21ST QUARTERLY REPORT TO THE CONGRESS AND THE TRADE POLICY COMMITTEE ON TRADE BETWEEN THE UNITED STATES AND THE NONMARKET ECONOMY COUNTRIES DURING 1979

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USITC REPORTS RECORD TRADE BETWEEN THE UNITED STATES AND NONMARKET ECONOMY COUNTRIES

U.S. trade with nonmarket economy countries (NME's) rose to $11 billion in 1979, or 53 percent above the level of 1978, according to the United States International Trade Commission's 21st quarterly report on trade between the United States and the NME's. The report, prepared for the U.S. Congress and the Trade Policy Committee, examines trade between the United States and 14 Communist countries during both the last quarter and the full year of 1979.

Owing principally to trade with the U.S.S.R. and China, the United States experienced a trade surplus with NME's of $5.3 billion in 1979, almost double that of the previous year. Trade with most Eastern European countries contributed to this surplus.

U.S. exports to NME's in 1979 rose 64 percent to $8.2 billion, mainly on the strength of agricultural items. An unusually harsh winter and resulting crop damage in the Soviet Union and much of Eastern Europe sharply increased the demand for U.S. farm products during the year. Exports of manufactured items to NME's also increased, despite stringent controls by Eastern European governments on imports of investment goods.

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By contrast, U.S. imports from NME's in 1979 rose by only 28 percent, to $2.8 billion. Gold bullion, mostly from the Soviet Union, accounted for 43 percent of the increment in imports, but the surge in gold imports was attributable primarily to soaring gold prices rather than to growth in volume.

A notable development in East-West commercial relations was the comprehensive trade agreement that the United States and China signed on July 7, 1979. The agreement, which confers reciprocal most-favored-nation status on the signatories, became effective on February 1, 1980.

In addition, an important piece of legislation concerning U.S. trade with NME's--the Export Administration Act of 1979--was signed into law in September. The act is designed to protect vital U.S. security and foreign-policy interests without unnecessarily restricting U.S. exports. It also gives broad power to the President to suspend exports--authority the President used early this year to impose economic sanctions on the Soviet Union in response to the invasion of Afghanistan, thereby diminishing the prospects for continued vigorous growth in East-West trade.

As recommended by the President, Congress approved the extension of MFN status for Romania and Hungary for another year. In addition, a Presidential determination made Hungary eligible for Export-Import Bank financing for the first time in 11 years.

The USITC report, which was issued pursuant to section 410 of the Trade Act of 1974, was sent to the U.S. Congress and to the Trade Policy Committee on March 31, 1980. Copies of the report (USITC Publication 1055) can be obtained by calling (202) 523-5178, or from the Office of the Secretary, 701 E Street, NW, Washington, D.C. 20436, or from the USITC's New York Office, 6 World Trade Center, Suite 629, New York, N.Y. 10048, (212) 466-5598.

CONTENTS

INTRODUCTION

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

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

At the present time, Poland, Yugoslavia, Romania, and Hungary are the only NME's to receive most-favored-nation (MFN) tariff treatment from the United States. Most of the NME's have not been accorded this treatment since the underlying tariff policy was made effective in 1951 and 1952 pursuant to section 5 of the Trade Agreements Extension Act of 1951. This act directed the President to take appropriate action to deny the benefit of trade-agreement concessions to imports from certain Communist nations or areas. In the TSUS, the unconditional MFN rates are set forth in column 1. The rates applicable to products of designated Communist nations are set forth in column 2; for the most part, these are higher rates that were enacted in

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

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

1930. The rate discrimination resulting from this policy varies considerably from item to item, and it is not present at all for products which have been historically duty free or dutiable at the same rates in columns 1 and 2. Actual or potential U.S. imports from those countries which do not enjoy MFN privileges therefore depend in some measure on the rate treatment of the specific item involved.

This particular report contains a summary of U.S. trade with the NME's during 1979 which examines U.S. exports, imports, and the balance of trade country by country. Important changes in U.S. commercial relations with the NME's and pertinent economic and trade developments in NME's are also discussed.

SUMMARY OF DEVELOPMENTS IN 1979

U.S. trade with NME's continued its steep increase in 1979, rising to $11 billion, or 53 percent more than in 1978. Owing principally to trade with the U.S.S.R. and China, the United States experienced a trade surplus with NME's of $5.3 billion, almost double the previous year's. The U.S. trade balance was also in surplus with each Eastern European country except Hungary.

U.S. exports to NME's rose 64 percent to $8.2 billion, mainly on the strength of agricultural items. An unusually harsh winter and resulting crop damage in the Soviet Union and much of Eastern Europe sharply increased the demand for U.S. farm products during the year. Exports of manufactured items to NME's also increased, despite stringent controls by Eastern European governments on imports of investment goods. By contrast, U.S. imports from NME's rose by only 28 percent, to a level of $2.8 billion. Gold bullion, mostly from the Soviet Union, accounted for 43 percent of the increment in imports, primarily because of soaring gold prices rather than growth in volume.

The most notable development in East-West commercial relations in 1979 was the comprehensive bilateral trade agreement that the United States and China signed on July 7. The agreement, which confers reciprocal MFN status on the signatories, became effective on February 1, 1980. In May 1979, before the trade agreement was signed, the United States had imposed quotas on specified apparel items from China, following a breakdown of negotiations on these items.

An important piece of legislation concerning U.S. trade with NME's--the Export Administration Act of 1979--was signed into law in September. The act is designed to protect vital U.S. security and foreign-policy interests without unnecessarily restricting U.S. exports. It also gives broad power to the President to suspend exports--authority the President used in early 1980 when imposing economic sanctions on the Soviet Union in response to the invasion of Afghanistan.

The first market disruption case under section 406 of the Trade Act of 1974 involving imports from the Soviet Union occurred in 1979. In October the U.S. International Trade Commission determined by a 3-to-2 vote that market disruption existed with respect to imports of anhydrous anmonia and recommended quotas to protect U.S. producers. The President overruled the recommended remedy stating that it was not in the national interest to impose the recommended quotas. However on January 18, 1980, he declared that recent events had altered the international economic conditions under which he had made his determination. He further stated that there was reason to believe that market disruption existed with respect to these imports, and that emergency action was necessary. The President then imposed a one-year quota of 1 million short tons on these imports and requested that another investigation be conducted by the Commission. On March 20, 1980, the Commission found by a 3-2 vote in this investigation that no market disruption existed.

As recommended by the President, Congress approved the extension of MFN status for Romania and Hungary for another year, ending a debate which questioned approval on grounds of Romanian practices concerning emigration and Hungarian practices affecting U.S. patents. In addition, a Presidential determination made Hungary eligible for Export-Import Bank financing for the first time in 11 years.

For the Soviet Union and Eastern Europe, 1979 was a year of poor economic performance, manifest in low rates of overall economic growth. Some Eastern European countries restrained growth deliberately to improve their external financial positions. Familiar economic problems inherent in central planning systems were aggravated during the year by a severe winter and resulting harvest shortfalls in the Soviet Union and most of Eastern Europe, and by the rising cost of energy throughout Eastern Europe.

U.S. TRADE WITH THE NONMARKET ECONOMY COUNTRIES IN 1979

U.S. trade with the nonmarket economy countries continued its steep increase in 1979, rising to $11 billion, or 53 percent more than in 1978 (table 1). The expansion occurred predominantly because of U.S. exports, which increased by 64 percent to $8.2 billion and accounted for close to three-quarters of U.S. trade with NME's during the year. U.S. imports from NME's rose by a more moderate 28 percent to $2.8 billion. A significant but undetermined amount of these increases was accounted for by rise in price rather than by growth in volume.

The U.S. surplus of $5.3 billion in trade with NME's contrasts with the repeated considerable deficits the United States has been experiencing in its trade with the rest of the world. Rapid growth of U.S. exports to these centrally planned economies in recent years has raised the NME share of total U.S. exports to 4.5 percent. By contrast, the NME's supply only 1.4 percent of all U.S. imports (table 1).

Table 2 shows the heavy concentration of U.S. exports to NME's in products classfied as food, crude materials, and so forth (SITC Nos. 0, 1, 2, 4). In 1979, commodities in these categories--mostly agricultural items--jointly accounted for almost three-quarters of U.S. exports to NME markets, compared with little more than one-fourth of U.S. exports to the world. Exports to NME's in these commodity groups increased from $3.5 billion in 1978 to $6 billion in 1979, contributing four-fifths of the entire increment in U.S. exports to NME's during the year. The dominance of food, animal feed, and crude materials in U.S. exports to NME's derives largely from their dependence on the United States for grains, soybean oil cake and meal, 1/ soybeans, cotton, and cattle hides. The increase in U.S. agricultural exports was due largely to an unusually harsh winter and resulting crop damage in the Soviet Union and much of Eastern Europe.

By contrast, the share of manufactured products in U.S. exports to NME's is comparatively small and declining. In 1979, manufactures (SITC Nos. 5 through 9) constituted only 25 percent of total U.S. exports to NME's but represented 70 percent of all U.S. exports to the world. Nonetheless, exports of manufactures to NME's increased by 48 percent in 1979, rising to $2 billion.

The most rapid percentage increases in exports to NME's took place in the smaller categories: chemicals (SITC No. 5), and manufactures classified by chief material (SITC No. 6). Spurred by rising demand from the Soviet Union and China, U.S. sales of chemicals to NME's rose by 136 percent in 1979. Large sales of phosphate fertilizers more than quadrupled the value of U.S. chemical exports to the Soviet Union, while sales of fertilizers and insecticides helped to double the value of U.S. chemical exports to the Chinese market. Similarly, U.S. sales of manufactures classified by chief material to NME's almost tripled, owing to a ninefold surge in U.S. exports to China of such items as iron and steel products (pipes, tubes, and casings), textiles (polyester yarn and fabric), and nonferrous metal products.

1/ Hereafter referred to as soybean meal.

Table 1.--U.S. trade with the world and with the nonmarket economy countries, 1977-79, October-December 1978, and October-December 1979

Item	1977	1978	1979	October-December-- 1978	October-December-- 1979
U.S. world trade:					
Exports--------------million dollars--:	121,212	143,663	181,802	40,362	51,588
Imports-------------------------do----:	147,685	171,978	206,327	45,119	57,699
Balance-----------------------do----:	-26,473	-28,315	-24,525	-4,757	-6,111
U.S. trade with nonmarket economy countries:					
Exports--------------million dollars--:	3,073	4,978	8,164	1,194	2,746
Imports-------------------------do----:	1,683	2,225	2,849	592	893
Balance-----------------------do----:	1,390	2,753	5,315	602	1,853
Trade turnover (exports plus imports) million dollars--:	4,756	7,203	11,013	1,786	3,639
Share of total U.S. trade accounted for by trade with nonmarket economy countries:					
Exports----------------------percent--:	2.53	3.47	4.49	2.96	5.32
Imports-------------------------do----:	1.14	1.29	1.38	1.31	1.55

1/ Because of the inclusion of nonmonetary gold in the statistics for 1978 and 1979, data for 1977 have been adjusted to include nonmonetary gold in both export and import data. Therefore, data in this table for 1977 are not comparable with data for 1977 in table 1 in the <u>13th Quarterly Report to the Congress and the East-West Foreign Trade Board on Trade between the United States and the Nonmarket Economy Countries During 1977</u> (hereafter <u>13th Quarterly Report</u>). Data on imports for 1977 are not adjusted for date of importation.

Source: U.S. Department of Commerce publication FT990. Export data are from tables E-1 and E-3 and include domestic and foreign merchandise and Defense Department military assistance shipments. Import data are from tables I-1 and I-6 and are general imports. Both exports and imports are valued on an f.a.s. basis.

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

Table 2.--U.S. trade with the world and with the nonmarket economy countries (NME's), by SITC 1/ Nos. (Revision 2), 1978 and 1979

SITC commodity code No.	Description	U.S. trade with the world 1978	U.S. trade with the world 1979	U.S. trade with the NME's 1978	U.S. trade with the NME's 1979
		Exports (million dollars)			
0, 1	Food, beverages, and tobacco	20,604	24,582	2,629	4,257
2, 4	Crude materials	17,076	22,600	895	1,734
3	Mineral fuels and lubricants	3,881	5,616	84	125
5	Chemicals	12,623	17,306	164	387
6	Manufactured goods classified by chief material	12,453	16,236	131	353
7, 8, 9	Other manufactured goods and miscellaneous	74,489	92,237	1,056	1,263
	Total	141,126	178,577	4,959	8,119
		Imports (million dollars)			
0, 1	Food, beverages, and tobacco	15,583	17,503	376	404
2, 4	Crude materials	9,626	10,944	151	144
3	Mineral fuels and lubricants	42,243	59,897	159	190
5	Chemicals	6,426	7,446	132	185
6	Manufactured goods classified by chief material	27,465	30,233	507	534
7, 8, 9	Other manufactured goods and miscellaneous	71,610	79,899	905	1,353
	Total	172,952	205,922	2,230	2,809
		Percent of total exports			
0, 1	Food, beverages, and tobacco	14.6	13.8	53.0	52.4
2, 4	Crude materials	12.1	12.7	18.0	21.4
3	Mineral fuels and lubricants	2.8	3.1	1.7	1.5
5	Chemicals	8.9	9.7	3.3	4.8
6	Manufactured goods classified by chief material	8.8	9.1	2.6	4.3
7, 8, 9	Other manufactured goods and miscellaneous	52.8	51.7	21.3	15.6
	Total	100.0	100.0	100.0	100.0
		Percent of total imports			
0, 1	Food, beverages, and tobacco	9.0	8.5	17.9	14.4
2, 4	Crude materials	5.6	5.3	7.9	5.1
3	Mineral fuels and lubricants	24.4	29.1	9.6	6.8
5	Chemicals	3.7	3.6	4.1	6.6
6	Manufactured goods classified by chief material	15.9	14.7	20.3	19.0
7, 8, 9	Other manufactured goods and miscellaneous	41.4	38.8	40.2	48.2
	Total	100.0	100.0	100.0	100.0

1/ Standard International Trade Classification.

Source: Data on U.S. trade with the world are from U.S. Department of Commerce publication FT990, tables 3 and 6. Data on U.S. trade with the NME's are from the U.S. Department of Commerce, Bureau of East-West Trade. Imports are for consumption and valued on a customs basis. Exports are domestic merchandise only, and valued on an f.a.s. basis.

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

By contrast, exports to NME's of other manufactured goods and miscellaneous products (SITC Nos. 7 through 9)--which includes high-technology items--increased by less than 20 percent, so that the share of this category in total U.S. exports to NME's declined from more than 21 percent in 1978 to less than 16 percent in 1979. While exports of machinery and transportation equipment to China and the Soviet Union went up rapidly, there was a significant decline in these exports to Eastern European countries, such as Poland, Romania, Czechoslovakia, and Hungary. All Eastern European countries were severely affected during the year by soaring bills for imported fuel, and most of them incurred major increases in their payments for foreign food because of their own poor harvests. As a result, they were obliged to cut back on imports of Western technology.

U.S. imports from NME's differ in composition from total U.S. imports, but the difference is not so great as for exports (table 2). U.S. imports from NME's are dominated by manufactures (SITC Nos. 5 through 9), which accounted for close to three-fourths of the total, compared with a 57-percent share for manufactures in U.S. imports from the world. Food, beverages, and tobacco are also relatively more important in U.S. imports from NME's than from the world; in 1979 they accounted for 14.4 percent of imports from NME's, compared with 8.5 percent of total U.S. imports. By contrast, imports of mineral fuels account for a much smaller fraction of U.S. imports from the NME's than from the world.

Several categories of imports from NME's declined in relative importance in 1979. Imports of mineral oils from NME's did increase in value, as a decline in purchases from the Soviet Union was more than offset by the first such imports from China, but the share of mineral oils in all U.S. imports from NME's declined further to 6.8 percent, from 9.6 percent in 1978. Other import groups losing relative importance last year were manufactures classified by chief material, food, and crude materials. U.S. resistance to sales of textiles (originating mostly from China) and of selected steel products (originating mostly from Eastern Europe) helps to account for the decline in the share of manufactures classified by chief material. U.S. purchases from NME's of some other items classified by material, and of some crude materials, were limited by a reduction in their availability from the Soviet Union; this was true of titanium sponge and aluminum waste and scrap.

On the other hand, items classified as other manufactured goods and miscellaneous products (SITC Nos. 7 through 9) increased their share of U.S. imports from NME's by 8 percentage points, accounting in 1979 for almost half. This product category includes gold bullion, imports of which--mostly from the Soviet Union--increased by $267 million, as gold prices soared. The increment in gold imports accounted for 60 percent of the rise in imports in this group in 1979. This large class of imports from NME's also includes labor-intensive items such as footwear, apparel, wooden furniture, and handicrafts; also included are light bulbs, tires, weaving and sewing machines, specific machine tools, and parts of various equipment. Finally, chemicals also gained importance in U.S. imports from NME's, owing largely to imports of ammonia from the Soviet Union. Intensification of chemical trade with NME's is two way; the growing importance of chemicals on the U.S. export side was noted above.

Tables 3 and 4 show U.S. trade with NME's by countries and major commodity groups in October-December 1979. U.S. sales of food and feed grains to Eastern European countries and crude materials to both the Soviet Union (primarily soybeans) and China (predominantly soybeans and cotton) were sizable in the last quarter (table 3). U.S. imports of miscellaneous products and crude materials from NME's were comparatively small in October-December, although there were considerable imports of mineral fuels from China and all mineral fuels from the Soviet Union entered in this period. Similarly, imports of commodities not elsewhere classified surged, as half the value of Soviet gold imported in 1979 arrived in the last quarter (table 4).

There was a substantial increase in U.S. exports to all major NME trading partners during the year. However, there were declines in exports to some smaller NME's: Hungary, Cuba, and Vietnam (table 5). On the import side of the ledger, there were declines in U.S. imports from four Eastern European countries: Poland, Yugoslavia, Romania, and Czechoslovakia (table 6). Viewed together, tables 5 and 6 show that the Soviet Union and China collectively were responsible for $1.7 billion of the $2.6 billion rise in the U.S. trade surplus with NME's in 1979. In addition, the U.S. surplus widened with every Eastern European country but Hungary, with which the United States experienced a deficit last year.

Table 7 shows the rapid expansion of U.S. exports of cereals and cereal products to NME's and the fast growth in relative importance of these markets for these U.S. goods. Collectively, NME's accounted for 28 percent of all cereals and cereal preparations the United States exported in 1979. With the exception of Bulgaria and Hungary--two countries less affected by bad growing weather than their northern neighbors--all NME's increased their purchases of U.S. cereals.

Figure 1 shows the share of individual countries in the collective NME market for total U.S. exports over the past 2 years. As can be seen, the ranking of the various NME's did not change between 1978 and 1979. China--the second largest NME recipient of U.S. products--continued to gain importance in 1979, accounting for more than one-fifth of all U.S. exports to NME's.

A comparison of figures 1 and 2 shows that U.S. imports from NME's are more evenly distributed than U.S. exports are. In 1979 China became the second largest NME source of U.S. imports, displacing Poland. In addition, the Soviet Union increased its lead as the chief U.S. supplier among NME's, providing 31 percent of all U.S. imports from these countries. This rise in the Soviet share largely reflected sharp increases in the value of gold, platinum group metals, petroleum, and other natural resources.

U.S. Measures Affecting East-West Trade Following The Year Under Review

The prospects of continuing vigorous growth of East-West trade--taken for granted in recent years--were suddenly dimmed following the year reviewed in this report. On January 4, 1980, the President of the United States announced a series of actions directed against the interests of the U.S.S.R. in response to its invasion of Afghanistan. They included the suspension of exports to the Soviet Union in agricultural, high-technology, and other strategic items, subject to further review of such trade. The President acted under the broad

Table 3.--U.S. exports to the nonmarket economy countries, by SITC 1/ Nos. (Revision 2), October-December 1979

(In thousands of dollars)

SITC commodity code No.	Description	Albania	Bulgaria	China	Cuba	Czecho-slovakia	East Germany	Hungary	Mongolia
0	Food and live animals	-	6,595	111,516	-	113,927	155,200	5,849	-
1	Beverages and tobacco	-	-	26	-	17	-	-	-
2	Crude material--inedible, except fuel	-	2,082	298,969	-	14,248	625	2,414	-
3	Mineral fuels, lubricants, etc	2,346	-	411	-	-	-	15	-
4	Oils and fats--animal and vegetable	-	-	5,540	-	-	-	-	-
5	Chemicals	-	324	46,385	-	241	2,350	5,382	-
6	Manufactured goods classified by chief material	-	82	75,597	2	798	232	2,346	-
7	Machinery and transport equipment	98	1,215	77,950	-	2,922	1,410	6,802	-
8	Miscellaneous manufactured articles	-	1,126	19,407	1	1,657	3,417	1,347	-
9	Commodities and transactions not elsewhere classified	-	9	262	-	660	259	89	8
	Total	2,445	11,433	636,062	3	134,469	163,494	24,243	10

SITC commodity code No.	Description	North Korea	Poland	Romania	U.S.S.R.	Viet-nam	Yugoslavia	Total
0	Food and live animals	-	195,536	45,845	716,977	-	67,201	1,416,646
1	Beverages and tobacco	-	891	-	720	-	1,448	3,102
2	Crude material--inedible, except fuel	-	55,930	55,830	196,165	-	31,673	657,936
3	Mineral fuels, lubricants, etc	-	5	2,460	9,199	-	16,749	31,185
4	Oils and fats--animal and vegetable	-	6,493	-	25,451	-	-	37,484
5	Chemicals	-	5,706	1,885	32,613	15	12,632	107,533
6	Manufactured goods classified by chief material	-	3,966	2,148	19,487	-	5,408	110,066
7	Machinery and transport equipment	-	16,993	24,005	83,554	-	73,260	288,211
8	Miscellaneous manufactured articles	-	3,935	1,534	45,407	116	5,290	83,237
9	Commodities and transactions not elsewhere classified	-	684	75	254	25	850	3,175
	Total	-	290,140	133,782	1,129,828	156	214,512	2,740,576

1/ Standard International Trade Classification.

Source: U.S. Department of Commerce, Bureau of East-West Trade.

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

Table 4.--U.S. imports from the nonmarket economy countries, by SITC 1/ Nos. (Revision 2), October-December 1979

(In thousands of dollars)

SITC commodity code No.	Description	Albania	Bulgaria	China	Cuba	Czecho-slovakia	East Germany	Hungary	Mongolia
0	Food and live animals	24	435	12,201	-	2,932	23	8,641	-
1	Beverages and tobacco	15	3,791	238	-	151	60	206	-
2	Crude material--inedible, except fuel	1,296	14	21,263	-	361	24	2	559
3	Mineral fuels, lubricants, etc	-	-	37,671	-	-	204	-	-
4	Oils and fats--animal and vegetable	-	-	567	-	-	-	-	-
5	Chemicals	-	199	18,930	-	401	111	2,605	-
6	Manufactured goods classified by chief material	-	72	21,232	-	3,612	2,260	2,744	-
7	Machinery and transport equipment	-	729	284	-	2,866	3,627	12,437	-
8	Miscellaneous manufactured articles	2/	469	47,902	3	3,892	2,215	5,286	-
9	Commodities and transactions not elsewhere classified	1	11	3,124	23	60	66	375	-
	Total	1,335	5,722	163,412	26	14,274	8,590	32,295	559

SITC commodity code No.	Description	North Korea	Poland	Romania	U.S.S.R.	Viet-nam	Yugoslavia	Total
0	Food and live animals	-	46,677	7,332	485	-	8,443	87,193
1	Beverages and tobacco	-	136	204	2,446	-	5,332	12,579
2	Crude material--inedible, except fuel	-	337	2,718	3,111	-	704	30,389
3	Mineral fuels, lubricants, etc	-	4,694	8,528	15,684	-	68	66,849
4	Oils and fats--animal and vegetable	-	-	-	-	-	2	569
5	Chemicals	-	5,119	1,445	20,093	-	4,668	53,571
6	Manufactured goods classified by chief material	1	19,912	14,645	55,307	7	27,826	147,618
7	Machinery and transport equipment	-	11,694	17,642	946	68	11,186	61,479
8	Miscellaneous manufactured articles	-	15,836	19,773	4,923	32	30,021	130,352
9	Commodities and transactions not elsewhere classified	-	304	198	281,470	5	3,780	289,416
	Total	1	104,711	72,486	284,466	112	92,030	880,018

1/ Standard International Trade Classification.
2/ Less than $500.

