonmarket
economy countries, 1985 and 1986



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

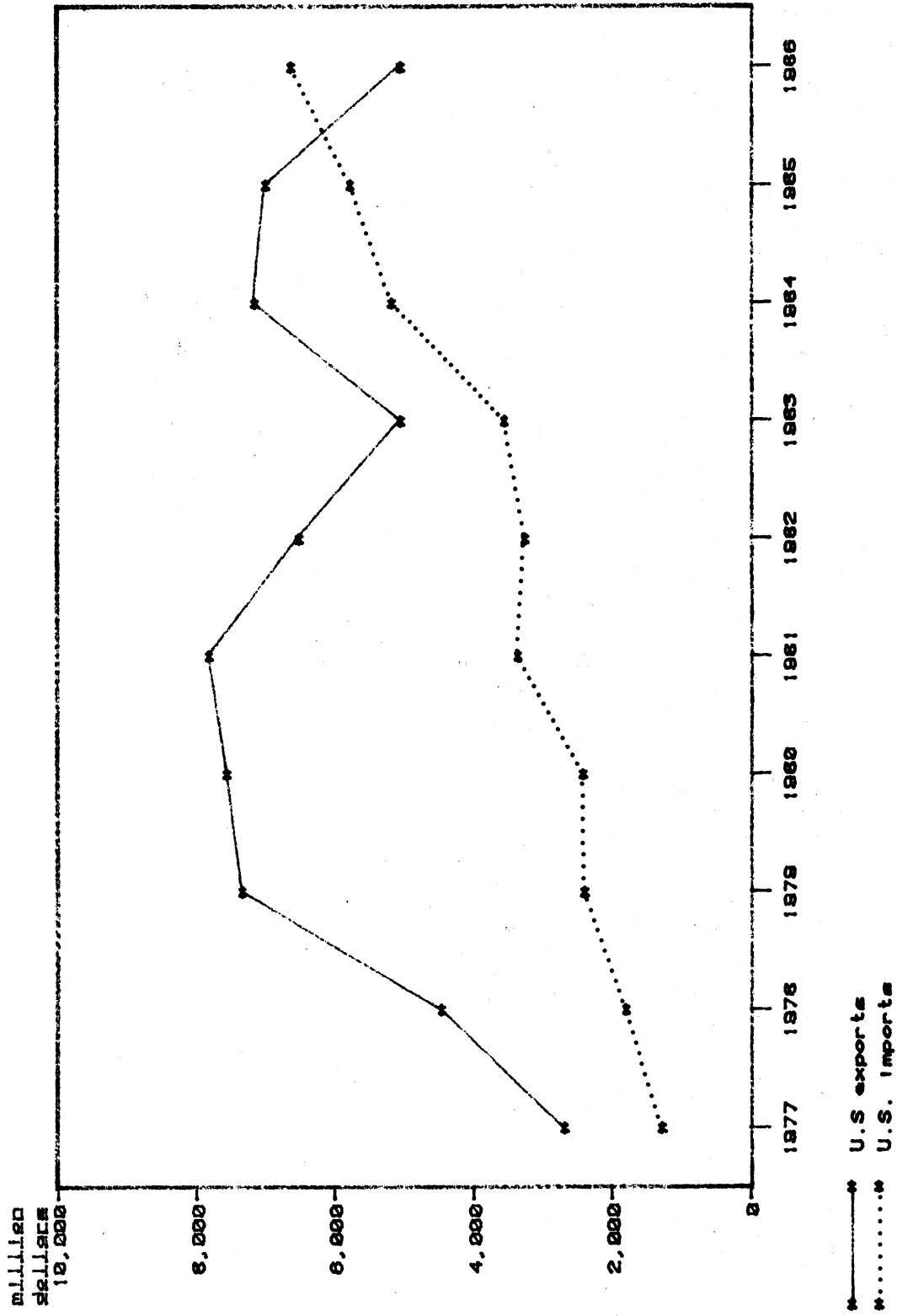
Table 3.--U.S. exports to the individual nonmarket economy countries and to the world, 1984-86, October-December 1985, and October-December 1986

Market	(In thousands of dollars)					October-December--	
	1984	1985	1986	1985	1986	1985	1986
Albania-----	9,349	11,908	4,506	2,429	4		
Bulgaria-----	44,087	103,489	95,865	55,611	9,539		
China-----	2,988,480	3,796,200	3,076,023	1,150,467	672,586		
Cuba-----	871	1,113	1,553	432	276		
Czechoslovakia-----	58,098	62,623	67,535	16,928	23,486		
East Germany-----	135,830	72,253	67,624	33,534	37,798		
Hungary-----	85,177	92,094	88,216	21,123	41,480		
Mongolia-----	116	32	77	1	3		
North Korea-----	-	-	-	-	-		
Poland-----	314,825	233,702	145,155	50,652	35,040		
Romania-----	246,181	206,451	249,226	56,543	52,853		
U.S.S.R-----	3,282,652	2,421,948	1,246,831	591,059	153,058		
Vietnam-----	22,240	19,875	29,986	4,666	8,290		
Total-----	7,187,906	7,021,687	5,072,596	1,983,444	1,034,413		
Total, U.S. exports to the world-----	212,057,057	206,925,312	206,376,202	50,827,724	54,266,445		

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

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

Figure 3.--U.S. trade with the nonmarket economy countries, 1977-86



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

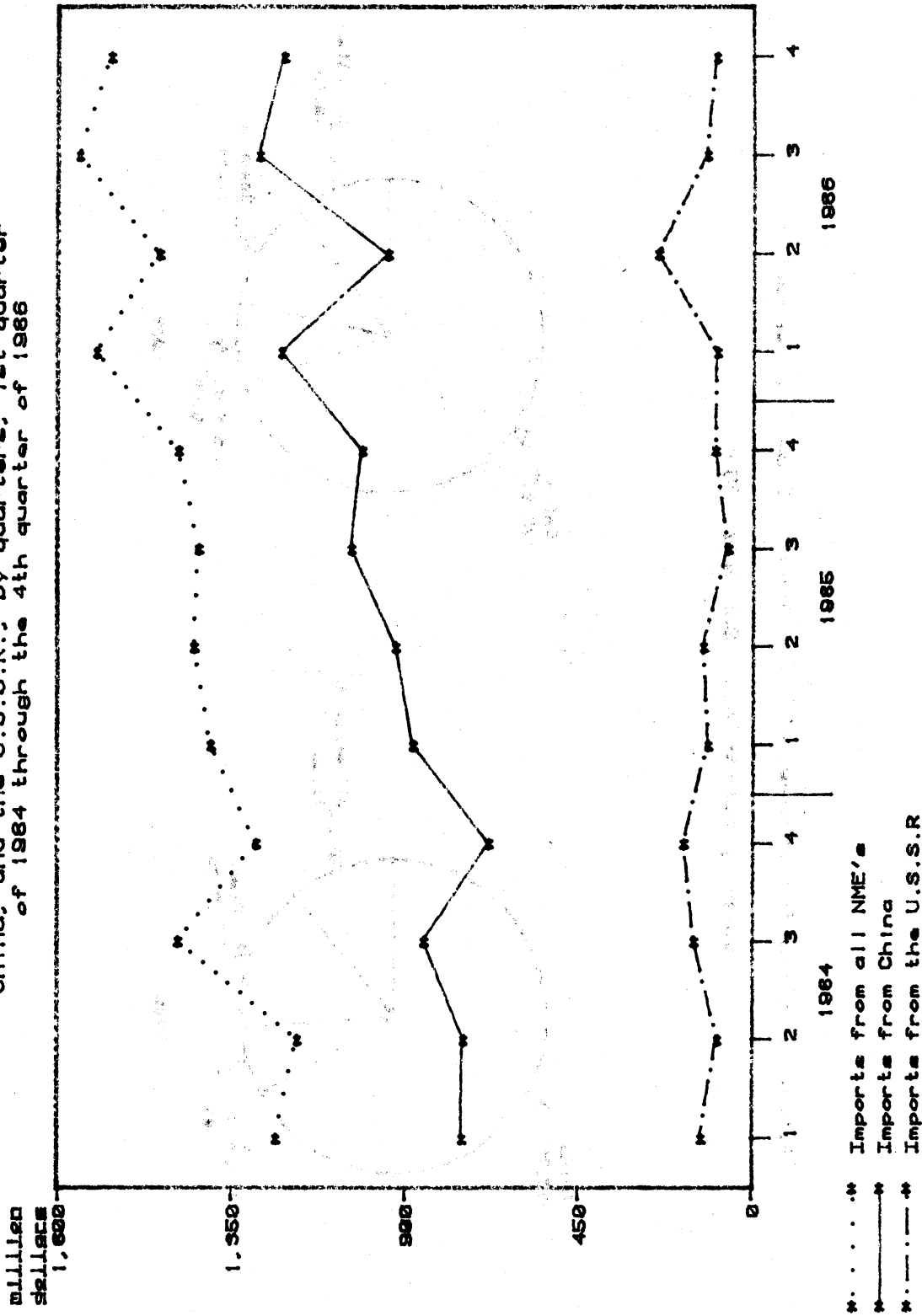
Table 4.--U.S. imports from the world and from the nonmarket economy countries (NME's), 1/
by SITC Sections, 1985 and 1986

SITC Section	Total imports		Imports from the NME's	
	1985	1986	1985	1986
	Value (million dollars)			
0. Food and live animals	18,657	20,629	349	409
1. Beverages and tobacco	3,629	3,770	39	48
2. Crude materials--inedible, except fuel	10,500	10,501	153	156
3. Mineral fuels, lubricants, etc	53,433	36,897	1,521	1,097
4. Oils and fats--animal and vegetable	649	509	1	3
5. Chemicals	14,208	14,615	537	499
6. Manufactured goods classified by chief material	46,685	48,975	971	1,027
7. Machinery and transportation equipment	136,732	162,162	246	266
8. Miscellaneous manufactured articles	47,961	55,853	1,916	2,896
9. Commodities and transactions not elsewhere classified	11,099	14,745	57	255
Total	343,553	368,657	5,791	6,656
	Percent of total			
0. Food and live animals	5.4	5.6	6.0	6.1
1. Beverages and tobacco	1.1	1.0	.7	.7
2. Crude materials--inedible, except fuel	3.1	2.8	2.6	2.3
3. Mineral fuels, lubricants, etc	15.6	10.0	26.3	16.5
4. Oils and fats--animal and vegetable	.2	.1	2/	2/
5. Chemicals	4.1	4.0	9.3	7.5
6. Manufactured goods classified by chief material	13.6	13.3	16.8	15.4
7. Machinery and transportation equipment	39.8	44.0	4.2	4.0
8. Miscellaneous manufactured articles	14.0	15.2	33.1	43.5
9. Commodities and transactions not elsewhere classified	3.2	4.0	1.0	3.8
Total	100.0	100.0	100.0	100.0
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.				
2/ Less than 0.05 percent.				

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

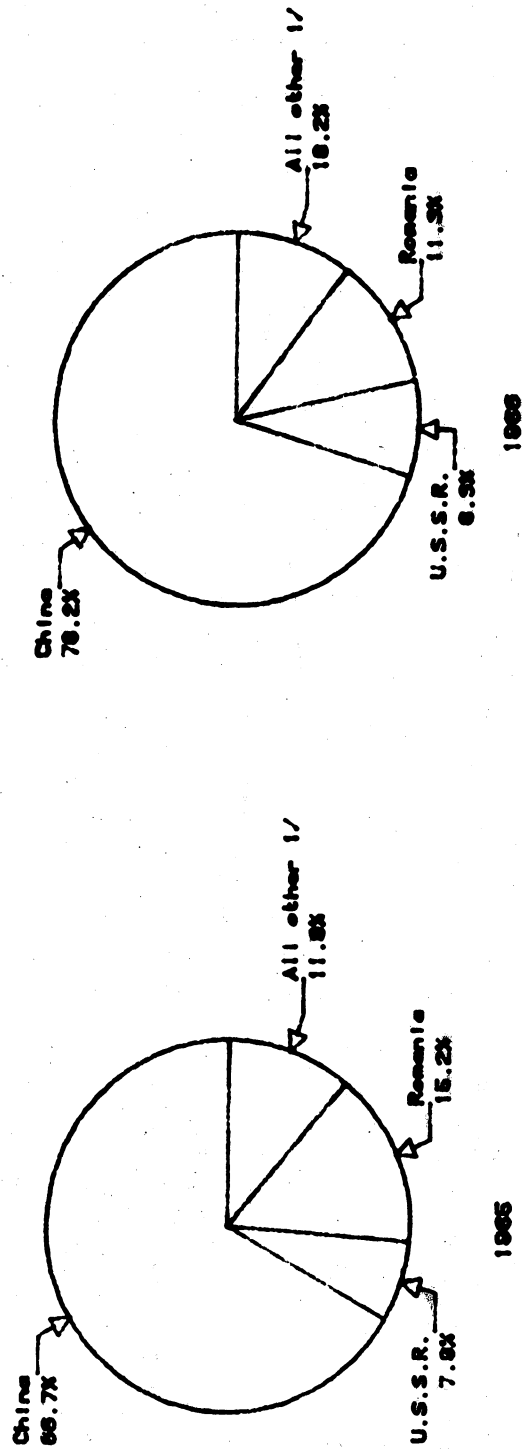
Note.--Because of rounding, figures may not add to the totals shown.

Figure 4.---U.S. imports from the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters, 1st quarter of 1984 through the 4th quarter of 1986



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

Figure 5.--Relative shares of U.S. Imports from the nonmarket economy countries, 1985 and 1986



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

Table 5.--U.S. imports from the individual nonmarket economy countries and from the world, 1984-86, October-December 1985, and October-December 1986

Source	(In thousands of dollars)				October-December--	
	1984	1985	1986		1985	1986
Albania-----	2,219	3,009	3,194	812	1,814	
Bulgaria-----	30,340	34,038	49,684	9,172	14,480	
China-----	3,040,401	3,863,385	4,671,469	1,013,948	1,218,024	
Cuba-----	3	-	31	-	2	
Czechoslovakia-----	84,192	74,909	85,284	16,117	18,594	
East Germany-----	149,129	90,290	85,265	15,682	20,187	
Hungary-----	220,094	216,618	223,938	49,571	63,404	
Mongolia-----	2,903	3,111	1,081	465	194	
North Korea-----	14	30	2	-	-	
Poland-----	215,700	217,037	230,953	56,441	63,580	
Romania-----	896,696	881,301	750,018	231,560	170,808	
U.S.S.R-----	556,122	406,919	554,923	97,967	94,553	
Vietnam-----	71	25	201	12	26	
Total-----	5,197,882	5,790,671	6,656,044	1,491,748	1,665,667	
Total, U.S. imports from the world-----	322,989,519	343,553,150	368,656,594	88,753,323	93,680,208	

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

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

of machines and equipment ^{1/} to China dropped 10.4 percent, from \$2.2 billion during 1985 to \$2.0 billion over the period. Reduced shipments of machinery, specialized for particular industries (SITC Division 72), transport equipment (SITC Division 79), and road vehicles (SITC Division 78) largely account for this. Noteworthy declines occurred also in U.S. shipments of wheat, wood products (SITC Division 24), textile fibers and yarns, fertilizers and other chemical products, and professional, scientific, and controlling equipment (SITC Division 87) over the period. But export growth to China over a broad spectrum of machines and equipment (i.e., in the majority of 2-digit SITC divisions that comprise technology transfer items) continued from 1985 to 1986.

U.S. purchases of Chinese clothing and apparel accessories (SITC Division 84) increased 70.0 percent, from \$972.7 million during 1985 to \$1.7 billion during 1986. U.S. imports of other textile products (SITC Division 65) increased by 20.7 percent from \$376.9 million to \$454.8 million over the period. Reflecting a substantial decline in the world market price of oil, U.S. imports of Chinese crude petroleum increased 11.9 percent in volume from 28.1 million barrels (bbl) during 1985 to 31.4 million bbl during 1986, whereas the value of these imports declined 35.1 percent, from \$715.7 million during 1985 to \$464.7 million during 1986. Leaded gasoline imports dropped 19.3 percent in volume, from 6.7 million bbl during 1985 to 5.4 million bbl during 1986 but by 49.0 percent in value, from \$194.6 million to \$99.3 million. The steady rise of U.S. imports of Chinese radio receivers (SITC Group 762, totaling \$31.1 million during 1986) and those of telecommunications equipment (SITC Group 764, totaling \$21.9 million during 1986) over the past 5 years illustrates the growing versatility of U.S.-China trade.

Soviet Union

Total U.S. exports to the Soviet Union dropped 48.5 percent, from \$2.4 billion during 1985 to \$1.2 billion during 1986, and total U.S. imports from the U.S.S.R. increased 36.4 percent, from \$406.9 million to \$554.9 million over the same period. Consequently, the U.S. trade surplus with the Soviet Union plunged from \$2.0 billion during 1985 to \$691.9 million during 1986.

U.S. exports to the Soviet Union of grain (wheat and corn) plummeted from \$1.7 billion during 1985 to \$280.6 million during the year under review. Corn shipments fell from \$1.5 billion (12.7 MMT) to \$280.6 million (2.6 MMT) and wheat shipments from \$158.7 million (1.1 MMT) to nil over the period. But U.S. soybean exports to the Soviet market amounted to \$313.0 million during the year under review, whereas there were no such shipments during 1985. Stepped-up U.S. shipments of machinery and transportation equipment to the

^{1/} Machines and equipment are defined here as exports classified in SITC Section 7 (machinery and transportation equipment), SITC Division 87 (professional, scientific, and controlling instruments and apparatus), and SITC Division 88 (photographic apparatus, equipment and supplies, and optical goods, watches and clocks). Items in these categories account for most of the technological transfer that takes place through exports of commodities.

Soviets during the year under review are largely explained by increased shipments of tracklaying tractors. ^{1/}

Much of the increase in U.S. imports from the U.S.S.R. is attributable to the spectacular increase in U.S. purchases of Soviet gold bullion, from \$1.4 million during 1985 to \$154.3 million during the year under review. U.S. purchases of Soviet platinum and other metals (SITC Subgroup 6812) increased from \$48.8 million during 1985 to \$81.4 million during the year under review. But a major decline of 31.5 percent, from \$116.2 million to \$79.6 million, occurred over the period in U.S. imports of Soviet anhydrous ammonia.

Eastern Europe

Total U.S. exports to Eastern Europe declined 7.4 percent, from \$770.6 million during 1985 to \$713.6 million during 1986, and total imports from the region declined 5.9 percent, from \$1.5 billion to \$1.4 billion over the period. The U.S. deficit in trade with the region declined from \$743.6 million to \$711.5 million over the same period.

The U.S. trade deficit with Romania was reduced from \$674.9 million during 1985 to \$500.8 million during the year under review. U.S. exports to Romania increased 20.7 percent, with sales of soybeans and steam turbine parts more than doubling over the period. Led by drops in naphthas and a variety of other refined petroleum products (SITC Group 334), and steel and iron products (SITC Division 67), imports from Romania declined by 14.9 percent from 1985 to 1986. However, U.S. purchases of Romanian unleaded gasoline increased sharply from \$7.7 million (0.3 million bbl) to \$92.4 million (6.6 million bbl) from 1985 to 1986.

The \$16.7-million U.S. surplus in trade with Poland during 1985 turned into a deficit of \$85.8 million during the year under review. U.S. exports to Poland decreased 37.9 percent from 1985 to 1986 as a result of reduced U.S. sales of a broad spectrum of goods. A sharp decline in charity donations (which count as exports and are among the leading U.S. exports to Poland) is noteworthy. The 6.4-percent rise in U.S. imports from Poland is explained primarily by the increase in U.S. purchases of Polish canned hams, from \$88.6 million during 1985 to \$110.5 million during the year under review.

The U.S. deficit in trade with Hungary increased from \$124.5 million during 1985 to \$135.7 million during 1986. U.S. exports to Hungary, with soybean oil cake as the leading item, declined 4.2 percent, whereas imports from that country increased 3.4 percent. Canned hams remained the leading import item.

U.S. exports to East Germany declined 6.4 percent and U.S. imports by 5.6 percent, causing a slight decline in the U.S. trade deficit, from \$18.0 million in 1985 to \$17.6 million in 1986.

^{1/} For steps that have been taken to increase U.S. capital goods exports to the Soviet Union, see Remarks by Mr. Malcolm Baldrige, U.S. Secretary of Commerce at the conclusion of the Ninth Session of the Joint U.S.-U.S.S.R. Commercial Commission, U.S. Department of Commerce News, Dec. 5, 1986, and Business America, Jan. 19, 1987, pp. 7-9.

U.S. exports to Czechoslovakia increased 7.8 percent, and U.S. imports from that country increased by 13.9 percent, increasing the U.S. trade deficit from \$12.3 million in 1985 to \$17.7 million in 1986.

U.S. exports to Bulgaria declined by 7.4 percent, whereas U.S. imports from Bulgaria increased 46.0 percent, reducing the U.S. trade surplus from \$69.5 million in 1985 to \$46.2 million in 1986.

U.S. Exports

Total U.S. exports to the NME's declined by 27.8 percent from 1985 to 1986. Sales of agricultural commodities to the NME's fell by 56.8 percent from \$2.3 billion during 1985 to \$1.0 billion during 1986, and this reduction largely accounts for the overall decline. Agricultural exports to the Soviet Union declined dramatically, from \$1.9 billion to \$647.5 million, or by 65.3 percent. Those to China also fell sharply, from \$149.2 million during 1985 to \$61.8 million during 1986, or by 58.6 percent.

Machinery and transportation equipment (SITC Section 7) accounted for the largest share, or 39.5 percent of all U.S. exports to the NME's during 1986. Sales of chemicals (SITC Section 5) and shipments of crude materials (SITC Section 2) comprised 16.3 percent and 16.1 percent, respectively, of all U.S. exports to the NME's. Exports of grain (SITC Subgroups 0440 and 0410) accounted for 7.6 percent of all U.S. sales to the NME's during the year under review. (U.S. exports to individual NME countries during October-December 1986 are shown by SITC Section in table 6.)

Machines and equipment

A decrease in U.S. exports of machines and equipment to the NME's, from \$2.5 billion during 1985 to \$2.3 billion during 1986, is largely attributable to a 7.5 percent decline in sales to the NME's of machinery and transportation equipment (SITC Section 7). The increase in exports of machinery and transportation equipment to the Soviet Union and Eastern Europe did not offset the drop in sales to China during 1986. However, China was still the major NME customer of these products during the year under review. Since 1982, U.S. shipments to the NME's of items in this category had steadily increased and, in fact, doubled from 1984 to 1985. During 1986, the trend of increasing sales continued in five of the nine two-digit SITC categories. ^{1/} Despite decreasing sales in two high-value categories--nonroad vehicles (SITC Division 79) and machinery specialized for particular industries (SITC Division 72)--exports to the NME's in these categories still accounted for nearly half of all U.S. sales of machinery and transportation equipment to the NME's during 1986.

^{1/} U.S. exports of metalworking machinery (SITC Division 73) rose by 110.4 percent, from \$68.1 million during 1985 to \$143.3 million during 1986. Other sales under SITC Section 7 that increased were power generating machinery and equipment, office machines and automatic data processing equipment, telecommunications and sound recording and reproducing apparatus and equipment, and electrical machinery, apparatus and appliances and electrical parts thereof (including non-electrical counterparts of electrical household-type equipment).

Table 6.--U.S. exports to the nonmarket economy countries, by SITC Sections, October-December 1986

SITC Section	(In thousands of dollars)						
	Albania	Bulgaria	China	Cuba	Czecho- slovakia	East Germany	Hungary
0. Food and live animals-----	-	25	5,080	-	67	30,582	19,388
1. Beverages and tobacco-----	-	2,483	467	-	36	-	562
2. Crude materials--inedible, except fuel-----	-	24	71,362	-	6,157	4,136	1,755
3. Mineral fuels, lubricants, etc-----	-	1,920	602	-	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	2,138	-	-	-	-
5. Chemicals-----	-	549	121,852	95	4,215	533	4,244
6. Manufactured goods classified by chief material-----	-	1,070	57,408	-	557	124	1,343
7. Machinery and transportation equipment-----	-	2,037	335,079	-	10,020	1,226	5,632
8. Miscellaneous manufactured articles-----	4	1,367	74,691	65	2,204	1,039	8,349
9. Commodities and transactions not elsewhere classified-----	-	65	3,906	117	231	158	208
Total-----	4	9,539	672,586	276	23,486	37,798	41,480
Mongolia	North Korea	Poland	Romania	U.S.S.R.	Vietnam	Total	
0. Food and live animals-----	-	3,066	11,207	5	-	69,420	
1. Beverages and tobacco-----	-	1,408	-	265	-	5,220	
2. Crude materials--inedible, except fuel-----	-	1,726	7,854	1,681	-	94,695	
3. Mineral fuels, lubricants, etc-----	-	1,406	15,586	11,299	-	30,814	
4. Oils and fats--animal and vegetable-----	-	707	-	4,259	-	7,104	
5. Chemicals-----	-	4,363	1,471	80,625	64	218,010	
6. Manufactured goods classified by chief material-----	-	1,957	820	4,373	-	67,651	
7. Machinery and transportation equipment-----	-	9,231	15,102	29,709	-	408,038	
8. Miscellaneous manufactured articles-----	-	2,445	682	20,468	60	111,374	
9. Commodities and transactions not elsewhere classified-----	3	8,731	130	375	8,166	22,088	
Total-----	3	35,040	52,853	153,058	8,290	1,034,413	

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

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

U.S. exports of nonroad vehicles (SITC Division 79) to the NME's declined by 35.5 percent, from \$719.3 million during 1985 to \$464.0 million during 1986. Virtually all of the sales in this category were to China. A 53.7-percent reduction in sales to China of aircraft and associated equipment and parts (SITC Group 792), from \$631.0 million during 1985 to \$291.9 million during 1986, largely accounts for the overall decline in sales of nonroad vehicles to NME countries. ^{1/} Despite the overall decline in exports of nonroad vehicles to China, shipments of diesel-electric locomotives to China rose by 147.7 percent, from \$64.5 million during 1985 to \$159.8 million during 1986. Locomotives are among U.S. export items to the NME's that account for the largest share of the U.S. market (table 7).

Sales to the NME's of machinery specialized for particular industries (SITC Division 72) also fell, from \$523.9 million during 1985 to \$467.2 million during 1986, a decline of 10.8 percent. Shipments to China accounted for \$338.2 million, or 72.4 percent of total sales in this category to NME countries during 1986. U.S. sales to China of construction and mining machinery (SITC Subgroup 7234) ^{2/} fell from \$106.3 million during 1985 to \$16.8 million during 1986, or by 84.2 percent. Exports to China of parts of construction and mining machinery and equipment (SITC Subgroup 7239) dropped from \$216.7 million during 1985 to \$119.3 million during 1986, a decline of 44.9 percent. Shipments to China of items classified in SITC Subgroups 7234 and 7239 alone accounted for over one-fourth (29.1 percent) of all sales to NME's in SITC Division 72 during 1986.

Sales to the Soviet Union of machinery and transportation equipment increased from \$111.9 million during 1985 to \$156.3 million during 1986, despite the shortfall in Soviet hard-currency earnings resulting from declining oil prices. Soviet purchases of machinery specialized for particular industries rose by 534.4 percent, from \$13.5 million during 1985 to \$85.5 million during 1986. This increase more than compensated for declines in shipments of some of the other machinery and transportation items in SITC Section 7 to the Soviet Union. Particularly noteworthy was a substantial increase in exports to the Soviet Union of tracklaying tractors (SITC Subgroup 7223), which rose from \$275,000 during 1985 to \$38.1 million during 1986. This item leads the list of exports to the NME's that increased substantially from 1985 to 1986 (table 8). Sales of construction and mining machinery (SITC Subgroup 7234) amounted to \$12.6 million in 1986, rising by 771.9 percent from 1985. Shipments of parts of construction and mining machinery and equipment (SITC Subgroup 7239) amounted to \$29.1 million in 1986, an increase of 668.3 percent from the 1985 level.

^{1/} Although exports to China of U.S. aircraft declined during 1986, significant orders were placed for delivery during 1987. For example, the Civil Aviation Administration of China (CAAC), China's national airline, plans to accept delivery of eight Boeing aircraft by August of 1987 (Foreign Broadcast Information Service (FBIS), Daily Report: China, January 15, 1987, p. K 41).

^{2/} Items in this Subgroup include bulldozers, mechanical shovels and excavators, boring and sinking machinery, pile-drivers, and excavating, leveling, tamping, boring and extracting machinery for earth, minerals or ores.