Source: U.S. Department of Commerce, Bureau of East-West Trade.

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

Table 5.--U.S. exports to the individual nonmarket economy countries and to the world, 1977-79, October-December 1978, and October-December 1979 1/

(In thousands of dollars)

Market	1977	1978	1979	October-December-- 1978	October-December-- 1979
U.S.S.R	1,623,484	2,249,020	3,603,632	296,330	1,129,828
China	171,318	818,241	1,716,500	377,478	636,062
Poland	436,536	677,022	786,258	90,676	290,140
Yugoslavia	355,436	471,298	731,784	176,369	214,512
Romania	259,405	317,423	500,464	90,165	133,782
Czechoslovakia	73,989	105,349	281,129	34,115	134,469
East Germany	36,099	170,121	354,522	71,443	163,494
Hungary	79,717	97,682	77,583	27,795	24,243
Bulgaria	23,910	48,120	56,225	17,127	11,433
Albania	2,209	4,469	10,054	4,010	2,445
Cuba	588	340	299	76	3
Mongolia	11	62	80	14	10
Vietnam	46	1,879	541	5	156
North Korea	-	1	13	1	-
Total 2/	3,062,747	4,961,027	8,119,089	1,185,605	2,740,576
Total U.S. exports to the world 2/	118,943,700	141,040,300	178,413,200	39,632,900	50,570,300

1/ Because of the inclusion of nonmonetary gold in the statistics effective Jan. 1, 1978, data for 1977 have been adjusted to include nonmonetary gold. Therefore, data in this table for 1977 are not comparable with data for 1977 in table 5 in the 13th Quarterly Report in this series.

2/ These figures do not correspond exactly with those in table 1 because export figures in table 1 include U.S. exports of foreign merchandise and Department of Defense military assistance shipments, whereas figures in this table do not.

Source: U.S. Department of Commerce publication FT990, and Bureau of East-West Trade.

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

Table 6.--U.S. imports for consumption from the individual nonmarket economy countries and from the world, 1977-79, October-December 1978, and October-December 1979 1/

(In thousands of dollars)

Source	1977	1978	1979	October-December--	
				1978	1979
U.S.S.R	421,581	529,579	872,595	175,799	384,466
China	197,400	316,743	548,543	74,516	163,412
Poland	326,508	435,947	426,090	110,331	104,711
Yugoslavia	347,899	406,553	391,003	89,180	92,030
Romania	231,020	344,561	329,051	101,879	72,486
Czechoslovakia	36,392	57,359	49,899	14,427	14,274
East Germany	16,863	35,220	35,666	7,038	8,590
Hungary	46,800	69,153	112,129	20,257	32,295
Bulgaria	26,043	27,909	30,145	5,832	5,722
Albania	3,399	3,497	9,002	743	1,335
Cuba	106	66	152	11	26
Mongolia	2,076	3,679	3,753	1,098	559
Vietnam	428	203	711	15	112
North Korea	94	21	127	4	1
Total 2/	1,656,611	2,230,490	2,808,865	601,131	880,018
Total U.S. imports from the world 2/	149,749,366	172,911,700	205,922,700	45,209,200	57,515,200

1/ Because of the inclusion of nonmonetary gold in the statistics effective Jan. 1, 1978, data for 1977 have been adjusted to include nonmonetary gold. Therefore, data in this table for 1977 are not comparable with data for 1977 in table 6 in the 13th Quarterly Report in this series. Data for 1977 are not adjusted for date of importation.

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

Source: U.S. Department of Commerce publication IM-146, and Bureau of East-West Trade.

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

Table 7.--U.S. exports of cereals and cereal preparations to the nonmarket economy countries and to the world, 1977-79, October-December 1978, and October-December 1979

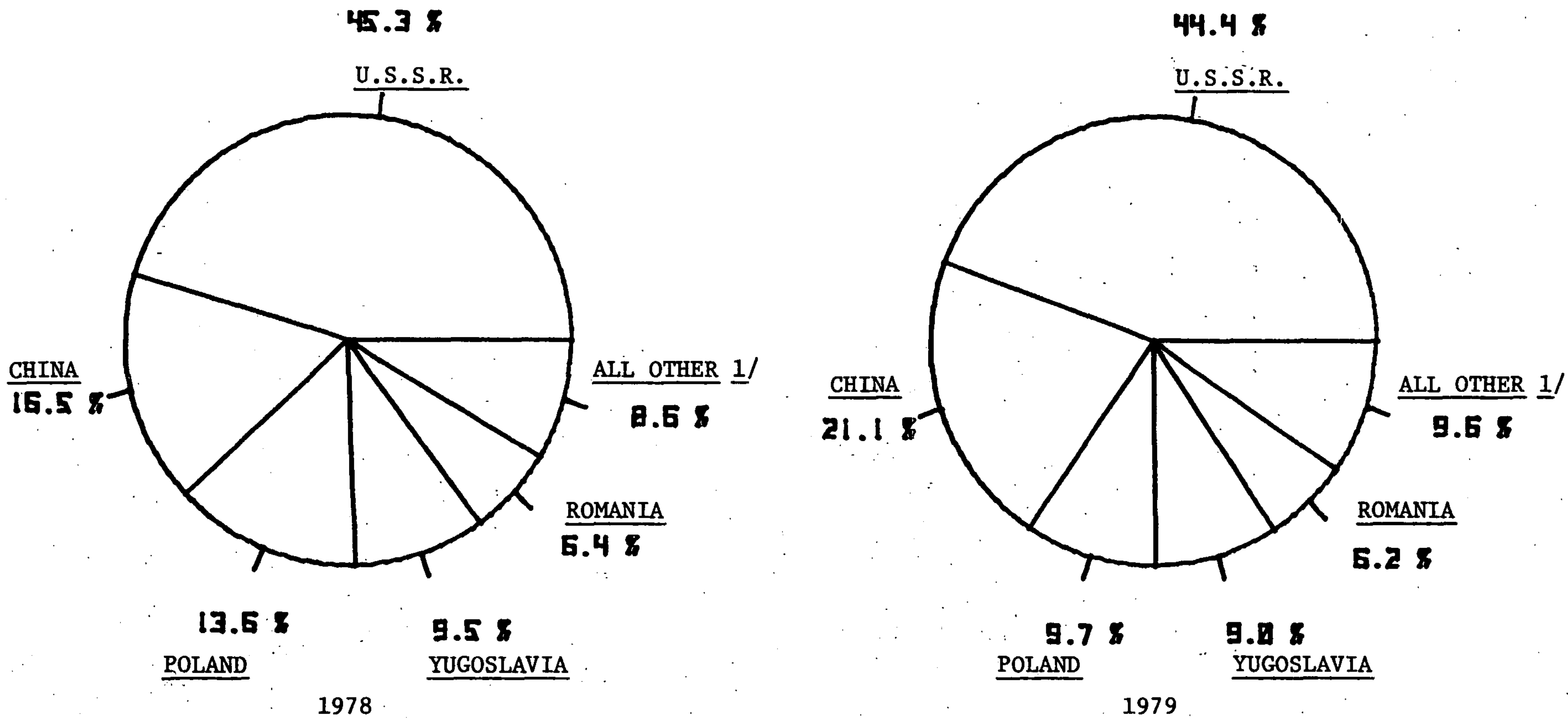
Market	1977	1978	1979	October-December-- 1978	October-December-- 1979
Bulgaria-----------1,000 dollars--	175	25,010	5,515	4,293	-
China-----------------------do----	-	361,902	482,653	87,013	111,126
Czechoslovakia--------------do----	8,936	44,643	167,226	8	95,814
East Germany----------------do----	20,246	106,813	245,773	12,215	142,247
Hungary---------------------do----	9,875	12,439	666	61	-
Poland----------------------do----	197,686	270,474	399,278	126,796	150,908
Romania---------------------do----	36,840	32,546	116,747	2,908	25,103
U.S.S.R---------------------do----	848,629	1,417,438	2,254,036	279,468	708,040
Yugoslavia------------------do----	124	28,575	162,704	6,915	57,996
Total 1/----------------do----	1,122,511	2,299,840	3,834,598	519,677	1,291,234
Total U.S. cereal exports to the world----1,000 dollars--	8,754,798	11,633,969	14,450,494	2,768,441	4,566,002
U.S. exports of cereals to the nonmarket economy countries as a share of total cereal exports percent--	12.8	19.8	26.5	18.8	28.3

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

Source: U.S. Department of Commerce publication EM-450/455, and Bureau of East-West Trade.

Note.--Data for 1977 are based on Schedule B, Division 04. Data for 1978 and 1979 are based on new Schedule E, Division 04.

Figure 1.--Relative shares of U.S. exports to the nonmarket economy countries in 1978 and 1979.

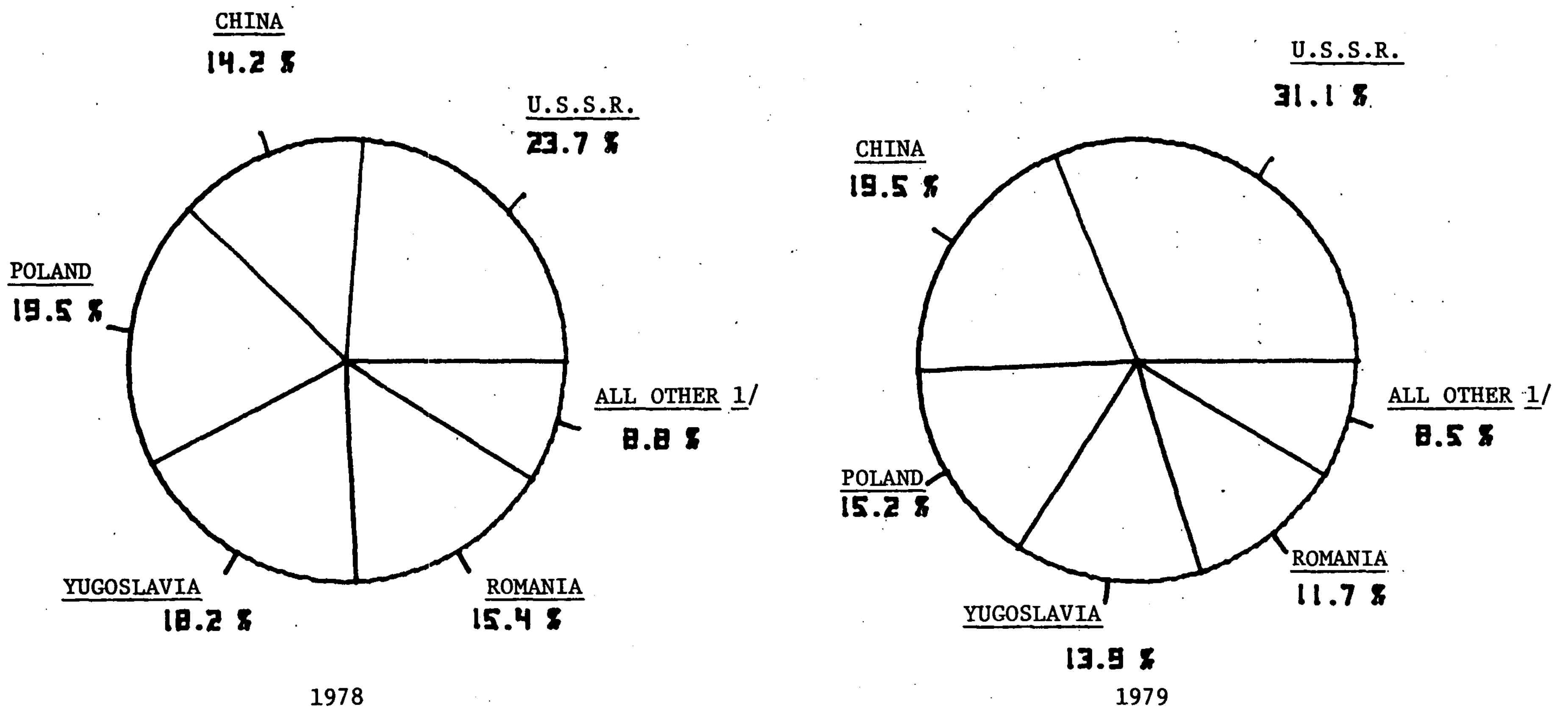


1/ Czechoslovakia, East Germany, Hungary, Bulgaria, Alabania, Cuba, Mongolia, Vietnam, and North Korea.

Source: Based on data in table 5.

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

Figure 2.--Relative shares of U.S. imports to the nonmarket economy countries in 1978 and 1979.



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

Source: Based on data in table 6.

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

powers granted him in the recently enacted Export Administration Act of 1979 to impose controls on U.S. exports for reasons of national security and foreign policy.

The President's announcement was followed by a series of U.S. Government measures intended to (a) enforce the sanctions, (b) alleviate the adverse effect of the agricultural-trade-related sanctions on U.S. farming interests, and (c) assess the impact of the new measures on Soviet and U.S. interests.

Provisions were made to halt shipment of agricultural items other than those necessary to honor U.S. commitments under the U.S.-Soviet bilateral grain agreement of 1975. 1/ An overall review of the existing export-licensing system with respect to high-technology items or other items of strategic significance was set in motion. An immediate moratorium was declared for the duration of this review on the issuance of new licenses for such items. The scope of the review process included reconsideration of previously granted export licenses for suspension or revocation.

Various measures were announced to alleviate the burden of the partial grain embargo on U.S. farmers. Prices of the affected grains dropped significantly immediately after the President's announcement, despite the U.S. Government's declared commitment to assume the contractual obligations of exporters for grains barred from delivery and to keep such grains off the market. Efforts continued to determine the specific provisions needed to maintain prices, dispose of surpluses, and adapt U.S. agricultural production and trade to a possible loss of the Soviet market for an extended time.

Experts also began to assess any burden that the economic sanctions would impose on U.S. business other than farming and on the taxpayers generally. The substantial costs involved sharpened official concern that the new measures should attain their objective and should not be rendered ineffective by circumstances outside the Government's control.

Third-country actions--on behalf of both NME's and other countries which might assist the NME's--are regarded as the principal threats that could weaken the impact of the sanctions. As the partial embargo does not apply to Eastern European allies of the Soviet Union, the possibility that these countries could subvert it had to be faced. Although U.S. approval is needed for reexports, an Eastern European country could circumvent this requirement without technically violating U.S. export regulations. Moreover, other countries which produce the embargoed items could weaken the U.S. export restrictions by replacing U.S. exports to the Soviet Union. Canada, Australia, and the European Community pledged their support of the U.S. embargo by agreeing not to provide grains above quantities already committed to the Soviet Union. However, part of the U.S. grains could be replaced from Argentina or other, nontraditional sources. On January 22, 1980, the U.S. Department of Agriculture (USDA) estimated that 4 million to 9 million metric tons of grains could reach the Soviet Union as a combined result of

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1/ The refusal of the International Longshoremen's Association to load and unload cargo to and from the Soviet Union in some ports made it difficult to honor even the commitment made in the bilateral agreement.

transshipments by other NME's and supplies from countries not supporting the U.S. embargo. 1/

According to the USDA, the grain embargo will have its main short-range effect between March and July 1980. This is the period when U.S. exports will cease and may force a reduction in Soviet hog and poultry numbers. The embargo could also affect the Soviet livestock sector and force distress slaughtering. The impact is expected to become increasingly serious in the long run, especially if the Soviet grain harvest of 1980 is small, as it was last year. In any event, the Soviet Government will not be able to live up to its commitment to improve the diet of its citizens without the U.S. supplies it has counted on.

An effective embargo of high-technology and other strategic items is expected to be more difficult, as electronic technology will most probably continue to drift into the Soviet Union through Western European and Japanese suppliers and probably also through Eastern European purchasers. Advanced industrial countries have controls on exports of these items similar to the controls of the United States, and they have agreed not to undercut the U.S. effort. However, previous experience shows that items which U.S. businesses were not allowed to sell were frequently made available to the Soviet Union from other sources. In the high-technology area, the denial of sophisticated oil- and gas-drilling equipment will create the greatest hardship for the Soviet Union, as such U.S. equipment is technologically the most advanced, and the Soviet need is crucial.

The level of U.S.-Soviet trade stands to be severely affected by the new measures, as an overwhelming part of U.S. exports to the Soviet Union are now suspended. 2/ As U.S. exports to the Soviet Union alone accounted for 44 percent of all U.S. exports in 1979, U.S. trade with NME's collectively stands to suffer a serious setback. Moreover, if the embargo is not lifted soon, additional "ripple" effects will further jeopardize U.S.-Soviet trade and probably also affect U.S. trade with additional NME's (other than China). The Soviet Union may invoke trade-restrictive countermeasures on its own and reduce what trade remains with the United States. As time passes, the Soviet Union will establish alternative trade ties for items previously traded with the United States. U.S. companies, on their part, may decide that their investment in trading with the Soviet Union (and possibly other NME's) is too risky, and they may lose interest in these markets. If the embargo lasts for an extended period of time, new trade alliances forged by parties on both sides might make the resumption of normal trade a long and difficult process.

1/ Statement of Dale E. Hathaway, Undersecretary of Agriculture, to the Senate Subcommittee on International Finance on Jan. 22, 1980.

2/ In early February, the U.S. Department of Commerce projected that U.S. trade turnover (exports plus imports) with the Soviet Union would decline from $4.5 billion in 1979 to $3 billion in 1980. Prior to the restrictions, a $6 billion turnover had been anticipated. U.S. exports in 1980, which had been projected at $4.8 billion prior to the restrictions, are now expected to be $1.8 billion.

U.S.S.R.

U.S.-Soviet relations deteriorated significantly following the U.S.S.R.'s invasion of Afghanistan. This act resulted in various economic sanctions against the U.S.S.R., announced by the President of the United States on January 4, 1980. 1/ This sudden turn for the worse was preceded by a relatively uneventful year in the trade relationship between the two countries. When they signed the SALT II treaty at the "summit meeting" of June 15, 1979, the leaders of the United States and the Soviet Union reaffirmed their support for continued trade expansion but produced no tangible progress toward a trade agreement, which many had expected.

In 1979 the Soviet Union remained one of those NME's which do not enjoy MFN status for their products imported into the United States. 2/ This situation does not significantly restrict U.S. imports from the Soviet Union, as these imports consist largely of raw materials and semifinished products, most of which are free of duty. The U.S.S.R. currently produces relatively few items which would be marketable in the United States, even if their U.S. prices would be lower in response to MFN treatment. Therefore, according to a recent study by the U.S. International Trade Commission, MFN treatment would not bring about much change in the composition of U.S. imports from the Soviet Union. The same study finds that, given normal MFN trade relations, "the largest potential increase in U.S.-U.S.S.R trade would be on the export side resulting from Soviet eligibility for official loans." 3/ According to U.S. businesses, the United States loses a substantial share of Soviet purchases to Western European or Japanese suppliers, which, unlike their U.S. counterparts, are supported by government-backed export credits.

The principal events of the year bearing on U.S.-Soviet commercial relations were the enactment of a new U.S. export-control statute and the application of the existing market disruption statute to U.S.-Soviet trade for the first time. On September 30, the President signed into law the Export Administration Act of 1979, which is designed to protect U.S. vital security and foreign-policy interests without unnecessarily restricting U.S. exports. The statute reduced the number of controlled items, focusing on technologies and products critical to military systems. Under the new law, export controls may not be imposed on goods and technologies which are generally available from sources outside the United States. Important to business are the provisions of the law designed to speed up the processing of export applications. 4/ However, the new act also gave very broad powers to the President to suspend exports, including agricultural commodities. In early 1980, the President used these powers in imposing economic sanctions against the Soviet Union (see p. 9).

1/ See a brief summary of such sanctions on p. 9.

2/ Poland and Yugoslavia have MFN status on a permanent basis. The MFN status of Hungary and Romania is subject to yearly congressional review.

3/ Extending Most-Favored-Nation Tariff Treatment to the Union of Soviet Socialist Republics: Including Analysis of the Trade and Revenue Effects, 1980-84, pp. 45ff.

4/ The economic sanctions announced by the President early in 1980 included a temporary ban on the sale of high-technology items to the Soviet Union; the President subsequently suspended the sale of superphosphoric acid.

U.S. exports to the Soviet Union were limited in 1979 by the administration of the control program. Perhaps the most prominent example involved advanced computers. On March 29, the U.S. Government granted an export license to Sperry Univac for the sale of a computer system to the TASS news agency, following an earlier rejection of a similar sale. However, by the time the announcement was made, the Soviet Union had already awarded a contract representing a much larger value to a French consortium, thus preempting the Sperry-Univac contract.

During the year, U.S.-Soviet trade relations were challenged by the first market disruption case under the Trade Act of 1974 involving imports from the U.S.S.R. An important aspect of the case was that the item in question, anhydrous ammonia, entered the United States in the framework of a countertrade arrangement spanning 20 years. 1/ The ammonia, a fertilizer, was the Soviet counterflow for U.S. exports of technology and superphosphoric acid (also a fertilizer) to the Soviet Union. The willingness of a Western country to enter into countertrade agreements is an important determinant of that country's trade level with the Soviet Union. Especially in recent years, the Soviet Union and other Eastern European countries have promoted such agreements because of their shortage of hard currency, but have met with increased resistance to this manner of trading by advanced Western countries.

Of course, economic conditions in the Soviet Union have a marked influence on the level and composition of U.S.-Soviet trade. For the Soviet Union, 1979 was a year of unusually poor economic performance, paradoxically accompanied by an impressive improvement in the balance of hard-currency trade. The country's grain harvest totaled 179 million metric tons, the lowest since the disastrous crop of 140 million tons in 1975. The shortfall derived to a large extent from a series of adverse weather conditions: unusually cold and wet winter weather and arid summer winds that swept over some of the typically most productive regions. Not surprisingly, President Brezhnev proclaimed that agriculture remains one of the biggest problems of the Soviet economy.

Moreover, as reported by Isvestia, the Soviet Government's official newspaper, Soviet industrial production grew by only 3.4 percent, while the target was 5.7 percent, and labor productivity also failed to rise to planned levels. 2/ In the area of energy, coal and petroleum production was less than that called for, but natural gas output was more than the amount planned. Underfulfillment of the plan was noted in a series of specific areas, including manufactured consumer goods and food items. In view of the year's poor performance, the Soviet Government announced that economic targets for 1980, the last year of the current 5-year plan, have been reduced. A

1/ "Countertrade" is a general term, often used synonymously with "compensation agreements." The U.S. Department of Commerce defines countertrade as a transaction in which a seller (a Western exporter) provides a buyer (an Eastern importer) with deliveries (e.g., technology, know-how, finished products, machinery, and equipment) and contractually agrees to purchase goods from the buyer equal to an agreed-upon percentage of the original sales contract value.