Table 7.--20 U.S. export items for which the nonmarket economy countries (NME's) collectively accounted for the largest market share in 1986, by Schedule B nos., 1985 and 1986 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 1986
			1985	1986	
			Percent		1,000 dollars
431.3620	Calcium salts and their derivatives	U.S.S.R.	.0	94.8	2,261
690.0510	Locomotives and tenders, diesel-electric, rail-service type	China	44.1	80.4	159,800
674.2004	Hot rolling mills for ferrous metal, except tube rolling, and parts thereof	do	.0	78.3	25,616
692.0568	Automobile trucks, not gasoline fueled, new, over 44,000 pounds, nonmilitary, off-highway, including side and bottom dump	do	.0	72.2	1,055
674.2005	Hot rolling mills, except tube rolling, for nonferrous metals, and parts thereof	do	50.5	70.2	2,330
660.1018	Water tube stationary steam generating boilers, with a steam capacity of over 400,000 pounds of steam per hour	do	27.6	65.8	4,239
664.0577	Rippers and rooters (attachments for excavating machinery)	U.S.S.R.	.0	65.4	3,843
664.1074	Pipehandlers, n.s.p.f.	do	38.3	57.5	8,009
475.4555	Insulating or transformer oils	do	34.8	53.2	18,464
818.3900	Products, n.e.s., donated for relief or charity	Vietnam	55.7	52.9	54,169
310.0010	Textured yarns, of polyester	China	72.0	48.5	33,690
674.2009	Rolling-mill machinery and parts, n.e.s.	do	1.7	47.2	18,295
664.0572	Dozer attachments	U.S.S.R.	3.0	46.8	4,556
121.0515	Bovine leather, rough, russet, and crust, wet blue, not split	China	67.5	45.6	26,597
790.5510	Pressure-sensitive tape having a plastic backing	U.S.S.R.	46.1	45.4	63,603
664.0507	Coal cutting machines, continuous mining machines, and long-wall mining machines	China	40.9	44.2	9,073
674.2008	Tube rolling mills and parts thereof	do	.0	44.0	10,447
421.3400	Sodium silicates	Romania	.8	43.9	4,540
674.3276	Vertical boring machines, including vertical turret lathes, with numerical controls or facings, new, valued at least \$2500 each	China	.0	43.5	2,529
252.8230	Corrugating medium wrapping and packaging paper, weighing over 18 pounds but not over 92 pounds per ream	do	19.3	43.4	4,216

1/ Only items which accounted for at least 1 million dollars' worth of exports in 1986 are included in this table.

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

Table 8.--20 U.S. export items to the nonmarket economy countries (NME's) which changed substantially, by Schedule B nos., 1985 and 1986 1/

Schedule B no.	Commodity	Major NME customer	Percentage change, 1986 from 1985		Value of exports to all NME's in 1986
			All NME's	World	
			Percent		1,000 dollars
692.3160	Substantially increased:				
	Tracklaying tractors, new, with a net engine horsepower rating	U.S.S.R.	1,297.4	70.9	44,637
678.5055	of 345 horsepower and over	China	911.8	15.7	6,855
674.3598	Metal-treating machines and parts thereof, n.s.p.f.				
	Other new (including container making) metal-forming machine				
	tools valued at least \$2,500 each, n.e.s.				
175.4100	Soybeans, other than seed for planting	do	890.7	33.9	12,041
170.8140	Smoking tobacco, in bulk	U.S.S.R.	819.2	11.0	395,368
685.6055	Parts of radio navigational aid apparatus (except radar)	China	817.5	299.1	4,634
270.3080	Technical, scientific, and professional books	do	676.1	-25.9	4,823
687.6087	Chips, dice, and wafers (parts of transistors and related	do	639.0	11.5	12,469
	electronic crystal components)				
674.5440	Parts, n.e.s., of metal-forming machine tools	do	584.2	19.7	4,836
661.3046	Metal-processing furnaces, nonelectric, n.s.p.f.	do	496.9	11.7	7,138
		do	479.4	22.8	3,649
694.4020	Substantially decreased:				
130.6540	Nonmilitary airplanes, used or rebuilt	China	-95.8	50.4	1,476
309.4242	Wheat, unmilled, not donated for relief or charity	Poland	-94.9	-16.7	13,548
521.3170	Polyester fibers (in noncontinuous form)	do	-94.8	-39.2	3,198
310.0032	Anthracite coal	Romania	-93.1	1.3	714
670.1700	High tenacity multifilament polyester yarns, other than textured	Poland	-92.0	-8.5	997
170.4300	Circular knitting machines, other than hosiery	East Germany	-90.7	-17.5	689
661.9815	Leaf tobacco, n.e.s.	Czechoslovakia	-89.5	-48.0	1,140
649.5040	Oil- and gas-separation equipment	China	-89.0	-46.0	869
	Rock drilling bits, core bits, and reamers, other than				
	percussion rock drill bits	do	-88.3	-49.8	6,019
431.2015	Epichlorohydrin	do	-87.2	-40.5	742

1/ Only items which accounted for at least 500,000 dollars' worth of exports in both 1985 and 1986 are included in this table.

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

Exports to Eastern Europe of machinery and transportation equipment increased by 6.5 percent, from \$133.2 million during 1985 to \$141.8 million during 1986. Increased sales to Czechoslovakia of items in this category and a rise in exports to Romania of steam and other vapour power units (SITC Group 712) largely account for the overall increase.

Other substantial advanced capital-goods exports to the NME's included professional, scientific and controlling instruments and apparatus (SITC Division 87). From 1985 to 1986, exports in this category decreased by 8.2 percent, declining to \$275.4 million during 1986. The reduction of sales in this category, from \$300.0 million during 1985, is largely attributable to a 9.2-percent decline in sales to China. ^{1/}

Crude materials

U.S. exports of crude materials (SITC Section 2) to the NME's rose by 1.2 percent from \$804.8 million during 1985 to \$814.6 million during 1986. A substantial increase in sales of oil seeds and oleaginous fruits (SITC Division 22) compensated for sharp declines in exports of cork and wood (SITC Division 24), textile fibers and their wastes (SITC Division 26), and hides and skins (SITC Division 21).

After declining steadily from \$319.3 million during 1982 to \$54.5 million during 1985, U.S. exports to the NME's of oil seed and oleaginous fruits increased by 626.6 percent from 1985 to 1986, amounting to \$395.8 million during 1986. ^{2/} A sharp rise in soybean exports to the Soviet Union, from nil during 1985 to 1.5 MMT valued at \$313.0 million during 1986, explains the dramatic increase. Sales of soybeans to the NME's during 1986 were the largest since 1979 and 1980 when U.S. exports of soybeans amounted to \$725.8 million and \$329.8 million, respectively. The 1986 exports were the first to the Soviet Union since January-March 1984 ^{3/}, when the Soviet Union, a traditional customer for U.S. soybeans, purchased 14 million dollars' worth of soybeans. The Soviet decision to return to the U.S. market during January-June 1986 may have resulted from the drought in Brazil, which exports soybeans to the Soviet Union under a long-term supply agreement. During 1986, U.S. shipments of soybeans to the Soviet Union accounted for 79.1 percent of all exports to the NME's in SITC Division 22.

U.S. soybean exports to Eastern Europe increased by 107.0 percent, from \$30.4 million during 1985 to \$63.0 million during 1986. Soybean exports increased to nearly all East European countries that import them from the United States (i.e., Bulgaria, East Germany and Romania) except Czechoslovakia

^{1/} Exports to China of professional, scientific and controlling instruments fell from \$276.9 million during 1985 to \$251.4 million during 1986. Sales to the NME's of photographic apparatus and equipment (SITC Division 88) rose from \$11.4 million during 1985 to \$25.3 million during 1986. This 121.5-percent increase is largely attributable to a rise in exports to China, from \$7.4 million during 1985 to \$19.9 million during 1986.

^{2/} While other sales in SITC Division 22 decreased significantly (e.g., exports of sunflower seeds declined from \$11.5 million during 1985 to \$417,245 during 1986), soybean exports increased in value by 819.2 percent, from \$43.0 million during 1985 to \$395.4 million during 1986.

^{3/} 48th Quarterly Report . . . , p. 22.

and Poland. After being a significant purchaser of U.S. soybeans from 1982 to 1984, Poland did not buy any of this commodity during 1985 or 1986. Czechoslovakia, also a traditional importer of U.S. soybeans, imported none during 1986.

China bought U.S. soybeans during 1985 for the first time since April-June 1982. 1/ Chinese purchases increased from \$12.6 million during 1985 to \$19.4 million during 1986, or by 54.2 percent. These purchases were probably intended to alleviate a soybean shortage in Southern China. Despite the country's status as a net exporter of the product, Chinese policymakers apparently found it less costly to import soybeans for distribution in the south than to ship them from other Chinese growing regions. 2/

U.S. exports to the NME's of cork and wood decreased from \$328.7 million during 1985 to \$179.7 million during 1986, or by 45.3 percent, owing to a decline in shipments of logs to China. U.S. shipments of softwood logs (SITC Group 247--other wood in the rough or roughly squared) to China declined by 44.8 percent from \$323.4 million during 1985 to \$178.5 million during 1986. U.S. exports to China of Douglas-fir logs, the largest item in this group, declined from \$229.8 million during 1985 to \$111.6 million during 1986. Since 1980, when China began importing U.S. logs for use in expanding the country's rail transportation system, and in building bridge trestles, mines and port facilities, there had been a steady increase in sales. 3/ Lower imports of logs from the United States during 1986 may be a consequence of the Chinese Government's program to curb economic growth, which entails some cutbacks in investment in capital construction. 4/

U.S. exports of textile fibers (SITC Division 26) to the NME's also declined sharply, from \$196.0 million during 1985 to \$59.3 million during 1986. Shipments to China of manmade fibers (SITC Groups 266 and 267) dropped from \$118.7 million during 1985 to \$52.6 million during 1986, a decrease of 55.7 percent. Exports of cotton (SITC Group 263) to the Soviet Union, which have fluctuated dramatically since 1982, declined from \$63.6 million during 1985 to only \$72,000 during 1986. 5/

Chemicals

U.S. exports of chemicals (SITC Section 5) to the NME's declined by 6.3 percent, from \$883.9 million during 1985 to \$827.8 million during 1986. While U.S. sales of chemicals to the Soviet Union and Eastern Europe increased, exports of chemicals to China declined by 14.1 percent, from \$513.5 million during 1985 to \$441.3 million during 1986. Despite the decline in chemical exports to China, these shipments accounted for over half of U.S. chemical exports to the NME's during 1986.

1/ 45th Quarterly Report . . . , p. 29.

2/ 48th Quarterly Report . . . , p. 22.

3/ For more information on these developments, see 48th Quarterly Report . . . , p. 22.

4/ For further information on these developments, see the section in this report on economic development in China.

5/ For more information on these developments, see 47th Quarterly Report . . . , p. 21.

U.S. sales to China of manufactured fertilizers (SITC Division 56) dropped from \$152.2 million during 1985 to \$96.1 million during 1986. The Chinese Government has reportedly targeted chemical fertilizers for reduced imports in conjunction with its efforts to conserve foreign exchange. 1/ U.S. shipments of artificial resins and plastics (SITC Division 58) to China also fell, declining from \$228.2 million during 1985 to \$193.3 million during the year under review.

Shipments of chemicals to the Soviet Union rose from \$281.6 million during 1985 to \$288.0 million during 1986, or by 2.3 percent. This increase is largely attributable to higher shipments to the Soviet Union of manufactured fertilizers. Sales of chemicals to Eastern Europe rose by 10.6 percent, from \$88.1 million during 1985 to \$97.3 million during 1986, an increase mainly attributable to a rise in sales of inorganic chemicals (SITC Division 52).

Grains

At \$368.5 million during 1986, U.S. exports to the NME's of corn and wheat combined were the lowest since 1971, when grain shipments were valued at \$79.3 million. Sales of grain to the NME's have fluctuated widely since 1982, with the largest exports, valued at \$3.3 billion, occurring during 1984 and the smallest during 1986. From 1985 to 1986, U.S. exports to the NME's of corn and wheat combined declined in value by 80.1 percent.

U.S. exports of corn to the NME's declined from \$1.6 billion (13.5 MMT) during 1985 to \$354.9 million (3.3 MMT) during 1986, a decrease of 77.6 percent in value. An 81.3-percent drop in corn sales to the Soviet Union, from \$1.5 billion during 1985 to \$280.6 million during 1986, largely accounts for this decline. Corn exports to Eastern Europe also declined, from \$85.8 million during 1985 to \$70.1 million during 1986, or by 18.3 percent. Sales to individual East European countries reflected considerable variation. For example, shipments of corn to Romania increased by 110.8 percent (from \$9.9 million to \$20.8 million), and sales to Poland, valued at \$7.4 million during 1985, declined to nil during 1986.

Whereas U.S. corn sales to the Soviet Union and Eastern Europe fell, those to China rose. After not having exported corn to China during 1985, the United States exported \$4.2 million during 1986.

Wheat exports to NME countries declined by 94.9 percent in value, from 1.9 MMT, valued at \$266.0 million, during 1985 to only 85,225 MT, valued at \$13.5 million, during 1986. The absence of wheat exports to the Soviet Union during 1986, which were valued at \$158.7 million in 1985, largely accounts for this development. Exports to China also fell dramatically, from \$97.0 million during 1985 to \$6.4 million during 1986, or by 93.4 percent. U.S. exports of wheat to Eastern Europe declined by 30.3 percent, from \$10.2 million during 1985 to \$7.1 million during 1986. Poland was the exclusive East European destination of these shipments during 1986.

1/ 47th Quarterly Report . . . , p. 23.

U.S. Imports

Total U.S. imports from the NME's increased by 14.9 percent from 1985 to 1986. This increase is largely attributable to an increase in U.S. imports from the NME's of apparel and clothing accessories, and textile products. U.S. imports from China and the Soviet Union rose by 20.9 percent and 36.4 percent, respectively, and purchases from Eastern Europe fell by 5.9 percent during the year under review.

U.S. imports from the NME's in the combined categories of apparel and clothing accessories (SITC Division 84) and other textile products such as yarns, fabrics, and household articles (SITC Division 65) accounted for 34.4 percent of all purchases from the NME's during 1986. U.S. imports of petroleum and petroleum products (SITC Division 33) and those of chemicals (SITC Section 5) comprised 16.5 percent and 7.5 percent, respectively, of all imports from the NME's during the year under review.

While the value of imports from the NME's of petroleum and petroleum products declined, the quantity of petroleum and some refined petroleum products imported from NME countries increased. In other developments, imports of gold bullion rose, and purchases of chemicals from the NME's fell. (U.S. imports to the NME's during October-December 1986 are shown by SITC Section in table 9.)

Apparel and textiles

U.S. imports from the NME's in the combined categories of apparel and clothing accessories (SITC Division 84) and other textile products such as yarns, fabrics, and household articles (SITC Division 65) increased by 51.2 percent, from \$1.5 billion during 1985 to \$2.3 billion during 1986. Imports from China in these combined categories increased by 56.2 percent, from \$1.3 billion during 1985 to \$2.1 billion during 1986. Imports from China accounted for 92.0 percent of all imports of apparel and textiles from NME countries during 1986. (Eight of the 20 U.S. import items for which the NME countries collectively accounted for the largest market share during the year under review were clothing and textile products supplied mainly by China (table 10).)

U.S. imports from China of apparel and clothing accessories (SITC Division 84) increased from \$972.7 million during 1985 to \$1.7 billion during 1986, or by 70.0 percent. Within this product division, during 1986, the two leading commodity groups imported from China were women's, girls', and infants' outer garments, other than knitted (SITC Group 843), which increased from \$343.6 million during 1985 to \$609.7 million during 1986, and knitted or crocheted outer garments (SITC Group 845), which increased from \$174.7 million to \$398.4 million over the same period. One factor that might have contributed to the significant increase in apparel imports from China during the year under review, particularly to the increase in sales of women's and girls' outer garments and of outer garments and other knitted and crocheted articles, was a dramatic rise in imports of clothing made from materials that

Table 9.--U.S. imports from the nonmarket economy countries, by SITC Sections, October-December 1986

SITC Section	(In thousands of dollars)									
	Albania	Bulgaria	China	Cuba	Czecho- slovakia	East Germany	Hungary			
0. Food and live animals-----	154	811	51,521	-	1,623	38	16,487			
1. Beverages and tobacco-----	-	5,279	2,548	-	364	22	314			
2. Crude materials--inedible, except fuel-----	1,660	3	22,444	-	254	34	748			
3. Mineral fuels, lubricants, etc-----	-	3,816	105,204	-	-	-	133			
4. Oils and fats--animal and vegetable-----	-	-	502	-	-	-	7			
5. Chemicals-----	-	1,899	44,267	-	388	6,343	8,026			
6. Manufactured goods classified by chief material-----	-	93	178,365	2	8,830	8,959	9,078			
7. Machinery and transportation equipment-----	-	1,280	57,383	-	1,980	2,094	9,715			
8. Miscellaneous manufactured articles-----	-	1,044	740,163	-	4,613	2,358	17,439			
9. Commodities and transactions not elsewhere classified-----	-	254	15,628	-	542	338	1,457			
Total-----	1,814	14,480	1,218,024	2	18,594	20,187	63,404			
	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Vietnam	Total			
0. Food and live animals-----	27	-	40,321	3,135	870	-	114,987			
1. Beverages and tobacco-----	7	-	296	319	3,515	-	12,664			
2. Crude materials--inedible, except fuel-----	153	-	262	630	12,122	-	38,309			
3. Mineral fuels, lubricants, etc-----	-	-	-	89,780	9,651	-	208,584			
4. Oils and fats--animal and vegetable-----	-	-	-	-	-	-	509			
5. Chemicals-----	-	-	1,765	8,027	24,777	-	95,493			
6. Manufactured goods classified by chief material-----	-	-	9,856	25,658	40,188	-	281,030			
7. Machinery and transportation equipment-----	-	-	3,822	5,888	1,177	-	83,338			
8. Miscellaneous manufactured articles-----	7	-	6,369	37,031	1,533	26	810,581			
9. Commodities and transactions not elsewhere classified-----	-	-	889	341	721	-	20,172			
Total-----	194	-	63,580	170,808	94,553	26	1,665,667			

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

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

Table 10.--20 U.S. import items for which the nonmarket economy countries (NME's) collectively accounted for the largest market share in 1986, by TSUSA items, 1985 and 1986 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 1986
			1985	1986	
			-----Percent-----		1,000 dollars
401.6400	Pseudocumene	U.S.S.R.	100.0	100.0	2,044
306.4293	Camel hair, in the grease or washed, sorted	China	100.0	100.0	1,300
361.4300	Floor coverings n.s.p.f. of wool, woven, valued over 30 cents per square foot, certified hand-loomed and folklore products	Romania	97.0	98.5	1,297
245.1000	Hardboard, valued \$48.33-1/3 to \$96.66-2/3 per short ton	U.S.S.R.	86.1	98.3	1,503
542.3120	Ordinary glass, weighing over 16 but not over 18.5 ounces per square foot, not over 40 united inches	Romania	88.0	94.0	3,557
365.0000	Handmade-lace furnishings, of cotton, valued not over \$50 per pound	China	90.3	93.8	8,250
320.1923	Poplin or broadcloth, having 40 or more warp ends than filling picks per inch, not fancy or figured of number 19	do	94.0	93.5	1,429
186.3000	Bristles, crude or processed	do	91.4	91.8	10,833
140.3000	Dried, desiccated or dehydrated garlic	do	25.0	90.7	1,119
378.5005	Women's, girls', and infants' knit underwear, not ornamented, containing 70 percent or more by weight of silk	do	2/	90.5	2/ 2,421
365.5610	Lace or net furnishings formed by applique, machine-made or handmade, subject to textile agreements, of cotton	do	3/ 94.4	89.2	1,822
748.5520	Feather sleeping bags	do	70.7	87.4	1,946
338.5949	Woven printcloth fabrics, of man-made fibers, over 85 percent noncellulosic, less than 5 ounces per square yard, spun	do	4/ 84.9	86.4	3,318
416.4000	Tungstic acid	do	99.9	85.8	1,167
702.3785	Headwear of vegetable materials n.s.p.f., not sewed, not blocked, and not trimmed, not bleached and not colored	do	82.0	84.9	2,238
542.3320	Ordinary glass, weighing over 16 but not over 18.5 ounces per square foot, over 40 but not over 60 united inches	Romania	69.1	84.8	1,174
381.3905	Men's or boys' jogging, warm-up, and similar athletic jackets, of cotton, knit, not ornamented	do	5/ 83.5	84.2	7,590
222.5500	Floor coverings, of unspun fibrous vegetable materials, of common China, India or Japan straw	China	85.4	83.8	1,047
370.4800	Handkerchiefs, not ornamented, of cotton, hemmed, not fancy, figured or colored, not over 50s avg. yarn no	do	63.8	80.7	1,108
169.3700	Vodka, not over 1 gallon, valued not over \$7.75 per gallon	U.S.S.R.	84.4	80.6	8,486
1/ Only items which accounted for at least 1 million dollars' worth of imports in 1986 are included in this table.					
2/ TSUSA item 378.5005, along with TSUSA item 378.5010, was created on Aug. 1, 1986, from former TSUSA item 378.5000. Presented					
1986 figures reflect imports during Aug.-Dec. only.					
3/ TSUSA item 365.5610 was created on Sept. 1, 1985, from former TSUSA item 365.7410. The share reported for 1985 reflects					
combined imports under items 365.5610 and 365.7410.					
4/ TSUSA item 338.5949 was created on April 1, 1985, along with 30 other TSUSA items, from 19 former TSUSA items. The share					
reported for 1985 reflects imports during April-Dec. only.					
5/ TSUSA item 381.3905 was created on Sept. 1, 1985, from former TSUSA item 379.3905. The share reported for 1985 reflects					
combined imports under items 379.3905 and 381.3905.					

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

were not subject to quantitative restrictions, such as ramie, linen, and silk blends. 1/

U.S. imports from China of textile products (SITC Division 65) increased from \$376.9 million during 1985 to \$454.8 million during 1986, or by 20.7 percent. A rise in imports of woven cotton fabrics (SITC Group 652) and made-up textile articles (SITC Group 658) largely accounted for the increase. U.S. purchases from China of woven cotton fabrics rose by 30.5 percent, from \$108.5 million during 1985 to \$141.6 million during 1986, and imports of made-up textile articles increased from \$130.0 million during 1985 to \$148.3 million during 1986, a rise of 14.0 percent.

Petroleum and petroleum products

U.S. imports from the NME's of petroleum and petroleum products (SITC Division 33) declined from \$1.5 billion during 1985 to \$1.1 billion during 1986, a drop of 27.9 percent. 2/

Purchases of crude petroleum (SITC Group 333) from NME suppliers dropped from \$715.7 million during 1985 to \$475.1 million during 1986, a decline of 33.6 percent. Over the same period, the quantity imported increased from 28.1 million bbl to 32.4 million bbl, representing a 42.4-percent decline in the average unit value of these sales, from \$25.47 per bbl during 1985 to \$14.67 per bbl during 1986. At \$464.7 million, shipments from China accounted for 97.8 percent of U.S. purchases of crude petroleum from the NME's during 1986. From 1982 to 1985, neither the Soviet Union nor Romania exported crude petroleum to the United States. But during 1986, imports from the Soviet Union of products in this category were valued at \$5.6 million; those from Romania amounted to \$4.8 million.

U.S. imports from NME countries of refined petroleum products (SITC Group 334) decreased by 23.3 percent from \$799.9 million during 1985 to \$613.7 million during 1986. Romania was the leading NME supplier, China ranked second, and the Soviet Union third. The value of shipments of refined petroleum products from Romania declined from \$435.1 million during 1985 to \$370.8 million during 1986. U.S. imports of refined petroleum products from China declined from \$264.6 million during 1985 to \$160.4 million during 1986.

The leading refined petroleum product--and the leading import from Romania during 1986--was mixtures of hydrocarbons. 3/ Romanian shipments of this product to the United States declined from \$203.0 million during 1985 to

1/ A new agreement extending the Multifiber Arrangement (MFA) includes a provision to expand the regulation of textile imports to nearly all fibers, including ramie, linen, and silk blends. The agreement was reached in July of 1986, but some member countries of the MFA, including China, did not sign it during 1986.

2/ The decline in value resulted entirely from the fall in world prices of these products. For example, imports of petroleum products increased by approximately 26 percent, from 55.6 million bbl during 1985 to 70.3 million bbl during 1986.

3/ Mixtures of hydrocarbons (TSUSA item 475.6530) is a group classification consisting of a variety of liquid derivations of petroleum that are typically produced according to specifications requested by the buyer.

\$197.4 million during 1986, or by 2.8 percent in value, while the quantity imported increased from 6.5 million bbl (averaging \$31.05 per bbl) to 9.9 million bbl (averaging \$19.84 per bbl). Imports from Romania of mixtures of hydrocarbons decreased dramatically, from 1.1 million bbl, valued at \$18.4 million in the third quarter of 1986 to 31,932 bbl, valued at \$509,265 in the fourth quarter of the same year.

Unleaded gasoline was the second largest refined petroleum product imported from the NME's during 1986. U.S. imports of this product from Romania and China, the sole NME suppliers, increased from 0.9 million bbl, valued at \$23.6 million, during 1985 to 8.2 million bbl, valued at \$118.7 million, during 1986. Purchases from Romania of the product accounted for 77.8 percent of all U.S. imports of unleaded gasoline from the NME's during 1986. U.S. imports from Romania of unleaded gasoline were valued at \$92.4 million during 1986, whereas those from China amounted to \$26.3 million during the same year.

Leaded gasoline was the third largest refined petroleum product purchased by the United States from the NME's during the year under review. U.S. imports of this product from China, the sole NME supplier during 1986, decreased from 8.3 million bbl, valued at \$241.9 million, during 1985 to 5.4 million bbl, valued at \$99.3 million, during 1986.

U.S. purchases from Romania of naphthas derived from petroleum ranked fourth among U.S. imports of refined petroleum products from the NME's. Naphthas imports from Romania, the third largest U.S. import item from that country, accounted for 73.1 percent of all U.S. imports of the product from the NME's during 1986. U.S. imports from Romania of naphthas declined from 6.2 million bbl, valued at \$174.9 million, during 1985 to 2.4 million bbl, valued at \$44.7 million, during 1986.

Heavy fuel oils were among other leading refined petroleum products that the United States imported from the NME's during 1986. U.S. purchases of heavy fuel oils from the NME's increased from \$1.7 million bbl, valued at \$39.7 million, during 1985 to 8.2 million bbl, valued at \$81.8 million, during 1986. U.S. purchases of these products from the Soviet Union, the leading NME supplier of heavy fuel oils to the U.S. market during the year under review, increased from \$20.1 million during 1985 to \$66.1 million during 1986.

Gold

U.S. imports of gold bullion (TSUSA item 605.2020) from NME countries increased from \$1.4 million (4,183 troy ounces) during 1985 to \$154.3 million (451,797 troy ounces) during 1986. Soviet exports of gold bullion to the United States increased dramatically from 1985 to 1986 (table 11), and the Soviet Union was the only NME supplier of the product to the United States during 1986. The increase in these shipments--making refined gold bullion the leading U.S. import from the Soviet Union during 1986 and the third-ranking import from all the NME's--probably resulted from Soviet efforts to offset a reduction in hard-currency earnings owing to a decline in the price of oil.

Table 11.--20 U.S. import items from the nonmarket economy countries (NME's) which changed substantially, by TSUSA items, 1985 and 1986 1/

TSUSA item no.	Commodity	Major NME supplier	Percentage change, 1986 from 1985		Value of imports from all NME's in 1986
			All NME's	World	
			Percent		1,000 dollars
	Substantially increased:				
605.2020	Gold bullion, refined	U.S.S.R.	10,578.0	137.8	154,284
734.2060	Game machines, n.s.p.f.	China	2,511.0	213.1	14,064
618.0200	Aluminum, other than alloys of aluminum	Romania	1,812.9	91.7	25,166
737.3500	Toy figures of animate objects (except dolls), without a spring mechanism, not stuffed, wholly or almost wholly of metal	China	1,709.7	200.1	28,705
605.0710	Semimanufactured platinum, not gold-plated or silver-plated	U.S.S.R.	1,334.0	86.9	13,734
384.4647	Women's trousers and slacks n.s.p.f. of denim (including brushed denim), not ornamented, not knit	China	2/ 821.1	2/ 1.1	19,718
384.8620	Women's dresses, of man-made fibers, knit, not ornamented	do	3/ 737.7	3/ 65.0	7,677
384.3210	Women's dresses, of cotton, knit, not ornamented	do	4/ 710.6	4/ 83.5	4,106
384.6200	Women's, girls', or infants' wool coats n.s.p.f., knit, valued over \$5 per pound, not ornamented	do	5/ 601.4	5/ 56.6	3,716
384.6340	Women's, girls', or infants' wool skirts n.s.p.f., knit, valued over \$5 per pound, not ornamented	do	6/ 571.6	6/ 167.4	10,102
	Substantially decreased:				
668.2365	Printing presses, not letter or offset	East Germany	-87.9	66.9	687
192.4500	Licorice extract	China	-85.7	-27.7	722
607.6610	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, in coils	Hungary	-85.2	-18.6	1,415
114.3000	Crabs, n.e.s.	China	-84.0	-1.6	1,581
685.4934	Stereo radio-tape recorder combinations, n.s.p.f.	do	-81.1	-50.1	3,343
601.0300	Antimony ore	do	-78.9	-53.8	1,088
306.6200	Cashmere goat hair, and like hair of other animals, in the grease or washed, sorted	do	-76.6	-47.2	999
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	Romania	-76.3	-15.6	13,165
607.6625	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, over 6 inches in thickness	do	-75.4	-22.3	21,876
646.2626	Brads, nails, spikes, staples, and tacks, of iron or steel, one inch or longer, smooth shank, vinyl, resin, or cement coated	Poland	-72.7	3.5	1,748

1/ Only items which accounted for at least 500,000 dollars' worth of imports in both 1985 and 1986 are included in this table.
2/ TSUSA item 384.4647 was created on Sept. 1, 1985, from former TSUSA item 383.4747. Presented percent changes were calculated using combined imports under items 383.4747 and 384.4647 during 1985.
3/ TSUSA item 384.8620 was created on Sept. 1, 1985, from former TSUSA item 383.8620. Presented percent changes were calculated using combined imports under items 383.8620 and 384.8620 during 1985.
4/ TSUSA item 384.3210 was created on Sept. 1, 1985, from former TSUSA item 383.2910. Presented percent changes were calculated using combined imports under items 383.2910 and 384.3210 during 1985.
5/ TSUSA item 384.6200 was created on Sept. 1, 1985, from former TSUSA item 383.6200. Presented percent changes were calculated using combined imports under items 383.6200 and 384.6200 during 1985.
6/ TSUSA item 384.6340 was created on Sept. 1, 1985, from former TSUSA item 383.6340. Presented percent changes were calculated using combined imports under items 383.6340 and 384.6340 during 1985.

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

Chemicals

A 7.1-percent decrease in U.S. imports of chemicals (SITC Section 5) from the NME's, from \$537.0 million during 1985 to \$499.0 million during 1986, can be largely accounted for by a decline in imports from the NME's of organic chemicals (SITC Division 51) and inorganic chemicals (SITC Division 52). U.S. imports of organic chemicals from the NME's declined from \$150.5 million during 1985 to \$113.2 million during 1986. Reduced imports from Romania of hydrocarbons and their derivatives (SITC Group 511), from \$84.2 million during 1985 to \$48.4 million during 1986, largely account for this decline. Imports of organic chemicals from China increased from \$30.9 million during 1985 to \$36.9 million during 1986, whereas those from the Soviet Union decreased slightly, from \$20.1 million to \$19.7 million.

Imports of inorganic chemicals from the NME's declined from \$156.6 million during 1985 to \$119.2 million during 1986. U.S. imports from the Soviet Union, the leading NME supplier of inorganic chemicals to the United States, decreased from \$118.7 million during 1985 to \$84.1 million during 1986. The reduction in imports of anhydrous ammonia from the Soviet Union (TSUSA item 480.6540) is largely accountable for this decline. Imports of inorganic chemicals from China decreased from \$35.7 million during 1985 to \$32.1 million during 1986.

Other imports

U.S. imports from the NME's of toys and games (SITC Subgroup 8942) increased from \$251.9 million during 1985 to \$370.2 million during 1986. U.S. purchases from the NME's of travel goods and handbags (SITC Group 831) rose from \$147.9 million during 1985 to \$188.4 million during 1986. Nearly all of these imports were from China.

DEVELOPMENTS AFFECTING COMMERCIAL RELATIONS
WITH THE NONMARKET ECONOMY COUNTRIES

Steps to Expand U.S. Trade With and Investment in China

Bilateral meetings and agreements

The annual meetings of both the United States-China Joint Commission on Commerce and Trade (JCCT) and the United States-China Joint Economic Committee (JEC) were held in Beijing during May 1986. The U.S. interagency group participating in the JCCT session was headed by Secretary of Commerce Malcolm Baldrige, and the U.S. delegation attending the meetings of the JEC was led by Secretary of the Treasury James Baker. The JCCT was formed to promote U.S. export trade and other commercial dealings with China, while the JEC serves as a forum for discussing macroeconomic issues--such as investment, monetary, and tax policies--that affect commercial relations between the two countries.

The JCCT session was concluded with the signing of several U.S.-Chinese agreements on technological cooperation. One of the agreements calls for the exchange of technical study groups to assess the present condition of China's civil telecommunications system and draw up a long-range plan for its modernization. This pact was the 27th protocol to be signed under the 1979 United States-China Science and Technology Agreement. Two new implementing agreements were also signed to establish programs under which U.S. manufacturers in the machine-building industry and U.S. suppliers of building materials can discuss cooperative projects with their counterparts in China. These work programs were signed under the United States-China Industrial and Technological Cooperation Accord. Four other implementing agreements--calling for cooperative activities in the areas of telecommunications/electronics, metallurgy, aerospace, and industrial renovation--have been signed since this framework agreement was put into effect in early 1982.

The remaining agreements signed at the annual meeting of the JCCT provided grants to study the feasibility of undertaking two proposed projects in China. One of the proposals calls for converting four oil-fired power plants to coal, and the other one involves the disposal of toxic waste from industrial plants. The new grant agreements raised to 24 the total number of such pacts signed by the U.S. Trade Development Program and China's Ministry of Foreign Economic Relations and Trade over the past 5 years. 1/

The problems of U.S. companies investing in China was a leading topic of discussion at the annual meeting of the JEC, reflecting a renewed effort by China to improve its business environment and encourage more foreign investment. The issue of whether China could provide an attractive investment climate was directly challenged in 1986 when, after increasing since 1983, the contracted value of new foreign investment commitments declined sharply. 2/

1/ For more information on the Trade Development Program, see 47th Quarterly Report . . ., p. 35.

2/ Direct investment by foreign firms already operating or holding contracts to invest in China amounted to \$2.2 billion during 1986, 10 percent higher than its level during the previous year, but new contracts to invest in China declined by nearly 50 percent, from \$6.3 billion during 1985 to \$3.3 billion during 1986 (Foreign Broadcast Information Service (FBIS), Daily Report: China, Jan. 28, 1987, p. K 15.

Coinciding with this development, and probably contributing to it, a number of U.S. and other foreign firms operating enterprises in China experienced serious difficulties. 1/

On May 10, 1986, during the JEC session, Treasury Secretary Baker and Chinese Finance Minister Wang Bingqian signed a protocol to the proposed bilateral income tax treaty. The protocol, consisting of only one article, added to the original agreement a provision designed to prevent third-country firms from channeling investments through China in order to benefit from the treaty's reduced tax rates. The original agreement was signed by both countries on April 30, 1984, during President Reagan's trip to China, and was transmitted by the President for Senate advice and consent to ratification on August 10, 1984. However, it was not considered by the Senate until 1985, when it encountered opposition on the grounds that the language of the treaty could turn China into a tax haven because it did not adequately discourage the practice known as treaty shopping. Action by the full Senate was delayed, and the new protocol was added in response to this objection.

President Reagan transmitted the protocol to the Senate Foreign Relations Committee on June 5, 1986, and the income tax agreement as amended by the new provision was ratified by the full Senate on July 24. The income tax benefits the treaty extends to both U.S. businesses operating in China and individuals working there, together with reciprocal provisions for Chinese citizens living in the United States, went into effect on January 1, 1987. 2/

The JEC meeting was also the occasion used for announcing a loan by the Export-Import Bank of the United States (Eximbank)--its first financing for China in 5 years.

Eximbank financing

On May 8, 1986, the Eximbank announced that it had agreed to loan China \$65.4 million, or 75 percent of the total value of an export contract awarded to the General Electric Co. (GE). As the leader of an international consortium that will construct four 350-megawatt, coal-fired electric power units at two sites in China, GE will supply some 87 million dollars' worth of turbine generators and related technical services for the project. Babcock and Wilson of Canada will supply the boilers, and Ansaldo-Impianti of Italy will be responsible for the civil engineering and supply the rest of the equipment. The estimated cost of the total project is \$588.6 million.

Prior to making this commitment, Eximbank had made no loans to China since 1981. The main reason for the absence of loan activity was that China was unwilling to accept the terms offered by the Eximbank, objecting especially to its interest rates, which it regarded as too high. The new loan

1/ For example, owing mainly to a shortage of foreign exchange to import the equipment it needed for production, a major U.S.-Chinese joint venture, the Beijing Jeep Corp., was forced to shut down operations for about 2 months during 1986.

2/ For information on major provisions of the treaty, see 41st Quarterly Report . . ., pp. 41-42, and 47th Quarterly Report . . ., p. 33. For a more detailed discussion of the tax benefits, see also The China Business Review, September-October 1986, p. 38.

agreement calls for an annual rate of interest of 8.8 percent, the standard rate charged by the bank for project loans to developing countries at the time the commitment was signed. 1/ Repayment of the loan is scheduled over a period of 10 years.

The contract won by the GE-led consortium also includes a barter trade deal, under which GE and its partners have agreed to purchase Chinese-made goods to offset some of the cost of equipment imported for the project. As part of a program to boost its exports, China is expected to continue to exert pressure on foreign companies to include counterpurchase arrangements in contracts involving imports of complete sets of equipment and technology.

The Eximbank continues to have an active interest in assisting the financing of U.S. exports to China. 2/ In addition to its loan commitment on behalf of GE, the bank has made tentative arrangements to provide financing to support 12 contract bids on projects in China made by other U.S. companies. Ten of the bids, if accepted by the Chinese, would involve U.S. exports to construct four power stations, and the remaining two contract bids relate to digital switching projects.

Bilateral Issues Affecting U.S.-Chinese Commercial Relations

Trade and other economic relations between the United States and China were generally good in 1986. However, areas of disagreement remained, and two in particular were major issues for both countries during the year: the lack of progress in negotiating a bilateral investment treaty and the rapid growth of China's exports of apparel and other textile products to the United States.

The impasse in negotiations on a bilateral investment treaty

The United States and China initiated formal negotiations on a bilateral investment treaty (BIT) in June 1983, and the sixth round was held in April 1985. No significant progress toward resolving the remaining differences was made during that round, and 1986 ended without any additional formal BIT negotiations taking place. However, informal discussions that enabled each side to clarify its position were held in November.

Several key issues remain to be settled. The two sides continue to disagree substantially on how compensation for expropriation would be handled and on legal procedures for the arbitration of disputes. Another issue is the treatment of U.S. investment by the Chinese Government. China is willing to grant most-favored-nation treatment to U.S. investors, i.e., treatment no less favorable than that granted to any third-country investor, but the United States is pressing for treatment no less favorable than that accorded Chinese enterprises. 3/

1/ The Eximbank reduced its interest rate on project loans to developing countries to 7.4 percent during the last half of 1986.

2/ The following information on Eximbank's tentative loan commitments to China was provided by the bank's Office of Public Affairs.

3/ For a more detailed discussion of outstanding issues in the BIT negotiations, see John Frisbie, "The Investment Treaty Impasse," The China Business Review, September-October 1986, p. 41.

Many of the protections, although not all, that a BIT would provide U.S. investors in China can be covered in the contract arrangements between a company and its Chinese investment partner. Additional protection in the form of political risk insurance is offered to U.S. companies investing in China by the Overseas Private Investment Corporation (OPIC). Moreover, new regulations issued by the Chinese Government in October 1986 (and the promise of more to come) indicate that China itself has at last taken the initiative to ensure that the treatment accorded foreign investors is similar to that extended to their Chinese counterparts. 1/ Both sides agree, however, that a BIT would encourage more U.S. investment in China.

The growth of China's textile exports

The growth of China's textile exports to the United States again became a major issue in bilateral trade relations during 1986. U.S. imports of Chinese apparel, fabrics, and other textile products increased by 56.2 percent compared with their value during 1985, with imports of apparel alone rising by 70.0 percent. 2/ The pressure from U.S. manufacturers to restrict this rapid rise in shipments increased at a comparable pace. Tension between the two countries mounted as the United States requested consultations with China and unilaterally imposed quantitative import limits on a number of additional textile categories. 3/ China raised strong objections to the new restrictions, 4/ especially because, with the drop in price of crude petroleum and petroleum products in 1986, textile products became the largest source of foreign-exchange earnings for China in its trade with the United States.

Another factor entered into the controversy over the new U.S. restraints on China's textiles during 1986. The Multifiber Arrangement (MFA) 5/ was revised to include a greater range of fibers than previous MFA agreements. Apparel and fabric categories consisting of ramie, linen, and silk blends were added to the list of items (previously consisting of only cotton, wool, and manmade-fiber products) that are covered by the MFA. On August 1, more than

1/ In October 1986, China issued new regulations providing for the standardization of and a reduction in land-use fees charged export-oriented and technologically advanced enterprises with foreign investment. Another provision stipulated that the fees charged such enterprises for basic services--such as water, electricity, transportation services, and communication facilities--will be the same as those charged China's state-owned enterprises. Other cost-cutting measures included lower taxes and a reduction in payments to the State that foreign companies must make to cover the system of subsidies China provides its work force. The Chinese authorities also announced that additional regulations responding to the specific concerns of foreign investors would be implemented early in 1987.

2/ For detailed information, see the section on trade developments earlier in this report. The data used for this report are imports for consumption, however, and do not include the value of those textile imports from China that entered the United States and were embargoed (i.e., placed in bonded warehouses) because the specified annual quotas were filled.

3/ See Jerome Turtola, "Textile Trade Tensions," The China Business Review, September-October 1986, p. 26.

4/ Ibid.

5/ The MFA is a multilateral agreement that establishes basic principles for negotiating bilateral textile accords between signatory nations.

50 textile-trading nations signed the new MFA protocol providing for the increase in coverage, but China refused to sign, being particularly opposed to the inclusion of ramie in the agreement. China is the world's largest producer of ramie, and much of the increase in its textile exports to the United States during 1986 consisted of sweaters and other apparel produced chiefly from ramie (55 percent) blended with cotton (45 percent), which were not subject to MFA regulation prior to August 1. The United States insisted that ramie be included in the revised MFA agreement.

In accordance with the new protocol, the United States immediately requested consultations to set import limits on several apparel items from China covered under the new fiber categories. The Chinese objected to the consultation calls on the grounds that these categories were not covered by the current U.S.-Chinese bilateral agreement on trade in textiles and that China had not signed the MFA protocol. ^{1/} At yearend, it appeared that this issue would have to be settled in negotiations on a new bilateral textile agreement. The present agreement will expire at the end of 1987.

China Joins the Asian Development Bank

On March 10, 1986, after nearly 3 years of negotiations, China became a member of the Asian Development Bank (ADB). The issue that for many months had delayed China's entry was finally resolved when Taiwan, one of the founding members of the ADB, softened its stand and agreed to remain in the bank under a different name: "Taipei, China." When China initially sought admission to the ADB in early 1983, it insisted that Taiwan be ousted, but subsequently agreed to its retention under a designation that would satisfy the mainland's position that the island of Taiwan is part of China. However, to protest the change in its name as a bank participant, Taiwan did not send a delegation to the annual meeting of the ADB held April 29-May 2, 1986.

Unlike other international organizations in which acceptance of the Government of China as a member resulted in the termination of Taiwan's membership--the United Nations, the International Monetary Fund, and the World Bank--the ADB offered a legal loophole that permitted Taiwan to remain. China had joined the other organizations prior to the founding of Taiwan, but since the ADB was not founded until 1966, more than 15 years after the Communist revolution, Taiwan had joined only as Taiwan proper and not as a representative of the whole of China. Now that China and Taiwan are both members of the ADB, however, a precedent has been set that could lead to the participation of the two rival governments in other international organizations.

The ADB is operationally similar to the World Bank. It concentrates on making loans on favorable terms and providing technical assistance to upgrade the basic economic structure and the health, housing, and educational

^{1/} Information on this issue was provided by USITC's Textiles, Leather Products, and Apparel Division. Under MFA rules, the new fiber categories called by the United States could not be restricted at the time the consultations were requested, as can items covered by the bilateral textile agreement. However, a unilateral quota can be imposed if the two sides do not agree on an import limit within 60 days.

facilities of developing countries in the Asian-Pacific region. The organizational structure also includes a "soft" loan subsidiary, the Asian Development Fund (ADF), which is the equivalent of the World Bank's International Development Association (IDA). With the admission of China, the membership of the ADB was increased to 47, consisting of 32 developing and newly industrializing countries (NIC's) in the Asian-Pacific region and 15 industrialized nations, including the United States.

Chinese Government officials have stated that their principal interest in joining the bank is to expand China's role in the development of the region as a whole. However, the ADB could also become an important additional source of funds to support the modernization of the Chinese economy.

China Applies to Rejoin The General Agreement on Tariffs and Trade

On July 15, 1986, China formally applied to resume its membership in the General Agreement on Tariffs and Trade (GATT). A Chinese delegation subsequently attended the Ministerial Meeting at Punta del Este in September, and China is expected to continue to participate in the new round of multilateral trade talks. China's interest in the GATT is in keeping with the increasingly important role it has assumed in world trade since implementing an open door policy in 1979. 1/

In recent years, China has taken a number of steps in preparation for making formal membership application. It was first granted observer status at the November 1982 Annual Session of Contracting Parties to the GATT. In 1984, after signing the MFA (which functions under the auspices of the GATT), it became a more active participant in GATT affairs. Since November 1984, China has been represented in an observer status at meetings of the Council and its subsidiary bodies. Its request to resume membership was based on its earlier status as one of the original contracting parties when the GATT was established in 1947 and its subsequent withdrawal in 1950 after the Communists came to power. Whether or not China can reactivate its former membership, as it requested, or must now rejoin as if it were a new member is a legal question that has not yet been addressed.

China's accession to the GATT also raises a number of economic issues, and the admission procedure is likely to be a lengthy process. Negotiations on the terms of accession will formally begin when China submits its "Memorandum of Foreign Trade"--a description of its trade policy and administration--to the GATT contracting parties. 2/ Extensive consultations will then be required to determine the obligations China must undertake to conform with GATT rules, and a GATT working party will meet at regular intervals to consider the progress China is making in carrying out the required program. In one possible scenario, China could become an associate

1/ U.S. Department of State, Incoming Telegram (unclassified), Paris 19542.

2/ China presented its "Memorandum on Foreign Trade" to the GATT on Feb. 13, 1987, requesting that it be placed on the agenda of an early meeting of the GATT Council and circulated to all contracting parties (FBIS, Daily Report: China, Feb. 20, 1987, p. A 3.

member in 1 or 2 years, and that decision might be followed by a 3-year period of provisional accession before China becomes a full contracting party to the GATT. 1/

Meeting of the U.S.-U.S.S.R. Joint Commercial Commission

At the ninth session of the U.S.-U.S.S.R. Joint Commercial Commission (JCC) held in Washington on December 4-5, 1986, U.S. and Soviet officials agreed on steps by both Governments to promote the conclusion of contracts between U.S. firms and Soviet enterprises. They pledged to draw up a list of potential projects and to work to remove obstacles to the signing of contracts. The intent is to list projects with good prospects for success, i.e., those that are of substantial interest to the Soviets and that would be consistent with U.S. export controls. 2/ During a ceremony marking the signing of the agreed report on the session, Commerce Secretary Baldrige said that food processing, construction equipment, iron ore smelting equipment, coal slurry pipelines, irrigation equipment, and chemicals were among the areas under discussion and indicated that projects in these areas would be fully compatible with U.S. and multilateral export controls. 3/

The Secretary also told reporters that the two sides had reached "an agreement in principle that should end the embargo" on U.S. imports of Soviet nickel. 4/ He also indicated that the Treasury Department, which administers the ban, had accepted a Soviet invitation to enter into technical talks to work out the specifics. 5/

While noting these agreements, Secretary Baldrige told reporters that "certain basic differences" remained and that these differences had been discussed "very openly and frankly." He said that he had emphasized the U.S. position that fundamental change in bilateral trade relations cannot occur without parallel improvement in other aspects of the overall relationship, especially in human rights and emigration. He also indicated that the U.S. delegation had expressed dissatisfaction with the level of Soviet wheat purchases, which fell short of the minimum required by the bilateral grain agreement. The head of the Soviet delegation, Foreign Trade Minister Boris Aristov, reportedly responded that "trade is an independent sphere and it cannot be tied to other conditions" and argued that the Soviet Union had met its commitment under the grain agreement. 6/

1/ U.S. Department of State, Incoming Telegram, Paris 19542.

2/ Maria Aronson, "Secretary Baldrige Hosts First U.S. Visit in Nine Years by Soviet Foreign Trade Minister," Business America, Jan. 19, 1987, p. 7.

3/ New York Times, Dec. 6, 1986, p. 40. See also the full text of the Secretary's remarks issued by Commerce.

4/ Imports of unwrought nickel and certain nickel-bearing materials from the Soviet Union were banned in December 1983. The ban was imposed because there was reason to believe that the embargoed products contained nickel of Cuban origin. Imports of Cuban nickel are prohibited, as is most U.S. trade with Cuba. During 1979-1983, U.S. imports of unwrought nickel from the Soviet Union averaged \$23.8 million.

5/ On Dec. 17, after the technical talks were held, Treasury sent the Soviets a letter documenting the agreement. As of late February, the Soviets had not signed and returned the letter.

6/ Washington Post, Dec. 6, 1986, p. A24. For additional information on the second issue, see "Second Soviet default on bilateral grain agreement" below.

During the meeting, the Soviet delegation raised the issue of its longstanding deficit in bilateral trade and indicated that, in the future, its purchases of U.S. products would be determined largely by the level of U.S. purchases of Soviet goods. The U.S. delegation responded that, while it is not U.S. policy to create additional obstacles to the expansion of Soviet exports, actions by the U.S. Government to remove existing obstacles must be consistent with U.S. laws. ^{1/} The two delegations also discussed the reorganization of Soviet foreign trade and reviewed the results of a meeting of the working group of experts held before the JCC session, which had focused on this topic and proposals for joint ventures between U.S. firms and Soviet enterprises. ^{2/}

Ban on Imports of Soviet Gold Coins

Effective October 2, 1986, the importation into the United States of gold coins minted in, or offered for sale by, the Soviet Union was banned. ^{3/} The ban is part of the Comprehensive Anti-Apartheid Act of 1986, which prohibits imports of gold coins from South Africa and imposes other sanctions designed to bring an end to apartheid. ^{4/} It was proposed by Senator Symms (R-ID), who indicated that his intent in seeking a ban on imports of gold coins from the Soviet Union as well as from South Africa was to apply the same standards for human rights to both countries. The Senate approved Senator Symms' amendment on August 14. However, on August 15, by a vote of 57 to 41, it rejected an amendment proposed by Senator Wallop (R-Wyoming) that would have applied all of the provisions of the South African sanctions bill to the Soviet Union. The Senate version of the bill was approved by the House on September 12, and the bill became law on October 2, after Congress overrode a veto by the President.

Prior to the imposition of the ban, U.S. imports of Soviet gold coins totaled \$103,000 during 1986. Data for earlier years are unavailable since gold coins were formerly classified with other metal coins (under TSUS item 653.22--metal coins, unspecified). However, it is believed that the principal type of metal coin imported from the Soviet Union was the chervonetz, a quarter-ounce gold coin. ^{5/} The chervonetz, which is not legal tender in the U.S.S.R., was purchased mainly by collectors rather than investors. Annual U.S. imports of Soviet metal coins exceeded \$1 million only once during the 1981-85 period, totaling \$6.1 million in 1982. This was far below the \$25.2 million in imports of Soviet coins in 1979 or the \$18.3 million imported in 1980.

Second Soviet Default on Bilateral Grain Agreement

At 153,000 metric tons, Soviet purchases of U.S. wheat during the third year (October 1985-September 1986) covered by the long-term agreement (LTA)

^{1/} Aronson, op. cit., p. 9.

^{2/} For further information on the reorganization of Soviet foreign trade, see section on economic developments in the Soviet Union later in this report.

^{3/} 51 FR 41916.

^{4/} Pub. L. 99-440, 100 Stat. 1086, as amended by H.J. Res. 756 (Pub. L. 99-631). The ban on imports of Soviet gold coins is contained in sec. 510.

^{5/} 33d Quarterly Report . . . , p. 74.

were far below the required minimum of 4 million metric tons (MMT). During the agreement year, the Soviet Union also bought 6.8 MMT of U.S. corn, which exceeded its minimum purchase-commitment of 4 MMT, and 1.5 MMT of soybeans. Soviet purchases of U.S. grain for the agreement year totaled 8.5 MMT, short of the LTA's overall minimum requirement of 9 MMT.

This was the second consecutive year in which the Soviet Union did not meet the minimum requirement for wheat purchases. 1/ The Soviet wheat purchases were made early in the agreement year, and the Soviet Union did not purchase any wheat on U.S. markets after November 1985. As they had during the previous agreement year, Soviet officials argued that U.S. wheat prices were higher than world prices. 2/ In addition, they continued to maintain that the grain agreement requires sales to be made at world prices rather than U.S. prices. U.S. officials reject this interpretation of the agreement, holding that the agreement requires sales at U.S. prices. On August 1, 1986, the administration announced that sales of wheat to the Soviet Union would be eligible for discounts under the Export Enhancement Program. The discount, which was in effect until the end of the agreement year, was originally set at \$13 per ton and was later raised to \$15 per ton. Despite the discount, the Soviet Union did not purchase any additional wheat.

Soviet officials subsequently maintained that the Soviet Union had met its commitments under the agreement. During the press conference held at the end of the JCC meeting in December, Soviet Foreign Trade Minister Aristov told reporters that U.S. wheat prices were higher than world prices despite the discount and argued that the Soviet Union made up for the shortfall in wheat purchases during the third agreement year by purchasing more corn, soybeans, and other agricultural commodities than required. 3/ Commerce Secretary Baldrige disagreed, stating that the agreement refers to U.S., not world prices, that U.S. wheat is competitive internationally, and that there is no provision for the substitution of grains. Secretary of Agriculture Richard E. Lyng, who also met with Aristov while the Soviet official was in Washington to attend the JCC meeting, reportedly told farm-state editors that the Foreign Trade Minister had "virtually disavowed that agreement by saying that they--in total over the years--had purchased more than the minimum agreement." 4/

The shortfall in Soviet purchases of U.S. wheat during the third year of the agreement is generally attributed to reduced demand for grain and sharp competition for sales on glutted grain markets. 5/ Soviet imports of grain from all sources fell sharply from 55.5 MMT during July 1984-June 1985 to 29.5 MMT during July 1985-June 1986. The reduction in Soviet demand for imported grain is believed to be a consequence of the shortfall in

1/ During the previous agreement year (October 1984-September 1985), the Soviet Union purchased 2.9 MMT of wheat and 15.8 MMT of corn from the United States. For additional information on Soviet purchases of U.S. grain during the second agreement year, see 45th Quarterly Report . . ., pp. 44-46.

2/ 47th Quarterly Report . . ., p. 36.

3/ International Trade Reporter, Dec. 10, 1986, p. 1482.

4/ Washington Post, Jan. 16, 1987, p. 26. At that time, the Soviets had made no purchasing commitments for the fourth agreement year (October 1986-September 1987). In late February, however, a senior Soviet official announced that the Soviet Union had contracted to buy 1 MMT of U.S. corn.

5/ For additional information, see 48th Quarterly Report . . ., pp. 36-37.

hard-currency earnings on sales of oil and natural gas and better-than-average grain production in 1985 and 1986. After reaching the relatively high level of 191.7 MMT of grain in 1985, Soviet grain production rose to 210 MMT during 1986, according to USDA estimates. In addition, the higher protein content of wheat harvested in 1986 and the reduced use of grain in animal feed may also have contributed to a reduction in Soviet demand for wheat.

Stricter Grain-Contract Specifications Proposed by Soviets

In July, Exportkhleb, the Soviet grain-trading organization, proposed more stringent terms for grain contracts with exporting nations. 1/ Under the proposed changes, which presumably reflect dissatisfaction with the quality of imported grain, the Soviet Union would have the right to reject cargoes that do not meet contract specifications before shipment from foreign ports or upon arrival at Soviet ports. Under the new contract terms, Exportkhleb could impose penalties for infestation and dockage and would withhold 5 percent of the payment until shipments are unloaded in the Soviet Union.