2/ New York Times, Jan. 25, 1980.

continuing lag from year to year in fulfilling the targets of the 5-year plan made it clear that they would be grossly underfulfilled.

Against a background of serious economic problems including increased dependence on imported food and feed, the Soviet trade deficit with the West declined substantially in 1979 1/ as prices of the principal Soviet export items--petroleum, natural gas, and diamonds--soared during the year. If the skyrocketing price of gold, which is not included in Soviet trade statistics, is taken into consideration, the improvement of the Soviet trade balance and terms of trade would be even more spectacular.

By contrast, the Soviet Union's 1978 trade deficit with the United States increased by $1 billion to $2.7 billion in 1979; two-way trade reached $4.5 billion. A 60-percent increase in U.S. exports to the Soviet Union accounted for the bulk of additional trade turnover. The increase was due in great measure to the Soviet Union's increased dependence on U.S. agricultural items in 1979 (table 8).

U.S. grain exports

In recent years U.S. grain trade with the U.S.S.R. has developed into one of the most important aspects of mutual relations. In 1979, U.S. grains--valued more than $2 billion--accounted for 62 percent of all U.S. exports to the Soviet Union and almost half of two-way trade between the two countries. U.S. shipments averaged from two-thirds to three-fourths of the volume of all Soviet grain imports throughout the 1970's.

In 1979, U.S. grain sales, especially of wheat, rose in response to the poor Soviet harvest during the year (table A-1). Wheat sales amounted to 5.4 million tons or 86 percent more than in 1978. Corn exports increased 20 percent to some 12 million tons. Exports of barley--zero in 1978--were 236,000 tons.

In the past year, unusually bad weather aggravated the persistent problems of Soviet agriculture, such as shortage of farm machinery, inadequate transportation and storage facilities, and poor distribution of fuel. The Soviet grain harvest amounted to 179 million tons, compared with 227 million tons planned; it was 58 million tons below the level attained in 1978. At yearend, the USDA estimated that the Soviet Union would have to import some 34 million tons of grain from all sources between mid-1979 and mid-1980. While more than twice the imports in the previous year, this volume was deemed necessary to maintain inventories of cattle, hogs, and other livestock. Meat production has been high among Soviet priorities in recent years, since the Soviet Government is committed to improve the diet of the population.

In the fall of 1979, the USDA authorized the U.S.S.R. to increase its grain purchases from the United States to 25 million tons of wheat and corn

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1/ According to the Newsletter of the Russian Research Center of Harvard University on Jan. 2, 1980, the Soviet trade balance with the West improved by 1 billion rubles in the first three quarters of 1979 compared with that in the first three quarters of 1978.

Table 8.--U.S. trade with the U.S.S.R., by SITC Nos. (Revisions 1 and 2), 1/ 1970 and 1977-79

(In thousands of dollars)

SITC commodity code No.	Description	1970	1977	1978	1979
		U.S. exports			
0	Food and live animals	967	876,009	1,441,793	2,283,330
1	Beverages and tobacco	1,322	1,427	2,638	2,444
2	Crude materials--inedible, except fuel	31,986	180,998	286,384	564,166
3	Mineral fuels, lubricants, etc	775	16,858	30,514	23,435
4	Oils and fats--animal and vegetable	-	87	18,750	73,395
5	Chemicals	24,683	40,469	29,866	134,421
6	Manufactured goods classified by chief material	8,776	89,275	56,879	48,438
7	Machinery and transport equipment	44,320	373,595	283,173	363,112
8	Miscellaneous manufactured articles	5,287	44,036	97,563	109,814
9	Commodities and transactions not elsewhere classified	190	730	1,454	1,076
	Total	118,215	1,623,484	2,249,020	3,603,632
		U.S. imports 2/			
0	Food and live animals	474	886	1,702	1,043
1	Beverages and tobacco	145	1,911	4,838	7,432
2	Crude materials--inedible, except fuel	18,313	47,031	49,705	33,151
3	Mineral fuels, lubricants, etc	2,807	64,156	43,642	16,113
4	Oils and fats--animal and vegetable	1	45	10	7
5	Chemicals	912	6,090	36,840	67,636
6	Manufactured goods classified by chief material	46,443	80,363	93,028	161,086
7	Machinery and transport equipment	67	3,092	3,083	4,409
8	Miscellaneous manufactured articles	2,615	10,228	9,459	32,119
9	Commodities and transactions not elsewhere classified	446	207,781	287,270	549,600
	Total	72,224	421,582	529,579	872,595

1/ Data for 1970 and 1977 are based on the Standard International Trade Classification, Revised but have been adjusted to include nonmonetary gold in both export and import data. Data for 1978 and 1979 are based on the SITC, Revision 2. Because of changes in classification between the the two revisions, data for 1978 and 1979 on a 1-digit basis are not comparable with data for earlier periods.

2/ Data for 1970 are U.S. general imports; data for 1978 and 1979 are U.S. imports for consumption.

Source: U.S. Department of Commerce publication FT155 and U.S. Department of Commerce, Bureau of East-West Trade.

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

combined in the fourth year of the U.S.-U.S.S.R. bilateral grain agreement, which came into force on October 1, 1976. Under the terms of this agreement, the Soviet Union agreed to purchase, and the United States to sell, 6 million to 8 million tons of U.S. wheat and corn per year in each of the 12-month periods beginning October 1, 1976, and ending September 30, 1981. The agreement permits the United States to sell less than 6 million tons, provided U.S. grain supplies are less than 225 million tons in any of these years. It also permits the Soviet Union to purchase more than 8 million tons per year with special authorization by the U.S. Government.

The 25 million tons authorized for October 1979-September 1980 substantially exceeded previous annual U.S. export levels. However, as crops in the United States were at record levels in 1979, such a large allotment to the Soviet Union was regarded to be in the interest of U.S. agriculture and without risk of accelerating inflation. Authorized sales to the Soviet Union probably would have accounted for about 23 percent of total U.S. exports of all grains in the October 1979-September 1980 marketing year, compared with 17 percent in the prior marketing year. 1/

The deterioration of U.S.-Soviet relations that immediately followed the year under review led the President of the United States to suspend delivery of U.S. corn and wheat to the Soviet Union in excess of the 8 million tons allowed in the bilateral grain agreement, 5.5 million tons of which had already been shipped in 1979. Therefore, U.S. corn and wheat exports to the Soviet Union in 1980 are now expected to be only about 2.5 million tons, instead of the 19.5 million tons the Soviet Union had counted on through October. In addition, the President suspended shipments of other grains to the Soviet Union entirely. In January 1980, the USDA estimated that the partial grain embargo will lower Soviet imports from all sources by 9 million to 25 million tons in the July 1979-June 1980 marketing year.

U.S. exports other than grains

Nongrain exports, many of them agricultural items, increased by 62 percent in 1979. In the category of food and animal products, such exports included oilseed products, livestock and related products, and poultry and some other food and animal items, in addition to the grains discussed above.

After food, crude materials rank second among major commodity groups in the spectrum of U.S. exports to the Soviet Union in 1979 (table 8). Some 87 percent of crude materials exported consisted of soybeans. The Soviet Government has been an important, if erratic, buyer of U.S. soybeans since 1972. Annual fluctuations in Soviet imports depend on several factors, including Soviet production of oilseeds, prevailing Soviet policies of allocating hard currency, and the availability of the Brazilian and Argentine soybeans which they favor. In 1979, soybeans were the third leading U.S. export item to the Soviet Union (table A-1).

1/ U.S. Department of Agriculture, Foreign Agriculture, November 1979, pp. 25 ff.

With its growing commitment to develop the livestock industry, for which soybean products provide high-protein feed, the Soviet Government increased the volume of soybean purchases from the United States from some half a million tons in 1976 to 1.8 million tons in 1979, 1/ or almost half a billion dollars' worth. Unlike other NME's which purchase soybean meal, the Soviet Union has its own capabilities to process soybeans and other oilseed and therefore prefers to import soybeans in unprocessed form. In 1979, however, Soviet purchases of soybean meal also became noteworthy, amounting to some 27,000 metric tons, worth about $7 million.

U.S. exports of machinery and transportation equipment to the Soviet Union increased 28 percent in 1979. Eight of the 20 leading U.S. export items were in this third leading category during the year (table 8). Some of these are associated with Soviet oil and gas exploration or production. Domestic equipment for the Soviet oil and gas industry is archaic by Western standards, causing Soviet dependence on the West for advanced supplies and technology. In its discussion of oil and gas machinery, the Commission's 20th report on U.S. trade with the NME's notes the generally sustained lead of the United States in providing the Soviet Union with mining machines for this industry and, by contrast, the rapid decline of the United States as a supplier of oil and gas pumps to the Soviet Union.

Other leading high-technology items (most of them in the machinery group) are traditionally computer related, or involve advanced machine tools. The Department of Commerce estimated that U.S. exports of high technology items to the U.S.S.R. ranged from $150 million to $216 million annually during 1975-79. 2/ Applications for exports have been denied recently, following the new U.S. economic policy concerning the Soviet Union. Projects adversely affected involve offshore oil drilling, a major petrochemical complex, an aluminum smelter, additional supplies for the Kama River truck plant, and large-scale communications equipment. It is not known to what extent the denials were caused by the new economic sanctions concerning high-technology exports.

A quadrupling of U.S. chemical exports to the Soviet Union in 1979 resulted from the first U.S. shipments of superphosphoric acid during the year. These exports are part of Occidental Petroleum Corp.'s 1974 countertrade arrangement with the Soviet Government. Phosphoric acid, a substance from which liquid phosphate fertlizers are made, became the fourth leading U.S. export item to the Soviet Union in 1979. Exports amounted to 543,000 short tons, valued at $93 million (table A-1). 3/

1/ See discussion of soybeans and soybean products in U.S. International Trade Commission, 20th Quarterly Report to the Congress and the East-West Foreign Trade Board on Trade Between the United States and the Nonmarket Economy Countries During September-December 1979, USITC Publication 1026, December 1979, hereafter 20th Quarterly Report . . .. Other quarterly reports by the Commission in this series will be cited in similar short form.

2/ Business America, Jan. 16, 1980.

3/ On Feb. 25, 1980, President Carter embargoed the sale of phosphate materials to the Soviet Union.

U.S. gold imports

In 1979, gold bullion accounted for 63 percent of all U.S. imports from the Soviet Union (table A-2), and for most imports in the group labeled "Commodities and transactions not elsewhere classified." The United States imported 1.6 million troy ounces of gold bullion from the Soviet Union during the year, 13 percent more than in 1978. The value of the 1979 imports was $54 million, representing an increase of 92 percent attributable mainly to the dramatic rise in the price of gold during the year. 1/ In addition, as part of a comprehensive program to support the value of the dollar, the U.S. Department of the Treasury periodically auctions large amounts of gold, so that total U.S. exports of gold exceeded imports by some 10 million troy ounces in 1979. 2/

Given this large domestic supply, U.S. demand for foreign gold is based on factors such as (a) longstanding relationships between the U.S. purchaser and the foreign supplier, (b) the need by many gold consumers to have a reliable and steady source of bullion, and (c) some preferred quality of the foreign gold. Soviet gold, for example, is known to be sought for its high degree of purity. Other than U.S. demand for Soviet gold, the volume of U.S.-Soviet gold trade depends on the perceived Soviet need to obtain dollars by selling gold.

The Soviet Union ranks as the world's second largest gold producer after the Republic of South Africa. Soviet gold holdings are not published, and there is very little information concerning Soviet gold-mining activities. Estimates of current annual Soviet gold production range from 8 million to 13 million troy ounces. 3/

The U.S.S.R.'s established policy is to sell gold in sufficient quantities to cover its hard-currency requirements not met from other sources. In 1979, soaring gold prices made it possible for the Soviet Government to reduce the volume of gold it sold without drastically curtailing revenues. 4/ According to observers, sales of Soviet gold in 1979 tended to decline considerably. 5/ By withholding its gold from the market, the Soviet Government may hope to give an additional stimulus to the steep rise in prices caused by powerful global political and economic changes. Similar Soviet behavior has been observed since 1977 in world markets for other minerals and metals. 6/

1/ The average unit value of gold bullion imported from the Soviet Union was $197 per ounce in 1978 and $333 in 1979.

2/ The last 1979 gold auction of the Treasury Department was in November.

3/ Mining Journal, July 13, 1979.

4/ The price of gold bullion more than doubled from about $225 per ounce at the beginning of 1979 to well above $500 by yearend.

5/ Business Week, July 9, 1979.

6/ New York Times, Feb. 6, 1980.

U.S. imports other than gold

Nongold imports from the Soviet Union increased by about one-third in 1979, owing predominantly to larger volumes and values of Soviet metals, minerals, chemicals, and metal coins entering the United States.

Despite impressive growth in imports of several major product groups during the year, the steep decline in Soviet mineral fuels entering the United States is probably the most notable development (table 8). For a long time, fuel oils ranked 1st among the Soviet items imported into the United States; they ranked 2d in 1978 but only 13th in 1979 (table A-2). The volume of fuel oil imports dropped from 3 million barrels in 1978 to 0.2 million barrels in 1979 (valued at some $7 million), all entering in the last quarter of the year. Also in the last quarter, 9 million dollars' worth of Soviet gasoline was imported, compared with none in 1978.

In third-country markets, petroleum and petroleum products continued to be by far the largest hard-currency earners for the Soviet Union. As stated before, the spectacular increase in crude oil prices contributed to a significant reduction in the Soviet trade deficit in 1979. 1/ Western analysts differ in their estimation of Soviet petroleum reserves and prospects of Soviet oil supplies on the world market. Most agree, however, that for the immediate future a continued decline of Soviet sales can be expected. 2/

The Soviet Union depends heavily on exports of mineral fuels, crude materials, and semimanufactured products, as its production of finished articles is generally noncompetitive on world markets. The composition of U.S. imports from the Soviet Union reflects this situation, even after petroleum lost its significance. In 1979, as in previous years, manufactured goods classified by chief material were the most significant among major product classes in U.S. imports from the Soviet Union (table 8). Most items in this group are nonferrous metals; their share in Soviet sales to the United States is comparatively larger than in Soviet sales to other hard-currency markets.

Substantial increases in the value of certain metal imports into the United States in 1979 reflect in great measure the considerable price increases that took place during the year. In the past 2 years the Soviets were observed to have limited their exports of metals and minerals to Western markets, and even to have purchased those materials of strategic importance in which they are self-sufficient. 3/ While no conclusive explanation for such action exists, the likely reasons are Soviet hope of stimulating and benefiting from future price increases for export items, and the military use or stockpiling of these metals and minerals.

Platinum metals account for more than two thirds of all U.S. imports from the Soviet Union of manufactured products classified by chief material. 4/ These imports--mostly palladium, rhodium, platinum sponge, and platinum products--are used in a number of industries, including automobile, chemicals,

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1/ Russian Research Center, op. cit.

2/ See discussion on oil and gas drilling equipment in 20th Quarterly Report . . . .

3/ New York Times, Feb. 6, 1980.

4/ See discussion on platinum group metals in 11th Quarterly Report . . ., USITC Publication 836, September 1977.

petroleum, glass, pharmaceuticals, and jewelry production. Palladium ranks second after gold among all U.S. import items from the Soviet Union, but the other items in the platinum group are also among the leading 20 (table A-2). Imports of all platinum items increased in quantity in 1979, but in terms of value such increases were much greater owing to the large rise in unit value. On the world market the volume of Soviet sales of platinum metals continued their decline, while Soviet earnings from such sales continued to climb.

Nickel and titanium also ranked high among imported Soviet manufactured goods (table A-2). Imports of nickel increased markedly both in quantity and value, as did imports of titanium waste and scrap. However, the quantity imports of the more sought-after titanium sponge declined, and this traditionally leading U.S. import item from the Soviet Union disappeared from the list of the top 20 items. U.S. imports from all sources account for some 10 percent of U.S. titanium sponge consumption, with the Soviet Union a close second supplier after Japan. Titanium sponge is a crucial element in the fabrication of lightweight, heat-resistant airplane and spacecraft parts.

In the last 3 years the U.S.S.R. sharply reduced its sales of titanium sponge on the world market, thereby accelerating the upward movement of prices. Shrinking Soviet supplies coincide with increased demand by commercial aircraft producers--a result of booming sales of commercial airliners--and a greater use of titanium in airline production than before. The decrease in Soviet titanium in world markets is believed to derive from the U.S.S.R.'s greater domestic use of the metal for military purposes. 1/ In the United States, the existing titanium shortage was a factor in Congress' consideration of a reduction of the 18-percent column 1 duty on imports of titanium to 9 percent. No reduction of the 25-percent column 2 rate for Soviet titanium sponge has been considered.

U.S. imports of chemicals from the Soviet Union amounted to $67 million in 1979, almost double such imports in 1978. Anhydrous ammonia--a fertilizer--accounted for most of these imports and for their fast growth during the year. The volume of ammonia imports more than doubled, to 777,000 short tons. Soviet ammonia enters the United States duty-free in the framework of a countertrade agreement concluded between the Occidental Petroleum Corp. and the Soviet Government. Under that agreement, Soviet ammonia is imported in compensation for U.S. exports of superphosphoric acid 2/ and U.S. assistance to the Soviet Union in building four ammonia plants and related facilities. 3/

1/ Wall Street Journal, Nov. 14, 1979, and the Washington Post, Dec. 28, 1979.

2/ On Feb. 25, 1980, President Carter embargoed the sale of phosphate materials to the Soviet Union.

3/ This agreement was discussed in the section on ammonia from the U.S.S.R. in countertrade in 16th Quarterly Report . . ., USITC Publication 934, December 1978.

In response to a petition for import relief filed by 12 domestic producers and 1 domestic distributor of anhydrous ammonia, the Commission instituted an investigation in July 1979 under section 406 of the Trade Act of 1974. The petition alleged injury on grounds of market disruption caused by rapidly increasing imports of anhydrous ammonia from the U.S.S.R. In October, the Commission determined in a 3-to-2 vote that Soviet ammonia was disrupting or threatening to disrupt the U.S. market. 1/ It recommended a 3-year quota to limit ammonia imports expected to enter in 1980-82 under the provisions of the countertrade agreement. In December, the President decided against restricting ammonia imports from the Soviet Union on grounds that import quotas are "not currently in the national interest." The President then noted that the U.S. industry was operating at 86-percent capacity and that, despite the competition from Soviet imports, prices were rising.

In January 1980 the President, citing changed circumstances, requested that the Commission institute a new investigation under section 406 of the Trade Act of 1974. Pending the outcome of this investigation, the imports of Soviet ammonia were limited to 1 million tons over the next 12 months, as had been originally recommended by the Commission. On March 20, 1980, the Commission found by a 3-2 vote in the second investigation that no market disruption existed. 2/

In 1979, imports of crude materials other than fuels from the Soviet Union declined to some one-third of their level in 1978, owing in large measure to a steep decline in imports of aluminum waste and scrap. By contrast, a 78-percent increase in the value, and a smaller but still significant increase in the quantity, of chrome ore imports is a noteworthy development (table A-2). Chrome ore is the most prevalent Soviet crude material on the U.S. market.

Imports of Soviet metal coins quadrupled in value in 1979, apparently as a result of demand by collectors and speculators. These items accounted for some four-fifths of miscellaneous imports during the year (table 8).

China

U.S.-Chinese two-way trade doubled in 1979--climbing to $2.3 billion--after tripling in 1978 (table 9). As in 1978, the increase was export led; agricultural exports alone rose by nearly $1 billion. The U.S. trade surplus with China widened from approximately $500 million in 1978 to nearly $1.2 billion in 1979. Although grain, cotton, and soybeans were again the most prominent U.S. export items, manufactured goods had the greatest percentage rate of export growth.

China had a deficit trade balance with the world as well as with the United States in 1979. Imports exceeded exports by approximately $2 billion, owing to increased imports of complete plants, consumer goods, fertilizers, and raw materials and agricultural goods. Chinese foreign trade rose

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1/ Voting for the finding of market disruption were then Chairman Joseph O. Parker, Commissioner George M. Moore, and then Commissioner (presently Chairman) Catherine Bedell. Voting in the negative were Vice Chairman Bill Alberger and Commissioner Paula Stern.

2/ Vice Chairman Alberger, Commissioners Stern and Calhoun formed the majority. Chairman Bedell and Commissioner Moore dissented.

Table 9.--U.S. trade with China, by SITC Nos. (Revisions 1 and 2), 1/ 1970 and 1977-79

(In thousands of dollars)

SITC commodity code No.	Description	1970	1977	1978	1979
		U.S. exports			
0	Food and live animals	-	27	362,253	488,271
1	Beverages and tobacco	-	5	-	95
2	Crude materials--inedible, except fuel	-	52,349	223,905	531,809
3	Mineral fuels, lubricants, etc	-	64	1,765	673
4	Oils and fats--animal and vegetable	-	31,937	37,775	42,036
5	Chemicals	-	19,595	60,494	125,170
6	Manufactured goods classified by chief material	-	10,837	25,296	243,927
7	Machinery and transport equipment	-	51,881	93,007	228,716
8	Miscellaneous manufactured articles	-	4,541	13,706	55,198
9	Commodities and transactions not elsewhere classified	-	32	40	605
	Total	-	171,318	818,241	1,716,500
		U.S. imports 2/			
0	Food and live animals	-	25,514	26,057	51,272
1	Beverages and tobacco	-	200	643	682
2	Crude materials--inedible, except fuel	-	43,970	57,375	65,077
3	Mineral fuels, lubricants, etc	-	950	4/	96,436
4	Oils and fats--animal and vegetable	-	53	3,262	3,432
5	Chemicals	-	21,369	32,795	53,299
6	Manufactured goods classified by chief material	1	47,863	93,082	82,301
7	Machinery and transport equipment	-	750	565	1,060
8	Miscellaneous manufactured articles	-	55,041	101,993	190,512
9	Commodities and transactions not elsewhere classified	-	1,684	972	4,472
	Total	1	197,400	316,743	548,577

1/ Data for 1970 and 1977 are based on the Standard International Trade Classification, Revised but have been adjusted to include nonmonetary gold in both export and import data. Data for 1978 and 1979 are based on the SITC, Revision 2. Because of changes in classification between the the two revisions, data for 1978 and 1979 on a 1-digit basis are not comparable with data for earlier periods.

2/ Data for 1970 are U.S. general imports; data for 1978 and 1979 are U.S. imports for consumption.

Source: U.S. Department of Commerce publication FT155 and U.S. Department of Commerce, Bureau of East-West Trade.

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

dramatically in 1979, to about $29 billion, or by nearly 40 percent over the record 1978 two-way total, and almost double the level in 1977. The United States was China's third largest trade partner in 1979, surpassed only by Japan and Hong Kong.

The resumption by the United States of normal diplomatic relations with China on January 1, 1979, provided the basis for progress toward normal trade relations as well. A comprehensive trade agreement between the two countries, providing for reciprocal MFN status and establishing a framework for normalized trade and commercial relations, was signed in July. The agreement calls for mutual access to official export credits, guarantees patent and trademark protection, sets procedures for dealing with market disruption from sudden surges of imports, and lists measures by which trade activities could be facilitated. Although China was identified in the agreement as a developing country, the agreement does not automatically grant China duty-free treatment under the Generalized System of Preferences (GSP), since the Trade Act of 1974 forbids the extension of GSP treatment to products of Communist countries that are not members of the International Monetary Fund and the General Agreement on Tariffs and Trade (GATT). 1/ The agreement is renewable every 3 years, but may be suspended if either Government loses domestic legal authority to implement its provisions, or it may be abrogated for the protection of national security interests.