However, at the end of the year under review, it was not clear whether Soviet purchases were being made under the new contract terms. 2/

U.S. Participation in Soviet Trade Fairs

For the first time in 7 years, the U.S. Government officially participated in a trade fair held in the Soviet Union. The Department of Commerce sponsored a U.S. pavilion at INPRODTORGMAH, an international exhibit of equipment and technology for the food industry. The event, which was held September 3-12, 1986, resulted in \$4 million in off-the-floor sales by U.S. exhibitors, according to calculations by the Commerce Department.

The Department of Housing and Urban Affairs and the Commerce Department will jointly sponsor a pavilion at Stroyindustria '87, an international trade fair for building materials and construction technology, scheduled to take place in Moscow May 25-June 5, 1987. The initiative, representing the first U.S. participation in such an exhibit in the Soviet Union in 30 years, is being taken under the U.S.-U.S.S.R. Agreement on Housing and Other Construction. One of the accords on bilateral scientific and technical cooperation signed during the 1970's, the agreement was renewed in September 1985 and a new provision on the facilitation of bilateral commercial relations was included.

Status of U.S. Negotiations on Joint Ventures in the Soviet Union

Since the Soviet Government announced in the fall of 1986 that it would permit the formation of joint ventures with Western equity participation in the Soviet Union, a number of U.S. firms have presented joint-venture proposals to Soviet officials. Around a half dozen American firms have signed

1/ U.S. Department of Agriculture, Economic Research Service, World Agriculture: Situation and Outlook Report, September 1986 [WAS-45], p. 23 and East Europe Agriculture, August 1986, p. 1.

2/ East Europe Agriculture, December 1986, p. 3.

letters of intent, but none reached final agreements on joint ventures by the end of 1986. While in New York to attend the 10th annual meeting of the U.S.-U.S.S.R. Trade and Economic Council held December 9 and 10, Deputy Foreign Trade Minister Vladislav L. Malkevich reported that 7 U.S. companies had signed letters of intent to form joint ventures and that negotiations were being conducted with 15 additional U.S. firms. 1/ Monsanto, Occidental Petroleum Co., and SSMC are among the U.S. firms that have signed letters of intent, according to press reports.

The Soviet Union and the General Agreement on Tariffs and Trade

In a letter delivered to the GATT Secretariat on August 15, 1986, the Soviet Union formally requested to participate in the new round of tariff negotiations. The letter, portions of which were quoted in the press, expressed the Soviet Union's wish to "participate" in the new round in order to obtain the "experience" necessary to decide whether to seek accession to the GATT. 2/ In an apparent reference to the new regulations on trade being drawn up by the Soviet Government at the time, the letter also mentioned "prospective changes in the Soviet foreign trade regime."

The Soviet request was taken up at the GATT Ministerial Meeting held on September 15-19 at Punta del Este, Uruguay. The GATT trade ministers did not formally act on the Soviet request, but it was understood that the Soviet Union would not be eligible to participate in the new round under the conditions set out in the Ministerial Declaration for participation by non-GATT members. 3/

CAFC Reverses CIT; Finds CVD Law Does Not Apply to Imports from NME's

On September 18, 1986, the U.S. Court of Appeals for the Federal Circuit (CAFC) handed down an opinion holding that the countervailing duty provisions of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) do not apply to alleged subsidies granted by countries with so-called nonmarket economies for goods exported to the United States (Georgetown Steel Corp., et al. v. United States, Appeal No. 85-2805 (CAFC 1986)). In so doing the court vacated in

1/ Journal of Commerce, Dec. 11, 1986, p. 1A. USTEC is a nongovernmental organization of U.S. companies and Soviet foreign trade organizations. Four major contracts were reportedly signed at the meeting in New York. Among them was an agreement, valued at \$30 million, which will expand Coca-Cola's business in the Soviet Union. Under the new agreement, which is not a joint venture, Coca-Cola will be bottled in the Soviet Union and "Coke" and Fanta will be sold to Soviet consumers in seven additional cities.

2/ See, for example, Washington Post, Aug. 21, 1986, pp. D1-D2; Financial Times, Aug. 22, 1986, p. 4; and New York Times, Aug. 26, 1986, p. D12.

3/ One of the provisions of the declaration allows new round participation by countries "that have already informed the Contracting Parties, at a regular meeting of the Council of Representatives," that they intend to negotiate the terms of their accession to the GATT. The Soviet letter did not fulfill this condition. (The text of the Ministerial Declaration has been reprinted in a number of publications, including the November issue of the Department of State Bulletin.)

part and reversed in part the decision of the U.S. Court of International Trade (CIT) holding that section 303 applies to nonmarket economies, and remanded the case to that court. The CIT earlier had reversed a holding of the International Trade Administration of the U.S. Department of Commerce (ITA) that section 303 did not apply to such nonmarket economies. The CAFC upheld ITA's determination.

The CAFC decision involved four countervailing duty cases involving carbon steel wire rod from Czechoslovakia and Poland and potash from the Soviet Union and the German Democratic Republic. The CAFC vacated the part of the CIT's order relating to the two wire rod cases on the ground that the CIT lacked jurisdiction because Georgetown Steel did not file a timely appeal to that court. The two cases were remanded in order that the CIT might dismiss the complaint for lack of jurisdiction.

The CAFC reversed the part of the order relating to the two potash cases on the ground that the economic incentives and benefits provided by the Soviet Union and German Democratic Republic for the export of potash from those countries do not constitute bounties or grants under section 303 of the Tariff Act. The court reached its conclusion after taking into account the purpose of the countervailing duty law, the nature of nonmarket economies, and the actions Congress has taken in other statutes that specifically address the question of exports from those economies. The court noted the differences between market and nonmarket economies and concluded that the incentives at issue, even if subsidies, were tantamount to subsidies to the government itself. The court also concluded, citing the Trade Act of 1974 and the Trade Agreements Act of 1979, that recent actions of Congress indicated that Congress intended that any selling by nonmarket economies at unreasonably low prices should be dealt with under the antidumping law. The court found no indication in any of those statutes, or their legislative history, that Congress intended or understood that the countervailing duty law also would apply. Finally, the court stated, citing United States v. Zenith Radio Corp. (562 F.2d 1209, 1219 (CCPA 1977)), aff'd, 437 U.S. 443 (1978)), that the agency administering the countervailing duty law should be given "broad discretion" in determining the existence of a bounty or grant under that law.

Most-Favored-Nation Status Continued For Romania, Hungary, and China

On June 3, 1986, President Reagan notified Congress of his decision to extend his general waiver authority under the emigration provisions (sec. 402) of the Trade Act of 1974 and to continue the applicable waivers granting most-favored-nation (MFN) tariff treatment to products imported from Romania, Hungary, and China. Both the general waiver authority and any waivers in effect automatically expire on July 2 of each year unless extended by a Presidential determination not less than 30 days before the scheduled date of expiration.

In his report to the Congress, the President noted that the emigration policies of both Hungary and China continued to meet the requirements of the waiver provision. However, with respect to Romania, he wrote: "My decision to extend the waiver authority for Romania for 1986-87 has been taken with

difficulty, following careful deliberation within the Administration." ^{1/} Noting that the Romanian Government continued to be responsive to U.S. concerns about its emigration record, President Reagan explained that the main issue was its "very limited response to numerous expressions of strong U.S. public, congressional, and Administration concern about its performance in the areas of human rights and religious issues." ^{2/} He instructed the Secretary of State to press "vigorously" for improvement in these areas and to report to him and the Congress on these matters every 6 months.

Hearings on continuation of the waivers in effect were held before the House Ways and Means Committee, Subcommittee on Trade, on June 10, 1986, and before the Senate Finance Committee, Subcommittee on International Trade, on August 1, 1986. Both hearings focused almost entirely on Romania, reflecting the growing concern in the Congress about the human rights violations and religious persecutions of the Ceaucescu regime.

U.S. Administrative Actions Affecting Imports From the NME's

A total of 12 antidumping investigations involving 8 products imported from the NME's were in progress during January-December 1986 (table 12). In seven of the cases, the petitioners alleged that products imported from China are being sold in the United States at less than fair value and are causing material injury, or threatening to cause material injury, to a domestic industry. The remaining antidumping cases involved two products from Romania and one product each from East Germany, Hungary, and the Soviet Union.

During the year, the U.S. International Trade Commission made final determinations in six of the investigations, all of which involved imports from China. The findings in five of the cases--natural bristle paint brushes and brush heads, iron construction castings, certain steel wire nails, petroleum wax candles, and porcelain-on-steel cooking ware--were affirmative, and the determination in one investigation--certain standard welded carbon steel pipes and tubes--was negative. Preliminary affirmative determinations were made by the Commission in the remaining cases, but at yearend the International Trade Administration had not yet published findings on the question of sales at less than fair value.

In May 1986, the Commission made a negative determination in each of two import-relief cases in which NME's were among the designated suppliers. The domestic industries seeking relief were producers of certain metal castings and apple juice. The United States imports iron construction castings from China (see information on antidumping case), and apple juice is imported from Hungary. A small amount is also supplied by China.

There were no section 406 market disruption cases pending during 1986.

^{1/} Weekly Compilation of Presidential Documents, vol. 22, No. 23 (June 9, 1986), p. 746.

^{2/} Ibid., p. 745.

Table 12.--Antidumping investigations involving imports from NME's in progress during January-December 1986

Country	Product	Investigation: No. and date of petition	Preliminary Determinations		Final Determinations			
			Commission determination and date of vote	ITA Determination: date of publication	Weighted- average dumping margin (percent)	ITA Determination: date of publication	Weighted- average dumping margin (percent)	Commission determination and date of vote
China-----	Natural bristle paint brushes and brush heads.	731-TA-244 2-19-85	Affirmative 3-28-85	Affirmative: 8-5-85 1/	211.0	Affirmative: 12-26-85 2/	127.07	Affirmative 1-22-86 3/
	Iron Construc- tion castings.	731-TA-265 5-13-85	Affirmative 6-24-85	Affirmative: 10-28-85	25.52	Affirmative: 3-19-86	11.66	Affirmative 4-18-86
	Certain steel wire nails.	731-TA-266 6-5-85	Affirmative 7-16-85	Affirmative: 1-9-86	8.01	Affirmative: 3-25-86	6.33	Affirmative 4-25-86
	Petroleum wax candles.	731-TA-282 9-4-85	Affirmative 10-16-85	Affirmative: 2-19-86 4/	135.73	Affirmative: 7-10-86	54.21	Affirmative 8-13-86
	Certain standard welded carbon steel pipes and tubes	731-TA-292 11-13-85	Affirmative 12-20-85	Affirmative: 4-29-86	17.97	Affirmative: 7-10-86	30.0	Negative 8-13-86
East Germany----	Porcelain- steel cooking ware.	731-TA-298 12-04-85	Affirmative 1-16-86	Affirmative: 5-20-86	51.38	Affirmative: 10-10-86	6/ 66.65	Affirmative 11-05-86
	Tapered roller bearings	731-TA-344 8-25-86	Affirmative 10-2-86					
Hungary-----	Urea	731-TA-338 7-16-86	Affirmative 8-27-86					
	Tapered roller bearings	731-TA-341 8-25-86	Affirmative 10-2-86					

Table 12.--Antidumping investigations involving imports from NME's in progress during January-March 1986--Continued

Country	Product	Investigation : No. and date of petition	Preliminary Determinations			Final Determinations		
			Commission	ITA	Commission	ITA	Commission	Commission
			determination	Determina- : tion and : date of : dumping : margin : publication : and date of vote	Weighted- : average : date of : dumping : margin : publication : and date of vote	Weighted- : average : date of : dumping : margin : publication : and date of vote		determination
Romania-----	Urea	731-TA-339 7-16-86	Affirmative 8-27-86					
	Tapered roller bearings	731-TA-345 8-25-86	Affirmative 10-2-86					
Soviet Union---	Urea	731-TA-310 7-16-86	Affirmative 8-27-86					

1/ In addition to finding that the imported product is being sold in the United States at less than fair value, ITA made a preliminary affirmative determination that "critical circumstances" exist with respect to imports of the product.

2/ ITA also made a final determination that "critical circumstances" exist with respect to imports of the product.

3/ Because the Commission determined that an industry in the United State is only threatened with material injury, rather than materially injured, by imports of the product from China, it did not rule on the question of injury owing to the existence of "critical circumstances."

4/ Although ITA found that the imported product is being sold in the United States at less than fair value, it made a preliminary negative determination on the petitioner's allegation that "critical circumstances" exist with respect to imports of the product.

5/ On Mar. 7, 1986, ITA published an amendment to its preliminary determination, changing the weighted average dumping margin from 60.66 percent to 135.73 percent. The correction was made after ITA learned of errors in the import statistics used as the basis for its calculation of foreign market value.

6/ ITA made a negative determination on the petitioner's allegation that "critical circumstances" exist with respect to imports of the product. No determination was made on this question in the preliminary investigation.

Source: Compiled from investigations database, Office of Economics, U.S. International Trade Commission, and Federal Register (various issues).

ECONOMIC OVERVIEW

China

Domestic economy

After a year in which industrial output and investment spending grew at a hectic pace, resulting in energy and raw-material shortages and mounting inflationary pressure, the growth of the Chinese economy slowed in 1986. Tight credit restrictions were imposed as the banking system was strengthened, and the trend toward decentralization was temporarily halted as new administrative controls were applied to curb and restructure production. Measures to restrain growth were also extended to the agricultural sector (with the exception of grain production) as China's leaders attempted to bring the economy under control.

Agriculture.--According to China's State Statistical Bureau (SSB), gross agricultural output (excluding rural industry) increased by 3.5 percent, ^{1/} surpassing the 3.0-percent target. Even so, a 3.5-percent agricultural growth rate is very low for China in recent years, especially since it followed a year of 4.0-percent growth during which grain output fell sharply. ^{2/} China's grain production increased from 379.0 million metric tons (MMT) during 1985 to 391.1 MMT during 1986, but this level was far below the record 407.3-MMT grain harvest reported for 1984. In contrast to the modest 3.2-percent recovery in grain output, however, much more substantial gains were made in the production of vegetables, fruit, meat, and milk. On the other hand, the growth rate of the agricultural sector was lowered in 1986 by a deliberate Government policy to reduce the production of some crops in oversupply. The output of cotton declined by 14.6 percent to 3.5 MMT, and oilseed production fell 6.7 percent to 14.7 MMT.

The introduction of the second stage of the agricultural reform program at the beginning of 1985 was the major cause of the decline in that year's grain output and the poor recovery in 1986. The policy of the State purchasing all the grain produced under a mandatory quota system was abandoned, and farmers instead were allowed to negotiate contracts for the amount of grain they would deliver at the price offered by the Government. With freedom to decide what crops to plant, farmers significantly reduced the amount of acreage used for growing grain and increased their planting of more profitable vegetables and industrial crops. In many regions, there were also

^{1/} All annual data for 1986 in this section (agriculture, industry, and fixed asset investment) are from the official communique issued by SSB on Feb. 20, 1986 (Foreign Broadcast Information Service (FBIS), Daily Report: China, Feb. 25, 1987, pp. K 25-K 26). China reports the real growth rates of output in agriculture and industry, based on constant 1980 prices. The growth of fixed asset investment is reported on the basis of current value.

For the first time, the 1986 statistics on gross agricultural production exclude the output of rural industry, and this figure is added in calculating gross industrial output. In comparing the growth rate of each sector in 1986 with that in 1985, the data have been adjusted as indicated in the text to reflect this change.

^{2/} An adjusted growth rate for 1985--to exclude rural industry--was calculated by Rock Creek Research (China Economic Letter, Jan. 26, 1987, p. 10.). A comparable adjustment of the 1984 data resulted in a growth rate for that year of 11.6 percent.

more lucrative opportunities for sideline production and employment in the towns. As a result, farmers were encouraged to spend less time and care working their land when grain deliveries to the State were no longer compulsory. Although bad weather contributed to the grain output problem in both years, it was a much less important factor than the new contract system. 1/

Rather than abandon the voluntary contract system after the 7.0-percent drop in grain production during 1985, the Government offered farmers new incentives to increase the acreage used for growing grain during 1986. The inducements included giving farmers that contracted to produce grain access to low-price diesel oil and fertilizer, extending them loans at favorable rates to buy fertilizer and other inputs, and increasing the amount of grain bought from farmers at negotiated prices higher than the specified contract price. Although these incentives probably resulted in some increase in the amount of grain planted, output fell short of the 1986 target of 400 MMT.

Industry. -- China's industrial output, excluding rural industry, increased by 9.2 percent in 1986, surpassing the target of "reaching for 7 percent but striving for 8," but well below the 18.0-percent increase reported for 1985. During the first 6 months of 1986, industrial production grew by only 4.9 percent over the corresponding period of 1985, when output in this sector had increased by 23.1 percent compared with its value during January-June 1984. However, growth began to accelerate during the last half of 1986, reversing the downward trend that started during the final months of 1985. If the data on rural industry are included, the increase in gross industrial production was 11.1 percent. Light industrial production was 12.7 percent higher than its level in 1985, and heavy industrial output was up by 9.6 percent. 2/

During 1986, considerable success was reportedly attained in adjusting the product mix to market demand. The production of power-generating equipment increased by 26.5 percent; steel output, by 11.2 percent; and the output of cement and sulphuric acid, by 10.7 percent and 11.0 percent, respectively. On the other hand, owing to Government restrictions on production, the output of slow-selling goods such as motor vehicles and tractors declined. Some progress was also made in alleviating shortages of consumer goods. The output of household refrigerators increased by 54.8 percent; cameras, by 20.0 percent; wristwatches, by 18.3 percent; and radio-cassette recorders, by 17.7 percent. A strong 15-percent growth was reported for 1986 retail sales, amounting to an actual increase in sales of 8.5 percent after allowing for price rises. Nonetheless, according to the SSB, the failure of production to match consumer demand was still a problem, resulting in an increase in the stockpile of goods that were not readily marketable.

1/ See Rock Creek Research, China Economic Letter, Oct. 6, 1986, pp. 2-4, and China Economic Letter, Feb. 9, 1987, pp. 22-24.

2/ The higher growth rate resulting from the inclusion of rural industry is reflected mainly in the light industrial component. The output of China's rural enterprises ranges from building materials and chemical fertilizers to textiles, clothing, and electronic products (Far Eastern Economic Review, Ltd., "China," Asia 1987 Yearbook, p. 130).

The problem of energy shortages eased during 1986. However, at 870 MMT, the country's output of coal, which accounts for about 70 percent of domestic energy consumption, was the same as that during 1985, when coal production had increased by 10.5-percent compared with its 1984 level. The improvement resulted in part from the slower industrial growth rate, but was also the result of the emphasis China's leaders placed on energy conservation. Energy sources equivalent to an estimated 20 million tons of coal were saved during 1986 through the use of new conservation techniques and better management practices. A 7.8-percent increase in the volume of railroad freight carried, compared with that in 1985, also indicates that there were fewer incidents of coal shortages at production sites caused by the strained transportation system. Crude petroleum output amounted to 131 MMT, an increase of 4.6 percent; and the output of electrical power increased by 8.5 percent, a growth rate unequaled in the last few years.

Fixed asset investment.--China was less successful in curbing spending on fixed asset investment (capital construction and technical transformation) 1/ than in slowing the pace of industrial growth. In late August 1986, the State Planning Commission issued a directive ordering all investment to be brought into line with the State economic plan and enacted strict measures to curtail capital construction. No new nonproductive construction projects--such as tourist facilities, office buildings, and municipal development projects--were to be started, and those underway were to be reviewed on a case-by-case basis and pared down, slowed, or halted, depending on their importance. Key construction projects--those to develop energy, expand the transportation system, and increase intermediate and raw materials production--were to be evaluated to ensure that central and support activities were properly coordinated. As a result of this directive, expenditures designated for use in capital construction declined, but out-of-plan spending on technical transformation swelled, indicating that enterprises were using this component of fixed asset investment as a blind to continue investing in construction projects blocked by State spending controls. 2/

Statistics released by the SSB show that, compared with its level in 1985, China's total fixed asset investment increased by 16.7 percent in 1986. Spending for capital construction by State-owned enterprises, which accounted for approximately two-thirds of the total investment and for most of the key construction projects during 1986, 3/ increased by 7.3 percent, and State spending for technical transformation increased by 29.7 percent. 4/

1/ Technical transformation is the term used by the Chinese Government to designate investment to modernize existing plants and equipment. It includes renovation projects to increase productive capacity, conserve energy, expand the variety of goods produced, and improve the quality of goods.

2/ For an account of this problem, see FBIS, Daily Report: China, Feb. 13, 1987, pp. K 19-K 20.

3/ Collectively owned and individual enterprises accounted for the other one-third of total investment spending during 1986.

4/ Commenting on the "irrational" investment pattern, an official of the SSB stated: "In an effort to further control the overheated growth in fixed asset investment, China will adopt a variety of measures to control the extra-budgetary funds and channel them into more urgent key construction projects." (FBIS, Daily Report: China, Feb. 24, 1987, p. K 24.)

Foreign trade

Data released by Chinese Customs show that China's 1986 merchandise trade amounted to \$73.8 billion. 1/ Exports totaled \$30.9 billion, 13.1 percent higher than their value during 1985, and imports were \$42.9 billion, an increase of 16.6 percent. The \$12.0 billion deficit in China's trade was an improvement compared with the \$14.9 billion deficit reported by Customs for 1985.

Owing to an unprecedented surge in imports that began in late 1984 and accelerated during 1985, the Chinese Government imposed a series of import controls aimed primarily at severely restricting purchases of consumer goods. These controls appear to have been largely ineffective in stemming the rise in 1985 imports, which climbed 54.2 percent, and were further tightened and expanded in early 1986. Meanwhile, the growth of exports slowed, increasing by only 4.7 percent during 1985, and continued to weaken when world oil prices dropped sharply during the first few months of 1986. 2/ China's trade results for the first quarter of 1986 showed that its import restrictions had substantially reduced the flow of products into China, but exports also fell sharply compared with their value during the previous quarter. As a result, China's leaders redirected their efforts to increasing export revenues.

On July 5, 1986, China devalued its currency, the renminbi (RMB), by 15.8 percent against the U.S. dollar. The devaluation--from 3.19 RMB to 3.69 RMB per U.S. dollar--was the largest single currency adjustment made by China since it resumed posting U.S. dollar rates (after a 20-year suspension) in 1972. The Chinese unit was also cut sharply against the Japanese yen and the Hong Kong dollar, the currencies of China's first and second leading trading partners, and against the Swiss franc, the currency it uses to settle imbalances in its trade accounts with the Soviet Union and other Soviet bloc countries. The main objective of the devaluation was to boost export revenues. Despite the success in reducing imports of consumer goods, there was still the problem of earning enough to sustain a large volume of imports to support the development of the economy (i.e., steel, construction materials, and machinery and equipment).

During the last half of 1986, China's exports began to recover. The primary reason for the improvement was greater diversification into manufactured exports, with particular emphasis on aggressively promoting sales of textile fibers, fabrics, and apparel. 3/ Some other manufactured goods and specialty agricultural products also became more exportable as the devaluation reduced their prices in international markets. Nevertheless, China continued to rely heavily on crude oil and petroleum products for its export earnings.

1/ FBIS, Daily Report: China, Feb. 25, 1987, p. K 33. The SSB reports Customs statistics on China's trade, which are more complete than those reported by the Ministry of Foreign Economic Relations and Trade (MOFERT). For a brief explanation of differences between the two sets of data, see 45th Quarterly Report . . ., pp. 61-62.

2/ Crude petroleum and petroleum products were China's leading export group until 1986, when the value of its exports of apparel and other textile products exceeded the value of oil shipments.

3/ Rock Creek Research, China Economic Letter, Dec. 1, 1986, p. 2, and U.S. Department of State, Incoming Telegram (unclassified), Beijing 31606.

Throughout 1986, the central authorities strictly enforced the restrictions on the purchase of consumer durables from abroad as well as other controls on the importation of a wide range of goods. As a result, China's imports were more or less constant during the last few months of the year. However, its preliminary statistics on imports by trading partner country indicate that buying from the United States and Japan may have slowed significantly during the latter part of 1986, while purchases from Hong Kong, the European Community, and the Soviet Union continued to strengthen. 1/

Soviet Union

Preliminary Soviet data show an acceleration in economic growth from 1985 to 1986. National income, as measured by net material product (NMP) produced, increased by 4.1 percent from 1985 to 1986, slightly exceeding the planned growth rate of 3.9 percent. 2/ However, NMP utilized for consumption and accumulation grew at a slower rate--3.6 percent--and fell short of the planned target. 3/ The slower growth of NMP utilized is probably attributable to an increase in the Soviet surplus in trade with the world, and possibly also to losses resulting from the accident at the Chernobyl nuclear power plant on April 26, 1986. 4/ Both measures show an acceleration in economic growth, compared with reported growth of 3.5 percent in NMP produced and 3.1 percent in NMP utilized from 1984 to 1985. However, a few Western economists have alleged that the official statistics considerably overstate the growth of NMP utilized and NMP produced from 1984 to 1985 and from 1985 to 1986. 5/

Improved performance in industry, agriculture, transportation, and retail trade contributed to the growth of Soviet national income from 1985 to 1986. The 1986 results may reflect the poor performance of industry and other sectors in early 1985, but they also appear to be attributable to the leadership's emphasis on labor and plan discipline and changes in management personnel. 6/ However, both the report on plan fulfillment and Gorbachev's speech at the Plenum of the Central Committee in January 1987 indicated that there were a number of serious shortcomings in economic performance. The

1/ Rock Creek Research, China Economic Letter, Feb. 9, 1987, p. 17.

2/ Report of the U.S.S.R. Central Statistical Administration on plan fulfillment during 1986, published in Pravda on Jan. 18, 1987, and translated in FBIS, Soviet Union: Daily Report, Jan. 27, 1987, pp. S 1-S 28. Unless otherwise noted, all data on Soviet economic performance during the year under review are from this report.

3/ NMP utilized is equal to NMP produced less net exports and less "losses in production."

4/ The Soviet trade surplus probably increased sharply in real terms from 1985 to 1986 as the 2.1 billion ruble surplus reported in trade during January-September 1986 was almost 4 times larger than during the corresponding period of 1985. In his speech at the Plenum of the Central Committee on Jan. 27, 1987, Gorbachev attributed the slower-than-planned growth of NMP utilized to "big losses and non-productive outlays and non-fulfillment of assignments to expand trade turnover." (FBIS, Soviet Union: Daily Report, Jan. 28, 1987, p. R 13.)

5/ Wall Street Journal, Mar. 10, 1987, p. 35 and Financial Times, Mar. 13, 1987, p. 1.

6/ Wharton Econometric Forecasting Associates, Centrally Planned Economies Service, Analysis of Current Issues, vol. 7, No. 4 (Jan. 27, 1987), pp. 2-3.

volume of capital investment, a key element in Gorbachev's strategy of modernization, increased by 8.0 percent from 1985 to 1986--only four-tenths of a percent less than planned. However, the commissioning of fixed capital increased by only 6.0 percent as opposed to the 14.1-percent increase called for in the plan. According to Gorbachev, only two-thirds of the construction projects planned for the year were put into service.

The increase in real per capita incomes fell slightly short of the target. According to the report on plan fulfillment, consumer demand was not fully met, despite an increase of 10.2 percent in the production of consumer goods and an increase of 7.4 percent in the volume of consumer services. The provision of more and higher quality consumer goods and services is an important part of Gorbachev's strategy of using material incentives based on productivity to improve economic performance and may be one of the reasons for the adoption in November 1986 of a law on individual enterprise in the services sector.

Another shortcoming noted by the report on plan fulfillment was the slow progress of restructuring (perestroyka) in some sectors of the economy. The term encompasses the entire gamut of changes in economic policy and in Soviet society sought by Gorbachev, including efforts to increase plan and labor discipline, the campaigns against corruption and alcoholism, and increased openness (glasnost) in discussing economic and social problems and policy options. These efforts are not proceeding without resistance, as Gorbachev and others have indicated.

Industry

The value of gross industrial output rose by 4.9 percent from 1985 to 1986, a full percentage point higher than the production increase registered from 1984 to 1985 and slightly above the planned rate of growth. Labor productivity in industry increased by 4.6 percent. Soviet industry was faulted for failing to achieve targets for consumer goods and for continuing to produce low-quality goods. According to the report on plan fulfillment, only 15 percent of industrial output during the year was rated "top quality." The report also noted that not enough advanced machinery and technology was being introduced in industry.

The growth of output in the machine-building complex, a critical sector for the success of Gorbachev's modernization strategy, was higher than the industrywide average. However, the report on the plan noted that Soviet machine builders failed to meet targets for a number of important products, including chemical equipment and some efficient models of agricultural machinery.

The performance of another important sector, energy, was mixed. After 2 consecutive years of declining production, the oil industry showed signs of recovery. The production of oil and gas condensates increased by 3.4 percent, from 595 MMT in 1985 to 615 MMT in 1986, only slightly less than planned. The production of natural gas and coal also increased from 1985 to 1986, and the planned increase for both fuels was exceeded. However, the Chernobyl nuclear accident in late April held back the development of the nuclear power industry

and electrical generation. According to the report on the plan, the gross value of output in the nuclear energy industry was 3 percent below the 1985 level and the supply of nuclear energy reached only 93 percent of planned levels. Partially as a result of the accident at Chernobyl, the plan for electrical generation was not fulfilled either. 1/

Gorbachev's industrial policy continued to evolve during the year under review and further policy changes are reportedly under consideration. A new wage system tying bonuses to performance and widening pay differentials was announced in September 1986. A system of state quality control was also introduced in some factories during the year and is to be expanded to all factories in 1987. The industrial ministries were formerly responsible for assuring quality control, but the system had obvious potential for abuse. However, Western analysts are skeptical that the new system will be more effective, and there have been reports of resistance to its introduction. 2/ A limited form of wholesale trade, applying only to consumer goods produced by light industry, was scheduled to go into effect in January 1987. Retail trade organizations will be allowed to place orders at wholesale trade fairs, but producers will still have to meet plans for output, investment, and profit.

An ongoing experiment in self-financing inaugurated at the the Volga Automobile Factory (VAZ) and the Sumy engineering works is to be expanded to a number of ministries and other organizations during 1987. Under this experiment, enterprises are allowed to retain a fixed percentage of profits and are responsible for financing incentive payments and most investment. The enterprises' main goals are to be profit targets, fulfillment of contractual deliveries, and the payment of a fixed share of their profits to the state budget rather than production targets as in the past. Other experiments in industrial management endorsed by the leadership for broader application include the "Belorussian railroad scheme," which allows managers to fire redundant workers and distribute the resulting savings as bonuses, and the use of two or three shifts introduced at enterprises in Leningrad and Kharkov.

Agriculture

The value of gross agricultural output rose by 5.1 percent from 1985 to 1986, owing to a better-than-average grain harvest and higher production of other agricultural products. Although slightly lower than planned, the increase in agricultural output represented a substantial improvement over the past 2 years, when agricultural output stagnated. Labor productivity in public-sector agriculture increased by 6.9 percent from 1985 to 1986.

At 210.1 MMT, the 1986 grain harvest was the largest since the record 237.4 MMT harvested in 1978. The 1986 crop was 9.6 percent larger than the

1/ The report on plan fulfillment also cited the low level of rivers in some parts of the country as a reason for the shortfall in electrical generation. According to Soviet estimates, lost energy production at the Chernobyl plant and from repair work at similar plants will amount to 5 percent of the power supply in 1986-87. (Washington Post, Oct. 27, 1986, p. A20.)

2/ See, for example, Gorbachev's speech to the Plenum.

1985 crop and 16.5 percent above average annual production during 1981-85. 1/ The yield was 21.0 percent higher in 1986 than the annual average for 1981-85. The Soviets also reported higher sales of good-quality wheat to the state, owing to increases in procurement prices and production incentives that went into effect during 1986. The lowering of quality standards for food wheat during the year may also have been a contributing factor. 2/

Good weather during the harvest has been identified as one of the major reasons for the increase in grain production, which was jeopardized by hot, dry weather during the summer. The Soviet press has emphasized the expanded use of intensive technology as a factor in the increase in grain production. The program, which was started on an experimental basis in 1984 and was applied to about 27 percent of the area sown to grains in 1986, incorporates many agricultural practices commonly used in Western countries. 3/

Production of meat, eggs, and milk reached record levels during 1986. The output of potatoes, vegetables, and fruit also increased. However, the production of two important industrial crops, cotton and sugar beets, declined.

The bonus incentives for wheat production are part of the package of agricultural policies outlined by Gorbachev in his speech to the Party Congress in February and published as a decree on March 29. 4/ Under the new resolution, farms receive a premium of 50 percent of the procurement price for deliveries to the state of grain and legumes in excess of average deliveries during the Eleventh Five-Year Plan, even if they do not fulfill the plan for state purchases. Farms that also meet the plan for deliveries to the state

1/ The publication of data on grain production, sown acreage, and yields was suspended after the 1980 harvest. Until the publication of these data in the Soviet statistical yearbook for 1985, which appeared in October 1986, the only information on grain production during 1981-85 made available by Soviet sources was total production in 1981, 1982 (by the Minister of Agriculture in a conversation with a foreign counterpart in 1982 that was reported in the Western press) and 1983 (in a speech by Chernenko). (Radio Liberty Research, Sept. 12, 1985 [RL 302/85]).

The data for total grain production are as follows: 1981, 158.2 MMT; 1982, 186.8 MMT; 1983, 192.2 MMT; 1984, 172.6 MMT; 1985, 191.7 MMT. For area and yield data and comparisons with earlier years, see U.S. Department of Agriculture, Foreign Agricultural Service, Foreign Agriculture Circular, World Crop Production: USSR Grain Statistics: 1981-1985 in Perspective, November 1986 [Supplement 7-86].

2/ U.S. Department of Agriculture, Foreign Agricultural Service, Foreign Agriculture Circular, Grains: USSR Situation and Outlook, December 1986 [SG 12-86], p. 2.

3/ According to a summary by USDA, the program incorporates the following measures: "(1) more extensive and efficient use of quality agrochemicals (fertilizers and pesticides) and organic fertilizers, (2) reallocation and redistribution of existing input supplies, (3) use of higher yielding plant varieties, (4) utilization of more advanced and effective agricultural equipment and technologies, (5) the conduct of more scientific agronomic and soil management practices (crop rotation, increased fallow), (6) the implementation of more efficient transportation routes and schedules and, (7) increased training of agricultural specialists." (USDA, Foreign Agricultural Service, USSR Grain Situation and Outlook, Feb. 9, 1987, pp. 5-6.)

4/ FBIS, Daily Report: Soviet Union, Apr. 2, 1986, pp. T 1-T 9.

are paid a premium of 100 percent. As a further incentive for above-plan sales, the resolution also promises that sales plans will be kept at the 1986 level throughout the Twelfth Five-Year Plan. Beginning in 1987, a 50-percent premium will be paid for deliveries of a number of other agricultural products, e.g., sunflowers, sugar beets, vegetables, livestock, and poultry. The resolution also authorizes state and collective farms to sell above-plan production and 30 percent of their planned output of fruits and vegetables to consumer cooperatives and on collective-farm markets, i.e., at prices higher than those paid for deliveries to the state.

Foreign trade

The report on plan fulfillment included only sparse information on Soviet foreign trade during 1986. It noted that the value of Soviet trade with the world declined by 8 percent from 1985 to 1986, owing to lower prices for fuels, raw materials, and some other commodities, but that the volume of trade increased by 2 percent.

The impact of lower oil and gas prices is visible from the partial data on Soviet trade with the West during 1986 and from the increases in Soviet borrowing and gold sales. 1/ The Soviet balance in trade with the West deteriorated sharply, as its deficit widened from \$1.3 billion during January-September 1985 to \$3.5 billion during the corresponding period of 1986. 2/ It is unlikely that the Soviets were able to balance trade with the West during the fourth quarter of 1986.

Soviet exports to the West declined by \$2.3 billion, or 14.7 percent, from \$15.9 billion during January-September 1985 to \$13.5 billion during the corresponding period of 1986. While the value of Soviet exports of oil and gas, which account for over half of Soviet exports to the West, declined, the volume of oil shipments to Western countries increased by 20 percent, according to an estimate by Wharton. 3/ The increase in oil shipments was made possible by the improvement in domestic production and an estimated increase of about 40 percent in imports of oil from Middle Eastern countries for resale.

Soviet imports from the West remained virtually unchanged at \$17.1 billion, showing a decline of only 0.5 percent from January-September 1985 to January-September 1986. However, as Wharton has pointed out, measuring Soviet trade in dollars affects the results significantly since the dollar was depreciating against major West European currencies and the yen

1/ Soviet medium- and long-term borrowings from OECD countries increased from \$1.3 billion during January-September 1985 to \$1.5 billion during the corresponding period of 1986. Gold sales in 1986 were reportedly 50 percent higher than during the previous year. (Wharton Econometric Forecasting Associates, Centrally Planned Economies Service, Outlook for Foreign Trade and Finance, vol. 2, No. 2 (December 1986), pp. 24-25.)

2/ Soviet annual trade data are generally not published until March. Unless otherwise noted, all 9-month data are from Wharton Econometric Forecasting Associates, Centrally Planned Economies Service, Analysis of Current Issues, vol. 7, No. 1 (Jan. 7, 1987).

3/ Ibid., p. 6.

during 1986. 1/ If Soviet data had been converted to Deutsche marks, for example, Soviet imports would probably have shown a decrease over the period. No commodity detail is available from Soviet sources, but Western data indicate that food imports, a major item on the Soviet import bill, were reduced, owing to the improvement in agricultural performance. USDA data show a 47.7 percent decline in grain imports from 32.3 MMT during January-September 1985 to 16.9 MMT during the corresponding period of 1986. Thus, the Soviet Union may have been able to avoid deep cuts in nonfood imports from the West during 1986, as a result of higher grain production and increased borrowing and gold sales. 2/

The Soviet deficit in trade with the West was offset by surpluses in trade with developing and socialist countries. The Soviet surplus in trade with developing countries widened from \$731.4 million during January-September 1985 to \$3.1 billion during the corresponding period of 1986. In dollar terms, Soviet exports to developing countries increased by 9.0 percent from January-September 1985 to the corresponding period of 1986, and Soviet imports from these countries declined by 23.4 percent. The cutback in imports from developing countries may explain reports of a coffee shortage in Soviet stores during late 1986. 3/

From January-September 1985 to January-September 1986, the Soviet surplus in trade with socialist countries more than doubled. In ruble terms, Soviet exports to these countries increased by 3.2 percent and Soviet imports from them declined slightly, over the period.

Preparations for a major reorganization of Soviet foreign trade were made during the year under review. Under the new regulations, which were announced in September 1986 and went into effect on January 1, 1987, about 90 ministries, production associations, and other organizations can conduct import and export operations, bypassing the foreign trade organizations of the Ministry of Foreign Trade. 4/ Organizations being granted foreign trade rights are also permitted to form joint ventures with firms in Western as well as CMEA countries. A new organization, the State Foreign Economic Commission, was created to coordinate the activities of organizations with foreign trade rights, the Ministry of Foreign Trade, the Foreign Trade Bank, and other agencies responsible for foreign trade and economic relations. The new measures are intended to increase exports of processed and manufactured goods, to increase the efficiency with which imports are utilized, and to foster cooperation in research, development, and production with CMEA countries. They are also connected with Gorbachev's industrial strategy and Soviet overtures to the international trading system symbolized by the request to participate in the new round of GATT negotiations.

1/ Analysis of Current Issues, Jan. 7, 1987, pp. 5-6.

2/ This hypothesis is supported by a study conducted by the United Nations Economic Commission for Europe, using 6-month data. It found that total Soviet imports from the West declined by 16 percent in volume from January-June 1985 to the corresponding period of 1986, but that purchases of machinery and equipment declined by less than expected. The study also found that Soviet imports of consumer goods from the West increased. (Economist, Dec. 6, 1986, p. 85.)

3/ Journal of Commerce, Mar. 2, 1987, p. 5A.

4/ For further information, see 48th Quarterly Report . . ., pp. 43-50.

Organizations with foreign trade rights are allowed to retain a substantial portion of their foreign-exchange earnings, but they are now expected to finance their own imports of machinery, equipment, and materials for modernization and scientific research. Initially, only a small portion of Soviet trade will be affected by the new rules, but there are plans to extend foreign trade rights to additional organizations. The details of the joint-venture provisions were still being worked out at the end of the year under review, although guidelines were issued to potential Western partners. 1/ They provide for up to 49 percent equity participation by foreign partners and shared management rights. The outlook for joint ventures depends largely on the details of the law that will be adopted, particularly for repatriation of profits, and on the identification of projects that will advance both partners' interests. The Soviet goal is to increase exports and hard-currency receipts, whereas the goal of many potential Western partners is to maintain or expand their market share in the Soviet Union. 2/

Eastern Europe

Romania

Impressive Government statistics notwithstanding, the Romanian economy saw another bleak year in 1986. Tracking the pattern set in 1982 when drastic efforts to repay foreign debt began, 3/ the producing sector suffered from pressure to produce over maximum capacity and households to consume below minimum needs. 4/ Severe shortfalls in the energy sector once again compounded difficulties in the rest of the economy, particularly in mining, metallurgy and machine building. Bottlenecks hindered fulfillment of output targets and the population remained hard hit by shortages of food and other consumer goods. 5/ The year under review held out no promise for the liberalization of the country's highly centralized economic management.

1/ Journal of Commerce, Dec. 8, 1986, p. 13A.

2/ A resolution by the U.S.S.R. Council of Ministers containing the legal provisions for joint ventures between Soviet organizations and firms from Western and developing countries was published in Pravda on Jan. 27, 1987. (For a translation, see International Trade Reporter, vol. 4, No. 10 (Mar. 11, 1987), pp. 358-361.)

3/ Creation of a massive petrochemical industry dependent to a large extent on oil imported from members of the Organization of Petroleum Exporting Countries (OPEC) during the 1970's was the single gravest industrial policy error that led to Romania's extended economic crisis during the 1980's. (45th Quarterly Report . . . , pp. 72-74.) In 1978, exports--led by refined oil products--fell below Western imports and foreign debts began to build up, reaching \$10.4 billion by the end of 1981. Since then, the authorities have been pursuing a tough repayment schedule that has produced both the best record of debt reduction and the worst economic woes in Eastern Europe. For detailed background information on Romania's external imbalance, see Marvin R. Jackson, in "U.S. Congress, Joint Economic Committee, East European Economies: Slow Growth in the 1980's, Vol. 3 (Washington, D.C., U.S. Gov't. Print. Off., 1986), pp. 489-542.

4/ The Economist Intelligence Unit (EIU), Country Report: Romania, Bulgaria, Albania, No. 2, 1984, p. 5.

5/ The Washington Post, Oct. 28, 1986, p. A17.

Domestic output increased by 7.3 percent in 1986, 1/ and industrial output by 7.7 percent, according to official estimates. Energy production fell below planned targets, causing frequent power cuts. 2/ Official statements put the 1986 grain harvest at a record 28 million metric tons (MMT).

Romanian gross debt decreased from \$7.2 billion at the end of 1985 to an estimated \$7.0 billion at the end of 1986, and net debt from \$6.8 billion to \$6.4 billion. 3/ The surplus in Romania's hard-currency current account declined from \$1.0 billion in 1985 to \$0.8 billion in 1986, and the surplus on its merchandise trade account from \$1.6 billion to \$1.4 billion. The country's hard-currency exports decreased from \$6.3 billion in 1985 to \$6.1 billion in 1986, and its imports from \$4.8 billion to \$4.7 billion. The authorities were forced to reschedule the country's 1986 and 1987 debt repayments. 4/ Difficulties in meeting high export targets, and a presumed domestic opposition to years of extreme austerity have reportedly forced the authorities to slow the pace of debt repayment. 5/

Romanian opposition to Soviet-sponsored reform measures on direct ties between NME firms appeared to rest on both ideological and nationalistic grounds. At the 42nd session of CMEA, held in Bucharest in early November, the Romanians reportedly criticized the inadequacy of Soviet energy and raw material deliveries and argued against Soviet-sponsored reform measures. Ceausecu compared the joint enterprises that NME's will organize under the new reform measures to "imperialist, multinational companies" and censored their expected decentralizing effects. 6/ Despite the increased support in 1986 for the economic reform program that had lain virtually dormant since it was launched in March 1978, genuine market-oriented reform measures were not

1/ Domestic output in Eastern Europe is measured by the so-called "Net Material Product Produced," which is roughly equivalent to the Western concept of national income. Growth rates in Romania's statistical reports do not fully account for price changes; therefore, they cannot be regarded as real output indices. EIU, Quarterly Economic Review of Romania, No.4, 1986, p. 7. For the Romanian Government's report on economic performance in 1986, see Foreign Broadcast Information Service (FBIS), Daily Report: Eastern Europe, Feb. 5, 1987, pp. H 2-H 11.

2/ At the end of 1986, coal-fired power stations that produce about 20 percent of the country's electricity were reported to have been supplied only with 60 percent of the coal they needed for their operation at full capacity. Nuclear power, which had been forecast for 1986, will not be available until 1990. Business Eastern Europe, Dec. 15, 1986, p. 394.

3/ WEFA, CPE Outlook for Foreign Trade and Finance, vol. 2, No. 2 (December, 1986) p. 65.

4/ The agreement concluded in July and signed in September 1986 calls for repayment of about \$800 million of the country's commercial bank debts already rescheduled from 1982 and 1983. After a grace period of 3 years, Romania is obligated to repay this amount in 4 years. (Ibid.)

5/ Ibid and EIU, Country Report: Romania, Bulgaria, Albania, No.2, 1986, p. 5.

6/ Radio Free Europe Research, vol. 11, No. 49 (Dec. 5, 1986).

implemented during the year under review. 1/ The authorities would like to see drastic increases in labor and capital productivity, and improvement in the quality of production. 2/ But based on the measures taken during 1986, Western analysts doubt that these plans can succeed. 3/

Poland

The year under review produced mixed results for the Polish economy. Quantitative production figures showed continued recovery since the 4-year crisis of 1978-1982 4/, but foreign debt kept increasing, investment resources remained sparse, inflation was rampant, and the economic reform stalled on the opposition of vested interest.

Domestic output grew by a respectable 5.0 percent, industry by 4.4 percent, investment by 3.0 percent, and agriculture by 5.0 percent in 1986, according to official statistics. 5/ On the down side, the annual rate of inflation was 18.0 percent, severe mismatches between supply and demand in both production and consumption were reported 6/, and the country remained dependent on imported food, particularly grain. 7/ The energy situation, the country's critical domestic economic problem, showed no improvement during the

1/ The most notable among Romania's administrative reorganizations occurred in the foreign trade sector in September, 1986. Under the new organizational scheme, trading companies, the so-called foreign trade organizations, report only to the Foreign Trade Ministry. Previously, they also reported to different industrial portfolios. Thus, the new measure centralized, rather than decentralized the country's foreign trade apparatus. (Business Eastern Europe, Oct. 27, 1986, pp. 337-338.)

2/ Planners want 90 percent of the production gains to come from increased labor productivity during the current (1986-1990) 5-year plan. They also would like to cut the rate of energy consumption (energy consumption/national income) by 30 percent. FBIS, East Europe Report, Dec. 9, 1986, p. 23.

3/ Plans for 1987 stipulate a 7.5 to 8.5-percent increase in labor productivity, but only a 1.2-percent gain in retail sales. Thus, the authorities want labor productivity to jump without an appropriate increase in real consumption. (FBIS, Daily Report: Eastern Europe, Dec. 18, 1986, p. H 1.)

4/ For a description of Poland's economic crisis during 1978-1982 and performance since then, see Zbigniew M. Fallenbuchl, "The Economic Crisis in Poland and Prospects for Recovery," in U.S. Congress, Joint Economic Committee, East European Economies: Slow Growth in the 1980's, vol. 3 (Washington, D.C., U.S. Gov't. Print. Off., 1986), pp. 359-398.

5/ The official economic performance figures for 1986 were reported in Rzeczpospolita, No. 28, Feb. 3, 1987, in Polish, by the country's Central Statistical Office.

6/ See, Business Eastern Europe, Nov. 24, 1986, p. 369, and FBIS, Daily Report: Eastern Europe, Dec. 2, 1986, p. G 10.

7/ Grain production is expected to rise to 24.9 MMT during June 1986-July 1987 from 23.8 MMT during the corresponding period a year earlier. Polish grain imports are projected to be at 2.5 MMT during July 1986-June 1987. See, East Europe Agriculture, No. 50, November, 1986, pp. 8-9.

year under review. 1/ The relatively large commitment to investments underway and the high level of indebtedness have crucially restricted the planners' freedom to introduce major, new investment projects during 1986. 2/

According to Western estimates, Polish gross debt increased from \$29.3 billion at the end of 1985 to \$32.9 billion at the end of 1986, and net debt from \$27.7 billion to \$31.2 billion. 3/ The deficit on Poland's hard currency current account remained \$1.0 billion during the the year under review, the same as during 1985. Hard-currency exports increased from \$6.2 billion during 1985 to \$6.3 billion during 1986, imports from \$5.1 billion to \$5.4 billion. 4/ Higher annual surpluses during 1982-85 were already insufficient to prevent the accumulation of the country's foreign debt. There was a shift from hard-currency to NME trade during the year under review. Hard currency exports increased by 0.9 percent and hard-currency imports by 1.9 percent during 1986, whereas exports to the NME's increased by 8.5 percent and imports from those countries by 5.1 percent. In June, 1986, \$2.06 billion of Poland's debts that were due to Western commercial banks during 1986 and 1987 had to be rescheduled. 5/

Efforts by the Polish Government to implement the country's market-economic reform did not make much headway during the year under review. Widespread opposition against the reform by medium-rank economic officials, who have the most to lose if industrial ministries are abolished, has been reported. 6/ But there were no signs during the year under review that the authorities were retreating from their plan to improve the country's economic organization. 7/ Western analysts agree that the limited availability of capital and stresses that remain in store for the Polish economy over the next several years leave no alternative to bone fide market

1/ Coal production in 1986 remained 192 MMT, roughly the same as in 1985. (Rzeczpospolita, op.cit.)

2/ This situation may not improve much during the next 5 years. (See FBIS, Daily Report: Eastern Europe, Jan. 12, 1987, p. G 5.)

3/ CPE Outlook for Foreign Trade and Finance, op. cit. p. 51. Both gross and net debts are expected to grow during the remainder of this decade. (Ibid.) During the same period, however, Poland plans to eliminate its 5 billion ruble debt to other NME's. (See, FBIS, Daily Report: Eastern Europe, Jan. 12, 1987, p. G 6.

4/ Polish sources claim that the assessment of the country's trade performance is difficult because about 25 percent of its exports are paid by letters of credit or are settled through clearing agreements, and other linked transactions. See FBIS, East Europe Report, Dec. 8, 1986 p. 83.

5/ Under the agreement, Poland paid \$103 million of the rescheduled amount during the year under review. For details, see The New York Times, June 14, 1986, p. 35.

6/ Financial Times, Sep. 4, 1986, p. 5.

7/ See translation of senior-level assessment of the reform in FBIS, East Europe Report, Dec. 1, 1986, 32-44; and interview with leading economists, East Europe Report, Nov. 1, 1986, pp. 8-13. The acceptance of Poland to the International Monetary Fund (IMF) in May, 1986 will also foster the implementation of the reform. IMF does demand reform measures in exchange for assisting member countries with their payments difficulties.

economic reform if the authorities want to upgrade economic performance and the quality of life. 1/

Hungary

Near negligible growth rates, poor agricultural performance, and disquieting trends in foreign trade characterized the Hungarian economy during the year under review. Despite these negative developments, the country preserved its relatively high standard of living compared with other NME's, and the authorities continued their efforts to mobilize untapped resources through economic reforms.

Domestic output grew by 1.0 percent and industrial output by 1.4 percent in 1986, according to official estimates. 2/ Although major problems were reported in the coal industry, 3/ overall electric power output increased mainly as a result of increased nuclear power generation. The setback caused to agriculture by drought is estimated to be about 1.5 MMT. The greatest damages occurred in the production of wheat, corn, fruit, and vegetables. 4/ Official statistics still indicate a 1.0-percent increase in overall agricultural production over 1985.

According to Western estimates, Hungarian gross debt increased from \$11.8 billion at the end of 1985 to \$13.1 billion at the end of 1986 and net debt from \$9.5 billion to \$11.2 billion. 5/ Hard-currency exports increased from \$4.4 billion during 1985 to \$4.6 billion during 1986, whereas hard-currency imports increased from \$4.3 billion to \$4.8 billion, creating the first merchandise trade deficit since 1981. The current-account deficit reached \$1.4 billion. A 7.5-percent deterioration in the terms of trade and drought are considered the main culprits for the bad trade performance. Imports from other NME's increased by 4.0 percent during 1986, whereas exports to these countries remained on the same level as during 1985. Trade turnover with the Soviet Union grew by nearly 3.0 percent, and trade relations with the Soviets were reportedly expanding. 6/

Preparations were completed during the year under review to decentralize the banking system, effective January 1, 1987. 7/

1/ Interviews with U.S. Treasury Department, Office of the Assistant Secretary for International Affairs, and Wharton Econometric Forecasting Associates.

2/ For the Hungarian Government's report on economic performance in 1986, see FBIS, Daily Report: Eastern Europe, Feb. 6, 1987, pp. F 1-F 9.

3/ For a report on the ailing Hungarian coal industry, see Journal of Commerce, Dec. 26, 1986, p. 7A.

4/ For details, see East Europe Agriculture, No. 50, November 1986, pp. 16, 17.

5/ CPE Outlook For Foreign Trade and Finance, op. cit. p. 111.

6/ FBIS, Daily Report: Eastern Europe, Feb. 13, 1987, p. F 1.

7/ Under the new, two-tier system, the National Bank has relegated its commercial banking functions to five different banks. This measure aims at creating competition among banks, introducing monetary policy as a tool of economic policy, and increasing the supply of credit. For a recapitulation of the bank reform, see FBIS, East Europe Report, Oct. 30, 1986, pp. 80-85. 67

East Germany

Official reports show strong growth, satisfactory agricultural performance and gains in the economic policy makers' drive to develop an indigenous "high-tech" base during 1986.

Domestic output rose by 4.3 percent during the year under review, industrial output by 4.3 percent, and labor productivity by 8.8 percent, according to preliminary official statistics. The electrical and electronic sectors performed well, and the production of robots and personal computers increased substantially. Light and chemical industries experienced the greatest problems owing to high input costs and slow growth in productivity. The provisional figure for the 1986 grain harvest is 11.5 MMT, more than planned. ^{1/} The improvements achieved in agricultural productivity during 1984 and 1985 have been maintained during the year under review. On the basis of the number of consumer goods available to the population, an improvement in the living standards has been noticed since 1980.

East Germany's gross debt decreased from \$13.6 billion in 1985 to \$12.5 billion in 1986 and its net debt from \$7.1 billion to \$6.8 billion. ^{2/} A surplus on the hard-currency current account declined from \$1.2 billion during 1985 to \$0.8 billion during 1986 and a surplus on its merchandise trade account from \$1.0 billion to \$0.6 billion. Hard-currency exports increased from \$8.8 billion to \$9.0 billion, imports from \$7.8 billion to \$8.4 billion over the period.

Czechoslovakia

Consolidation of the economic recovery ^{3/} continued during the year under review. The authorities began to relax austerity and although they remained as opposed as ever to market-economic reforms, they became slightly more forthright in acknowledging the failings of current economic policies.

Domestic output increased by 3.4 percent in 1986 and industrial production by 3.1 percent. Crops output increased to 11.4 MMT, the third best ever, but a decline in livestock production left the agricultural sector with a negligible 0.5-percent growth over 1985. ^{4/}

In 1986, the authorities decided to step up modernization of the country's huge but obsolete capital stock through the importation of Western technology. ^{5/} Increased Western imports are supposed to be paid by increased

^{1/} EIU, Country Report: East Germany, No. 4, 1986, p. 9.

^{2/} CPE Outlook for Foreign Trade and Finance, op. cit. p. 65.

^{3/} For a review of Czechoslovakia's 1981/82 recession and general economic performance since then, see Friedrich Levčík, "The Czechoslovak Economy in the 1980's" in U.S. Congress, Joint Economic Committee, East European Economies: Slow Growth in the 1980's, vol. 3 (Washington, D.C. U.S. Gov't. Print. Off., 1986), pp. 85-108.

^{4/} For the official Czechoslovak statistics on 1986 economic performance, see FBIS, Daily Report: Eastern Europe, Jan. 30, 1987, pp. D 3-D 5.