The United States-China trade agreement was submitted for congressional approval on October 23, 1979. In a report prepared at the request of the Subcommittee on Trade of the Ways and Means Committee, the Commission examined the possible effects on U.S. trade with China of granting MFN treatment and access to official export credits. 2/ The report projected net increases in annual U.S.-Chinese trade due to MFN treatment ranging from $466 million to $958 million through 1984. Congress voted approval in mid-January 1980, and the agreement took effect February 1, 1980.

Some issues that might have prevented approval of the agreement were resolved in 1979. In May, an agreement was concluded settling outstanding U.S. claims against the Chinese Government resulting from property lost when the Communists came to power 30 years ago. Chinese assets frozen since that time in this country were also slated to be released. 3/ With congressional consent, the Export-Import Bank of the United States (Eximbank) agreed to postpone the collection of debts contracted in the late 1940's, permitting the granting of Eximbank loans for U.S. exports to China when the trade agreement was approved. A significant obstacle to approval of the trade agreement was overcome when the President notified Congress in October that he was exercising his authority to waive the provisions of section 402 of the Trade Act of 1974, commonly termed "the Jackson-Vanik amendment," for China. These provisions prohibit the granting of MFN status to countries not now receiving

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1/ 19th Quarterly Report . . ., USITC Publication 1005, September 1979, p. 19.

2/ Extending Most-Favored Nation Tariff Treatment to the People's Republic of China: Including Analysis of the Trade and Revenue Effects, 1980-84 (hereafter Extending Most-Favored-Nation Treatment to China . . .), October 1979, p. 2.

3/ 18th Quarterly Report . . ., USITC Publication 988, June 1979, p. 16.

it if free emigration is denied. The President's waiver depends on his determination that progress is being made toward that goal. In the case of China, the U.S. State Department reported that private assurances and public statements by Chinese leaders, as well as actual emigration figures, provided sufficient grounds for the waiver.

An aspect of U.S.-Chinese trade that continues to cause concern is the absence of an agreement with China limiting exports of textile products to the United States. Some U.S. textile manufacturers fear that imports of Chinese textile goods will greatly increase when MFN status is granted, and they support the negotiation of a bilateral agreement similar to agreements in effect with other textile-exporting nations. 1/ Talks with China on this subject were initiated in October 1978, but were broken off in May 1979 because of the continuing divergence of the parties' negotiating positions. The Chinese want the widest possible latitude in exporting textile products to the United States, emphasizing their dependence on such sales to earn the foreign exchange necessary to finance their imports of capital goods and agricultural products. The U.S. position favors limits on such imports.

Following the breakdown of negotiations, the United States imposed unilateral quotas on imports of cotton gloves, blouses, shirts, cotton trousers, and manmade-fiber sweaters. 2/ Further quotas were ordered in October 1979 covering another category of cotton blouses and manmade-fiber coats. These actions may encourage China to conclude a bilateral pact, since the unilateral textile quotas, unlike most of the bilateral agreements, do not provide for the growth of imports over time. The institution of such quotas facilitated congressional approval of the United States-China trade agreement by reducing the danger that the unrestrained growth of textile imports from China under MFN treatment would cause disruption of the U.S. market.

The year 1979 was one of reassessment in economic planning for the Chinese leadership. China's drive to develop into a major economic power by the end of the century had produced a serious imbalance in the relative growth rates of various economic sectors. In addition, the sudden shift in basic Chinese attitudes in favor of increased use of foreign technology and financing had caused a surge in foreign trade and in the number of completed commercial negotiations, agreements, and contracts. By the end of 1978, China's foreign-trade balance was massively in deficit, and commitments for downpayments on plant construction had reached $600 million. Large trade deficits continued into early 1979, prompting the leadership to take measures to halt the rapid outflow of foreign exchange and to plan more carefully for future expenditures. A number of major construction contracts with Japan were temporarily suspended and the pace of negotiations with other countries slowed. The targets of the new 10-year plan (1976-85) that had been announced in March 1978 were revised downward. There was a renewed emphasis on balancing the economic growth of various industries. A more selective approach to importation was decreed, emphasizing plant and equipment that

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1/ Congressional Record, May 21, 1979, p. E2413; Women's Wear Daily, Oct. 16, 1978; Journal of Commerce, Oct. 26, 1979, p. 5; New York Times, May 30, 1979, p. D-9.

2/ 19th Quarterly Report . . ., p. 20.

presumably will yield quick results in terms of capital accumulation and economic growth. Foreign credit and direct foreign investment became acceptable sources of foreign exchange, because even the revised program will require large imports of capital and intermediate goods. 1/

The new program emphasizes agriculture and light industry over heavy industrial development in order to bring about more balanced growth. Other key sectors receiving priority include electric power generation, coal and oil production, building materials, nonferrous metals, telecommunications and electronics, and transportation. In terms of access to imports, priority will be given to these sectors and to capital projects that require less foreign exchange, offer quicker return on investment, and generate greater export earnings. On this basis, the textile industry will be favored under the new policy, and will receive priority treatment in the allocation and importation of necessary inputs.

In order to finance the imports needed to achieve its economic goals, China is seeking to acquire foreign exchange from several new sources and to increase receipts from traditional areas. Borrowing abroad is now an accepted practice. China has requested development aid from the United Nations, and by mid-1979 major credit arrangements totaling close to $23 billion had been reached with government credit agencies and private banks in Japan, France, Italy, the United Kingdom, and Canada. In addition, the U.S. Government has announced that $2 billion in export credits will be available from the Eximbank when such loans have been approved for China. 2/ China also expects to expand hard-currency earnings from remittances by Chinese living abroad, from investments in Hong Kong, and from services such as shipping, tourism, and providing Chinese construction crews for overseas construction projects. Other anticipated sources of increased amounts of foreign exchange are expanded exports of light manufactures such as textile products, of crude oil, and of the output of the plants now being purchased. Countertrade agreements are being encouraged, as is the establishment of facilities where imported inputs are processed and reexported. 3/

The promulgation in July 1979 of a joint-venture law that permits foreign equity ownership will expand the role of foreign firms in China. It is expected that the firms created under the law will enhance export earnings, encourage the acquisition of advanced technology, and train the labor force. These enterprises will be encouraged to export their output. In order to attract foreign investors, the new law sets no upper bound on the percentage of foreign ownership, but requires a minimum investment of 25 percent. Tax holidays will be granted if state-of-the-art technology is incorporated, and aftertax profits and salaries may be repatriated by the foreign participants. The enterprises will be governed by the laws and regulations of China, and will be expected to complement planned goals. 4/

The first of these joint-venture agreements signed with a U.S. investor took place in October 1979. Over a 3-year period, $150 million is planned to be invested through the China International Trust and Investment Corp., the

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1/ National Foreign Assessment Center, China: International Trade Quarterly Review, First Quarter, 1979, September 1979, p. 1.

2/ 20th Quarterly Report . . ., p. 19.

3/ U.S. Department of Commerce, China's Economy and Foreign Trade, 1978-79, September 1979, pp. 13-5.

4/ 20th Quarterly Report . . ., p. 20.

new agency set up to handle investment in China by foreign firms. More than 100 proposals for joint investment deals were received during June-October 1979, while the corporation was being organized. 1/

U.S. exports

The value of U.S. exports to China in 1979 totaled more than $1.7 billion, nearly twice the 1978 level and 10 times the 1977 level (table 9). The share of total Chinese imports supplied by U.S. goods rose from less than 8 percent in 1978 to 12 percent in 1979. 2/ Increased U.S. sales of grain, cotton, and soybean products pushed the value of food and crude materials exports to more than $1 billion, up 74 percent from 1978. Manufactured goods exports grew even more rapidly. In 1978, chemicals, machinery and equipment, and other manufactures accounted for less than one-quarter of the total export bill. That proportion rose to 38 percent in 1979, to more than $650 million.

Virtually all U.S. exports of food and live animals to China in 1979 consisted of wheat and yellow corn. U.S. exports of grain to China approached 4 million metric tons, valued at $563 million. Chinese grain output (including soybeans) 3/ was 315 million metric tons in 1979, exceeding 300 million tons for the second year in a row. The 10-year plan calls for steady increases in total grain output through 1985, when the harvest is projected to reach 400 million tons. This rather ambitious goal gives high priority to the agricultural sector in terms of investment for fertilizers, irrigation, mechanization, seed research, and so forth. Good weather will also be necessary. 4/

China expects to import in excess of 10 million metric tons of grain in 1980 and 1981. The current economic plan calls for limited free-market sales of grain, for wage increases and incentive bonuses, and for an increase in per capita meat consumption. These policies will insure that the demand for grain for human consumption and for animal feed in China will exceed the planned domestic supply. A series of agreements signed with Canada, Australia, and Argentina call for Chinese grain imports from these countries totaling 6 million to 7 million metric tons per year through 1981. Chinese leaders have already stated that imports from the United States might range from 5 million to 6 million metric tons in the next few years. China became eligible for export credits from the Commodity Credit Corporation (CCC) in late 1978, but has not yet made use of these credits. When used, they will enhance the competitiveness of U.S. grain exports to China.

1/ Foreign Broadcast Information Service (FBIS), Daily Report: People's Republic of China, July 10, 1979, p. L-9; Journal of Commerce, Oct. 5, 1979, p. 3.

2/ FBIS, Daily Report: People's Republic of China, Feb. 8, 1980, p. L-7.

3/ Chinese official grain statistics include soybeans.

4/ National Foreign Assessment Center, China: Demand for Foreign Grain, January 1979, pp. 1-5.

The value of U.S. exports of crude materials to China in 1979 more than doubled from the 1978 level, reaching a record $532 million. Raw cotton, synthetic fibers, and soybeans accounted for 99 percent of these exports. Cotton exports increased 87 percent over those in the previous year, totaling more than 900,000 bales or $294 million (table A-3), making cotton the leading U.S. export to China for the first time since 1975.

The value of exports of synthetic fibers rose in 1979 to $62 million, or by 34 percent. The total quantity exported, however, remained essentially unchanged. Current Chinese economic planning calls for expanded production of synthetic fibers; full production at existing and planned facilities should result in a tripling of domestic output by 1982. Chinese imports of these products should continue, however, despite the ambitious growth of domestic capacity. The demand for synthetic fibers is likely to greatly exceed domestic supply for many years, owing to projected increases in textile product output for both domestic uses and export. 1/

Total U.S. exports of soybeans to China expanded sharply in 1979, rising from less than 60,000 metric tons in 1978 to 412,000 tons or $107 million by the end of 1979. China is thought to be the world's third largest producer of soybeans, after the United States and Brazil. Prior to 1977, China was a net importer of this commodity only once in its history, but its output is now insufficient to cover the needs of its growing population. Recent Chinese farm policy has given greater priority to soybean (and grain) production by raising state procurement prices and by offering bonuses for output levels in excess of official quotas. Planned increases in consumption of soybean oil and in production of soybean meal for animal feed, however, are likely to keep imports of soybeans at relatively high levels, with the United States as a major supplier. 2/

U.S. exports of soybean oil to China also increased in 1979; shipments of nearly 60,000 metric tons, valued at close to $36 million, represented a 33-percent increase over the quantity exported in 1978. These exports accounted for approximately 85 percent of the value of U.S. exports of oils and fats to China in 1979, the remainder consisting of inedible tallow.

Sales of manufactured goods (SITC Nos. 5 through 8 in table 9) to China rose dramatically in 1979. Manufactured goods classified by chief material grew most rapidly of all U.S. manufactured exports to China. They rose to $244 million in 1979, compared with only $25 million in the preceding year. Exports of drilling pipes, tubes, and casings of iron and steel and of drill bits for oil-well drilling were valued at more than $150 million. Polyester yarns and fabric, unwrought copper, and magnesium were other prominent exports in the category. Chemical products exports doubled in value from their 1978 level. Principal products included urea, other fertilizer materials, polyester resins, insecticides and pesticides, and various sodium compounds. Exports of machinery and equipment were 2 1/2 times their 1978 value, reaching almost $230 million. Oil- and gas-drilling machinery parts, rotary drills, heavy-duty trucks and parts, metalworking and other heavy machinery, and telecommunications equipment accounted for about 80 percent of the value of

1/ Extending Most-Favored-Nation Treatment to China . . ., pp. 60-2.

2/ 20th Quarterly Report . . ., pp. 73-4; U.S. Department of Agriculture, Foreign Agricultural Service.

these exports. Exports of miscellaneous manufactured articles quadrupled in value to $55 million. Most exports in this category consisted of scientific measuring and analysis equipment and surveying equipment and parts. Sophisticated machinery of this type is needed by China to improve technical capabilities in the chemical and metallurgical industries, among others.

This extraordinary growth of U.S. manufactured exports reflects current priorities in Chinese economic planning. Exports of fertilizers and other agricultural chemicals, machinery and equipment for oil exploration, scientific and telecommunications equipment, and several other high-technology products can be expected to continue to increase as the Chinese modernization plan progresses and as U.S.-Chinese commercial relations improve. A number of major contracts for plant construction, engineering work, or advanced equipment sales were under discussion or signed in 1979. Such contracts generally lead to increased U.S. exports over a number of years. These negotiations and contracts covered U.S. assistance in oil exploration, development of Chinese coal production, and development of inland waterways; U.S. participation in construction of aluminum plants, agricultural and commercial airplane plants, truck plants, pulp and paper mills, and cement spreaders; and purchases from the United States of helicopters, trucks, sensitive measuring equipment, satellite communications equipment, computers and software, and equipment for a fertilizer plant.

U.S. imports

U.S. imports from China increased 73 percent in 1979 (table 9). The total of nearly $550 million included the first imports of crude oil and refined petroleum products, marked increases in imports of apparel and certain food items, and a more modest expansion of the value and diversity of other U.S. imports from China. Manufactured items classified by chief material was the only category with smaller imports in 1979 than in the previous year.

The largest import category in U.S.-Chinese trade continues to be miscellaneous manufactured articles (table 9). In 1979, imports valued at $191 million were classified in this group, accounting for 35 percent of the value of all U.S. imports from China, up from 28 percent in 1977. Major import items in this category include clothing, footwear, woven baskets, and antiques.

Imports of clothing accounted for nearly 70 percent of miscellaneous manufactures imported from China in 1979, and were valued at more than $130 million, up from less than $50 million in 1978. Prominent among these imports were cotton blouses, shirts, slacks and gloves, and sweaters and coats of manmade fibers, all of which increased sharply in quantity and value. These items now enter under quotas unilaterally imposed by the U.S. Government in May and October 1979 that will hold the quantity imported in future years to the level of a specified previous 12-month period. 1/ It is likely that the quotas will reduce the quantity of some apparel imports from China in 1980, since imports of several leading apparel items in 1979 exceeded the 12-month quota levels that are being applied. The value of U.S. clothing imports from

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1/ See pp. 31.

China may continue to increase, however, even if the unilateral quotas are not soon replaced with a more liberal bilateral agreement. Unit values will rise owing to increased emphasis on higher quality for products under quotas, as well as the effects of inflation. In addition, MFN status will allow Chinese producers to raise their export prices without hurting their current competitive position in the U.S. market. 1/ Some diversion of exports to apparel products not under quota must also be expected.

The United States imported crude petroleum and refined petroleum products from China for the first time in 1979. These products were the leading items among U.S. imports from China (table A-4), exceeding $96 million and accounting for about 18 percent of the total. In terms of quantity, crude oil imports totaled 4.1 million barrels or about 560,000 metric tons. This represents roughly 4 percent of Chinese crude petroleum exports in 1979, but less than one-sixth of 1 percent of total U.S. imports of petroleum.

China views crude oil exports as a major source of foreign exchange to finance the increased imports required for their modernization program. Exports to Japan alone are expected to total 15 million metric tons annually by 1982, an amount exceeding current total Chinese crude oil exports. The future size of such exports will depend partly on growth of domestic demand, already increasing more rapidly than output owing to the demands of the modernization drive. Chinese officials have expressed the hope that rapid exploration of China's coal reserves and the development of hydroelectric power can free increasing amounts of crude petroleum for export. The second determinant of an exportable crude oil surplus is the degree of success China encounters in developing new supplies. For this reason, oil exploration will receive high priority in import allocations and investment funding through the period of the 10-year plan. As previously stated, a considerable part of U.S. machinery exports to China support the development of new oil supplies. The Chinese Government has signed several agreements with with U.S., European, and Japanese companies involving their assistance in exploration and/or development of several offshore and onshore sites for new oil deposits.

Imports of manufactured goods classified by chief material declined from the record level of $93 million reached in 1978 to about $82 million in 1979, owing to declining imports of certain textile articles and tin. The import value of woven cotton fabric imports fell by 40 percent to $23 million. Print cloth shirting accounted for more than half the woven cotton cloth imports in 1979. Previously the highest valued U.S. import item from China, these purchases declined to $14 million in 1979 from more than $20 million in 1978 (table A-4). Total U.S. import demand for these fabrics in 1979 was essentially unchanged from 1978. To a large extent, declining U.S. imports of woven cotton fabric from China reflects the diversion of Chinese cotton textile exports away from fabric and toward apparel and other more elaborated textile items. U.S. textile imports from China in this category that showed increases were carpets and bedding, which rose to $21 million compared with only $12 million in 1978.

1/ Extending Most-Favored-Nation Treatment to China . . ., pp. 66-7.

U.S. imports of unwrought tin from China virtually ceased in 1979 as supplies offered by China dwindled. Imports from China declined from 3.5 million pounds in 1978 to only 200,000 pounds, although there was little change in total U.S. import demand for tin.

U.S. imports of chemical products from China increased significantly in 1979, rising more than 60 percent to $53 million. Purchases of traditional imports in this group and the addition of a major new import item accounted for most of the increase. Traditional U.S. chemical imports from China that increased in value in 1979 were fireworks, antimony oxide, and menthol, whose combined import value rose 20 percent to $21 million in 1979. The major new import item in the group is ammonium molybdate, a substance used in the manufacture of catalysts for the desulfurization of petroleum products and in the manufacture of high-purity molybdenum steel. In the 1970's the United States was a net exporter of this compound. Traditional import suppliers are the Netherlands, West Germany, and the United Kingdom. The total value of imports did not exceed $1 million prior to 1979, but imports from China alone in 1979 were valued at more than $13 million.

Imports of crude materials rose modestly in 1979 to $65 million. Natural bristles used in the manufacture of brushes were the leading import in this category, valued at $10 million, up from $7 million in 1978 (table A-4). The value of several other traditional crude materials imports also rose, including tungsten ore, barytes ore, and licorice root.

The leading import in this category in 1978, feathers and downs, 1/ dropped substantially from $25 million to only $9 million. This largely reflects a decline in the unit value of more than 50 percent for feathers and 18 percent for downs imported from China in 1979. The quantity of down imports also declined, however, to less than one-quarter of the 1978 total; nearly 90 percent of Chinese downs entered before June 30, while feather imports were more evenly spaced. The statutory duties associated with imports of feathers and downs were suspended in April 1975 in order to aid the U.S. industry using these materials in the production of down- and feather-filled clothing and other products. This law expired on June 30, 1979, and imports once again became subject to column 1 and column 2 duty rates of 15 percent and 20 percent ad valorem, respectively. 2/ A bill reinstating the suspension of duties was introduced in Congress in 1979, but as of this writing has not become law. The rate of duty applicable to imports from China fell from 20 percent ad valorem to the statutory column 1 rate when MFN treatment was implemented on February 1, 1980. 3/

Food imports from China rose dramatically in 1979 to $51 million, nearly doubling the level reached the previous year. Imports of shrimp accounted for $16 million of the total, compared with less than $100,000 in 1978. Imports of honey jumped from less than $237,000 in 1978 to nearly $6 million in the past year.

1/ Feathers and downs, not from ostriches, not meeting Federal standards.
2/ 16th Quarterly Report . . ., p. 19.
3/ On Jan. 1, 1980, the col. 1 duty rate declined to 7.5 percent ad valorem in accordance with the tariff-rate reductions negotiated during the Tokyo round.

The application of MFN treatment to Chinese products, effective February 1, 1980, is likely to enhance the competitiveness of many current trade items and stimulate new U.S. imports from China. The ultimate effect of this development, however, will depend on future Chinese pricing policies and on the eventual accommodation reached regarding U.S. textile product imports from China. To a larger extent, the composition and volume of this trade flow will depend on supply factors in China, which will be governed by the output goals of the 10-year plan and by the degree of success in developing specialized industries for export and countertrade.

Poland

The value of U.S.-Polish two-way trade edged upward to $1.2 billion in 1979, about 9 percent above the 1978 total (table 10). Exports rose 16 percent to $786 million, with increased sales of grain, cotton, hides, and seed oils overcoming the sharp contraction in the value of exports of machinery and transportation equipment. U.S. imports made no gain overall, falling slightly to $426 million in 1979. A drop in U.S. imports of carbon steel plate, from $48 million in 1978 to $14 million in 1979, more than offset the increased value of food imports, such as canned hams and frozen fish, and of machinery and transport equipment. Thus, the United States again registered a surplus in its trade with Poland: $360 million, up from $247 million in 1978 and $110 million in 1977.

Since 1976, major Polish objectives in trade with Western countries have been to reduce the chronic hard-currency trade deficit and bring the growing hard-currency debt and debt-service payments under control. Poland's total outstanding debt reached $17 billion to $18 billion in 1979, representing an increase of about $2 billion over the debt in 1978. Debt-servicing payments made in 1979 equaled 67 percent of the value of hard-currency exports that year, with a similar proportion expected for 1980. Restrictions severely limiting all but essential imports from the West have been in effect since 1976 and are to continue. New capital construction projects requiring imported inputs are generally not approved if the result is a net hard-currency outflow during any year of their construction or operation. In addition, recent Polish budgets have sharply curbed domestic investment spending, further depressing the market for imported machinery and equipment. These measures are intended to hold imports essentially constant, while exports are targeted to double by 1985.

To some extent, these efforts have been successful. Poland cut its hard-currency deficit from the $2.9 billion peak in 1976 to $1.8 billion in 1978. The deficit fell further to about $1.3 billion in 1979, as hard-currency exports expanded some 12 percent while hard-currency imports were virtually frozen at the previous year's level. The present goal is to attain balanced hard-currency trade by 1982. Unplanned major imports of grain and animal feed and the growing cost of energy imports may upset this endeavor, however. Moreover, reducing imports of machinery and equipment from the West may interfere with efforts to expand hard-currency manufactured exports, as these capital goods imports are needed to improve the competitiveness of Polish products in Western markets.

Table 10.--U.S. trade with Poland, by SITC Nos. (Revisions 1 and 2), 1/ 1970 and 1977-79

(In thousands of dollars)

SITC commodity code No.	Description	1970	1977	1978	1979
		U.S. exports			
0	Food and live animals	18,383	251,600	413,715	508,520
1	Beverages and tobacco	1,757	11,119	11,237	13,369
2	Crude materials--inedible, except fuel	24,028	50,403	97,584	127,975
3	Mineral fuels, lubricants, etc	48	242	151	355
4	Oils and fats--animal and vegetable	12,900	3,748	11,425	29,391
5	Chemicals	6,513	16,038	10,260	17,793
6	Manufactured goods classified by chief material	1,211	11,033	12,743	15,747
7	Machinery and transport equipment	3,602	83,546	103,312	60,979
8	Miscellaneous manufactured articles	1,220	7,517	15,284	10,281
9	Commodities and transactions not elsewhere classified	172	1,240	1,312	1,848
	Total	69,838	436,536	677,022	786,258
		U.S. imports 2/			
0	Food and live animals	54,480	126,680	151,404	168,066
1	Beverages and tobacco	315	452	685	520
2	Crude materials--inedible, except fuel	3,181	7,168	4,844	3,306
3	Mineral fuels, lubricants, etc	88	18,819	19,744	20,838
4	Oils and fats--animal and vegetable	12	1,721	1,708	1,550
5	Chemicals	3,442	16,353	21,382	22,638
6	Manufactured goods classified by chief material	26,487	61,730	109,674	80,666
7	Machinery and transport equipment	1,934	28,316	33,453	46,616
8	Miscellaneous manufactured articles	7,831	64,747	92,067	81,151
9	Commodities and transactions not elsewhere classified	176	522	987	738
	Total	97,946	326,508	435,947	426,090

1/ Data for 1970 and 1977 are based on the Standard International Trade Classification, Revised but have been adjusted to include nonmonetary gold in both export and import data. Data for 1978 and 1979 are based on the SITC, Revision 2. Because of changes in classification between the the two revisions, data for 1978 and 1979 on a 1-digit basis are not comparable with data for earlier periods.