^{5/} EIU, Czechoslovakia: Country Profile, 1986/87, p. 10, and Journal of Commerce, Mar. 11, 1986, p. 5 A.

hard-currency exports, although a carefully controlled buildup of debt has not been ruled out. With the lowest and most manageable debt in the region, Czechoslovakia is seemingly in a good position to pursue this policy. What casts doubt on success is the Government's lack of resolve to effectively decentralize economic management. Reliance on central pressure to improve efficiency has been demonstrably unsuccessful in improving productivity. 1/ Without this, analysts concur, the infusion of capital will likely set in train a new cycle of wasteful, quantitative growth.

Czechoslovakia's gross debt increased from \$3.0 billion during 1985 to \$3.1 billion during 1986 and its net debt declined from \$2.0 billion to \$1.9 billion. The surplus on the hard-currency current account balance declined from \$0.5 billion during 1985 to \$0.3 billion during 1986, and the surplus on its merchandise trade balance from \$0.6 billion to \$0.3 billion. Hard-currency exports increased from \$4.0 billion during 1985 to \$4.2 billion during 1986 and hard-currency imports from \$3.4 billion to \$3.9 billion. 2/ With 78.6 percent of the country's foreign trade conducted with other NME's, there has been no major shift in the pattern of Czechoslovakia's foreign trade during 1986.

Bulgaria

High growth rates, uncertainty about the economic reform, and problems in foreign trade continued to dominate Bulgaria's economic scene during 1986. Behind strong volume growth, shortfalls in both consumer and investment goods have been reported. 3/ Domestic output increased by 4.0 percent, industrial output by 6.0 percent. Despite continued drought, agricultural output has increased by 7.5 percent, according to Western assessments.

Bulgaria's gross debt increased from \$3.2 billion during 1985 to \$3.7 billion during 1986 and its net debt from \$1.0 billion to \$2.1 billion. An even balance on the hard-currency current account and merchandise trade account during 1985 changed for a deficit of \$0.8 billion on each during 1986. Hard-currency exports decreased from \$3.1 billion during 1985 to \$2.8 billion during 1986, hard-currency imports increased from \$3.1 billion to \$3.6 billion. 4/ The debt increase was the result of difficulties with exports of raw materials, food and chemical products, and increased pressures to import machinery and equipment in order to comply with ambitious plans for industrial growth. 5/

The country's economic reform designed to reduce central control and to improve productivity made only minor progress during 1986. The authorities made steps to decentralize the country's foreign trade apparatus and direct competition between producers was further encouraged. 6/ But how far they are willing to go in changing the fundamental nonmarket nature of Bulgaria's economic management remained unclear during 1986. 7/

1/ "The Czechoslovak Economy in the 1980's," op. cit.

2/ CPE Outlook for Foreign Trade and Finance, op. cit. p. 85.

3/ EIU, Country Report: Romania, Bulgaria, Albania, No. 3, 1986, p. 8.

4/ CPE Outlook For Foreign Trade and Finance, op. cit. p. 147.

5/ Business Eastern Europe, Nov. 10, 1986, pp. 355-356.

6/ Business Eastern Europe, June, 23, 1986, pp. 193-194.

7/ Radio Free Europe Research, Situation Report: Bulgaria, Dec. 22, 1986.

APPENDIX A

U.S. TRADE WITH THE NONMARKET ECONOMY COUNTRIES
BY SITC SECTIONS, 1984-1986

Table A-1.--U.S. trade with all nonmarket economy countries, 1/ by SITC Sections, 1984-1986

(In thousands of dollars)				
SITC Section	1984	1985	1986	
U.S. exports:				
0. Food and live animals	3,441,642	2,028,070	511,330	
1. Beverages and tobacco	13,460	24,822	16,947	
2. Crude materials--inedible, except fuel	1,006,751	804,786	814,638	
3. Mineral fuels, lubricants, etc	72,259	154,162	134,496	
4. Oils and fats--animal and vegetable	56,637	68,253	21,566	
5. Chemicals	920,971	883,902	827,835	
6. Manufactured goods classified by chief material	227,052	392,922	242,301	
7. Machinery and transportation equipment	1,086,920	2,167,019	2,003,512	
8. Miscellaneous manufactured articles	286,196	411,353	422,025	
9. Commodities and transactions not elsewhere classified	76,019	86,399	77,947	
Total	7,187,906	7,021,687	5,072,596	
U.S. imports:				
0. Food and live animals	317,556	349,361	409,313	
1. Beverages and tobacco	40,150	39,481	47,817	
2. Crude materials--inedible, except fuel	141,699	152,942	155,693	
3. Mineral fuels, lubricants, etc	1,307,322	1,521,250	1,096,874	
4. Oils and fats--animal and vegetable	2,761	1,435	2,873	
5. Chemicals	479,555	536,963	499,022	
6. Manufactured goods classified by chief material	1,024,707	970,981	1,026,867	
7. Machinery and transportation equipment	218,394	245,804	266,392	
8. Miscellaneous manufactured articles	1,634,955	1,915,666	2,896,143	
9. Commodities and transactions not elsewhere classified	30,782	56,787	255,049	
Total	5,197,882	5,790,671	6,656,044	
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.--Because of rounding, figures may not add to the totals shown.

Table A-2.--U.S. trade with China, by SITC Sections, 1984-1986
(In thousands of dollars)

SITC Section	1984	1985	1986
U.S. exports:			
0. Food and live animals	579,144	102,775	20,632
1. Beverages and tobacco	1,267	1,236	2,437
2. Crude materials--inedible, except fuel	458,731	567,039	357,173
3. Mineral fuels, lubricants, etc	730	2,192	7,255
4. Oils and fats--animal and vegetable	7,458	72	2,758
5. Chemicals	644,072	513,547	441,299
6. Manufactured goods classified by chief material	188,284	359,162	204,562
7. Machinery and transportation equipment	901,222	1,921,262	1,705,320
8. Miscellaneous manufactured articles	197,158	312,887	318,558
9. Commodities and transactions not elsewhere classified	10,414	16,027	16,030
Total	2,988,480	3,796,200	3,076,023
U.S. imports:			
0. Food and live animals	139,052	155,832	191,809
1. Beverages and tobacco	4,407	5,274	8,048
2. Crude materials--inedible, except fuel	111,467	124,064	108,151
3. Mineral fuels, lubricants, etc	606,805	983,732	631,755
4. Oils and fats--animal and vegetable	2,749	1,353	2,490
5. Chemicals	155,015	159,693	173,367
6. Manufactured goods classified by chief material	543,804	615,809	680,357
7. Machinery and transportation equipment	66,739	90,868	144,486
8. Miscellaneous manufactured articles	1,387,148	1,683,425	2,645,539
9. Commodities and transactions not elsewhere classified	23,215	43,335	85,468
Total	3,040,401	3,863,385	4,671,469

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

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

Table A-3.--U.S. trade with the U.S.S.R., 1/ by SITC Sections, 1984-1986
(In thousands of dollars)

SITC Section	1984	1985	1986
U.S. exports:			
0. Food and live animals	2,585,083	1,728,525	318,242
1. Beverages and tobacco	1,264	8,732	497
2. Crude materials--inedible, except fuel	224,263	90,180	328,102
3. Mineral fuels, lubricants, etc	30,045	54,538	56,312
4. Oils and fats--animal and vegetable	38,872	63,927	15,470
5. Chemicals	208,219	281,634	287,996
6. Manufactured goods classified by chief material	16,573	9,570	14,159
7. Machinery and transportation equipment	110,221	111,926	156,258
8. Miscellaneous manufactured articles	65,908	70,898	68,185
9. Commodities and transactions not elsewhere classified	2,205	2,017	1,610
Total	3,282,652	2,421,948	1,246,831
U.S. imports:			
0. Food and live animals	17,070	12,303	2,863
1. Beverages and tobacco	9,042	10,867	13,712
2. Crude materials--inedible, except fuel	17,270	15,124	35,167
3. Mineral fuels, lubricants, etc	191,577	99,995	71,722
4. Oils and fats--animal and vegetable	9	37	4
5. Chemicals	207,819	196,199	164,088
6. Manufactured goods classified by chief material	103,801	61,231	100,998
7. Machinery and transportation equipment	2,615	4,151	4,793
8. Miscellaneous manufactured articles	4,442	3,351	4,077
9. Commodities and transactions not elsewhere classified	2,477	3,661	157,498
Total	556,122	406,919	554,923
1/ Includes Estonia, Latvia, and Lithuania.			

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

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

Table A-4.--U.S. trade with Eastern Europe, 1/ by SITC Sections, 1984-1986
(In thousands of dollars)

SITC Section	1984	1985	1986
U.S. exports:			
0. Food and live animals-----	277,073	196,770	172,280
1. Beverages and tobacco-----	10,929	14,853	14,014
2. Crude materials--inedible, except fuel-----	323,471	147,554	129,128
3. Mineral fuels, lubricants, etc-----	32,415	85,973	66,504
4. Oils and fats--animal and vegetable-----	10,307	4,254	3,338
5. Chemicals-----	67,911	88,055	97,347
6. Manufactured goods classified by chief material-----	22,192	24,188	23,311
7. Machinery and transportation equipment-----	75,373	133,207	141,812
8. Miscellaneous manufactured articles-----	22,794	27,452	34,727
9. Commodities and transactions not elsewhere classified-----	41,731	48,306	31,161
Total-----	884,198	770,611	713,621
U.S. imports:			
0. Food and live animals-----	161,406	180,865	214,451
1. Beverages and tobacco-----	26,693	23,334	26,048
2. Crude materials--inedible, except fuel-----	7,992	8,137	8,341
3. Mineral fuels, lubricants, etc-----	508,940	437,523	393,397
4. Oils and fats--animal and vegetable-----	3	44	378
5. Chemicals-----	116,722	181,071	161,567
6. Manufactured goods classified by chief material-----	377,073	293,800	245,461
7. Machinery and transportation equipment-----	149,027	150,785	117,113
8. Miscellaneous manufactured articles-----	243,203	228,856	246,302
9. Commodities and transactions not elsewhere classified-----	5,090	9,778	12,083
Total-----	1,596,150	1,514,193	1,425,142

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

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

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

Table A-5.--U.S. trade with Albania, by SITC Sections, 1984-1986
(In thousands of dollars)

SITC Section	1984	1985	1986
U.S. exports:			
0. Food and live animals	-	-	-
1. Beverages and tobacco	-	-	-
2. Crude materials--inedible, except fuel	99	-	-
3. Mineral fuels, lubricants, etc	9,068	11,458	4,424
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	-	4	-
6. Manufactured goods classified by chief material	-	-	-
7. Machinery and transportation equipment	26	423	75
8. Miscellaneous manufactured articles	155	15	6
9. Commodities and transactions not elsewhere classified	-	-	-
Total	9,349	11,908	4,506
U.S. imports:			
0. Food and live animals	27	9	154
1. Beverages and tobacco	8	7	-
2. Crude materials--inedible, except fuel	2,107	2,866	3,030
3. Mineral fuels, lubricants, etc	-	-	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	-	-	-
6. Manufactured goods classified by chief material	22	128	-
7. Machinery and transportation equipment	-	-	-
8. Miscellaneous manufactured articles	55	-	10
9. Commodities and transactions not elsewhere classified	-	-	-
Total	2,219	3,009	3,194

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

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

Table A-6.--U.S. trade with Bulgaria, by SITC Sections, 1984-1986

(In thousands of dollars)				
SITC Section	1984	1985	1986	
U.S. exports:				
0. Food and live animals				
1. Beverages and tobacco	6,494	29,047		36,836
2. Crude materials--inedible, except fuel	719	4,776		4,646
3. Mineral fuels, lubricants, etc	11,861	17,700		11,292
4. Oils and fats--animal and vegetable	-	24,843		17,623
5. Chemicals	-	-		-
6. Manufactured goods classified by chief material	16,168	9,076		10,593
7. Machinery and transportation equipment	635	824		2,951
8. Miscellaneous manufactured articles	5,505	12,176		7,428
9. Commodities and transactions not elsewhere classified	2,410	4,568		4,291
Total	295	480		205
	44,087	103,489		95,865
U.S. imports:				
0. Food and live animals				
1. Beverages and tobacco	1,852	2,610		2,564
2. Crude materials--inedible, except fuel	20,180	17,836		19,447
3. Mineral fuels, lubricants, etc	317	319		129
4. Oils and fats--animal and vegetable	-	256		16,223
5. Chemicals	-	-		-
6. Manufactured goods classified by chief material	3,542	4,519		3,309
7. Machinery and transportation equipment	771	586		993
8. Miscellaneous manufactured articles	1,276	3,332		2,789
9. Commodities and transactions not elsewhere classified	2,252	4,278		3,499
Total	151	302		730
	30,340	34,038		49,684

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

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

Table A-7.--U.S. trade with Cuba, by SITC Sections, 1984-1986

(In thousands of dollars)				
SITC Section	1984	1985	1986	
U.S. exports:				
0. Food and live animals	1	-	-	-
1. Beverages and tobacco	-	-	-	-
2. Crude materials--inedible, except fuel	3	12	-	-
3. Mineral fuels, lubricants, etc.	-	-	-	-
4. Oils and fats--animal and vegetable	-	-	-	-
5. Chemicals	365	656	1,013	-
6. Manufactured goods classified by chief material	-	-	-	-
7. Machinery and transportation equipment	3	1	-	-
8. Miscellaneous manufactured articles	100	24	124	-
9. Commodities and transactions not elsewhere classified	400	420	416	-
Total	871	1,113	1,553	-
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	-	-	2	-
8. Miscellaneous manufactured articles	2	-	28	-
9. Commodities and transactions not elsewhere classified	1/	-	-	-
Total	3	-	31	-
1/ Less than \$500.				

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

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

Table A-8.--U.S. trade with Czechoslovakia, by SITC Sections, 1984-1986
(In thousands of dollars)

SITC Section	1984	1985	1986
U.S. exports:			
0. Food and live animals	168	616	429
1. Beverages and tobacco	1,987	1,794	1,178
2. Crude materials--inedible, except fuel	26,387	17,358	19,540
3. Mineral fuels, lubricants, etc	6	1	2
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	16,501	23,404	19,368
6. Manufactured goods classified by chief material	3,194	3,092	2,005
7. Machinery and transportation equipment	5,859	10,880	18,641
8. Miscellaneous manufactured articles	3,320	4,697	5,508
9. Commodities and transactions not elsewhere classified	677	782	864
Total	58,098	62,623	67,535
U.S. imports:			
0. Food and live animals	8,398	6,313	12,255
1. Beverages and tobacco	1,398	1,517	1,628
2. Crude materials--inedible, except fuel	576	210	1,251
3. Mineral fuels, lubricants, etc	-	-	2
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	1,363	1,216	1,948
6. Manufactured goods classified by chief material	38,200	30,054	33,981
7. Machinery and transportation equipment	13,670	10,870	10,647
8. Miscellaneous manufactured articles	19,720	22,607	21,306
9. Commodities and transactions not elsewhere classified	867	2,123	2,267
Total	84,192	74,909	85,284

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

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

Table A-9.--U.S. trade with East Germany, by SITC Sections, 1984-1986
(In thousands of dollars)

SITC Section	1984	1985	1986
U.S. exports:			
0. Food and live animals	99,324	55,086	52,323
1. Beverages and tobacco	-	-	-
2. Crude materials--inedible, except fuel	25,113	5,415	5,634
3. Mineral fuels, lubricants, etc.	-	3,436	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	3,181	1,033	2,102
6. Manufactured goods classified by chief material	4,065	788	289
7. Machinery and transportation equipment	3,576	4,204	4,517
8. Miscellaneous manufactured articles	413	2,142	2,280
9. Commodities and transactions not elsewhere classified	157	150	479
Total	135,830	72,253	67,624
U.S. imports:			
0. Food and live animals	741	903	174
1. Beverages and tobacco	112	451	65
2. Crude materials--inedible, except fuel	405	1,190	713
3. Mineral fuels, lubricants, etc.	17,654	1,740	1,139
4. Oils and fats--animal and vegetable	-	44	-
5. Chemicals	17,432	9,095	27,274
6. Manufactured goods classified by chief material	90,702	46,516	32,935
7. Machinery and transportation equipment	14,434	19,686	13,486
8. Miscellaneous manufactured articles	6,685	8,425	8,368
9. Commodities and transactions not elsewhere classified	964	2,241	1,111
Total	149,129	90,290	85,265

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

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

Table A-10.--U.S. trade with Hungary, by SITC Sections, 1984-1986

(In thousands of dollars)				
SITC Section	1984	1985	1986	
U.S. exports:				
0. Food and live animals	31,702	29,669	21,623	
1. Beverages and tobacco	399	2,296	2,387	
2. Crude materials--inedible, except fuel	9,663	3,582	4,372	
3. Mineral fuels, lubricants, etc	4	4	6	
4. Oils and fats--animal and vegetable	1	-	-	
5. Chemicals	13,586	12,649	13,115	
6. Manufactured goods classified by chief material	5,084	6,513	8,160	
7. Machinery and transportation equipment	20,978	29,747	25,309	
8. Miscellaneous manufactured articles	2,820	6,041	12,391	
9. Commodities and transactions not elsewhere classified	940	1,594	853	
Total	85,177	92,094	88,216	
U.S. imports:				
0. Food and live animals	41,401	51,159	56,298	
1. Beverages and tobacco	1,843	1,300	1,121	
2. Crude materials--inedible, except fuel	2,903	3,192	2,721	
3. Mineral fuels, lubricants, etc	228	447	415	
4. Oils and fats--animal and vegetable	3	-	7	
5. Chemicals	11,674	20,789	26,926	
6. Manufactured goods classified by chief material	41,278	32,371	31,080	
7. Machinery and transportation equipment	75,294	65,865	47,080	
8. Miscellaneous manufactured articles	44,656	39,882	54,162	
9. Commodities and transactions not elsewhere classified	812	1,612	4,127	
Total	220,094	216,618	223,938	

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

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

Table A-11.--U.S. trade with North Korea, by SITC Sections, 1984-1986

(In thousands of dollars)				
SITC Section	1984	1985	1986	
U.S. exports:				
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	-	-	-	-
9. Commodities and transactions not elsewhere classified	-	-	-	-
Total	-	-	-	-
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	-	-	14	-
7. Machinery and transportation equipment	-	13	-	-
8. Miscellaneous manufactured articles	-	1/	16	2
9. Commodities and transactions not elsewhere classified	-	-	-	-
Total	-	14	30	2
1/ Less than \$500.				

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

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

Table A-12.--U.S. trade with Mongolia, by SITC Sections, 1984-1986

(In thousands of dollars)					
SITC Section		1984	1985	1986	
U.S. exports:					
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	4	4
6. Manufactured goods classified by chief material		2	1	-	-
7. Machinery and transportation equipment		70	-	-	36
8. Miscellaneous manufactured articles		30	21	-	28
9. Commodities and transactions not elsewhere classified		15	4	-	9
Total		116	32	-	77
U.S. imports:					
0. Food and live animals		-	352	-	35
1. Beverages and tobacco		-	-	-	8
2. Crude materials--inedible, except fuel		2,863	2,752	-	1,006
3. Mineral fuels, lubricants, etc.		-	-	-	-
4. Oils and fats--animal and vegetable		-	-	-	-
5. Chemicals		-	-	-	-
6. Manufactured goods classified by chief material		-	-	-	17
7. Machinery and transportation equipment		-	-	-	-
8. Miscellaneous manufactured articles		39	7	-	15
9. Commodities and transactions not elsewhere classified		-	-	-	-
Total		2,903	3,111	-	1,081

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

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

Table A-13.--U.S. trade with Poland, by SITC Sections, 1984-1986

(In thousands of dollars)				
SITC Section	1984	1985	1986	
U.S. exports:				
0. Food and live animals	138,008	65,993	20,278	
1. Beverages and tobacco	6,151	4,779	5,429	
2. Crude materials--inedible, except fuel	73,272	32,740	12,686	
3. Mineral fuels, lubricants, etc	55	3,822	1,493	
4. Oils and fats--animal and vegetable	10,306	4,254	2,610	
5. Chemicals	7,548	30,439	29,483	
6. Manufactured goods classified by chief material	7,776	9,494	7,525	
7. Machinery and transportation equipment	22,199	31,384	30,235	
8. Miscellaneous manufactured articles	10,505	6,089	7,115	
9. Commodities and transactions not elsewhere classified	39,005	44,708	28,302	
Total	314,825	233,702	145,155	
U.S. imports:				
0. Food and live animals	91,879	113,648	134,224	
1. Beverages and tobacco	1,694	865	2,343	
2. Crude materials--inedible, except fuel	1,069	478	508	
3. Mineral fuels, lubricants, etc	3,732	-	-	
4. Oils and fats--animal and vegetable	-	-	372	
5. Chemicals	4,686	4,246	6,966	
6. Manufactured goods classified by chief material	59,423	45,337	34,731	
7. Machinery and transportation equipment	17,854	20,610	20,480	
8. Miscellaneous manufactured articles	33,919	30,396	29,138	
9. Commodities and transactions not elsewhere classified	1,444	1,457	2,192	
Total	215,700	217,037	230,953	

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

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

Table A-14.--U.S. trade with Romania, by SITC Sections, 1984-1986

(In thousands of dollars)				
SITC Section	1984	1985	1986	
U.S. exports:				
0. Food and live animals	1,378	16,359	40,790	
1. Beverages and tobacco	1,673	1,208	373	
2. Crude materials--inedible, except fuel	177,175	70,760	75,605	
3. Mineral fuels, lubricants, etc	32,351	53,866	47,379	
4. Oils and fats--animal and vegetable	-	-	729	
5. Chemicals	10,927	11,455	22,686	
6. Manufactured goods classified by chief material	1,438	3,478	2,381	
7. Machinery and transportation equipment	17,255	44,817	55,683	
8. Miscellaneous manufactured articles	3,326	3,915	3,141	
9. Commodities and transactions not elsewhere classified	657	593	458	
Total	246,181	206,451	249,226	
U.S. imports:				
0. Food and live animals	17,135	6,233	8,935	
1. Beverages and tobacco	1,467	1,365	1,445	
2. Crude materials--inedible, except fuel	2,722	2,749	3,018	
3. Mineral fuels, lubricants, etc	487,327	435,079	375,618	
4. Oils and fats--animal and vegetable	-	-	-	
5. Chemicals	78,025	141,206	95,145	
6. Manufactured goods classified by chief material	146,699	138,935	111,741	
7. Machinery and transportation equipment	26,498	30,422	22,632	
8. Miscellaneous manufactured articles	135,970	123,268	129,830	
9. Commodities and transactions not elsewhere classified	853	2,043	1,656	
Total	896,696	881,301	750,018	

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

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

Table A-15.--U.S. trade with Vietnam, by SITC Sections, 1984-1986
(In thousands of dollars)

SITC Section	1984	1985	1986
U.S. exports:			
0. Food and live animals			176
1. Beverages and tobacco	340		
2. Crude materials--inedible, except fuel			236
3. Mineral fuels, lubricants, etc	184		
4. Oils and fats--animal and vegetable			176
5. Chemicals	404		
6. Manufactured goods classified by chief material	1		269
7. Machinery and transportation equipment	6	202	11
8. Miscellaneous manufactured articles	51	57	396
9. Commodities and transactions not elsewhere classified			
Total	21,254	19,616	28,722
	22,240	19,875	29,986
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	6		31
7. Machinery and transportation equipment			
8. Miscellaneous manufactured articles	65	12	170
9. Commodities and transactions not elsewhere classified			
Total	71	13	201

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

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

APPENDIX B

LEADING ITEMS TRADED WITH THE NONMARKET ECONOMY COUNTRIES,
1985, 1986, AND OCTOBER-DECEMBER 1986

Table B-1.--Leading items exported to nonmarket economy countries (NME's), 1/ by Schedule B Nos., 1985, 1986, 1986 and October-December 1986

Schedule B No.	Description	1985 1,000 dollars	1986 1,000 dollars	Oct.-Dec. 1986 1,000 dollars
480.1000	Fertilizers and fertilizer materials	2/ \$472,654	\$404,668	\$125,861
175.4100	Soybeans, other than seed for planting	43,010	395,368	3,815
130.3465	Yellow corn, not donated for relief or charity	1,587,969	354,941	16,574
690.0510	Locomotives and tenders, diesel-electric, rail-service type	64,505	159,800	-
694.4062	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds empty weight, passenger transports, n.s.p.f.	364,649	148,554	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines	206,681	119,368	16,854
200.3510	Douglas-fir logs and timber, rough	229,783	111,647	16,947
676.2700	Digital data processing machines comprising the central processing unit and input and output capability	81,106	97,016	24,897
694.6507	Parts designed for use in civil aircraft, n.e.s.	67,374	94,276	19,907
444.1700	Polypropylene resins, excluding amorphous or atactic polymers and copolymers	69,077	81,691	17,152
120.1400	Cattle hides, whole	102,387	67,035	15,569
678.5090	Other machines n.s.p.f., and parts thereof	27,434	66,494	16,998
790.5510	Pressure-sensitive tape having a plastic backing	61,280	63,603	26,169
200.3514	Western hemlock logs and timber, rough	83,720	60,829	12,136
818.3900	Products, n.e.s., donated for relief or charity	61,978	54,169	16,322
676.5560	Parts of automatic data processing machines and units thereof, n.s.p.f.	36,865	52,179	15,517
521.3110	Low volatile bituminous coal	64,937	51,047	15,556
184.5260	Soybean oil cake and oil-cake meal	45,628	50,819	36,257
660.3040	Parts, n.s.p.f., of steam turbines	30,105	50,567	14,648
252.7810	Unbleached kraft linerboard	21,016	48,540	23,492
	Total	3,722,157	2,532,611	434,672
	Total, U.S. exports to NME's	7,021,687	5,072,596	1,034,413

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.

2/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the value reported for 1985 represents a cumulation of exports classified under item 480.1000 and exports under items 480.2500 through 480.9500 during that year.

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

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

Table B-2.--Leading items imported from nonmarket economy countries (NME's), 1/ by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985 1,000 dollars	1986 1,000 dollars	Oct.-Dec. 1986 1,000 dollars
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more			
475.6530	Mixtures of hydrocarbons n.s.p.f. in liquid form, other than condensate derived wholly from natural gas	\$715,683	\$464,724	\$79,845
605.2020	Gold bullion, refined	212,286	200,850	509
107.3525	Canned hams and shoulders, 3 pounds and over	1,445	154,284	242
475.2528	Unleaded gasoline	129,257	151,289	44,513
475.2524	Leaded gasoline	23,556	118,665	78,038
480.3000	Urea, n.e.s.	241,934	99,336	13,049
653.2210	Gold coins	87,729	94,835	9,512
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)	2/	86,207	17,396
480.6540	Anhydrous ammonia	39,654	81,814	13,306
360.1200	Floor coverings with pile hand-inserted or hand-knotted, valued over 66-2/3 cents per square foot of wool	117,221	79,641	13,461
384.5317	Women's, girls', or infants' knit sweaters, of vegetable fibers, not assembled in Hong Kong from knit-to-shape component parts	3/ 68,899	79,178	25,831
389.6100	Artificial flowers, of silk, not ornamented	4/	4/ 77,870	61,024
737.3000	Toys, not having a spring mechanism, stuffed, valued over 10 cents per inch of height	40,792	69,212	22,784
320.2927	Printcloth, wholly of cotton, not fancy or figured, not napped and not of yarns of different colors, of number 29	53,362	67,422	27,899
475.3500	Naphthas derived from petroleum, shale oil, natural gas, or combinations thereof (except motor fuel)	45,974	65,420	2,688
737.2425	Dolls, with or without clothing, not stuffed, 13 inches and under in height	211,247	61,199	4,663
384.9115	Women's blouses and shirts n.s.p.f., of man-made fibers, not ornamented, not knit	19,565	59,912	19,875
114.4545	Shrimp, shell on	5/ 25,406	55,507	3,059
755.1500	Fireworks	19,610	48,457	11,901
	Total	36,696	43,155	13,488
	Total, U.S. imports from NME's	2,090,316	2,158,982	463,084
		5,790,671	6,656,044	1,665,667

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.

2/ TSUSA item 653.2210, along with TSUSA item 653.2230, was created on Jan. 1, 1986, from former TSUSA item 653.2200.

3/ TSUSA item 360.1200 was created on Sept. 1, 1985, from former TSUSA item 360.1515. The value reported for 1985 reflects combined imports under items 360.1200 and 360.1515.

4/ TSUSA item 384.5317, along with TSUSA item 384.5316, was created on Aug. 1, 1986, from former TSUSA item 384.5315. represents imports during Aug.-Dec. only.

5/ TSUSA item 384.9115 was created on Sept. 1, 1985, from former TSUSA item 383.9015 and 384.9115. The value reported for 1985 reflects combined imports under items 383.9015 and 384.9115.

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

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

Table B-3.--Leading items exported to China, by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
690.0510	Locomotives and tenders, diesel-electric, rail-service type----	\$64,505	\$159,800	-
694.4062	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds			-
	empty weight, passenger transports, n.s.p.f.-----	364,649	148,554	
200.3510	Douglas-fir logs and timber, rough-----	229,783	111,647	16,947
664.0584	Parts, n.e.s., of oil and gas field drilling machines-----	201,547	104,953	9,804
676.2700	Digital data processing machines comprising in one housing the			
	central processing unit and input and output capability-----	80,062	96,718	24,864
480.1000	Fertilizers and fertilizer materials-----	1/ 152,167	96,138	49,951
694.6507	Parts designed for use in civil aircraft, n.e.s.-----	67,168	93,433	19,838
444.1700	Polypropylene resins, excluding amorphous or atactic polymers			
	and copolymers-----	68,719	81,691	17,152
678.5090	Other machines n.s.p.f., and parts thereof-----	24,184	62,890	16,410
200.3514	Western hemlock logs and timber, rough-----	83,720	60,829	12,136
252.7810	Unbleached kraft linerboard-----	21,016	48,540	23,492
676.5560	Parts of automatic data processing machines and units thereof,			
	n.s.p.f.-----	31,710	47,139	13,919
676.2820	Digital central processing units consisting of arithmetical,			
	logical and control elements-----	35,411	46,486	28,022
404.2280	Polycarboxylic acids, anhydrides, and their derivatives, n.s.p.f.	49,087	45,308	9,954
309.3270	Grouped filaments and strips (in continuous form), n.e.s.-----	20,803	39,436	10,267
692.1680	Special-purpose motor vehicles, nonmilitary, n.s.p.f.-----	40,327	39,372	1,070
678.5065	Machines n.s.p.f. for production and assembly of semiconductor			
	devices, diodes, transistors, and circuits, and parts-----	39,458	39,294	8,940
710.2820	Electrical (including electronic) geophysical instruments and			
	apparatus, and parts thereof-----	51,125	38,020	5,792
310.0010	Textured yarns, of polyester-----	101,362	33,606	292
711.8710	Electrical (including electronic) chemical analysis equipment,			
	and parts thereof-----	35,351	28,945	7,140
	Total-----	1,762,155	1,422,799	275,991
	Total, U.S. exports to China-----	3,796,200	3,076,023	672,586

1/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the value reported for 1985 represents a cumulation of exports classified under item 480.1000 and exports under items 480.2500 through 480.9500 during that year.

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

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

Table B-4.--Leading items imported from China, by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more			\$79,845
475.2524	Leaded gasoline		\$464,724	13,049
653.2210	Gold coins	\$715,683	99,336	16,718
384.5317	Women's, girls', or infants' knit sweaters, of vegetable fibers, not assembled in Hong Kong from knit-to-shape component parts	194,587	85,383	
389.6100	Artificial flowers, of silk, not ornamented	2/	2/ 77,870	61,024
360.1200	Floor coverings with pile hand-inserted or hand-knotted, valued over 66-2/3 cents per square foot of wool	40,783	69,212	22,784
737.3000	Toys, not having a spring mechanism, stuffed, valued over 10 cents per inch of height	3/ 60,893	68,647	23,077
320.2927	Printcloth, wholly of cotton, not fancy or figured, not napped and not of yarns of different colors, of number 29	53,300	67,344	27,895
737.2425	Dolls, with or without clothing, not stuffed, 13 inches and under in height	45,974	65,389	2,688
384.9115	Women's blouses and shirts n.s.p.f., of man-made fibers, not ornamented, not knit	19,211	59,665	19,798
114.4545	Shrimp, shell on			2,190
755.1500	Fireworks	4/ 25,355	54,330	11,895
384.5315	Women's, girls', or infants' knit sweaters n.s.p.f., of vegetable fibers except cotton, not ornamented	17,905	48,183	13,488
384.4765	Women's cotton trousers and slacks n.s.p.f., not ornamented, not knit	36,692	43,155	
737.2300	Dolls (with or without clothing), stuffed	2/	2/ 42,720	2/
381.4130	Men's or boys' cotton shirts n.s.p.f., knit, not ornamented	5/ 17,725	40,912	2,204
381.6240	Men's cotton trousers and slacks n.s.p.f., not ornamented, not knit	6/ 21,033	40,418	8,068
706.0700	Handbags of leather valued not over \$20 each	7/ 16,763	33,536	1,449
384.2305	Women's blouses and shirts, of man-made fibers, not knit	8/ 15,981	30,363	8,238
737.3500	Toy figures of animate objects (except dolls), without a spring mechanism, not stuffed, wholly or almost wholly of metal		29,172	1,685
	Total	1,586	28,705	10,323
	Total, U.S. imports from China	1,400,477	1,484,444	337,490
1/ TSUSA item 653.2210, along with TSUSA item 653.2230, was created on Jan. 1, 1986, from former TSUSA item 653.2200.		3,863,385	4,671,469	1,218,024
2/ TSUSA item 384.5317, along with TSUSA item 384.5316, was created on Aug. 1, 1986, from former TSUSA item 384.5315.				
TSUSA item 384.5315 had been created on Sept. 1, 1985, from former TSUSA item 383.5289. Presented 1986 values represent imports during Jan.-July for item 384.5315 and imports during Aug.-Dec. for item 384.5317.				
3/ TSUSA item 360.1200 was created on Sept. 1, 1985, from former TSUSA item 360.1200 and 360.1515.				
reflects combined imports under items 360.1200 and 360.1515.				
4/ TSUSA item 384.9115 was created on Sept. 1, 1985, from former TSUSA item 383.9015 and 384.9115.				
reflects combined imports under items 383.9015 and 384.9115.				
5/ TSUSA item 384.4765 was created on Sept. 1, 1985, from former TSUSA item 383.4761 and 384.4765.				
reflects combined imports under items 383.4761 and 384.4765.				
6/ TSUSA item 381.4130 was created on Sept. 1, 1985, from former TSUSA item 379.4050 and 381.4130.				
reflects combined imports under items 379.4050 and 381.4130.				
7/ TSUSA item 381.6240 was created on Sept. 1, 1985, from former TSUSA item 379.6240 and 381.6240.				
reflects combined imports under items 379.6240 and 381.6240.				
8/ TSUSA item 384.2305 was created on Sept. 1, 1985, from former TSUSA item 383.2205 and 384.2305.				
reflects combined imports under items 383.2205 and 384.2305.				

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

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

Table B-5.--Leading items exported to the U.S.S.R., 1/ by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
175.4100	Soybeans, other than seed for planting	-	\$312,981	-
130.3465	Yellow corn, not donated for relief or charity	1,502,148	280,589	-
480.1000	Fertilizers and fertilizer materials	2/ 261,896	261,478	69,325
790.5510	Pressure-sensitive tape having a plastic backing	59,811	54,290	18,428
692.3160	Tracklaying tractors, new, with a net engine horsepower rating of 345 horsepower and over	-	38,132	-
145.4300	Shelled almonds, not blanched	66,341	37,611	-
475.4555	Insulating or transformer oils	7,827	18,462	4,993
177.5640	Tallow, inedible	30,943	15,468	4,259
475.4520	Automotive, diesel, and marine engine lubricating oil	11,992	14,562	1,903
517.5120	Petroleum coke, calcined	21,694	13,898	3,085
664.0584	Parts, n.e.s., of oil and gas field drilling machines	756	12,034	6,676
692.3840	Parts of tractors, other than tracklaying tractors	15,299	10,351	4,167
517.6100	Electrodes, in part of carbon or graphite, for electric furnace or electrolytic purposes	7,390	9,282	585
664.0591	Parts, n.e.s., of levelling, boring, and extracting machinery, n.s.p.f.	824	8,506	2
692.3820	Parts of tracklaying tractors	7,399	7,044	2,141
664.0586	Parts, n.e.s., of boring and drilling machines	2,116	6,374	4,200
709.6320	X-ray apparatus n.s.p.f., and parts thereof, for medical or dental use	2,281	5,897	1,182
664.1074	Pipehandlers, n.s.p.f.	6,101	5,865	-
446.1561	Synthetic rubber, not containing fillers, pigments, or rubber- processing chemicals, n.s.p.f.	17,512	5,806	-
475.4580	Lubricating oils, n.s.p.f., except white mineral oils	8,804	5,106	230
	Total	2,031,135	1,123,738	121,175
	Total, U.S. exports to the U.S.S.R.	2,421,948	1,246,831	153,058

1/ Includes Estonia, Latvia, and Lithuania.

2/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the value reported for 1985 represents a cumulation of exports classified under item 480.1000 and exports under items 480.2500 through 480.9500 during that year.

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

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

Table B-6.--Leading items imported from the U.S.S.R., 1/ by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
605.2020	Gold bullion, refined-----			\$242
480.6540	Anhydrous ammonia-----	\$1,434	\$154,284	13,461
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)-----	116,224	79,641	
480.3000	Urea, n.e.s.-----	20,057	66,100	9,651
605.0270	Rhodium-----	57,130	58,209	5,276
605.0260	Palladium-----	10,700	29,226	12,721
618.1000	Aluminum waste and scrap-----	27,626	23,254	6,082
605.0710	Semimanufactured platinum, not gold-plated or silver-plated-----	6,058	18,571	5,620
124.1045	Sable furskins, whole, undressed-----	7,229	13,307	9,434
401.7415	Ortho-xylene-----	8,634	11,628	4,944
169.3700	Vodka, not over 1 gallon, valued not over \$7.75 per gallon-----	7,083	8,271	1,478
605.0220	Platinum sponge, unwrought-----	3,949	7,833	1,751
605.0750	Semimanufactured palladium, not gold-plated or silver-plated-----	4,369	6,995	3,683
475.0510	Crude petroleum and crude shale oil, testing under 25 degrees A.P.I.-----	-	5,622	3,257
169.3800	Vodka, in containers holding not over 1 gallon, valued over \$7.75 per gallon-----	3,134	4,567	1,700
618.0650	Aluminum, other than uniform circular cross-section throughout its length, not in coil-----	1,003	3,246	1,058
401.1000	Benzene-----	5,449	2,807	2,807
401.7420	Para-xylene-----	2,071	2,625	-
401.6400	Pseudocumene-----	1,374	2,044	467
606.3546	Ferrosilicon, containing 30 to 60 percent by weight of silicon, not containing over 2 percent by weight of magnesium-----	3,156	1,993	150
	Total-----	287,638	513,957	83,785
	Total, U.S. imports from the U.S.S.R.-----	406,919	554,923	94,553

1/ Includes Estonia, Latvia, and Lithuania.

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

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

Table B-7.--Leading items exported to Eastern Europe, 1/ by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985 1,000 dollars	1986 1,000 dollars	Oct.-Dec. 1986 1,000 dollars
130.3465	Yellow corn, not donated for relief or charity	\$85,821	\$70,111	\$12,333
175.4100	Soybeans, other than seed for planting	30,446	63,013	3,815
120.1400	Cattle hides, whole	73,061	51,896	14,537
184.5260	Soybean oil cake and oil-cake meal	45,628	50,819	36,257
480.1000	Fertilizers and fertilizer materials	58,591	47,052	6,585
521.3110	Low volatile bituminous coal	55,499	46,622	15,556
660.3040	Parts, n.s.p.f., of steam turbines	22,045	45,798	13,013
818.3900	Products, n.e.s., donated for relief or charity	41,637	24,482	8,048
130.3440	Corn seed, except sweet, not donated for relief or charity	11,043	14,972	1,137
130.1040	Barley, other than for malting purposes	5,473	10,129	10,129
818.3100	Food products, n.s.p.f., donated for relief or charity	22,451	10,128	322
790.5510	Pressure-sensitive tape having a plastic backing	1,439	9,240	7,721
521.3148	Coal coke, commercially suitable for use as a fuel	5,249	9,236	1,920
475.0760	Heavy fuel oils, having a Saybolt Universal viscosity at 100 degrees Fahrenheit of more than 125 seconds	12,130	8,218	1,393
692.3350	Tractors, wheel type, new, n.s.p.f., suitable for agricultural use, at least 160 horsepower but less than 180 horsepower	5,504	8,204	-
664.0588	Parts, n.e.s., of excavating machinery, n.e.s.	6,003	7,625	2,298
130.6540	Wheat, unmilled, not donated for relief or charity	10,236	7,136	1,537
678.5065	Machines n.s.p.f. for production and assembly of semiconductor devices, diodes, transistors, and circuits, and parts thereof,	1,743	5,362	2,668
676.5560	Parts of automatic data processing machines and units thereof, n.s.p.f.	4,926	4,876	1,598
692.3840	Parts of tractors, other than tracklaying tractors	6,728	4,543	1,226
	Total	505,652	499,463	142,094
	Total, U.S. exports to Eastern Europe	770,611	713,621	200,196

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

2/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the value reported for 1985 represents a cumulation of exports classified under item 480.1000 and exports under items 480.2500 through 480.9500 during that year.

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

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

Table B-8.--Leading items imported from Eastern Europe, 1/ by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985 1,000 dollars	1986 1,000 dollars	Oct.-Dec. 1986 1,000 dollars
475.6530	Mixtures of hydrocarbons n.s.p.f. in liquid form, other than			
107.3525	condensate derived wholly from natural gas	\$203,259	\$200,856	\$509
475.2528	Canned hams and shoulders, 3 pounds and over	129,201	151,289	44,513
475.3500	Unleaded gasoline	7,721	92,378	74,212
	Naphthas derived from petroleum, shale oil, natural gas, or			
	combinations thereof (except motor fuel)	174,918	44,743	4,663
407.1610	Mixtures n.s.p.f. of industrial organic chemicals	77,522	2/ 42,932	2/
480.3000	Urea, n.e.s.	30,595	36,625	4,236
618.0200	Aluminum, other than alloys of aluminum	77	23,396	-
607.6625	Plates of iron or steel, not pickled and not cold rolled, other			
	than alloy iron or steel, over 6 inches in thickness	88,796	21,876	7,072
686.9030	Lamps n.e.s., including standard household	24,541	21,615	4,913
412.0200	Autonomic drugs n.s.p.f., provided for in the Chemical Appendix			
	to the Tariff Schedules	5,039	19,468	6,293
170.2800	Cigarette leaf tobacco, not stemmed, leaf, oriental or Turkish			
	type, not over 8.5 inches in length	16,400	17,803	4,934
692.3295	Parts of motor vehicles, n.s.p.f.	3/	17,513	3,577
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel			
	oils)	19,597	15,675	3,656
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	1	13,165	6,740
700.4544	Leather cement footwear n.s.p.f., for women, over \$2.50 per pair	4/	13,114	4,028
618.2563	Aluminum sheets and strip, not clad, n.s.p.f.	5,529	12,979	2,420
475.3000	Kerosene derived from petroleum, shale oil, or both (except			
	motor fuel)	-	12,857	3,816
480.6550	Nitrogen solutions n.s.p.f. used for fertilizers	4,769	11,945	3,230
360.1200	Floor coverings with pile hand-inserted or hand-knotted, valued			
	over 66-2/3 cents per square foot of wool	5/ 7,900	10,482	2,753
110.4740	Pollock blocks, frozen, over 10 pounds	9,120	10,118	2,920
	Total	804,985	790,829	184,486
	Total, U.S. imports from Eastern Europe	1,514,193	1,425,142	351,054

1/ Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania.
 2/ TSUSA item 407.1610 was split into TSUSA items 407.1700, 407.1905, and 407.1910 on May 1, 1986. The value reported for 1986 represents imports during Jan.-June only.

3/ TSUSA item 692.3295, along with TSUSA items 692.3209 and 692.3288, was created on Jan. 1, 1986, from former TSUSA item 692.3290.

4/ TSUSA item 700.4544, along with TSUSA item 700.4542, was created on Jan. 1, 1986, from former TSUSA item 700.4540.

5/ TSUSA item 360.1200 was created on Sept. 1, 1985, from former TSUSA item 360.1515. The value reported for 1985 reflects combined imports under items 360.1200 and 360.1515.

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

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

Table B-9.--Leading items exported to Albania, by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
521.3110	Low volatile bituminous coal			
685.2720	Transceivers, not handheld, other than citizens band (CB), for frequencies over 30 MHz but not over 400 MHz, n.e.s.	\$9,438	\$4,424	
685.2740	Antennas n.s.p.f.	-	38	
685.4075	Tape recorders and dictation recording and transcribing machines, n.s.p.f., and parts of such machines	-	32	
709.3000	Medical, dental, surgical, and veterinary instruments and apparatus, n.s.p.f., and parts thereof	-	6	
712.1560	Parts of instruments and apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiations	-	4	4
270.4040	Books, n.s.p.f.	-	1	
	Total	9,438	4,506	
	Total, U.S. exports to Albania	11,908	4,506	4

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

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

Table B-10.--Leading items imported from Albania, by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
161.9400	Sage, unground-----	\$2,133	\$3,010	\$1,642
161.8300	Pepper, capsicum or cayenne or red, not ground, other than Anaheim and ancho-----	-	84	84
140.7400	Dried, desiccated, or dehydrated tomatoes, reduced to flour-----	-	37	37
161.3900	Laurel bay leaves, crude or not manufactured-----	-	33	33
192.2192	Fresh cut flowers n.s.p.f., and bouquets, wreaths, sprays, or similar articles made from such flowers or other plant parts-----	1/-	10	8
161.9000	Rosemary, crude or not manufactured-----	-	9	9
384.8210	Women's, girls', or infants' jogging, warm-up, and similar athletic jackets, of man-made fibers, knit, not ornamented-----	2/-	8	-
384.8243	Women's, girls', or infants' jogging, warm-up, and similar athletic trousers and slacks n.s.p.f., man-made fibers, knit-----	3/-	2	-
	Total-----	2,133	3,194	1,814
	Total, U.S. imports from Albania-----	3,009	3,194	1,814

1/ TSUSA item 192.2192, along with TSUSA items 192.2140, 192.2150, and 192.2160, was created on Jan. 1, 1986, from former TSUSA item 192.2190. However, there were no imports from Albania under item 192.2190 during 1985.

2/ TSUSA item 384.8210 was created on Sept. 1, 1985, from former TSUSA item 383.8110. There were no imports from Albania under items 383.8110 or 384.8210 during 1985.

3/ TSUSA item 384.8243 was created on Sept. 1, 1985, from former TSUSA item 383.8143. There were no imports from Albania under items 383.8143 or 384.8243 during 1985.

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

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

Table B-11.--Leading items exported to Bulgaria, by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
130.3465	Yellow corn, not donated for relief or charity	\$23,339	\$22,295	-
130.3440	Corn seed, except sweet, not donated for relief or charity	-	11,311	-
175.4100	Soybeans, other than seed for planting	4,951	9,708	-
521.3148	Coal coke, commercially suitable for use as a fuel	1,827	9,236	1,920
475.0760	Heavy fuel oils, having a Saybolt Universal viscosity at 100 degrees Fahrenheit of more than 125 seconds	9,463	6,826	-
480.1000	Fertilizers and fertilizer materials	1/ 2,336	4,681	-
184.5260	Soybean oil cake and oil-cake meal	-	2,988	-
170.3320	Flue-cured cigarette leaf filler tobacco, stemmed	2,932	2,827	-
486.6900	Agricultural insecticide preparations, n.s.p.f	1,137	2,168	1,414
521.3120	Bituminous coal, n.e.s.	1,614	1,561	-
649.5040	Rock drilling bits, core bits, and reamers, other than percussion rock drill bits	182	1,501	705
678.5065	Machines n.s.p.f. for production and assembly of semiconductor devices, diodes, transistors, and circuits, and parts	245	1,382	251
170.3340	Burley cigarette leaf filler tobacco, stemmed	-	1,075	364
724.4575	Magnetic recording discs suitable for use with computers, prepared but not recorded	-	904	-
674.3501	Lathes (turning machines) for removing or cutting metal, used or rebuilt	2,002	885	190
170.8140	Smoking tobacco, in bulk	-	675	675
435.1520	Penicillin G salts	102	673	202
722.9540	Equipment specially designed for photofinishing (still pictures), other than microfilm and microfiche equipment	6	652	652
486.8900	Herbicide preparations, n.e.s.	293	635	-
486.2800	Organophosphorus insecticides, other than methyl parathion	29	631	-
	Total	50,457	82,614	6,374
	Total, U.S. exports to Bulgaria	103,489	95,865	9,539

1/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the value reported for 1985 represents a cumulation of exports classified under item 480.1000 and exports under items 480.2500 through 480.9500 during that year.

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

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

Table B-12.--Leading items imported from Bulgaria, by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
170.2800	Cigarette leaf tobacco, not stemmed, leaf, oriental or Turkish type, not over 8.5 inches in length-----			
475.3000	Kerosene derived from petroleum, shale oil, or both (except motor fuel)-----	\$16,400	\$17,803	\$4,934
475.6530	Mixtures of hydrocarbons n.s.p.f. in liquid form, other than condensate derived wholly from natural gas-----	-	12,857	3,816
117.6700	Pecorino cheeses, in original loaves, not suitable for grating--	256	3,366	-
437.3000	Antibiotics, natural and not artificially mixed-----	2,288	2,001	745
676.0560	Typewriters, nonelectric, nonautomatic, other than portable--	-	1,368	240
480.6510	Ammonium nitrate-----	958	1,044	180
692.3409	Agricultural tractors, new, wheel type, power takeoff, 80-PTO horsepower or more, but less than 100-PTO horsepower-----	-	922	922
384.6530	Women's, girls', or infants' wool coats n.s.p.f., valued not over \$4 per pound, not ornamented, not knit-----	-	795	795
167.5005	Red wine not over 14 percent alcohol, valued not over \$4 per gallon, in containers not over 1 gallon-----	1/ 731	770	196
384.8073	Women's or girls' knit sweaters, of man-made fibers, not ornamented-----	396	572	116
167.3015	White wine not over 14 percent alcohol, valued not over \$4 per gallon, in containers not over 1 gallon-----	2/ 476	566	335
384.7220	Women's, girls', or infants' wool coats n.s.p.f., valued over \$4 per pound, not knit, not ornamented-----	317	508	113
384.7205	Women's, girls', or infants' wool coats n.s.p.f., 3/4-length or longer, valued over \$4 per pound, not ornamented, not knit--	3/ 439	456	31
114.4557	Shrimp, raw, peeled-----	4/ 1,140	429	83
167.3045	Still wine produced from grapes, not over 14 percent alcohol, in one gallon containers, valued over \$4 per gallon, white--	-	351	-
461.3500	Perfumes, colognes and toilet waters containing alcohol-----	310	315	68
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80-----	25	288	173
253.0500	Handmade paper, not impregnated, coated, surface-colored, embossed, ruled, lined, printed, or decorated-----	-	264	264
480.6530	Ammonium sulfate-----	-	246	-
	Total-----	23,735	45,156	235
	Total, U.S. imports from Bulgaria-----	34,038	49,684	13,247
				14,480

1/ TSUSA item 384.6530 was created on Sept. 1, 1985, from former TSUSA item 383.6530. The value reported for 1985 reflects combined imports under items 383.6530 and 384.6530.

2/ TSUSA item 384.8073 was created on Sept. 1, 1985, from former TSUSA item 383.8073. The value reported for 1985 reflects combined imports under items 383.8073 and 384.8073.

3/ TSUSA item 384.7220 was created on Sept. 1, 1985, from former TSUSA item 383.7220. The value reported for 1985 reflects combined imports under items 383.7220 and 384.7220.

4/ TSUSA item 384.7205 was created on Sept. 1, 1985, from former TSUSA item 383.7205. The value reported for 1985 reflects combined imports under items 383.7205 and 384.7205.

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

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

Table B-13.--Leading items exported to Cuba, by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
818.3300	Medicinal and pharmaceutical products donated for relief or charity			
818.3900	Products, n.e.s., donated for relief or charity	\$656	\$1,013	\$95
818.9000	General merchandise, valued not over \$500	290	286	91
818.3400	Wearing apparel donated for relief or charity	130	130	26
765.0300	Paintings, pastels, drawings, and sketches, whether or not originals, executed wholly by hand	23	67	9
378.0300	Men's and boys' underwear, knit, n.s.p.f.	-	53	53
	Total	-	4	4
	Total, U.S. exports to Cuba	1,098	1,553	276
		1,113	1,553	276

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

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

Table B-14.--Leading items imported from Cuba, by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
700.2946	Leather work footwear n.s.p.f., welt, valued over \$6.80 per pair:	1/ -	\$28	-
338.5983	Woven fabrics, of man-made fibers, less than 5 ounces per square yard, sheeting spun yarns, n.s.p.f.	2/ -	2	2
	Total	-	31	2
	Total, U.S. imports from Cuba	-	31	2

1/ TSUSA item 700.2946, along with TSUSA item 700.2942, was created on Jan. 1, 1986, from former TSUSA item 700.2940. However, there were no imports from Cuba under any TSUSA items during 1985.

2/ TSUSA item 338.5983 was created on April 1, 1985, along with 30 other TSUSA items, from 19 former TSUSA items. However, there were no imports from Cuba under any TSUSA items during 1985.

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

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

Table B-15.--Leading items exported to Czechoslovakia, by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985 1,000 dollars	1986 1,000 dollars	Oct.-Dec. 1986 1,000 dollars
120.1400	Cattle hides, whole	\$13,905	\$18,963	\$6,145
480.1000	Fertilizers and fertilizer materials	1/ 19,398	15,908	3,550
692.3160	Tracklaying tractors, new, with a net engine horsepower rating of 345 horsepower and over	694	3,355	504
664.1074	Pipehandlers, n.s.p.f.	181	2,144	2,144
790.5510	Pressure-sensitive tape having a plastic backing	1,199	1,365	45
692.1660	Trucks mounted with derrick assemblies, and similar drilling equipment	-	1,315	1,315
722.9540	Equipment specially designed for photofinishing (still pictures), other than microfilm and microfiche equipment	1,286	1,268	1,243
692.3150	Tracklaying tractors, new, with a net engine horsepower rating of at least 260 horsepower, but less than 345 horsepower	2,079	1,179	1,179
170.4300	Leaf tobacco, n.e.s.	1,778	1,140	10
692.3820	Parts of tracklaying tractors	15	937	937
674.5405	Work holding and positioning devices, including jigs and fixtures, used principally with machine tools	-	783	783
404.3940	Nitrogen function compounds n.s.p.f., and their derivatives	-	776	253
207.0035	Wooden pencil slats	486	730	97
486.2900	Insecticides, unmixed, n.e.s.	924	681	3
674.3578	Bending, folding, straightening and flattening machines, valued at least \$2,500 each, new, with numerical controls or facings	-	559	559
685.6043	Radio navigational aid apparatus (except radar), designed for use in civil aircraft	21	530	-
711.8006	Temperature-control instruments, electrical, industrial process	-	517	470
678.5090	Other machines n.s.p.f., and parts thereof	215	406	85
710.1014	Gyroscopic and magnetic compasses designed for use in civil aircraft, and parts thereof	13	406	-
678.5002	Oil and gas field wire line and downhole equipment and parts thereof	421	404	393
	Total	42,614	53,365	19,714
	Total, U.S. exports to Czechoslovakia	62,623	67,535	23,486

1/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the value reported for 1985 represents a cumulation of exports classified under item 480.1000 and exports under items 480.2500 through 480.9500 during that year.

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

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

Table B-16.--Leading items imported from Czechoslovakia, by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
192.2520	Hops, not in pellets	\$3,380	\$8,707	\$1,135
520.1120	Diamonds, not set	-	4,534	-
692.3415	Riding tractors suitable for agricultural use, wheel type	3,279	3,483	648
607.1700	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound	6,255	3,239	709
700.2946	Leather work footwear n.s.p.f., welt, valued over \$6.80 per pair	1/	3,172	593
107.3525	Canned hams and shoulders, 3 pounds and over	2,477	2,446	409
607.6625	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, over 6 inches in thickness	2,265	2,376	1,438
741.3000	Beads, bugles, and spangles, n.e.s.	1,498	2,018	566
741.3500	Imitation gemstones, except imitation gemstone beads	1,732	1,965	701
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	61	1,926	-
335.9500	Woven fabrics, n.s.p.f., of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	2,332	1,924	500
605.0220	Platinum sponge, unwrought	-	1,747	649
437.3000	Antibiotics, natural and not artificially mixed	920	1,740	295
700.3552	Leather cement footwear n.s.p.f., for men	2/	1,731	294
772.5138	Truck and bus tires, other than radial	2,043	1,619	398
999.9500	Formal and informal entries, \$250 and under, estimated	1,238	1,434	423
605.0260	Palladium	-	1,413	782
700.3522	Leather athletic footwear n.s.p.f., for men, youths, and boys	3/	1,278	140
167.0515	Ale, porter, stout, and beer, glass containers, not over 1 gallon	1,368	1,227	328
546.6020	Glass tumblers, goblets, and other stemware n.s.p.f., valued over \$0.30 but not over \$3 each	1,504	1,185	235
	Total	30,352	49,163	10,243
	Total, U.S. imports from Czechoslovakia	74,909	85,284	18,594
1/ TSUSA item 700.2946, along with TSUSA item 700.2942, was created on Jan. 1, 1986, from former TSUSA item 700.2940.				
2/ TSUSA item 700.3552, along with TSUSA item 700.3548, was created on Jan. 1, 1986, from former TSUSA item 700.3550.				
3/ TSUSA item 700.3522, along with TSUSA item 700.3517, was created on Jan. 1, 1986, from former TSUSA item 700.3515.				