2/ Data for 1970 are U.S. general imports; data for 1978 and 1979 are U.S. imports for consumption.

Source: U.S. Department of Commerce publication FT155 and U.S. Department of Commerce, Bureau of East-West Trade.

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

Poland's overall economic performance was poor in 1979. A disastrous harvest following years of chronic shortfalls in grain production required massive unplanned agricultural imports. Energy was also a problem. Domestic power production has not kept pace with the demand generated by rapid economic growth in the 1970's, and many manufacturing and commercial establishments were plagued with power ceilings, cuts, and brownouts during 1979. Although the value of Poland's energy exports (mostly coal) have thus far exceeded imports (crude petroleum, refined products, and natural gas), the gap has narrowed alarmingly. Rising world energy prices have placed a premium on conservation and on increased coal output for domestic use and for export. Transportation also emerged as a critical sector as bottlenecks hampered domestic and export commerce. These problems were aggravated by the austerity measures imposed by the Polish Government designed to cut domestic consumption and free up goods for export. The combined effect of these economic shortcomings was reflected in a decline in national income (the Polish equivalent of Gross National Product) during the year. 1/

U.S. exports

U.S. exports to Poland rose to $786 million in 1979, about 16 percent over the 1978 level, owing predominantly to larger exports of grains. Food and live animal imports, which include grains, were valued at $509 million in 1979, and accounted for nearly two-thirds of total exports (table 10). Exports of crude materials, including cotton, soybeans, and hides, rose 31 percent over 1978 levels. There was also a sizable jump in exports of animal and vegetable oils and fats owing to increased sales of soybean and sunflower seed oil to Poland. In total, agricultural products accounted for $651 million, or 83 percent of all U.S. sales to Poland in 1979. This represents an increase of 30 percent over U.S. agricultural exports to Poland in 1978. By contrast, exports of some manufactured goods fell sharply from record 1978 totals. The largest decline was registered in sales of machinery and transport equipment, which fell 40 percent to $61 million. Exports of miscellaneous manufactures plunged by one-third as a result of declining sales of scientific measuring and analysis equipment, the principal products in this category. Purchases by Poland of U.S. chemicals and manufactured goods classified by chief material rose, however, over 1978 levels.

For the sixth year in a row, Poland's agriculture failed to meet planned growth targets. The shortfall was particularly severe in the grain sector. An extremely cold winter followed by spring flooding and near drought conditions in the summer resulted in a harvest of only 17.3 million metric tons, 4.2 million tons below 1978 and the smallest grain harvest since 1970. Most severely affected were the wheat, rye, and rapeseed crops. The resulting deficit in Polish grain and fodder requirements was reflected in sharply rising U.S. exports of corn, soybeans, soybean meal, and grain sorghum to Poland in the last quarter of 1979.

1/ Business Eastern Europe, Jan. 11, 1980, p. 11; Journal of Commerce, Dec. 21, 1979, p. 1.

U.S. grain exports to Poland increased in value from $270 million in 1978 to $400 million in 1979. The quantities of corn and wheat shipped to Poland rose markedly in 1979, while exports of grain sorghum and barley fell back from the record levels achieved in 1978, as shown in the following tabulation:

Export	1977		1978		1979	
	Quantity	Unit value	Quantity	Unit value	Quantity	Unit value
	1,000 metric tons	Per metric ton	1,000 metric tons	Per metric ton	1,000 metric tons	Per metric ton
Corn	1,351	$95.06	1,566	$103.07	2,153	$115.95
Wheat	605	92.24	546	116.02	699	153.87
Grain sorghum	134	97.53	320	101.14	172	160.19
Rice (hulled)	-	-	-	-	34	266.54
Barley	4	76.24	141	93.40	53	94.78
Total	2,094	-	2,573	-	3,111	-

The total quantity of grain (including hulled rice) exported to Poland in 1979 was 3.1 million metric tons, representing a 21-percent increase over exports in 1978. Generally higher unit values helped push the value of these exports up more than 47 percent.

In order to avoid the political repercussions of consumer dissatisfaction, the Polish Government remains committed to maintaining and expanding livestock production despite continuing poor harvests. If domestic consumption as well as hard-currency exports of meat are to grow, imports of grain and animal feedstocks of at least 3 million metric tons are necessary even in years of relatively good harvests. 1/ Because of the 1979 grain shortfall, grain imports from the West are expected to total 8 million to 9 million metric tons during the 1979/80 marketing year, 2/ half of which will come from the United States. 3/ If this occurs, U.S. grain exports to Poland in 1980 will equal or exceed this year's volume.

Current Polish agricultural plans call for the upgrading of the protein content of animal feeds in order to improve meat production. In years with good harvests, implementation of this policy would shift Polish animal feed imports away from corn and barley and toward oilseed meals and soybeans. The United States is a major supplier of oilseed meals to Poland, accounting for about one-third of total imports during 1975-79. 4/

1/ Journal of Commerce, Mar. 15, 1979, p. 9; The Economist, July 7, 1979, p. 61.

2/ The marketing year is from July to June.

3/ U.S. Department of Agriculture, USDA News, Dec. 20, 1979; Business Eastern Europe, Oct. 5, 1979, p. 314.

4/ U.S. Department of Agriculture, Agricultural Situation: Eastern Europe, May 1979, p. 31.

U.S. exports of oilseed meals to Poland, principally soy meal, varied widely in the last 5 years, but did not fall below 200,000 metric tons. The following tabulation shows the quantity and value of U.S. exports of principal oilseed meals to Poland during 1975-79:

Type	1975	1976	1977	1978	1979
	Quantity (1,000 metric tons)				
Soybean meal	228	392	178	519	343
Linseed meal	18	1	23	113	73
Cottonseed meal	1/	-	-	35	28
Total	256	393	200	667	444
	Value (million dollars)				
Soybean meal	38	74	41	109	76
Linseed meal	3	2/	4	13	14
Cottonseed meal	2/	-	-	6	5
Total	41	74	45	127	95

1/ Less than 500 metric tons.
2/ Less than $500,000.

Valued at $55 million, soybeans were the leading export item in the crude materials category in 1979. By quantity, soybean exports rose 32 percent over the 1978 level to 200,000 metric tons in 1979. The United States was the only exporter of soybeans to Poland during 1978 and 1979, and is likely to continue to be the sole supplier to this market. 1/ Other important crude materials exports were raw cotton and cattle hides, which are used in the production of, among other things, cotton textiles and leather footwear, prominent Polish exports. The 1980 Polish economic plan calls for expanded exports, but this may not spark an increase in U.S. exports of raw materials such as cotton and cattle hides to Poland. The plan also calls for the volume of raw materials imports to be held constant, with cheaper synthetic materials substituted whenever possible. Phosphates, used in the manufacture of fertilizers, remained a major U.S. crude materials export to Poland, although exports in 1979 declined (table A-5). Soybeans, phosphates, cotton, and hides accounted for 92 percent of the total value of exports in this category in 1979.

A large portion of U.S. agricultural exports to Poland are financed through the CCC. Poland was the second largest recipient of CCC export credits in fiscal year 1979, using $386 million in credit lines. Major agricultural exports financed by these credits were corn ($154 million), wheat ($65 million), and soybean meal ($55 million). Poland has been authorized $200 million in CCC credits for use through September 1980, with an additional $300 million in U.S. Government guarantees offered for credits from private sources.

1/ 20th Quarterly Report . . ., p. 78.

U.S. exports of machinery and transport equipment to Poland were severely depressed in 1979, reflecting the success of Polish efforts to reduce these imports from Western countries through trade controls and cutbacks in domestic investment. These exports declined to $61 million, 40 percent below a record $103 million in 1978, and 27 percent less than in 1977. Major U.S. exports in this category in 1979 included parts of machine tools, semiconductor assembly and production equipment, large tracklaying tractors and parts, telecommunications equipment, diesel engines, and lifting and loading machinery.

U.S. exports of chemicals and manufactures classified by chief material rose in value in 1979, totaling $34 million, compared with $23 million in 1978. Principal items in these categories that showed export gains were polyester yarns, glass rods, certain organic chemicals, and medical and pharmaceutical supplies.

U.S. imports

The overall value of U.S. imports from Poland in 1979, $426 million, was little changed from the previous year (table 10), suggesting a decline in real terms. Imports of manufactured goods classified by chief material decreased for the first time since 1975, owing chiefly to sharply reduced Polish shipments of carbon steel plate. Imports of miscellaneous manufactures, including furniture, footwear, and textile products, also declined. Imports in these two relatively large categories fell in value from $202 million in 1978 to $162 million in 1979. Consequently, their combined share of total U.S. imports from Poland dropped from 46 percent to 38 percent.

Purchases of food and live animals, which traditionally dominate this trade flow, rose 11 percent to $168 million in 1979, and accounted for 39 percent of the total import value. Imports of mineral fuels and lubricants and of chemicals also increased modestly. A much larger increase was recorded for U.S. imports of Polish machinery and transport equipment, which rose 39 percent in value over 1978 imports, reaching a record level of $47 million.

Imports of food and live animals accounted for between one-third and one-half of total U.S. imports from Poland in each year during 1970-79. Canned hams weighing over 3 pounds were the leading product in this category; they accounted for 83 percent of the total in 1979, increasing 10 percent to $139 million (table A-6). Ham and pork are major Polish hard-currency exports, and the Government is striving to maintain feed supplies and build up the swine herds, which were seriously depleted after poor harvests in the mid-1970's. Other U.S. imports in the category of food and live animals include frozen cod blocks, turbot, whiting blocks and flatfish, and frozen strawberries.

Miscellaneous manufactures was the second largest U.S. import category in 1979, comprising products valued at $81 million, down from a record $92 million in 1978. Miscellaneous manufactures imported from Poland include apparel, footwear, furniture, and bicycles. Textile apparel represented 60 percent of the value of these imports and included men's and boys' coats, raincoats, trousers, and shirts of cotton; men's and boys' coats and trousers of manmade fibers and wool jackets and suits; women's raincoats; and underwear.

Apparel accounts for roughly 70 percent of the value of total textile imports from Poland, with textile fabrics and other textile products making up the remainder. The value of apparel imports in 1979 was $45 million, about the same as in 1978. On a quantity basis, imports of all U.S. textile products from Poland declined in 1979 after increasing for 3 consecutive years. U.S. imports of textiles and textile products from Poland are limited by a bilateral agreement under the Arrangement Regarding International Trade in Textiles, which covers the period January 1, 1978 through December 31, 1980. This agreement limits Polish exports of cotton, wool, and manmade-fiber textiles and textile products to specific amounts during each calendar year. Exports in excess of the agreed-upon levels can be allocated to unused portions of quotas in previous or succeeding years, and an annual growth rate of 6.5 percent is allowed. U.S. textile imports from Poland in 1979 did not breach the aggregate limit specified in the agreement.

Imports of nonrubber footwear from Poland in 1979 declined to $17 million from $22 million in 1978. The principal item in this group is men's leather cement construction footwear (table A-6). Imports fell from 2.5 million pairs, valued at $12 million, in 1978, to 1.7 million pairs, valued at $8 million, in 1979. The import value of furniture and parts of bentwood from Poland also declined, from $7 million in 1978 to less than $6 million this year.

U.S. imports of manufactured goods classified by chief material from Poland are centered in metal manufactures such as steel plate, brass rods and strips and nails, and screws. The total value of imports in this category fluctuated widely in 1977-79 (table 10), principally owing to the highly erratic pattern of U.S. imports of carbon steel plate. Rising from $16 million in 1977 to nearly $48 million in 1978, imports of such plate then declined in 1979 to less than $14 million (table A-6).

An antidumping investigation initiated by the U.S. Department of the Treasury in October 1978 concerning imports of carbon steel plate is the probable cause of the decline in 1979. 1/ In April 1979, the U.S. Department of the Treasury determined that exports of carbon steel plate from Poland were being sold at less than fair value (LTFV) in the United States. Sales at LTFV prices occur when imported goods are sold in the United States for less than in their home market or in third markets. In cases involving NME's, prices are determined by the government; therefore, "fair value" is based on the same product's domestic price in a market economy country at a comparable stage of economic development, or on the price of that country's product in third-country markets. In this case the price of Spanish carbon steel plate was selected as a basis of the fair value.

1/ 17th Quarterly Report . . ., USITC Publication 965, March 1979, p. 35.

After the ruling by Treasury, the case was referred to the Commission to determine if the LTFV sales were injuring the competing U.S. industry. On June 18, 1979, the Commission reported to the Secretary of the Treasury its determination, by a 4-to-0 vote, that there was no injury or likelihood of injury, or prevention of establishment of an industry in the United States, by reason of sales of carbon steel plate from Poland at less than fair value within the meaning of the Antidumping Act, 1921, as amended. 1/ It should be noted that, although the threat of antidumping duties was thus removed, the pace of these imports did not accelerate in the second half of the year. Imports of other steel products from Poland rose 23 percent between 1978 and 1979, from $5.4 million to $6.7 million.

Another major group of metal products in this category is wrought articles of copper and brass. U.S. imports of these items from Poland amounted to $9.6 million in 1979, compared with $2.4 million in 1978. Imports of brass rods and strip accounted for all the increase, rising from $2.3 million in 1978 to more than $8 million in 1979 (table A-6). Import tonnage of these items increased by about the same percentage. Increased copper production is one of Poland's major development goals. Financed largely by Western credits, mining and refining capacity have been greatly increased since 1970. Copper output was only 72,000 metric tons in that year, but exceeded 380,000 tons in 1979. At this time, more than two-fifths of the output is exported, mainly under countertrade arrangements that repay the credits that financed the industry's development. West Germany, France, the United Kingdom, and Belgium are currently the largest importers of Polish copper products.

Other major imports of manufactured goods classified by chief material from Poland are textile fabrics, bedding, and carpets; nails and screws; and drill kits, dies, and other parts for hand tools.

U.S. imports of machinery and transport equipment from Poland grew steadily from less than $2 million in 1970 to $47 million in 1979. In this period, their share of total U.S. imports from Poland grew from less than 2 percent to 11 percent. The increase between 1978 and 1979 was a substantial one, amounting to $13 million, or 39 percent. Imports of machine tools accounted for more than half the increase, rising from $15 million in 1978 to $22 million in 1979; lathes and milling machines were major import items in this group (table A-6). U.S. imports of sewing machines from Poland in 1979 rose in value by 170 percent to $3.3 million, or 43,000 units. Other leading items imported in this category are tractor parts, electric motors, and golf cars.

U.S. imports of golf cars from Poland were the subject of an antidumping investigation by the U.S. International Trade Commission in 1975. On September 16, 1975, the Commission determined by a 5-to-1 vote that a U.S. industry was being injured by reason of the importation of electric golf cars from Poland being sold at LTFV prices within the meaning of the Antidumping Act, 1921. Therefore, the Department of the Treasury applied duties to nullify the effect of these LTFV prices. An application for the review of this determination was submitted by an importer of Polish golf cars on August 5, 1979, and was accepted by the Commission. An investigation was instituted

1/ 19th Quarterly Report . . ., p. 21.

on January 30, 1980, to determine whether changed circumstances exist which indicate that a U.S. industry would not be injured or threatened with material injury if the finding of dumping was revoked or modified.

Golf cars are an important U.S. import item from Poland, amounting in 1979 to 5,531 units, valued at $4.6 million, the 11th largest nonagricultural import from Poland in that year (table A-6). Polish golf cars accounted for some 10 to 14 percent of the U.S. market in the last 5 years, but less than 10 percent in 1979.

U.S. imports of Polish mineral fuels and lubricants in 1979 rose a negligible 6 percent to $21 million. Lignite coal accounted for $17 million and was the second largest import from Poland (table A-6). Even though the quantity imported fell 45 percent to 535,000 metric tons in 1979, a sharply higher unit value sustained the value of imports. Poland is the largest supplier of this type of coal 1/ to the U.S. market, accounting for more than 60 percent of the quantity imported in 1979. The remainder of imports in this category was bituminous coal.

Coal has a very high development priority in current Polish economic planning, owing to its importance in trade and in domestic electricity production. Poland is the world's largest exporter of coal after the United States, and an increasing share of these exports go to hard-currency countries. At this time the value of coal exports exceeds the cost of energy imports such as petroleum and natural gas, but rising world energy prices and stagnant coal exports since 1974 now threaten to shift the balance of energy trade into deficit for the first time. Virtually all electric power production in Poland currently uses coal, and this is likely to continue into the 1980's. Plans call for a doubling of lignite, or brown coal, production by 1985, with most of the increased output devoted to domestic electric power production. This will free more anthracite coal for export and for other domestic uses, such as liquefaction and gasification.

Yugoslavia

Bilateral trade between the United States and Yugoslavia increased 28 percent in 1979 to $1.1 billion. The U.S. surplus in these transactions reached the unprecedented level of $341 million, primarily owing to greatly increased Yugoslav purchase of food and grains, having grown dramatically from $65 million in 1978 and $7.5 million in 1977.

In 1979 Yugoslavia continued to face increasingly severe trade imbalances with the world and particularly with its major trading partners other than the United States. The total trade deficit grew more than 50 percent to about $6 billion, 2/ and, as in previous years, trade with Italy and with West Germany contributed predominantly to this imbalance. Yugoslavia's expansive fiscal and monetary policies of earlier years continued to have a detrimental effect on the balance of trade as the demands of soaring investment drew in capital goods, raw materials, and petroleum imports even in excess of earlier record

1/ Coal, not elsewhere specified, including lignite and excluding peat.
2/ Indeks, February 1980.

levels. Earthquake damage in the coastal republic of Montenegro dampened tourist receipts and necessitated increased imports of relief and reconstruction supplies. Meanwhile, a disappointing harvest due to bad weather resulted in large overseas purchases of food and feed grains.

The Government responded to the conflict between developmental goals and the realities of hard-currency scarcity by midyear, soliciting an agreement from the six republics and two autonomous provinces to limit the excess of imports over exports on a regional basis. The respective authorities agreed that, in the event that the limit specified for a region was exceeded, the National Bank would refuse to register further import contracts in that province until exports had grown to a level sufficient to restore an acceptable balance. The deficit ceiling, totaling $2.6 million, was subdivided into three categories: raw and intermediate materials, equipment, and consumer goods. 1/ This procedure caused difficulty in meeting previously established regional social goals, and it is apparent that the agreement was reached too late in the year to have a significant effect upon the trade deficit for 1979. A trade deficit of $2 billion was agreed upon as the 1980 target, with allowances to be made for more flexibility in the allocation of the deficit among commodity categories. 2/

The high level of Yugoslav inflation, attributed in 1978 to low agricultural performance, poor industrial efficiency, and energy-related problems, continued in 1979 at an estimated 23 percent. In addition to these causes, persisting in 1979, the overheated investment climate is believed to be at least partly responsible for the high inflation rate. In an effort to control the areas into which the country's investment resources are directed, officials introduced measures setting strict limits on bank credits to be made available to both new projects and those in progress. These measures, passed by the legislature in December 1979, provide for fairly generous credit for projects which are expected to earn hard currency (e.g., tourist facilities) and only slightly less liberal credits for projects which produce for export. However, other categories of investment not explicitly provided for in the new laws are not to be granted bank credits. It is expected that these measures will encourage further joint ventures with Western partners--more prevalent already in Yugoslavia than in other Eastern European countries; Western partners may be selected for their contribution to the necessary equity, whereas previous laws have permitted joint ventures only for the purpose of obtaining new technology. 3/

Trade relations between the United States and Yugoslavia remained good during 1979 as both official and unofficial ties increased. A joint meeting of the U.S.-Yugoslav Economic Council and its Yugoslav counterpart

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1/ Business Eastern Europe, Aug. 31, 1979, p. 277.
2/ Business Eastern Europe, Jan. 25, 1980, p. 27.
3/ 17th Quarterly Report . . ., p. 40.

organization, the Yugoslav Chamber for the Promotion of Economic Cooperation with the U.S.A., was held in Dubrovnik in June. The meeting was attended by unusually high-level officials of the Yugoslav Government for such an event, demonstrating the importance given to trade with the United States. Officials of the two nations held the first of a series of semiannual working group meetings to discuss issues of mutual interest. Among the areas in which the United States expressed concern was the lack of clarity in certain rules governing joint ventures and the reluctance of Yugoslav authorities to commit themselves to a binding interpretation. Uncertainty over the meaning of some of the rules covering areas such as technology transfer and profit repatriation are believed to be impediments to joint undertakings.

At these meetings, Yugoslav authorities expressed concern over the limitations of the U.S. Generalized System of Preferences. In recent years approximately 40 percent of U.S. imports from Yugoslavia have benefited from duty-free treatment under this program, but there has been relatively little growth in the value of imports in this area since its inception. U.S. officials believe that less than 8 percent of all eligible products fail to take advantage of these benefits. Nearly 40 percent of U.S. imports from Yugoslavia covered by GSP are accounted for by wooden furniture, and Yugoslav officials have expressed interest in extending coverage to other major exports such as tobacco and readymade clothing. A petition to include the former was denied by U.S. authorities in 1978, and the import sensitivity of most textile products is expected to preclude serious consideration of the latter. Yugoslav officials also expressed concern about the potential impact of the statutory review of GSP scheduled for 1980 on the preferences granted the more advanced developing countries. 1/ Yugoslavia views the system as a permanent benefit granted third world countries rather than as a temporary aid to the development of certain industries in developing countries.

U.S. exports

The value of U.S. exports to Yugoslavia increased 55 percent to $732 million in 1979 (table 11). Most of this increase was caused by substantial growth in exports of food and grain products, particularly wheat and yellow corn.

The single largest category of U.S. exports continued to be machinery and transport equipment, accounting for $254 million, about the same as in 1978. A number of items within this group dropped in importance or completely disappeared from the list of leading U.S. export items; an example is nuclear reactors, important among U.S. exports to Yugoslavia for 2 successive years.

U.S. exports of aircraft and parts declined in rank but, valued at $58 million, were still responsible for nearly 23 percent of total machinery and

1/ The Trade Act of 1974 requires that the President submit a report to Congress on the operation of the GSP within 5 years of the date of enactment of the act.