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

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

Table B-17.--Leading items exported to East Germany, by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
130.3465	Yellow corn, not donated for relief or charity	\$45,246	\$27,014	\$12,333
184.5260	Soybean oil cake and oil-cake meal	8,371	22,561	17,642
175.4100	Soybeans, other than seed for planting	-	3,815	3,815
722.9540	Equipment specially designed for photofinishing (still pictures), other than microfilm and microfiche equipment	1,338	1,394	679
678.5065	Machines n.s.p.f. for production and assembly of semiconductor devices, diodes, transistors, and circuits, and parts	-	1,176	449
300.3021	Cotton linters, n.e.s.	1,854	1,068	317
106.9200	Swine (pork) livers, fresh, chilled or frozen	876	924	88
145.4300	Shelled almonds, not blanched	202	849	200
670.7600	Parts of machines suitable for extruding or drawing man-made textile filaments	-	543	-
145.6100	Almonds, prepared or preserved, whether shelled or not shelled	-	536	-
474.2824	Lithographic and offset printing inks, other than news ink	-	487	100
431.4490	Esters of inorganic acids n.e.s. and their salts, and derivatives thereof	167	445	141
670.1700	Circular knitting machines, other than hosiery	-	376	177
670.8000	Parts of textile reeling, winding, beaming, warping, or slashing machines, and parts of textile machines for preparing yarns	-	329	329
818.9000	General merchandise, valued not over \$500	57	318	95
676.2600	Analog and hybrid data processing machines, n.s.p.f.	-	309	-
184.8080	Animal feeds and ingredients thereof, n.s.p.f.	-	303	303
694.4043	Single engine nonmilitary airplanes, new, other than rotary wing	-	279	-
711.8710	Electrical (including electronic) chemical analysis equipment, and parts thereof	53	265	37
771.4300	Film, strips, and sheets of polyvinyl polymers and copolymers	146	252	-
	Total	58,310	63,243	36,705
	Total, U.S. exports to East Germany	72,253	67,624	37,798

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

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

Table B-18.--Leading items imported from East Germany, by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
480.3000	Urea, n.e.s.	\$4,885	\$14,574	\$1,930
607.8360	Sheets of iron or steel, not clad, pickled or cold rolled, not annealed and having a minimum yield point of 40,000 P.S.I.	4,763	7,861	2,623
772.5109	Passenger car tires, radial	6,897	4,476	900
480.5000	Potassium chloride, crude	1,652	3,282	781
480.6550	Nitrogen solutions n.s.p.f. used for fertilizers	-	3,272	1,372
480.6510	Ammonium nitrate	-	2,930	1,164
607.1700	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound	1,176	2,130	793
709.6320	Apparatus for medical or dental use and parts thereof	-	2,065	-
772.5112	Passenger car tires, other than radial	2,892	2,044	483
608.1330	Sheets of iron or steel, valued over 10 cents per pound, zinc coated, not having a minimum yield point of 40,000 P.S.I.	1,381	1,776	610
668.5060	Parts of printing presses	2,656	1,690	369
772.5136	Truck and bus tires, radial	1,160	1,539	387
607.6625	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, over 6 inches in thickness	15,984	1,418	603
668.2100	Offset printing presses, weighing 3,500 pounds or more, sheet-fed type	1,144	1,318	-
401.1000	Benzene	-	1,134	-
608.1310	Sheets n.s.p.f. of iron or steel, zinc coated or plated, painted: or varnished, valued over 10 cents per pound	-	1,064	245
494.2000	Montan wax	1,737	1,021	-
381.3905	Men's or boys' jogging, warm-up, and similar athletic jackets, of cotton, knit, not ornamented	1,653	997	488
772.5129	Tires for light trucks, other than radials	673	979	341
418.1600	Calcium chloride, crude	-	922	566
	Total	47,652	56,493	13,655
	Total, U.S. imports from East Germany	90,290	85,265	20,187

1/ TSUSA item 381.3905 was created on Sept. 1, 1985, from former TSUSA item 379.3905. The value reported for 1985 reflects combined imports under items 379.3905 and 381.3905.

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

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

Table B-19.--Leading items exported to Hungary, by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
184.5260	Soybean oil cake and oil-cake meal	\$18,656	\$18,615	\$18,615
692.3350	Tractors, wheel type, new, n.s.p.f., suitable for agricultural use, at least 160 horsepower but less than 180 horsepower	5,504	8,204	-
790.5510	Pressure-sensitive tape having a plastic backing	29	7,677	7,637
435.3300	Corticosteroids, n.s.p.f. (bulk)	2,290	3,123	347
540.4200	Glass rods, tubes, and tubing	2,864	3,074	851
692.3840	Parts of tractors, other than tracklaying tractors	5,633	3,025	533
120.1400	Cattle hides, whole	1,568	1,828	448
130.3440	Corn seed, except sweet, not donated for relief or charity	9,926	1,698	413
486.2800	Organophosphorus insecticides, other than methyl parathion	1,542	1,687	644
170.8140	Smoking tobacco, in bulk	-	1,644	562
678.5002	Oil and gas field wire line and downhole equipment and parts thereof	133	1,578	1,525
480.1000	Fertilizers and fertilizer materials	1/ 2,473	1,578	1,578
191.1520	Bull semen (bovine)	198	1,194	652
123.0000	Whole skins of sheep and lamb, not dressed, if suitable for use as furs	999	1,122	554
711.8750	Electrical (including electronic) physical analysis equipment, n.s.p.f., and parts thereof	361	1,029	17
444.1210	Polyamide resins, nylon type	503	994	267
678.3532	Extrusion machines for use in processing thermoplastic materials	-	890	-
100.0220	Chickens, breeder stock, live	11	750	250
640.3820	Metal tanks having a capacity over 75 gallons, for industrial plants or other storage or manufacturing uses	-	750	-
170.5100	Unmanufactured tobacco, n.s.p.f., including stems, trimmings, scraps, cuttings and siftings	-	737	-
	Total	52,690	61,195	34,892
	Total, U.S. exports to Hungary	92,094	88,216	41,480

1/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the value reported for 1985 represents a cumulation of exports classified under item 480.1000 and exports under items 480.2500 through 480.9500 during that year.

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

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

Table B-20.--Leading items imported from Hungary, by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
107.3525	Canned hams and shoulders, 3 pounds and over			
412.0200	Autonomic drugs n.s.p.f., provided for in the Chemical Appendix to the Tariff Schedules	\$34,983	\$32,627	\$8,511
692.3295	Parts of motor vehicles, n.s.p.f.	5,039	19,468	6,293
686.9030	Lamps n.e.s., including standard household	1/	17,030	3,530
165.1500	Apple and pear juice, not containing over 1 percent alcohol	19,748	16,551	3,996
618.2563	Aluminum sheets and strip, not clad, n.s.p.f.	5,154	7,603	2,960
381.8315	Men's or boys' overcoats, topcoats and car coats, of wool, not knit, valued over \$4 per pound	4,992	6,334	971
700.4544	Leather cement footwear n.s.p.f., for women, over \$2.50 per pair	2/ 2,221	5,443	2,398
107.3040	Bacon, not boned and cooked	3/	5,121	1,669
772.5136	Truck and bus tires, radial	2,876	3,509	854
730.1900	Pistols and revolvers n.s.p.f., valued over \$8 each	2,221	2,638	990
688.4280	Electrical articles and electrical parts of articles, n.s.p.f.	246	2,504	1,151
700.3575	Men's footwear, of leather, n.s.p.f.	2,018	2,488	369
384.7220	Women's, girls', or infants' wool coats n.s.p.f., valued over \$4 per pound, not knit, not ornamented	-	2,130	1,148
692.3460	Parts for agricultural tractors	4/ 1,803	2,035	689
107.3560	Pork, n.e.s., boned, cooked, canned	5,345	1,814	374
384.9140	Women's coats n.s.p.f., 3/4-length or longer, of man-made fibers, not knit, not ornamented	848	1,810	893
381.8311	Men's suit-type coats and jackets, of wool, valued over \$4 per pound, not ornamented, not knit	5/ 25	1,720	536
678.3240	Parts of machines for assembling electric filament and discharge lamps and electronic tubes	6/ 1,720	1,678	276
384.7556	Women's, girls', and infants' wool trousers, slacks, and shorts n.s.p.f., valued over \$4 per pound, not knit, not ornamented	2	1,586	-
	Total	7/ 769	1,552	264
	Total, U.S. imports from Hungary	90,011	135,639	37,870
		216,618	223,938	63,404
1/ TSUSA item 692.3295, along with TSUSA items 692.3209 and 692.3288, was created on Jan. 1, 1986, from former TSUSA item 692.3290.				
2/ TSUSA item 381.8315 was created on Sept. 1, 1985, from former TSUSA item 379.8315. The value reported for 1985 reflects combined imports under items 379.8315 and 381.8315.				
3/ TSUSA item 700.4544, along with TSUSA item 700.4542, was created on Jan. 1, 1986, from former TSUSA item 700.4540.				
4/ TSUSA item 384.7220 was created on Sept. 1, 1985, from former TSUSA item 383.7220. The value reported for 1985 reflects combined imports under items 383.7220 and 384.7220.				
5/ TSUSA item 384.9140 was created on Sept. 1, 1985, from former TSUSA item 383.9040. The value reported for 1985 reflects combined imports under items 383.9040 and 384.9140.				
6/ TSUSA item 381.8311 was created on Sept. 1, 1985, from former TSUSA item 379.8311. The value reported for 1985 reflects combined imports under items 379.8311 and 381.8311.				
7/ TSUSA item 384.7556 was created on Sept. 1, 1985, from former TSUSA item 383.7556. The value reported for 1985 reflects combined imports under items 383.7556 and 384.7556.				

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

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

Table B-21.--Leading items exported to Mongolia, by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985 1,000 dollars	1986 1,000 dollars	Oct.-Dec. 1986 1,000 dollars
664.0507	Coal cutting machines, continuous mining machines, and long-wall mining machines	-	\$36	-
711.8750	Electrical (including electronic) physical analysis equipment, n.s.p.f., and parts thereof	-	19	-
818.9000	General merchandise, valued not over \$500	3	9	3
712.1520	Instruments and apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiations	6	5	-
433.1079	Prepared culture media	6	4	-
709.0900	Bougies, catheters, drains, and sondes, and parts thereof	-	3	-
709.3000	Medical, dental, surgical, and veterinary instruments and apparatus, n.s.p.f., and parts thereof	2	2	-
	Total	17	77	3
	Total, U.S. exports to Mongolia	32	77	3

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

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

Table B-22.--Leading items imported from Mongolia, by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		dollars	dollars	dollars
306.4192	Camel hair, in the grease or washed, not sorted			
306.6200	Cashmere goat hair, and like hair of other animals, in the grease or washed, sorted	1,000	1,000	1,000
306.4293	Camel hair, in the grease or washed, sorted	1,694	279	150
141.7760	Vegetables n.s.p.f., packed in salt, in brine, or pickled	775	195	27
240.2100	Plywood with a face ply of softwood		14	
175.4500	Sesame seeds		13	
138.0540	Frozen broccoli		9	
167.3045	Still wine produced from grapes, not over 14 percent alcohol, in one gallon containers, valued over \$4 per gallon, white		8	7
240.0340	Softwood veneers n.s.p.f., whether or not face finished, not reinforced or backed with paper or other flexible material		4	
384.9152	Women's coats n.s.p.f., of man-made fibers, not ornamented, not knit	1/	3	
125.8400	Live plants suitable for planting, without soil attached to the roots		3	3
384.5232	Women's, girls', or infants' playsuits, sunsuits, and similar apparel, of cotton, two or more colors in the warp or filling	2/	2	2
384.9115	Women's blouses and shirts n.s.p.f., of man-made fibers, not ornamented, not knit	3/	2	2
384.9129	Infants' blouses and shirts n.s.p.f., of man-made fibers, not ornamented, not knit	4/	2	
384.4765	Women's cotton trousers and slacks n.s.p.f., not ornamented, not knit	5/	1	1
384.9170	Infant girls' shorts, of man-made fibers, not knit	6/	1	1
222.6000	Articles, n.s.p.f., of unspun fibrous vegetable materials of one or more of the materials bamboo, rattan, willow, or chip		1	
381.9510	Men's suit-type coats and jackets, of man-made fibers, not ornamented, not knit	7/	1	
384.9425	Women's dresses n.s.p.f., of man-made fibers, not ornamented, not knit	8/	1	
	Total, U.S. imports from Mongolia	2,487	1,081	194
1/	TSUSA item 384.9152 was created on Sept. 1, 1985, from former TSUSA item 383.9052. There were no imports from Mongolia under items 383.9052 or 384.9152 during 1985.	3,111	1,081	194
2/	TSUSA item 384.5232 was created on Sept. 1, 1985, from former TSUSA item 383.5032. There were no imports from Mongolia under items 383.5032 or 384.5232 during 1985.			
3/	TSUSA item 384.9115 was created on Sept. 1, 1985, from former TSUSA item 383.9015. There were no imports from Mongolia under items 383.9015 or 384.9115 during 1985.			
4/	TSUSA item 384.9129 was created on Sept. 1, 1985, from former TSUSA item 383.9029. There were no imports from Mongolia under items 383.9029 or 384.9129 during 1985.			
5/	TSUSA item 384.4765 was created on Sept. 1, 1985, from former TSUSA item 383.4761. There were no imports from Mongolia under items 383.4761 or 384.4765 during 1985.			
6/	TSUSA item 384.9170, along with TSUSA item 384.9171, was created on July 1, 1986, from former TSUSA item 384.9169. TSUSA item 384.9169 had been created on Sept. 1, 1985, from former TSUSA item 383.9069. However, there were no imports from Mongolia under items 383.9069 or 384.9169 during 1985.			
7/	TSUSA item 381.9510 was created on Sept. 1, 1985, from former TSUSA item 379.9510. There were no imports from Mongolia under items 379.9510 or 381.9510 during 1985.			
8/	TSUSA item 384.9425 was created on Sept. 1, 1985, from former TSUSA item 383.9225. There were no imports from Mongolia under items 383.9225 or 384.9425 during 1985.			

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

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

Table B-23.--Leading items exported to North Korea, by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
	Total, U.S. exports to North Korea-----	-	-	-

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

Table B-24.--Leading items imported from North Korea, by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
790.2500	Hand fans	-	\$2	-
	Total	-	2	-
	Total, U.S. imports from North Korea	30	2	-

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

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

Table B-25.--Leading items exported to Poland, by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
818.3900	Products, n.e.s., donated for relief or charity	\$41,634	\$24,479	\$8,046
480.1000	Fertilizers and fertilizer materials	1/ 25,076	17,945	1,457
818.3100	Food products, n.s.p.f., donated for relief or charity	21,839	8,887	-
664.0588	Parts, n.e.s., of excavating machinery, n.e.s.	5,862	7,241	2,290
130.6540	Wheat, unmilled, not donated for relief or charity	10,225	7,136	1,537
120.1400	Cattle hides, whole	13,459	6,319	348
170.6500	Cigarettes	2,963	3,244	1,091
818.8000	Shipments valued \$10,000 and under, not identified by kind	2,081	3,061	534
818.3300	Medicinal and pharmaceutical products donated for relief or charity	1,999	2,831	907
176.5260	Soybean oil, n.e.s., donated for relief or charity	4,006	2,536	707
309.4242	Polyester fibers (in noncontinuous form)	4,252	2,386	252
678.5065	Machines n.s.p.f. for production and assembly of semiconductor devices, diodes, transistors, and circuits, and parts	1,247	2,370	1,714
461.2500	Perfumes, colognes, and toilet waters	1,158	1,982	-
818.4000	Used wearing apparel and other used articles, of textile materials, exported in bulk	2,280	1,746	466
170.3340	Burley cigarette leaf filler tobacco, stemmed	1,500	1,552	-
692.3840	Parts of tractors, other than tracklaying tractors	929	1,501	686
475.0760	Heavy fuel oils, having a Saybolt Universal viscosity at 100 degrees Fahrenheit of more than 125 seconds	2,666	1,393	1,393
310.0027	Nylon yarns, high tenacity	1,717	1,360	259
711.8002	Control instruments and parts, for air-conditioning, refrigeration, etc.	6	1,130	914
115.5020	Nonfat dry milk, donated for relief or charity	3,517	1,042	-
	Total	148,417	100,143	22,600
	Total, U.S. exports to Poland	233,702	145,155	35,040

1/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the value reported for 1985 represents a cumulation of exports classified under item 480.1000 and exports under items 480.2500 through 480.9500 during that year.

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

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

Table B-26.--Leading items imported from Poland, by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
107.3525	Canned hams and shoulders, 3 pounds and over	\$88,641	\$110,515	\$33,528
110.4740	Pollock blocks, frozen, over 10 pounds	9,120	10,118	2,920
493.1200	Casein	2,992	5,285	1,257
686.9030	Lamps n.e.s., including standard household	3,700	4,314	709
335.9500	Woven fabrics, n.s.p.f., of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	5,749	4,228	891
692.3510	Track-laying tractors (including half-track), not used for agricultural use	1,977	4,027	380
646.2622	Brads, nails, spikes, staples, and tacks, of iron or steel, smooth shank, 1 inch or more in length, not coated or plated	4,570	3,645	783
727.1500	Furniture and parts, of bentwood	3,363	3,476	800
608.1330	Sheets of iron or steel, valued over 10 cents per pound, zinc coated, not having a minimum yield point of 40,000 P.S.I.	1,266	3,002	967
609.8041	Channels of iron or steel other than alloy, having a maximum cross-sectional dimension of 3 inches or more, not advanced	2,796	2,712	785
607.6625	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, over 6 inches in thickness	7,727	2,216	1,053
100.0110	Horses, male, for breeding	1,511	2,117	864
692.1090	Motor vehicles n.s.p.f., for the transport of persons or articles	1,910	2,103	671
146.7630	Strawberries in containers holding more than 40 ounces	2,529	2,049	611
700.4544	Leather cement footwear n.s.p.f., for women, over \$2.50 per pair	1/	1,963	368
700.3552	Leather cement footwear n.s.p.f., for men	2/	1,661	193
381.4715	Men's or boys' raincoats, 3/4-length or longer, of cotton, not knit	3/ 2,129	1,535	420
381.8359	Men's or boys' wool suits n.s.p.f., valued over \$4 per pound, not ornamented, not knit	4/ 1,625	1,502	172
107.3515	Canned hams and shoulders, less than 3 pounds	1,752	1,402	348
117.8855	Cheeses and substitutes for cheese n.s.p.f., valued over 25 cents per pound, subject to quotas	1,410	1,339	618
	Total	144,766	169,208	48,338
	Total, U.S. imports from Poland	217,037	230,953	63,580

1/ TSUSA item 700.4544, along with TSUSA item 700.4542, was created on Jan. 1, 1986, from former TSUSA item 700.4540.
 2/ TSUSA item 700.3552, along with TSUSA item 700.3548, was created on Jan. 1, 1986, from former TSUSA item 700.3550.
 3/ TSUSA item 381.4715 was created on Sept. 1, 1985, from former TSUSA item 379.4615. The value reported for 1985 reflects combined imports under items 379.4615 and 381.4715.
 4/ TSUSA item 381.8359 was created on Sept. 1, 1985, from former TSUSA item 379.8359. The value reported for 1985 reflects combined imports under items 379.8359 and 381.8359.

Source: ¹³ Compiled from official statistics of the U.S. Department of Commerce.

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

Table B-27.--Leading items exported to Romania, by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
175.4100	Soybeans, other than seed for planting	\$22,423	\$49,489	-
521.3110	Low volatile bituminous coal	53,860	46,622	15,556
660.3040	Parts, n.s.p.f., of steam turbines	22,045	45,798	13,013
120.1400	Cattle hides, whole	41,038	24,401	7,597
130.3465	Yellow corn, not donated for relief or charity	9,868	20,802	-
130.1040	Barley, other than for malting purposes	-	10,129	10,129
480.1000	Fertilizers and fertilizer materials	1/ 9,308	6,940	-
184.5260	Soybean oil cake and oil-cake meal	4,719	6,655	-
421.3400	Sodium silicates	-	4,540	-
676.5560	Parts of automatic data processing machines and units thereof, n.s.p.f.	4,052	4,177	1,453
486.2900	Insecticides, unmixed, n.e.s.	-	2,884	-
404.0580	Hydrocarbons, except derivatives, n.e.s.	1,118	1,902	463
130.3440	Corn seed, except sweet, not donated for relief or charity	1,117	1,807	724
664.0584	Parts, n.e.s., of oil and gas field drilling machines	1,217	1,516	-
486.8900	Herbicide preparations, n.e.s.	630	1,497	-
416.5500	Inorganic acids, n.s.p.f.	467	1,487	-
818.3100	Food products, n.s.p.f., donated for relief or charity	612	1,241	322
486.0900	Fungicides, unmixed, n.s.p.f.	666	1,046	-
250.0281	Wood pulp, sulphate and soda, bleached, softwood, n.e.s.	-	835	-
459.6000	Aromatic and odoriferous substances, mixed, n.s.p.f.	755	830	573
	Total	173,897	234,599	49,829
	Total, U.S. exports to Romania	206,451	249,226	52,853

1/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the value reported for 1985 represents a cumulation of exports classified under item 480.1000 and exports under items 480.2500 through 480.9500 during that year.

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

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

Table B-28.--Leading items imported from Romania, by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
475.6530	Mixtures of hydrocarbons n.s.p.f. in liquid form, other than condensate derived wholly from natural gas	\$203,003	\$197,372	\$509
475.2528	Unleaded gasoline	7,721	92,378	74,212
475.3500	Naphthas derived from petroleum, shale oil, natural gas, or combinations thereof (except motor fuel)	174,918	44,743	4,663
407.1610	Mixtures n.s.p.f. of industrial organic chemicals	77,522	1/ 42,932	1/ -
618.0200	Aluminum, other than alloys of aluminum	-	23,365	-
480.3000	Urea, n.e.s.	25,711	21,941	2,196
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)	19,597	15,675	3,656
607.6625	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, over 6 inches in thickness	62,160	14,431	3,025
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt	1	13,165	6,740
360.1200	Universal viscosity at 100 degrees F of less than 45 seconds	2/ 7,832	10,348	2,752
480.6550	Floor coverings with pile hand-inserted or hand-knotted, valued over 66-2/3 cents per square foot of wool	4,769	8,673	1,858
475.2560	Nitrogen solutions n.s.p.f. used for fertilizers	-	7,487	-
618.2563	Motor fuel, other than gasoline or jet fuel	536	6,567	1,449
706.1310	Aluminum sheets and strip, not clad, n.s.p.f.	5,929	6,304	1,404
381.3905	Brief cases, school bags, photographic equipment bags, camera cases, and like containers and cases n.s.p.f., of leather	3/ 4,839	6,284	1,511
727.3555	Men's or boys' jogging, warm-up, and similar athletic jackets, of cotton, knit, not ornamented	-	-	-
480.6510	Wall systems, bookcases, shelf units, credenzas, buffets servers china closet	3,469	5,962	2,413
107.3525	Ammonium nitrate	13,041	5,827	310
700.4544	Canned hams and shoulders, 3 pounds and over	3,100	5,701	2,065
310.5049	Leather cement footwear n.s.p.f., for women, over \$2.50 per pair	4/	5,424	1,736
	Yarns wholly of noncontinuous man-made fibers, plied, of acrylic	5,151	5,266	1,233
	Total	619,300	539,844	111,732
	Total, U.S. imports from Romania	881,301	750,018	170,808

1/ TSUSA item 407.1610 was split into TSUSA items 407.1700, 407.1905, and 407.1910 on May 1, 1986. While the value reported for 1986 represents imports during Jan.-June only, there were no imports from Romania under the revised TSUSA items during 1986.

2/ TSUSA item 360.1200 was created on Sept. 1, 1985, from former TSUSA item 360.1515. The value reported for 1985 reflects combined imports under items 360.1200 and 360.1515.

3/ TSUSA item 381.3905 was created on Sept. 1, 1985, from former TSUSA item 379.3905. The value reported for 1985 reflects combined imports under items 379.3905 and 381.3905.

4/ TSUSA item 700.4544, along with TSUSA item 700.4542, was created on Jan. 1, 1986, from former TSUSA item 700.4540.

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

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

Table B-29.--Leading items exported to Vietnam, by Schedule B Nos., 1985, 1986, and October-December 1986

Schedule B No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
818.3900	Products, n.e.s., donated for relief or charity	\$19,395	\$28,398	\$8,087
772.0400	Household articles n.s.p.f., of rubber or plastics	48	287	-
386.1110	Tents and tarpaulins, of cotton	-	269	-
818.4000	Used wearing apparel and other used articles, of textile materials, exported in bulk	-	236	-
818.3100	Food products, n.s.p.f., donated for relief or charity	-	176	-
818.3300	Medicinal and pharmaceutical products donated for relief or charity	-	169	64
818.9000	General merchandise, valued not over \$500	80	157	45
818.8000	Shipments valued \$10,000 and under, not identified by kind	63	114	17
818.3400	Wearing apparel donated for relief or charity	9	108	60
795.0000	Nonenumerated products	78	52	17
684.6444	Electrical telegraph apparatus and instruments n.s.p.f., and parts	1/	11	-
442.8500	Drugs, packaged or measured for retail, n.e.s., for human use	-	6	-
401.0139	Xylenes, other than ortho-xylene and para-xylene	-	1	-
270.4040	Books, n.s.p.f.	-	1	-
	Total	19,673	29,986	8,290
	Total, U.S. exports to Vietnam	19,875	29,986	8,290

1/ Schedule B item 684.6444, along with Schedule B item 684.6442, was created on January 1, 1986, from former Schedule B item 684.6440. There were no exports to Vietnam under item 684.6440 during 1985.

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

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

Table B-30.--Leading items imported from Vietnam, by TSUSA items, 1985, 1986, and October-December 1986

TSUSA item No.	Description	1985	1986	Oct.-Dec. 1986
		1,000 dollars	1,000 dollars	1,000 dollars
381.9400	Men's or boys' sport shirts not having two or more colors in the warp or the filling, of man-made fibers, not knit	1/ -	\$45	-
320.2927	Printcloth, wholly of cotton, not fancy or figured, not napped and not of yarns of different colors, of number 29	-	31	-
384.2935	Womens' and girls' cotton knit sweatshirts, not ornamented	2/ -	31	-
384.5234	Womens' and girls' cotton playsuits, washsuits, sunsuits, and similar apparel n.s.p.f., not ornamented	3/ -	27	-
384.2934	Infants' cotton knit sweatshirts, not ornamented	2/ -	27	-
791.7620	Men's and boys' coats and jackets, of leather, n.s.p.f.	-	26	26
384.9000	Women's trousers and slacks n.s.p.f., of man-made fibers, not ornamented, not knit	4/ -	13	-
	Total	-	201	26
	Total, U.S. imports from Vietnam	25	201	26

1/ TSUSA item 381.9400 was created on Sept. 1, 1985, from former TSUSA item 379.9555. There were no imports from Vietnam under items 379.9555 or 381.9400 during 1985.
 2/ TSUSA items 384.2934 and 384.2935 were created on July 1, 1986, from former TSUSA item 384.2940. TSUSA item 384.2940 had been created on Sept. 1, 1985, from former TSUSA item 383.2728. However, there were no imports from Vietnam under items 383.2728 or 384.2940 during 1985.
 3/ TSUSA item 384.5234 was created on Sept. 1, 1985, from former TSUSA item 383.5034. There were no imports from Vietnam under items 383.5034 or 384.5234 during 1985.
 4/ TSUSA item 384.9000 was created on Sept. 1, 1985, from former TSUSA item 383.9070. There were no imports from Vietnam under items 383.9070 or 384.9000 during 1985.

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

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

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

- (1) summary of developments in U.S.-NME trade for that calendar quarter, with the summary of the fourth quarter as an annual review;
- (2) 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.

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

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