Table 11.--U.S. trade with Yugoslavia, by SITC Nos. (Revisions 1 and 2), 1/ 1970 and 1977-79

(In thousands of dollars)

SITC commodity code No.	Description	1970	1977	1978	1979
		U.S. exports			
0	Food and live animals	22,859	28,491	53,715	186,489
1	Beverages and tobacco	2,496	2,807	6,167	17,258
2	Crude materials--inedible, except fuel	17,035	48,140	62,864	107,560
3	Mineral fuels, lubricants, etc	3,897	13,033	14,775	56,143
4	Oils and fats--animal and vegetable	14,731	-	-	4
5	Chemicals	6,400	23,044	41,626	61,851
6	Manufactured goods classified by chief material	31,438	16,200	18,761	23,096
7	Machinery and transport equipment	64,601	213,312	253,687	253,538
8	Miscellaneous manufactured articles	2,680	9,314	18,116	22,245
9	Commodities and transactions not elsewhere classified	785	1,095	1,587	3,599
	Total	167,033	355,436	471,298	731,739
		U.S. imports 2/			
0	Food and live animals	12,123	52,020	72,340	56,257
1	Beverages and tobacco	14,332	20,690	27,253	22,622
2	Crude materials--inedible, except fuel	3,887	15,086	13,593	8,018
3	Mineral fuels, lubricants, etc	-	7	71	68
4	Oils and fats--animal and vegetable	8	1	5	4
5	Chemicals	2,347	9,538	15,562	17,181
6	Manufactured goods classified by chief material	24,637	94,800	108,156	112,975
7	Machinery and transport equipment	11,616	21,154	23,471	33,101
8	Miscellaneous manufactured articles	26,274	121,175	135,971	126,376
9	Commodities and transactions not elsewhere classified	728	13,428	10,132	14,399
	Total	95,951	347,899	406,533	391,003

1/ Data for 1970 and 1977 are based on the Standard International Trade Classification, Revised but have been adjusted to include nonmonetary gold in both export and import data. Data for 1978 and 1979 are based on the SITC, Revision 2. Because of changes in classification between the the two revisions, data for 1978 and 1979 on a 1-digit basis are not comparable with data for earlier periods.

2/ Data for 1970 are U.S. general imports; data for 1978 and 1979 are U.S. imports for consumption.

Source: U.S. Department of Commerce publication FT155 and U.S. Department of Commerce, Bureau of East-West Trade.

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

transport equipment trade in 1979 (table A-7). 1/ This category has been an export leader for several years and should remain so in the foreseeable future. Exports of diesel and electric locomotives expanded fourfold in value to $13 million as the Yugoslavs continued a long-term program to replace existing stock, partially financed by a loan from the World Bank. U.S. exports of items relating to Yugoslav construction and mining activities, such as machinery and parts for excavation, roadbuilding, stone and gravel processing and general construction, increased significantly. Exports of excavation machinery, for example, more than tripled to nearly $5 million, while those of tracklaying tractors grew to $6 million. It is likely that at least some of this machinery is intended for use by Yugoslav construction contractors for their expanding participation in third-world projects.

The second leading U.S. export category in 1979 was food and live animals. Total value of U.S. exports in this group reached a record level of $186 million (table 11). This group includes two of the top three U.S. export items: corn and wheat. Two successive disappointing harvests have forced Yugoslavia to become a net importer of corn, and, as in 1978, the United States was a major source. In 1979, the United States provided more than 800,000 metric tons worth $95 million (table A-7). Unmilled wheat exports grew in a similar dramatic fashion from a negligible quantity in 1978 to 329,000 metric tons, valued at $56 million. Soybean meal used as animal food was the only important agricultural commodity to show a decline in sales, dropping 27 percent to 81,000 metric tons, with a value of $19 million. With the establishment of a large oilseed-crushing plant in 1978, Yugoslavia's need for imported soybean meal was sharply reduced. Yugoslavia's oilseed-crushing capacity now exceeds domestic needs and is expected to be used to process oilseeds of other Eastern European countries as well. Grain sorghum sales to Yugoslavia, however, increased more than three-fold to 116,000 metric tons, valued at $12 million. The future importance of these agricultural commodities in U.S.-Yugoslav trade will continue to vary according to Yugoslav domestic supply conditions, mostly determined by climatic conditions. The Yugoslav Government farm price-support system could also be an important determinant in triggering changes in supply.

Crude materials fell to third ranking in U.S. exports to Yugoslavia, although the value of such exports increased 71 percent to $108 million (table 11). Soybeans accounted for $72 million of this total, increasing 35 percent to 251,000 metric tons. Yugoslav soybean purchases apparently increased to enable full utilization of the new Yugoslav oilseed-crushing facility. U.S. exports of soybean meal to other Eastern European countries may be expected to decline as these countries begin to buy from Yugoslavia, and it is likely that U.S. exports of unprocessed soybeans to supply the new facility will increase accordingly. 2/ Purchases of cattle hides from the United States increased threefold to $15 million, although much of this increase was accounted for by the soaring price of leather; the unit value of these exports rose 150 percent over the 1978 level. The footwear industry is the leading user of leather in Yugoslavia and supplies a significant quantity of footwear to the United States. Exports of wood pulp, the third leading crude material in bilateral trade, remained relatively stable at less than $6 million.

1/ This figure is an aggregation of items exported to Yugoslavia under Schedule B Nos. 694.40 through 694.65.

2/ A more complete discussion of U.S. exports of soybeans and soybean products may be found in the 20th Quarterly Report . . ..

U.S. exports of chemicals to Yugoslavia rose 49 percent in 1979 to $62 million, of which about $23 million was accounted for by vinyl chloride monomer. The value of sales of this chemical, used in the production of polyvinyl chloride, increased 70 percent, primarily owing to the increase in the cost of its raw material, petroleum. U.S. diammonium phosphate fertilizer sales to Yugoslavia declined more than 37 percent to 36,000 metric tons, valued at $6 million. Sales of antibiotics more than tripled to $5 million.

Yugoslavia purchased 987,000 metric tons of low volatile bituminous coal, valued at $53 million, from the United States in 1979. These sales, five times the value of those of the previous year, are believed to have replaced purchases formerly made from the Soviet Union; they accounted for 94 percent of the total value of exports of fuels to Yugoslavia. Increasing U.S. price competitiveness resulting from the high level of Yugoslav inflation is believed responsible for a twofold increase in U.S. exports of cigarettes to $11 million.

U.S. imports

U.S. imports from Yugoslavia declined 4 percent in 1979, to $391 million. Imports of miscellaneous manufactured articles and food and live animals declined significantly in value but remained as the first and third largest import groups, accounting for 32 and 14 percent of all imports, respectively. About 45 percent of miscellaneous manufactures were accounted for by wooden chairs, other furniture, and parts of furniture, valued at $56 million. 1/ These items, eligible for duty-free treatment under the GSP, increased 10 percent in value in 1979. Imports of leather athletic footwear declined 38 percent to 1.6 million pairs, valued at $22 million (table A-8). This represents the first substantial decline in U.S. imports of leather athletic footwear from Yugoslavia; these imports had been relatively stable at 2.6 million to 2.8 million pairs for several years. 2/

Imports of manufactured goods classified by chief material rose only slightly in 1979 to $113 million. Ferrochrome remained the most significant commodity under this category, valued at more than $17 million. Although the value of ferrochrome imports remained relatively stable, there was an 18-percent decrease in quantity to 19,000 metric tons. Similarly, the volume of silver bullion imports declined 13 percent, although the 110-percent appreciation in unit value raised the total value to $15 million, 84 percent higher than in 1978 (table A-8). Unwrought copper continued its 3-year decline, falling to 3,400 metric tons, only one-third of its 1978 level. The unit value of these imports increased 27 percent, somewhat offsetting the decline in quantity. Imports of other metals rose sufficiently to counter the fall in Yugoslav sales of copper, although no individual metal was significant.

1/ This figure represents an aggregation of items imported from Yugoslavia under TSUS items 727.02 through 727.86.

2/ A complete discussion of U.S. imports of leather athletic footwear from Yugoslavia is found in 19th Quarterly Report . . . .

Imports of items in the third-ranking major category, food and live animals, declined 22 percent to $56 million. U.S. imports of canned hams from Yugoslavia, accounting for 90 percent of this category, dropped 26 percent to $48 million. Nonetheless, canned hams remained the leading U.S. import from Yugoslavia by a wide margin, as they have been for many years (table A-8).

In other import groups, cigarette leaf tobacco continued to be a leading U.S. import from Yugoslavia, accounting for virtually all the beverage and tobacco category. However, U.S. purchases of this commodity declined 18 percent to $22 million. U.S. imports of refined gold bullion grew 65 percent in value over the 1978 level, chiefly because of the higher unit value of the metal; Yugoslavia, the only NME source of this commodity other than the Soviet Union, supplied 41,000 troy ounces of refined gold to the United States in 1979. Imports of feathers and downs declined 39 percent in quantity and 50 percent in value in 1979. All the feather and 96 percent of the down imports entered the United States during the first 6 months of the year, probably as a consequence of changes in the tariff schedules affecting these items. 1/

Romania

The upward trend in trade between the United States and Romania continued in 1979. After growing 35 percent in 1978, such trade increased 25 percent in 1979, to $830 million. At the same time, the U.S. trade balance with Romania was a surplus of $171 million, following a small deficit ($27 million) in 1978. The reversal of the trade balance was almost wholly attributable to Romania's substantially higher imports of feed grains. U.S. exports of these commodities--principally corn, soybeans, and soybean meal--amounted to $176 million more than in 1978. This U.S. surplus would have been even larger had not exports of manufactured products to Romania decreased by $19 million. As mutual trade has increased, the U.S. surplus has tended to decline in recent years. Unless its grain import requirements are especially large, Romania is likely to balance the value of its annual purchases against its sales to the United States.

The level of mutual trade reached by 1978 had established the United States as Romania's second most important trading partner in the West. 2/ Several steps taken by the United States in recent years have contributed to the growth of this trade and to the consolidation of bilateral relations.

In August 1975 Romania was the first NME to be extended MFN tariff treatment under a waiver of section 402 of the Trade Act of 1974. Although section 402 prohibits the granting of MFN status to any NME if that country does not allow its citizens to emigrate, it also gives the President, with the approval of the Congress, the authority to waive this prohibition if he

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1/ See discussion of U.S. imports of feathers and downs from China, p. 37.
2/ West Germany ranks first. Its trade turnover with Romania was $1.5 billion in 1978.

determines that doing so will promote freedom of emigration. A waiver granted on this basis continues, however, to be subject to an annual review. In 1979, although Congress expressed concern about Romanian emigration and human-rights violations, the waiver authority was again extended. Romania thus entered the fifth year of having MFN status, effective until July 3, 1980.

Following the application of MFN tariff treatment to its products, Romania was also designated a beneficiary country under the GSP. In order to offset in part the competitive disadvantage faced by developing countries in increasing and diversifying their exports, the U.S. program provides for the duty-free entry of specified manufactured and semimanufactured products, plus a few agricultural commodities. In 1979, imports of 173 items from Romania entered the United States under the GSP, i.e., duty-free rather than subject to the MFN tariff rates that would have otherwise applied.

Romania has been eligible for the trade-financing programs of the Exim bank since November 1971 (except for a short period of suspension from January to August 1975). The lines of credit established under these programs have supported U.S. exports to Romania worth approximately $314 million, including $24 million in 1979. Investment credits and credit guarantees of about $100 million have also been supported by the Bank, primarily to cover outstanding direct loans to Romania.

Similarly, Romania has had access to the credit and credit-guarantee programs of the CCC since 1970. Although Romania has only recently used these facilities to any extent, it made CCC-credit-financed agricultural purchases worth $107 million in fiscal year 1979.

During the last several years the United States and Romania have negotiated and signed a number of bilateral agreements. The most important of these is the United States-Romania trade agreement, as a result of which MFN status was initially granted to Romania in 1975. The United States automatically renewed the agreement for a 3-year period in 1978. Among the several other agreements that are now in effect, the two relating to textile and clothing imports from Romania have been especially important in providing the basis for continuing consultation and amendment as market conditions change.

In 1979 Romania's harvest suffered from adverse weather conditions, but suffered less than harvests of other countries in the region. As a result, the country's overall economic performance was better, giving a slight growth of national income and industrial production. The depletion of oil and gas resources--in evidence since 1976--and the resulting bleak energy picture continued to be the gravest problem the Romanian Government had to face.

The targets set for Romania's 1980 annual plan and the new directives adopted for the 1981-85 plan indicate that the country will continue to concentrate on high growth rates for producers' goods, with a proportionately lower emphasis on the consumer sector. 1/ Foreign-trade strategy calls for maintenance of the traditional share of trade with other countries of the Council for Mutual Economic Assistance (CEMA), 2/ an increase in the percentage share allocated to developing countries, and a slight decline in the overall portion of trade that the industrialized nations of the West have commanded in recent years. While the United States cannot expect large across-the-board sales to Romania, the opportunity to export products for use in the modernization and expansion of high-priority industries should improve substantially.

During the period covered by the next 5-year plan, 1981-85, industry is targeted to grow at a 9- to 10-percent annual rate. Within the industrial sector, Romania will continue to focus on machine building, metals, and chemicals, with average annual growth rates in machine building projected to reach about 12 percent. The growth target for chemical output is at least 10 percent yearly; and the current emphasis on the production of petrochemicals will be retained, although the rising cost of crude oil tends to limit prospects for expansion. In order to achieve the targets specified for these industries, Romania will require large imports of the high-technology, energy-economizing machinery and equipment that is produced in the United States and other Western industrialized countries.

U.S. exports

U.S. exports to Romania were $500 million in 1979, exceeding the 1978 level by 58 percent. Items classified as crude materials constituted the highest value category, accounting for $192 million, or 38 percent of the total exports, and were closely followed by food and live animals, which amounted to $179 million, or 36 percent of the total (table 12). By comparison with sales in 1978, commodities in the food group increased at the fastest rate. Exports of corn reached $104 million, some 5 times the previous year's level; shipments of soybean meal were $57 million, seven times their 1978 level; and wheat, which the United States did not sell to Romania in 1978, amounted to $12.5 million. In addition, Romania bought 74 million dollars' worth of soybeans, compared with 41 million dollars' worth in 1978; soybeans were the major item responsible for an increase in the sales of crude materials. Together these four agricultural commodities--corn, soybeans, soybean meal, and wheat--accounted for half of all U.S. exports to Romania in 1979.

1/ The following trade and production objectives were reported in Business Eastern Europe, Dec. 21, 1979, p. 404, and Jan. 18, 1980, pp. 20-1, and are based on plan directives officially adopted by the 12th Party Congress in November 1979, as reported in Romanian publications.

2/ Other CEMA members are Bulgaria, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, Poland, U.S.S.R., and--since 1978--Vietnam. Yugoslavia also participates in the work of some CEMA bodies.

Table 12.--U.S. trade with Romania, by SITC Nos. (Revisions 1 and 2), 1/ 1970 and 1977-79

(In thousands of dollars)

SITC commodity code No.	Description	1970	1977	1978	1979
		U.S. exports			
0	Food and live animals	16,188	46,340	41,966	178,831
1	Beverages and tobacco	57	-	-	-
2	Crude materials--inedible, except fuel	15,731	98,154	123,775	191,848
3	Mineral fuels, lubricants, etc	15,492	53,610	32,593	29,114
4	Oils and fats--animal and vegetable	-	2	-	-
5	Chemicals	1,460	5,053	4,411	4,652
6	Manufactured goods classified by chief material	11,269	9,662	10,365	10,476
7	Machinery and transport equipment	5,525	40,584	96,604	76,400
8	Miscellaneous manufactured articles	460	5,726	7,513	8,757
9	Commodities and transactions not elsewhere classified	93	274	195	386
	Total	66,274	259,405	317,423	500,464
		U.S. imports 2/			
0	Food and live animals	654	18,693	27,889	30,778
1	Beverages and tobacco	33	704	910	763
2	Crude materials--inedible, except fuel	646	5,158	9,297	11,920
3	Mineral fuels, lubricants, etc	5,546	74,516	94,447	55,146
4	Oils and fats--animal and vegetable	-	-	32	-
5	Chemicals	1,362	4,267	9,877	7,805
6	Manufactured goods classified by chief material	1,229	31,952	70,250	64,559
7	Machinery and transport equipment	7	21,640	24,124	56,360
8	Miscellaneous manufactured articles	3,914	73,915	107,236	101,158
9	Commodities and transactions not elsewhere classified	33	174	498	562
	Total	13,424	231,020	344,561	329,051

1/ Data for 1970 and 1977 are based on the Standard International Trade Classification, Revised but have been adjusted to include nonmonetary gold in both export and import data. Data for 1978 and 1979 are based on the SITC, Revision 2. Because of changes in classification between the the two revisions, data for 1978 and 1979 on a 1-digit basis are not comparable with data for earlier periods.

2/ Data for 1970 are U.S. general imports; data for 1978 and 1979 are U.S. imports for consumption.

Source: U.S. Department of Commerce publication FT155 and U.S. Department of Commerce, Bureau of East-West Trade.

Although a poor harvest in Romania was the basis for its larger imports of feed grains, U.S. sales were facilitated by an increase in the line of credit extended to Romania under the CCC's Export Credit Sales Program. In calendar year 1979, agricultural exports to Romania worth $96 million were CCC-credit financed, compared with nearly $43 million in 1978. Of the amount drawn on in 1979, $87.5 million was used to purchase corn, and the remaining $8.3 million, soybean meal.

In addition to soybeans, cattle hides and raw cotton are two other crude materials that rank among the leading U.S. exports. While sales of both increased in value in 1979 (table A-9), exports of cattle hides decreased in quantity. With the average annual price of cattle hides approximately 70 percent higher in 1979 than in 1978, 1/ the some 60 million dollars' worth sold to Romania represented only 68 percent of the quantity exported in 1978. Both the quantity and the value of cotton exports more than doubled in 1979, apparently boosted by competitive U.S. prices. In addition to shipping 50,000 bales of the 1 inch to under 1-1/8 inch staple length cotton during 1978, the United States exported 22,000 bales of the long staple cotton (1-1/8 inches or more) in December, for which Romania paid close to 12 percent less than the average price in 1978. The price of the 1 to 1-1/8 staple length cotton also was lower, averaging 4 percent below the 1978 level. Romania imports approximately 98 percent of the 500,000 to 550,000 bales it consumes annually, and Government officials have estimated that about 50,000 bales a year will continue to be purchased from the United States. Annual imports from any single country have depended, however, upon considerations such as the trade balance with that particular country, credit terms, and the availability of hard currency. Because leather footwear and cotton apparel manufactures are two of Romania's major export industries, the large import requirements for both cattle hides and cotton can be expected to continue.

Certain nonagricultural crude materials now rank among the leading exports to Romania. The United States shipped bituminous coal worth $29.5 million in 1979; other important export items included phosphate rock ($21.8 million), used in making fertilizer, and wood pulp ($6.7 million). In recent years, Romania has substantially increased its purchases of raw materials from the United States and other Western countries, thereby reducing its dependence on imports from the Soviet Union.

The value of U.S. manufactured exports to Romania declined some 16 percent, to $100.3 million in 1979 (table 12, SITC Nos. 5-8). The largest decrease (21 percent) was in the machinery and transport equipment category. Yet several products in this group continued to be among the leading U.S. exports of manufactures to Romania. Sales were concentrated in products for use in construction (hydraulic cranes, ditchers, and trenchers) and in industrial production (hydraulic and pneumatic presses, parts for textile machinery, tire-building machinery, and parts for industrial furnace ovens). Certain other high-technology products (parts of automatic data processing machines, computer peripherals, aircraft parts, and measuring instruments)

1/ The severe shortage of hides has been aggravated by the export embargo that some cattle-producing countries, notably Argentina and Brazil, have imposed.

were also relatively important exports. Romania's purchases in 1979 were highly selective even in the high-technology product group, restricted largely to replacement parts for machinery and equipment already in place.

Two factors in particular operated to reduce U.S. exports of manufactures to Romania in 1979. First, in 1978 Romania experienced a large deficit in trade with major industrial countries of the West, on which it depends for high-technology imports. While it had a small surplus with the United States (the only exception), its deficit with West Germany, Japan, France, and the United Kingdom reached a total of $663.5 million. 1/ This placed a restraint on Romania's hard-currency expenditures, limiting purchases from the West to priority products, and put authorities under pressure to demand counter-purchases from U.S. and other Western exporters as a prerequisite for Romanian imports.

Second, below-target domestic oil production in 1978 and a large increase in dollar outlay for oil imports added substantially to Romania's hard-currency deficit, both in 1978 and 1979. Unlike other CEMA countries, Romania purchases no crude petroleum from the Soviet Union and must pay OPEC or spot-market prices, or swap products, for fuel needs not met by home output. Moreover, until 1979, about one-fourth of all hard-currency sales to the United States consisted of gasoline, lubricants, and other petroleum derivatives. These earnings dropped sharply following the crisis in Iran, 2/ which before the revolution furnished Romania with nearly 50 percent of its overseas oil supplies.

Two lines of credit were established for Romania by the Eximbank in 1979, which have the potential of expanding U.S. export sales in 1980. The first is a general-purpose credit line of $30 million, designed to support medium-term sales of capital equipment and services up to $35 million. This line of credit will be available through December 31, 1980. The second is a project credit line of up to $50 million, designed to support sales of equipment and services for use in small- and medium-sized undertakings--modernization, expansion, and construction--in various sectors of the Romanian economy. Sales of aircraft and nuclear-power-related goods are excluded from consideration.

The Eximbank authorized financing for four transactions under this credit line in 1979 involving U.S. sales of machine tools; 3/ chemical equipment and services for processing petrochemicals used in the manufacture of polyester fibers; 4/ equipment, services, and technology to be used in establishing a facility for the manufacture of electronic connectors; and truck cranes. Applications can be made for the remainder of this credit line through December 31, 1981.

1/ Organization for Economic Cooperation and Development (OECD), <u>Trade by Commodities, Series A</u>, March 1979.
2/ See the following section on U.S. imports.
3/ This transaction is described in more detail in the <u>20th Quarterly Report . . .</u>, p. 21. Financing was authorized by the Eximbank earlier in 1979 and then placed under this line of credit when it was established.
4/ Ibid.

U.S. imports

U.S. imports from Romania decreased to $329 million in 1979, or by 4.5 percent from their 1978 level. Although the change was small, it represented a marked deviation from the trend in import trade in recent years. From 1975--when MFN tariff status was first extended to Romania--through 1978, U.S. purchases had been increasing at an average annual rate of 27 percent. The decrease in 1979 resulted from a sharp drop in imports of petroleum products and derivatives. Purchases of some manufactures, notably textile products, also decreased, but this loss was more than offset by an increase in imports of other industrial goods.

The value of U.S. imports of naphthas and other derivatives and of heavy fuel oil--the two leading petroleum products from Romania--declined 18 percent and 61 percent, respectively, in 1979 (table A-10). 1/ The decrease in volume was even greater, with the shipments of naphthas declining from 2.3 million barrels in 1978 to 1.1 million barrels in 1979, or by more than half. The quantity of fuel-oil imports dropped 80 percent to only 846,000 barrels. Yet the value of such imports reached some $19 million in 1979 as the average price per barrel almost doubled. The substantial cutback in Romanian supplies to the United States reflected Romania's shortfall in domestic petroleum production aggravated by the loss of crude oil from Iran, its major foreign source.

Miscellaneous manufactured articles accounted for the highest dollar value of imports from Romania in 1979 (table 12). The category consisted principally of leather footwear, cotton and synthetic fabrics and apparel, and wood furniture. Although these imports as a group declined slightly from those in 1978, they had been growing rapidly in recent years. The drop in tariff rates for products in this category when MFN treatment was extended ranged from an average of 15 percentage points (footwear) to as much as 48 percentage points (women's and girls' outerwear); and certain items, including furniture, became eligible for duty-free entry under the GSP program.

Because of the import sensitivity of the U.S. footwear and apparel industries, some actions to check the influx of imports from Romania have been taken. Romanian officials have informally agreed to limit the volume of certain footwear exports to designated levels; and two bilateral trade agreements which specify the annual import quotas for various types of fabrics and apparel have been in effect since 1977 (wool and manmade-fiber products) or 1978 (cotton textiles).

U.S. imports of leather footwear from Romania reached $41.1 million in 1979. Of this amount, 3 items were among the 20 leading imports (table A-10), which alone accounted for $30.2 million, or 74 percent of the total. The value of all nonrubber footwear from Romania increased $6 million, or approximately 17 percent, compared with that in 1978, in spite of a 7-percent decline in the quantity of imports.

1/ See also table 12, SITC No. 3.

A surge in imports of leather work shoes was a source of some concern to U.S. officials in 1979. After 224,000 pairs entered the United States from Romania in June--about 30,000 more than the average monthly rate of imports during January through May--a request was made for information regarding Romanian plans for exports during the second half of the year. As a result of this inquiry, assurances were given that total shipments to the United Statesin 1979 would not exceed the anticipated, or acceptable, level of 1.1 million pairs. Imports of footwear from Romania are not, however, subject to any formal system of control. U.S. purchases of leather work shoes from Romania amounted to 1.3 million pairs in 1979. 1/

Textile imports, consisting principally of clothing manufactured from cotton and synthetic fabrics, decreased in 1979. Only women's raincoats, which amounted to $4.2 million, appeared among the 20 leading imports from Romania (table A-10), compared with four items of apparel in 1978, totaling $15.1 million. 2/ The quantity of textile manufactures imported from Romania in 1979 declined by 27 percent compared with that in 1978 and was about the same as reported for 1976, 3/ the first full year in which MFN rates applied to products entering the United States from Romania. Total imports in the two major fiber groups declined by 14 percent (cotton) and 22 percent (manmade fibers) in 1979, or to slightly below the level in 1976, with Romania accounting for a 0.6-percent share of the U.S. imports of fabrics and apparel constructed of these fibers. The decline in U.S. imports from Romania and all sources reflected both a buildup of inventories in the United States during 1978 and the much lower costs realized in the U.S. production of competing items last year. U.S. control of the prices of domestic oil and natural gas maintains the cost of the basic raw materials of the synthetic-fiber industry at a low level. As world energy prices rose sharply in 1979, U.S. manufacturers of both the manmade fibers and the finished products--synthetic or a combination of synthetic and cotton fabrics and apparel--enjoyed a considerable price advantage over their competitors abroad.

Import restraint levels established under the 5-year bilateral agreement relating to trade in cotton textiles, effective January 1, 1978, were amended in January 1979 and again in August 1979. While both amendments increased quota levels for certain types of cotton clothing, the latter amendment also contained a provision making exports during 1979 and subsequent years "subject

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1/ ARPIMEX, the Romanian enterprise which handles all exports of footwear, has provided U.S. officials with export figures indicating that imports of leather work shoes from Romania totaled only 785,000 pairs in 1979. Romanian officials have maintained that they thought they were complying with the export restraint and have suggested that U.S. customs must be counting leather shoes shipped in some other category as work shoes. (Unclassified U.S. Department of State telegram, Feb. 13, 1980.)

2/ 17th Quarterly Report . . ., p. 82.

3/ Based on official statistics of the U.S. Department of Commerce, in which textile imports are reported by fiber types in thousands of equivalent square yards.

to the limits or levels for the year in which exported." 1/ This provision in effect eliminated the procedure, established under the original agreement, which allowed Romania to exceed the annual export limit designated for a specific product by allocating to that limit any unused portion of the limit for the previous year (carryover) or a portion of the limit for the following year (carry forward). Overall, imports of cotton products from Romania in 1979 were substantially below the designated restraint levels.

The 3-year bilateral agreement relating to trade in wool and manmade-fiber textiles, which will expire December 31, 1980, was also amended in 1979. This amendment increased the quota level for woolen and worsted fabric. Wool products have accounted for less than 1 percent of the textiles entering the United States under this agreement.

Imports of machinery and transport equipment from Romania increased to $56 million, almost 2 1/2 times their value in 1978. The transport items consisted primarily of railroad cars, tractors, and their parts, which accounted for $32.2 million. Railroad cars and parts amounted to $18.4 million and were imported from Romania for the first time in 1979 because of the severe shortage of cars in this country, particularly for use in shipping grain to ports for export. These imports may therefore represent only a one-time, or an occasional, U.S. purchase. The Romanian product is a kit for assembly, rather than a finished car.

Ball and roller bearings were the leading items among a number of machine-building products and metalworking machine tools imported from Romania in 1979 (table A-10). Imports of machine tools from Romania have increased rapidly since the introduction of the GSP in 1976, which eliminated the MFN duty rates of 6 to 10 percent on some of these products imported from beneficiary countries. Items that entered from Romania under the GSP in 1979 included metal-cutting engine lathes ($2.1 million) and vertical boring and turning lathes for metalworking ($1.4 million). Other machinery and transport equipment receiving duty-free entry under GSP were digital clock radios ($1.8 million), automatic data processing machines and parts ($1.1 million), and the railway cars and parts valued at $18.4 million. A total of 60 items in this category accounted for a substantial portion of the increase in the value of GSP imports from Romania in 1979.

Products imported from Romania under the GSP in 1979 amounted to $82.6 million, 2/ compared with $50.3 million in 1978, representing an increase of

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1/ Following consultations, an amendment becomes effective through an exchange of letters by U.S. and Romanian Government officials. For example, a change proposed by the United States becomes effective on the date of Romania's written acceptance.

2/ GSP-eligible items worth $85 million were imported from Romania in 1979, of which items valued at $2.4 million were subject to MFN duty rates in accordance with the competitive-need limit. Under this provision, if the annual imports of a product from one beneficiary country are 50 percent or more of the total U.S. imports of that item, duty-free treatment is suspended for at least 1 year. Duty-free treatment on four products from Romania was suspended during 1979.

64 percent. In addition to some machinery and transport equipment, imports that received preferential treatment included aluminum sheets and strips ($8.8 million), synthetic rubber ($8.5 million), miscellaneous wood furniture ($6.2 million), pecorino and sheep's milk cheese ($3.7 million), wood chairs ($3.5 million), bentwood furniture and parts ($3.3 million), and hardboard ($3.1 million).

Czechoslovakia

U.S. trade with Czechoslovakia reached $331 million in 1979, more than twice the level of two-way trade reported for 1978. Exports of wheat and corn accounted for most of the increase, boosting total U.S. exports to Czechoslovakia to $281 million, compared with $105 million in 1978 (table 13). This steep increase in exports was accompanied by a decrease of about $7.5 million in U.S. imports from Czechoslovakia to approximately $50 million, caused in part by poor performance in that country's export industries and resulting limited supplies of salable products to the West. The United States regularly has a surplus in its trade with Czechoslovakia, which in 1979 widened dramatically to $231 million from some $48 million in 1978.

During the year Czechoslovak Government officers continued to pursue normalization of trade relations with the United States, reiterating their strong interest in obtaining MFN treatment for their exports to the U.S. market and Eximbank financing for their purchases of U.S. capital goods.

In recent years, sizable Czechoslovakia requirements for imported capital goods, and food and feed items were accompanied by a deterioration in the country's terms of trade with the West, with a resulting upset of the trade balance. In 1979, a moderate growth of exports accompanied by a great selectivity in choice of imports brought a slight improvement. However, the continuing hard-currency deficit obliged Czechoslovakia--known to have the lowest external debt load in Eastern Europe--to depart from its earlier conservativism and draw upon the Eurodollar market extensively to finance capital goods imports during the year.

Among other projects aimed at modernizing its industrial base, Czechoslovakia has embarked on a costly program of nuclear-power-plant construction. The objective of this venture is not only to improve thecountry's own energy situation but also to serve as the major supplier of nuclear energy for other CEMA countries. The nuclear program is a major drain on Czechoslovakia's hard-currency resources and conflicts to some extent with the Government's determination to cut down on hard-currency imports.

U.S. exports

U.S. exports to Czechoslovakia almost tripled in 1979, with exports of food and live animals, which were approximately four times as large as in 1978, accounting for 85 percent of the total export value (table 13). Shipments of these items--principally wheat, corn, and soybean meal--amounted to $210 million, or almost double the value of all exports in 1978. These exports were also substantially higher than such exports in 1976, the last

Table 13.--U.S. trade with Czechoslovakia, by SITC Nos. (Revisions 1 and 2), 1/ 1970 and 1977-79

(In thousands of dollars)

SITC commodity code No.	Description	1970	1977	1978	1979
		U.S. exports			
0	Food and live animals	4,360	27,252	56,672	210,475
1	Beverages and tobacco	54	3,166	1,820	2,006
2	Crude materials--inedible, except fuel	10,095	24,905	20,174	36,395
3	Mineral fuels, lubricants, etc	-	25	24	1
4	Oils and fats--animal and vegetable	1	13	6	-
5	Chemicals	813	2,787	3,818	13,357
6	Manufactured goods classified by chief material	1,645	1,964	2,132	2,757
7	Machinery and transport equipment	3,848	11,257	17,112	10,028
8	Miscellaneous manufactured articles	920	2,382	3,222	4,784
9	Commodities and transactions not elsewhere classified	139	239	368	1,325
	Total	21,883	73,989	105,349	281,129
		U.S. imports 2/			
0	Food and live animals	2,314	3,588	4,692	6,712
1	Beverages and tobacco	146	334	730	388
2	Crude materials--inedible, except fuel	513	1,556	611	649
3	Mineral fuels, lubricants, etc	-	-	-	-
4	Oils and fats--animal and vegetable	-	-	-	-
5	Chemicals	324	1,205	1,604	1,241
6	Manufactured goods classified by chief material	6,987	10,244	20,818	13,924
7	Machinery and transport equipment	5,137	7,218	11,086	12,522
8	Miscellaneous manufactured articles	8,251	11,889	17,446	13,979
9	Commodities and transactions not elsewhere classified	239	358	323	484
	Total	23,912	36,392	57,359	49,899

1/ Data for 1970 and 1977 are based on the Standard International Trade Classification, Revised but have been adjusted to include nonmonetary gold in both export and import data. Data for 1978 and 1979 are based on the SITC, Revision 2. Because of changes in classification between the the two revisions, data for 1978 and 1979 on a 1-digit basis are not comparable with data for earlier periods.

2/ Data for 1970 are U.S. general imports; data for 1978 and 1979 are U.S. imports for consumption.

Source: U.S. Department of Commerce publication FT155 and U.S. Department of Commerce, Bureau of East-West Trade.

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

previous year in which Czechoslovakia experienced a particularly poor harvest. Chemicals were the other group of U.S. exports to Czechoslovakia which expanded considerably, being more than three times as large in 1979 as in 1978.

Czechoslovakia was one of the Eastern European countries most seriously affected by the region's severe winter in early 1979. The wheat crop suffered especially, with production reaching only 3.7 million metric tons, 1.8 million metric tons short of the targeted level. The United States covered approximately 442,000 metric tons of the deficit, with shipments totaling $79 million (table A-11). There were no U.S. wheat exports to Czechoslovakia in 1978.

U.S. exports of corn to Czechoslovakia in 1979 amounted to 128,000 metric tons, or $88.5 million, almost twice as much by quantity as in 1978 (table A-11). Because its growing season is too short to devote extensive acreage to corn, Czechoslovakia traditionally has depended on substantial imports. In recent years the Government has sought to increase corn acreage, and in 1979 corn output reached 990,000 metric tons, a record high. However, grain production has not kept pace with livestock production, which has reportedly increased twice as fast since 1970. Czechoslovakia's continued drive to boost livestock farming indicates that its feed-grain imports are likely to remain at a high level.

Rapeseed output, which normally accounts for 85 percent of Czechoslovakia's total oilseed production, reached only half the targeted level in 1979. Rapeseed is grown for processing into both edible oil and oilseed cake and meal. The latter is used as hog and poultry feed because of its high protein content. As a result of the shortfall, U.S. sales of soybean meal--a superior substitute for rapeseed meal--reached $43 million, compared with the 11 million dollars' worth exported to Czechoslovakia in 1978 (table A-11).

Cattle hides and skins were the major component of crude materials, the second-ranking major category of U.S. exports to Czechoslovakia. Although cattle hides and hide croupons (parts of hides) worth some $29 million were exported in 1979--more than double the value of sales in 1978--most of the increase reflected the higher price resulting from a shortage of supply, with the quantity exported only 17 percent larger. Cattle hides are raw material for footwear production, which is an important Czechoslovak export industry, with sales to the U.S. market amounting to almost $7 million in 1979. 1/ Exports of muskrat and other furskins, also in the crude materials group, increased to $2 million in 1979, almost eight times their level in 1978, with a fivefold increase in quantity (table A-11).

Concentrated superphosphate, a fertilizer, was the leading U.S. manufactured export to Czechoslovakia in 1979. Shipments amounted to almost $10 million, up from $1.8 million in 1978. This item accounted for three-quarters of the value of all U.S. chemicals sold to Czechoslovakia in 1979 and was solely responsible for soaring U.S. chemical exports to this market during the year. Other chemical exports included compound catalysts, phosphoric acid, and insecticides.

1/ See the following section on U.S. imports.

U.S. exports of machinery and equipment to Czechoslovakia declined in 1979 to less than $10 million, or by 45 percent, reflecting the general policy of Czechoslovak authorities to reduce the growth of imports by limiting purchases of capital goods for hard currency to only high-priority items. They contend that the lack of MFN treatment for their exports to the United States severely restricts the dollar earnings they would use to purchase U.S. capital goods. They continue to favor Western Europe in meeting their high-technology import needs. 1/

U.S. imports

U.S. imports from Czechoslovakia amounted to less than $50 million, declining from $57 million in 1978 (table 13). Imports in two major product categories dropped considerably: manufactures classified by chief material (to $14 million, or to two-thirds of their level in 1978), and miscellaneous manufactures (to $14 million, or by some 18 percent). The value of U.S. imports of Czechoslovak machinery and equipment at $12.5 million was only slightly higher in 1979 than the previous year.

Leather footwear is the leading category of miscellaneous manufactured items bought from Czechoslovakia. Imports of leather work shoes ranked second among all leading U.S. imports from that country in 1979, and three other types of leather footwear were among the leading items (table A-12). Nevertheless, in 1979 all leather footwear imports from Czechoslovakia declined 27 percent in value, to $6.7 million, and 34 percent in quantity.

The decline reflects more than the effect of voluntary export restraints the U.S. Government negotiated with Czechoslovakia early in 1979. Although no formal agreement was drawn up, Czechoslovakia was requested to limit its sales of leather work shoes to the United States to 800,000 pairs annually in both 1979 and 1980. However, Czechoslovakia filled only half the quota, with imports in 1979 totaling only 403,000 pairs.

Reduced imports of steel wire rods were mostly responsible for the decrease in U.S. imports of manufactures classified by chief material. Such imports declined to $2.5 million or by 31 percent, in 1979 (table A-12). Czechoslovakia's steel sector performed below expected standards during the year, and reduced output was perhaps responsible for decreased exports of these items. Seamless oil well casing, produced exclusively for export, was another item which lost its rank among leading imports from Czechoslovakia. There were, however, smaller U.S. imports of other types of oil well casing in 1979, which have not been purchased from Czechoslovakia before.

1/ While U.S. exports to Czechoslovakia are largely agricultural products and crude materials, manufactured goods have generally accounted for more than 80 percent of Czechoslovakia's imports from the industrialized countries of the West. The leading exporter of manufactured goods to Czechoslovakia is West Germany, accounting for close to half the total from the industrialized countries in recent years.

U.S. imports of Czechoslovak machinery and transportation equipment did not increase in 1979, but imports of weaving machines were larger (table A-12). Czechoslovakia produces the jet-type weaving machine, faster and quieter than the conventional shuttle type still extensively used by U.S. fabric producers. The jet-type, invented in Czechoslovakia, operates by air pressure. Although several countries now produce it for export, the Czechoslovak product is the least expensive. Weaving machines from Czechoslovakia are dutiable at 40 percent ad valorem; the MFN rate is 7 percent. The 33-percentage-point difference in duties levied on the Czechoslovak product is, however, not a significant factor in comparison with the significant margin of underselling of machines from other sources.

U.S. imports of Czechoslovak food and animal products increased in 1979, owing largely to more imports of canned hams than in the previous year. Canned hams--the leading U.S. import item from Czechoslovakia for many years--accounted for two-thirds of all food in this trade during the year.

East Germany

Direct two-way trade between the United States and East Germany rose to $390 million in 1979 from $205 million in 1978. This marked the second year of growth in this trade after a decline in 1977. Total direct U.S. exports to East Germany more than doubled, rising from $170 million in 1978 to $355 million in 1979, with $100 million in such exports occurring in December alone (table 14). On the other hand, U.S. imports from East Germany increased only about 1 percent. As a result, the U.S. trade surplus with East Germany surged from $135 million in 1978 to $319 million in 1979.

East Germany's hard-currency trade deficit and debt with non-Communist countries widened somewhat in 1979, although at a slower rate than in the previous 2 years. Like other countries--in both the East and the West--East Germany was adversely affected by soaring energy prices, being among the countries with the highest per capita energy consumption in the world. 1/ The poor grain harvest of last year was also a factor and prevented the Government from keeping imports at desired levels. To reduce the drain on its hard-currency resources, East Germany found it necessary during the year to tighten controls on imports of investment goods, even though maximum access to Western technology is known to have especially high priority in East Germany's economic policy.

Roughly 40 percent of East Germany's working population is engaged in manufacturing, probably the highest ratio in the world, and more than a third of its world exports are manufactured goods. To redress the trade imbalance from the export side, East Germany is using its industrial base to promote selected manufactured products in Western markets. A major reorganization of the country's industrial base is in progress in an attempt to increase the efficiency of manufacturing production, especially for export. Industries have been horizontally as well as vertically merged into Kombinats with a highly centralized management structure.

1/ Although it has brown coal reserves, East Germany currently imports about 90 percent of its total energy supplies from the Soviet Union.

Western markets are relatively less important for East Germany than for other Eastern European countries; they currently account for some 30 percent of foreign trade, with West Germany the dominant Western trade partner. The Soviet Union, on which resource-poor East Germany is heavily dependent for energy and material supplies, accounts for some 35 percent.

According to East Germany's official sources, overall economic growth was 3 percent in 1979. The Government claims the virtual absence of inflation--a major accomplishment in a global inflationary environment--but Western observers point to "masked" price increases taking place. According to these observers, selected products are withdrawn from the East German market and substituted with virtually identical products at higher prices.

U.S. exports

Direct U.S. exports to East Germany more than doubled in 1979, rising from $170 million in 1978 to $355 million. These direct exports do not take into account goods which are shipped to East Germany through third countries. Until 1979, East Germany did not have port facilities to accommodate the large vessels in which the United States exported much of its agricultural production. In order to import these goods, East Germany had to land them in Hamburg or some other Western port and then bring them in on railroad cars or smaller boats. In 1977, only 15 percent of all U.S. exports to East Germany were shipped directly; the remainder were transshipped and not included in official U.S. export statistics. Since 1978, East Germany has been improving the port facilties at Rostock and can now directly receive a much larger share of their imports. In 1978, about 78 percent of U.S. exports to East Germany were shipped directly and, although final transshipment data are not yet available for the year, the proportion in 1979 will be still higher, at least 83 percent. In the near future, U.S. transshipments to East Germany should become negligible.

All major classes of commodities except miscellaneous manufactured articles contributed to the increase in U.S. exports to East Germany (table 14). The most significant major export category to East Germany continued to be food and live animals, which constituted 90 percent of U.S. exports in 1979. Roughly 70 percent of total U.S. exports to East Germany are grains, 1.8 million metric tons of which was shipped to East Germany in 1979, up from 1.0 million metric tons the year before. This steep rise in U.S. grain exports resulted in part from East German grain production setbacks brought about by delayed fall plantings, a prolonged and bitterly cold winter, and difficult spring weather conditions. All of these combined to reduce East Germany's 1979 grain production 8 percent below the 1978 level. Meanwhile, the Soviet Union, an important supplier of wheat and barley to East Germany, had agricultural setbacks of its own and possibly had to restrict its agricultural exports to East Germany. 1/ As a result, East Germany needed to import additional supplies of feed grains from the Western nations in 1979. The value of U.S. exports of corn, the major feed grain, to East Germany

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1/ U.S. Department of Agriculture, Foreign Agriculture, January 1980, p. 26.

Table 14.--U.S. trade with East Germany, by SITC Nos. (Revisions 1 and 2), 1/ 1970 and 1977-79

(In thousands of dollars)

SITC commodity code No.	Description	1970	1977	1978	1979
		U.S. exports			
0	Food and live animals	11,389	27,708	151,943	319,315
1	Beverages and tobacco	436	-	-	-
2	Crude materials--inedible, except fuel	3,696	3,467	3,803	5,058
3	Mineral fuels, lubricants, etc	5,942	-	29	6,124
4	Oils and fats--animal and vegetable	-	720	-	-
5	Chemicals	524	334	2,412	9,690
6	Manufactured goods classified by chief material	1,507	979	588	1,678
7	Machinery and transport equipment	8,430	2,234	2,763	5,993
8	Miscellaneous manufactured articles	561	572	8,521	6,062
9	Commodities and transactions not elsewhere classified	47	85	62	603
	Total	32,532	36,099	170,121	354,522
		U.S. imports 2/			
0	Food and live animals	-	178	326	248
1	Beverages and tobacco	3	39	176	164
2	Crude materials--inedible, except fuel	149	1,670	3,472	2,520
3	Mineral fuels, lubricants, etc	654	452	924	978
4	Oils and fats--animal and vegetable	-	-	-	-
5	Chemicals	892	3,740	7,470	4,210
6	Manufactured goods classified by chief material	1,408	3,584	6,351	8,389
7	Machinery and transport equipment	4,107	4,295	7,749	11,630
8	Miscellaneous manufactured articles	2,061	2,684	8,501	6,091
9	Commodities and transactions not elsewhere classified	120	221	251	1,435
	Total	9,394	16,863	35,220	35,666

1/ Data for 1970 and 1977 are based on the Standard International Trade Classification, Revised but have been adjusted to include nonmonetary gold in both export and import data. Data for 1978 and 1979 are based on the SITC, Revision 2. Because of changes in classification between the the two revisions, data for 1978 and 1979 on a 1-digit basis are not comparable with data for earlier periods.

2/ Data for 1970 are U.S. general imports; data for 1978 and 1979 are U.S. imports for consumption.

Source: U.S. Department of Commerce publication FT155 and U.S. Department of Commerce, Bureau of East-West Trade.

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

increased some 145 percent in 1979 over the 1978 level. The United States also sold 184,000 metric tons of grain sorghum--a close substitute for corn--to East Germany; it had not been exported in 1978. The quantity of grain sorghum imported by East Germany from all sources in 1979 tripled, while total corn imports only increased by about 12 percent. About half of East Germany's grain imports are now provided by the United States.

A portion of the increase in the value of exports occurred because of inflation. A weighted average of exports of yellow corn and soybean meal, accounting for 73 percent of all U.S. exports to East Germany in 1979, increased in value by 116 percent over exports in 1978, while the quantity increased by only 79 percent.

East Germany's last 5-year plan stressed crop production over livestock as an apparent step toward reducing agricultural imports. The informal agreement between the United States and East Germany that East Germany is to annually import between 1.5 million and 2.0 million metric tons of grain will expire in 1980. Despite this, it is unlikely that agricultural trade between the countries will be reduced considerably in the near future. Owing to the recent U.S. partial agricultural embargo on exports to the Soviet Union, East Germany may import more U.S. agricultural goods in order to reroute some to the Soviet Union or to replace domestically produced crops which are sent to that country.

To support East Germany's drive to expand its manufacturing sector, it needs a vast infusion of capital equipment. The necessity to reduce the trade deficit conflicts with these requirements, however, and East Germany had to tighten controls on imports of investment goods during the year. Despite this, the United States increased its exports of machinery and transportation equipment, the major investment category, to East Germany by 117 percent in 1979. The most important items exported in this category included rubber or plastic molds, printing blocks, and electrical equipment assemblers. In 1979, $2.7 million in trade occurred in these three items, up from just $13,000 in the previous year. East Germany also purchased large amounts of fuel (SITC No. 3) from the United States in 1979.

East Germany mines its own brown coal as well as lignite and plans to increase its commercial use of lignite in the future, yet neither of these is particularly well suited for industrial applications. Only two commodities were imported by East Germany from the United States in the fuel category. Both were bituminous coals, together accounting for $6.1 million in trade. Bituminous coal is used to make coke, which operates blast furnaces producing pig iron to use in constructing other metal structures from car frames to stamping presses. Neither item was imported from the United States in 1978, and the purchase of them by the East Germans is likely to have been part of attempts by East Germany to revitalize its industrial sector.

U.S. exports to East Germany are habitually concentrated in a few commodities, mostly agricultural. In terms of value, the 10 largest items in 1979 accounted for 94 percent of all exports (table A-13). U.S. exports to East Germany also display a significant degree of variability from year to year when compared on an item-by-item basis, partially owing to large one-time transactions. For example, men's and boy's cotton denim slacks (blue jeans) accounted for almost 4 percent of U.S. exports to East Germany in 1978. These slacks, valued at $6.2 million, were exported very late in that year, when East Germany found that state-produced slacks were not being purchased by the East German people. By importing the slacks and selling them at a high markup (roughly $74 a pair), the Government was able to both placate its population (which indicates a very high demand for Western blue jeans) and generate revenue for itself. All these were sent as a single shipment, representing a single sale. Since no such sale was made in 1979, the item was not exported to East Germany that year.

U.S. imports

East German sources reported that East Germany increased its general exports to Western nations by 14 percent in 1979, 1/ and indications are that hard-currency exports increased by more than 10 percent in that year. Nevertheless, U.S. imports from East Germany increased by just 1 percent to $36 million in 1979. Allowing for inflation, the actual volume of this trade declined in 1979.

Roughly 80 percent of U.S. imports from East Germany are manufactures; trade in these goods increased by 15 percent in 1979. Several manufactured items, especially those in the machinery and transport equipment category (SITC No. 7), showed significant increases. Imports of typewriters, for example, increased 444 percent in 1979, from 6,500 units in 1978 to 35,400 units. The nonmanufactures portion of U.S. imports from East Germany showed some declines. East Germany has launched an effort to increase its manufacturing sector for export and the growth in U.S. manufactured imports from that country is probably a result of the at least partial success of this drive.

The absence of some previously imported items from the list of current leading U.S. imports from East Germany is noteworthy. The primary commodity imported in 1977 and 1978 was urea, a fertilizer, accounting for $6.1 million or 17.3 percent of total U.S. imports from East Germany in 1978. The quality of East German urea is not considered high enough in the United States to use for direct application on crops; therefore, it is melted down and applied indirectly in nitrogen solutions. However, as nitrogen-solution prices were depressed in 1978 and 1979, U.S. firms which had purchased and converted East German urea in previous years found market conditions generally unfavorable and did not import it from East Germany at all in 1979.

Another item not imported from East Germany in 1979 was paintings by hand, the fifth largest import in 1978, accounting for $1.5 million. The importation was a single major art purchase, which was not repeated in 1979. A similar one-time import, articles imported for exhibition, accounted for $1.1 million in trade in 1979 (table A-14). This item, the eighth largest import in 1979, included goods for the International Machine Tool Show in Chicago in September 1978; they were later sold in the United States instead of being shipped back to East Germany.

1/ The General Secretary of the East German SED Central Committee, Erich Honecker, used this figure in a report to the Central Committee in December 1979.

Hungary

Trade between the United States and Hungary increased by 14 percent to $190 million in 1979. U.S. imports from Hungary increased, but U.S. exports to the Hungarian market declined. The United States normally has a trade surplus with Hungary, but a reversal occurred in 1979: the year ended with a U.S. deficit of $34.5 million. Hungary was generally successful in controlling its imports from Western countries while increasing exports to them, and cut its hard-currency trade deficit in half in 1979.

The United States-Hungary trade agreement entered into force in July 1978. Among other measures facilitating the exchange of goods and services between the two countries, this agreement provided for reciprocal MFN tariff treatment based upon the provisions of the GATT. On the U.S. side, conferring MFN status on Hungary involved a congressional waiver of subsections 402(a) and (b) of the Trade Act of 1974. The waiver is subject to annual congressional review.

The annual extension of Hungary's MFN status recommended by the President in June became a very controversial issue in the U.S. Congress. The Subcommitte on International Trade of the Senate Finance Committee scheduled hearings in July and August concerning violation by Hungarian authorities of U.S. property rights in the area of agricultural chemicals. 1/ While not recommending a withdrawal of Hungary's MFN status, the Committee requested the Department of Commerce to monitor pertinent Hungarian activities. The controversial practices reportedly involve unlicensed production and sale by Hungarian pharmaceutical companies of chemicals protected by U.S. patents in third-country markets.

Meanwhile, the trade-normalization process between the two countries made further progress during the year. In February an agreement eliminating dual taxation of personal and corporate income was signed. In March, the United States-Hungarian Joint Economic Committee, a government-to-government body, was formed, which is to serve as a mechanism to explore mutual commercial opportunities and to discuss and resolve commercial problems.

In October, the Eximbank opened a $10 million line of credit to the National Bank of Hungary. This was the Bank's first authorization in support of U.S. sales to Hungary in more than a decade. Following the enactment of the United States-Hungary trade agreement in August 1978, the President of the United States determined that Eximbank financing of U.S. exports to Hungary was in the national interest. This determination led eventually to the new credit line established to finance sales of U.S. capital equipment and services to Hungarian buyers. In November, the National City Bank of Minneapolis opened a branch in Hungary, which is viewed by both U.S. and Hungarian officials as a progressive move aimed at furthering U.S. trade with NME's. 2/

1/ This matter was discussed in 19th Quarterly Report . . ., p. 20.

2/ There are two other U.S. banks in Eastern Europe: New York's Manufacturers Hanover Trust has a branch in Bucharest, Romania, and a Chicago bank has an office in Warsaw, Poland.

During the last quarter of 1979 there was another noteworthy development in the area of financing Hungarian and other Eastern European trade with the West: a new institution called Central European Bank was established in Budapest. A joint company in which Hungary has a 34-percent interest, the balance is owned by individual banks in Western Europe and Japan. The new bank is expected to finance Hungarian investment projects aimed at hard-currency earnings and other East-West trade projects. The choice of the bank's location reflects Hungary's increasing status as a financial and trading center between the West and Eastern Europe, and also its reputation for banking expertise. To host such a financial institution is viewed as unique for an Eastern European country. The bank is considered unconventional from the Western point of view as well--a move away from traditional European trading centers such as Frankfurt, West Germany.

In general, Hungary failed to attain key economic targets during 1979. National Income (the Hungarian concept of Gross National Product) increased by less than 1.5 percent in real terms, instead of the planned growth of 3 to 4 percent. 1/ Restraints on investments also impeded Hungarian economic growth, which was jeopardized by unusually harsh weather and problems associated with energy shortage, as in other Eastern European countries. To counter these impediments to investment, Hungary recently modified its joint-venture law and allowed joint-venture companies to enter not only their traditional areas of finance and services, but also into actual production.

Economic pressures compelled the Hungarian Government to raise consumer prices sharply. The move affected mass consumption items such as bread, heating oil, meat, and dairy products, and the cost of living rose significantly. The Hungarian price reform, as applied to producer goods, was part of an effort to increase the role of prices and profits in allocating resources--an endeavor for which the Hungarians are most noted in the Communist bloc. As trade with Western countries is significant in Hungary, an alinement of domestic prices with world market prices was found to be essential for effective trading.

U.S. exports

Although U.S. products became more competitive in Hungary following the reciprocal extension of MFN tariff treatment in the bilateral trade agreement of 1978, U.S. exports to Hungary declined some 21 percent in 1979 to $77.6 million (table 15). Hungary's determination to curtail hard-currency imports was an important reason. Exports declined in the two major categories of this trade flow--food and live animals and machinery and transport equipment. However, U.S. exports of chemicals to Hungary almost doubled.

In 1979 the value of U.S. exports of food and animal products dropped below one-fifth of their level in 1978, as Hungary virtually ceased to purchase U.S. corn and sharply reduced its purchases of soybean meal. Reduced corn imports followed 2 years of substantial buying in the United States. Hungary itself is a producer and, under favorable conditions, an exporter of

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1/ Journal of Commerce, Dec. 2, 1979.

Table 15.--U.S. trade with Hungary, by SITC Nos. (Revisions 1 and 2), 1/ 1970 and 1977-79

(In thousands of dollars)

SITC commodity code No.	Description	1970	1977	1978	1979
		U.S. exports			
0	Food and live animals	15,966	25,108	46,494	14,818
1	Beverages and tobacco	-	-	-	134
2	Crude materials--inedible, except fuel	5,433	9,622	6,496	9,854
3	Mineral fuels, lubricants, etc	64	2	14	18
4	Oils and fats--animal and vegetable	107	4	1	13
5	Chemicals	2,358	11,260	9,711	18,531
6	Manufactured goods classified by chief material	310	3,796	3,430	6,600
7	Machinery and transport equipment	2,359	27,293	27,113	22,486
8	Miscellaneous manufactured articles	1,467	2,505	3,946	4,878
9	Commodities and transactions not elsewhere classified	72	128	477	254
	Total	28,137	79,717	97,682	77,588
		U.S. imports 2/			
0	Food and live animals	2,949	21,679	31,275	33,615
1	Beverages and tobacco	289	891	728	1,261
2	Crude materials--inedible, except fuel	91	522	136	695
3	Mineral fuels, lubricants, etc	-	-	-	-
4	Oils and fats--animal and vegetable	-	-	-	-
5	Chemicals	71	5,035	5,735	9,255
6	Manufactured goods classified by chief material	907	3,965	5,340	9,406
7	Machinery and transport equipment	366	9,551	15,442	39,565
8	Miscellaneous manufactured articles	1,454	5,043	10,218	17,672
9	Commodities and transactions not elsewhere classified	97	114	279	661
	Total	6,224	46,800	69,153	112,129

1/ Data for 1970 and 1977 are based on the Standard International Trade Classification, Revised but have been adjusted to include nonmonetary gold in both export and import data. Data for 1978 and 1979 are based on the SITC, Revision 2. Because of changes in classification between the the two revisions, data for 1978 and 1979 on a 1-digit basis are not comparable with data for earlier periods.

2/ Data for 1970 are U.S. general imports; data for 1978 and 1979 are U.S. imports for consumption.

Source: U.S. Department of Commerce publication FT155 and U.S. Department of Commerce, Bureau of East-West Trade.

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

corn to other Eastern European markets. Adverse weather conditions in the area affected the corn crop less than the wheat crop and made it possible for Hungary to save hard currency on corn imports. Exports of soybean meal to Hungary amounted to $13 million, some two-fifths of the level in 1978, as Hungary purchased more of this item from Brazil (table A-15). Cattle hides continued to be a sizable U.S. export item in the food and animal products category.

U.S. sales of commodities classified as machinery and transportation equipment, which rose steeply in the decade prior to 1979, declined 17 percent to $22.5 million in 1979, partly in response to the Hungarian austerity measures and efforts to control imports (table 15). Yet this group became the leading major U.S. export category to Hungary in 1979, as exports of food and live animals decreased even more. Agricultural machinery and parts thereof continued to dominate these exports; however, U.S. sales of many such items were sharply reduced (table A-15). U.S. exports of computer-related products were also depressed. By contrast, sales of tracklaying tractors, which entered the list of leading U.S. exports in 1978, doubled (table A-15).

U.S. exports to Hungary expanded in the traditionally smaller categories, chemicals and crude materials. Chemical exports rose to $18.5 million or by 91 percent in 1979, making this group the second-ranking major export category, as the United States sold substantially more agricultural chemicals to Hungary than in 1978. Larger sales reflected not only price increases but also larger quantity--more than twice as much U.S. concentrated superphosphate fertilizers and insecticides went to the Hungarian market in 1979 as in 1978. For years, phosphate fertilizers have been among the principal U.S. products exported to the Hungarian market.

Cotton, classified among crude materials, appeared among the leading U.S. exports to Hungary for the first time in 1979, with exports exceeding $1.7 million. Hungary must import all its raw cotton, with the Soviet Union supplying 60 to 65 percent. The rest comes from Turkey, Sudan, and Iran, among others. Now there seems to be a good opportunity for U.S. cotton organizations to foster long-term trade relations with Hungary. To this end, key Hungarian officials have shown a willingness to participate in the U.S. Cotton Orientation Program and to host U.S. cotton delegations.

Western sellers will find little cause for optimism in Hungary's plan to continue its policy of austerity. According to the Hungarian economic plan for 1980, imports paid for in dollars will decline even from last year's restricted level. Nonetheless, Hungary continues to offer prospects for U.S. exports of agricultural and high-technology items. Exports of advanced technological products will be facilitated by the Eximbank credit line of $10 million opened to the National Bank of Hungary in 1979, which will assist in financing such exports. Capital goods for modernization, improvement of quality, increased efficiency of production, and greater responsiveness to market demand will receive the highest priority. The most promising areas for investment goods on the Hungarian market are food processing, machinery, packaging technology, and machine tools.

U.S. imports

Significant reductions in duties on U.S. imports from Hungary following the conferring of MFN status on that country may have had an impact on such imports, which increased 62 percent to $112 million in 1979. Imports in all major commodity groups expanded. The tabulation below shows 10 leading products from Hungary and the rates of duty levied on them before (col. 2) and after (col. 1) the extension of MFN treatment:

TSUSA item No.	Description	Percentage change in value of imports, 1979 from 1978	Rate of duty 1/	
			Col. 1	Col. 2
107.3525	Canned hams------------	-7.3	3¢/lb	3¢/lb
692.2785	Motor-vehicle parts----	898.1	4% ad val.	25% ad val.
692.3060	Tractor parts----------	137.2	Free	Free
686.9030	Light bulbs------------	53.7	4% ad val.	20% ad val.
700.4540	Leather footwear-------	5.6	10% ad val.	20% ad val.
117.6025	Swiss cheese-----------	583.9	8% ad val.	35% ad val.
407.7220	Sulfamethazine---------	1,444.7	1.4¢/lb + 10% ad val.	7¢/lb + 45% ad val.
772.5115	Truck and bus tires----	60.1	4% ad val.	10% ad val.
676.0560	Manual typewriters-----	169.9	Free	Free
107.3040	Bacon preparations-----	190.3	2¢/lb	3.25¢/lb

1/ Through Dec. 31, 1979.

Increases in most of these leading imports are accompanied by duty reductions. However, imports of some items expanded markedly without any change in duties taking place, and there are instances of little or no response to lower duties in key items, such as leather footwear.

Canned hams--a food item not affected by MFN--continued to be the leading import from Hungary, but its relative significance diminished. The quantity of canned hams entering the United States in 1979 was virtually the same as in 1978. However, the unit value and thus the total value of canned ham imports declined, while imports of other commodities from Hungary increased markedly. As a result, canned hams, which accounted for more than one-third of all U.S. imports from Hungary in 1978, constituted only one-fifth of such imports in 1979. On the other hand, items in the food group which were affected by MFN--most notably Swiss cheese--were imported in much larger quantities than before.

Machinery and transportation equipment became the leading category of imports from Hungary in 1979, as U.S. imports of items so classified continued their rapid increase. The aggregate imports in this category more than doubled, possibly reflecting the impact of Hungary's MFN status on this trade flow. Items such as motor-vehicle and tractor parts and light bulbs continued to dominate, each entering the United States under significantly lower duties than before (see the tabulation above and table A-16). Imports of tractor parts result from a countertrade arrangement under which a U.S. company supplies license, technology, and components to Hungary for the manufacturing of tractors, and buys back tractor axles in countertrade.

U.S. purchases of miscellaneous manufactured items also increased in 1979 to some $17 million, or by 73 percent (table 15). They included a wide range of items such as clothing, footwear, and art objects--none of which amounted to considerable value even in terms of the small level of U.S.-Hungarian trade. Footwear and men's and boy's suits and jackets are among the 20 leading imports from Hungary (table A-16). Footwear imports remained at the same level as in 1978 despite MFN treatment, but imports of clothing increased markedly.

U.S. imports of chemicals were 61 percent larger in 1979 than in 1978. Virtually all of the increase--amounting to some $4 million--consisted of imports of sulfamethazine, a pharmaceutical product for the prevention of infection in humans but used also as an ingredient in animal feed (table A-16). Some 50 percent of U.S. consumption of this item is supplied by imports; Yugoslavia is another important U.S. supplier from the East bloc. U.S. imports of alkaloids--leading pharmaceutical imports from Hungary in 1978--declined steeply in 1979; being half their 1978 level, and opium alkaloids disappeared from the list of 20 leading items. The pharmaceutical industry is one of the leading hard-currency earners for Hungary, and its products are marketed aggressively worldwide. 1/

Imports of pneumatic bus and truck tires continued to increase rapidly in 1979 (table A-16). The value of U.S. purchases more than tripled from 1977 to 1978, and then expanded by an additional 60 percent in 1979. Almost half of this growth reflects the increased unit values of such products. Tires accounted for more than half of the increase in U.S. imports of manufactures classified by chief material in 1979; they are among those Hungarian items designated to become competitive in world markets and targeted for export. Manufactures classified by chief material also include the famous Hungarian china Herend, but the value of such imports is small.

Bulgaria

U.S.-Bulgarian two-way trade grew 14 percent in 1979 to $86 million, owing principally to expanded U.S. exports of inedible crude materials (table 16). Total U.S. exports amounted to $56 million, representing an increase of 17 percent from 1978. Although exports fell below the 1978 level, food and live animals remained the largest category of U.S. exports to Bulgaria. U.S. imports edged upwards to $30 million, two-thirds of which was in the beverages and tobacco category. Agricultural products accounted for three-quarters of

1/ Reference was made earlier to controversial Hungarian patent practices by the Hungarian pharmaceutical industry affecting U.S. interests.

Table 16.--U.S. trade with Bulgaria, by SITC Nos. (Revisions 1 and 2), 1/ 1970 and 1977-79

(In thousands of dollars)

SITC commodity code No.	Description	1970	1977	1978	1979
		U.S. exports			
0	Food and live animals	5,293	980	38,058	29,526
1	Beverages and tobacco	242	529	634	1,675
2	Crude materials--inedible, except fuel	135	2,296	1,567	14,314
3	Mineral fuels, lubricants, etc	7,755	5	1	9
4	Oils and fats--animal and vegetable	-	-	-	-
5	Chemicals	1,063	2,190	1,226	916
6	Manufactured goods classified by chief material	11	777	710	513
7	Machinery and transport equipment	531	15,916	3,599	5,173
8	Miscellaneous manufactured articles	210	1,169	2,265	4,047
9	Commodities and transactions not elsewhere classified	39	49	61	52
	Total	15,279	23,910	48,120	56,225
		U.S. imports 2/			
0	Food and live animals	921	1,004	1,482	1,546
1	Beverages and tobacco	5	21,930	22,842	20,780
2	Crude materials--inedible, except fuel	270	234	182	1,009
3	Mineral fuels, lubricants, etc	-	-	-	-
4	Oils and fats--animal and vegetable	-	-	-	-
5	Chemicals	786	490	856	1,357
6	Manufactured goods classified by chief material	186	1,458	234	424
7	Machinery and transport equipment	159	511	1,106	2,435
8	Miscellaneous manufactured articles	98	107	1,157	2,551
9	Commodities and transactions not elsewhere classified	5	309	50	44
	Total	2,431	26,043	27,909	30,145

1/ Data for 1970 and 1977 are based on the Standard International Trade Classification, Revised but have been adjusted to include nonmonetary gold in both export and import data. Data for 1978 and 1979 are based on the SITC, Revision 2. Because of changes in classification between the the two revisions, data for 1978 and 1979 on a 1-digit basis are not comparable with data for earlier periods.

2/ Data for 1970 are U.S. general imports; data for 1978 and 1979 are U.S. imports for consumption.

Source: U.S. Department of Commerce publication FT155 and U.S. Department of Commerce, Bureau of East-West Trade.

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

the trade turnover, with U.S. exports of soybean meal and sunflower seed and imports of tobacco representing 61 percent of the total. The United States registered a $26 million trade surplus with Bulgaria in 1979, compared with a smaller trade surplus in 1978 and a deficit in 1977.

Eighty percent of Bulgaria's external trade in 1978 was with other NME's; the U.S.S.R. alone accounted for more than 50 percent. Advanced Western countries were responsible for only about 15 percent, and developing countries for the remainder. West Germany is Bulgaria's largest trading partner in the West; bilateral commerce with this country was 3 percent of Bulgaria's total foreign trade in 1978. In contrast, trade with the United States accounted for only 0.5 percent of total Bulgarian trade in that year. The United States does not accord MFN treatment to Bulgaria, and calculated duties on U.S. imports from this country are, on average, about three times the calculated duties levied on imports from MFN countries. 1/ Since November 1977, Bulgaria has also levied higher tariffs against U.S. imports under a classification system that reserves the highest duty rates for countries that apply "discriminatory" tariffs on Bulgarian goods. The United States is the only country that receives such treatment. Bulgarian officials have estimated that the value of trade with the United States could triple if MFN status was granted.

As with a number of other Eastern European countries, sharply rising Bulgarian imports from the West in the early and mid-1970's were not matched by hard-currency exports and receipts, and Bulgaria borrowed heavily to cover the widening hard-currency trade deficit. At less than $3 billion, the size of Bulgaria's net hard-currency debt is modest in comparison with debts of other NME's, but it looms large relative to the small volume of exports to Western countries. The portion of Bulgarian hard-currency export receipts that must go to payments on these loans is more than 40 percent, a share second only in size to Poland's among the NME's. Consequently, heavy emphasis is placed on countertrade arrangements to finance priority imports of machinery, equipment, and plants from Western countries. In addition, Bulgaria expects to promulgate a joint-venture law in 1980 and hopes to attract direct investment from the West to allow domestic production of the heavy equipment that now makes up 40 percent of its annual hard-currency import bill. 2/

Poor economic performance in 1978 caused a major review of the economy and of the goals of the seventh Bulgarian 5-year economic plan (1976-80). This resulted in the introduction of economic reforms and the promulgation of a 2-year miniplan to set more realistic goals for the remainder of the quinquennium. Reconstruction and modernization are now emphasized at the expense of new projects. The chronic problems of poor quality output and general inefficiency in economic activity are to be attacked through economic reorganization, some decentralization of decisionmaking, and an emphasis on modernizing existing facilities to improve product quality and worker

1/ U.S. Bureau of the Census, Highlights of the U.S. Export and Import Trade, FT 990, Table I-5.
2/ Business Eastern Europe, June 8, 1979, p. 180.

productivity. Priority industries under the new plan include machine building and electronics, chemicals (particularly synthetic fibers and plastics), metallurgy, energy production, food processing, and agricultural support (e.g., farm equipment, chemicals, and farming methods). In order to accomplish their goals of higher output and modernization, these industries will require technologies, machinery, and processes available mostly in the West.

U.S. exports

U.S. exports to Bulgaria in 1979 increased 17 percent over the 1978 level, rising to $56 million. As in 1978, food and live animals was the principal export category, with soybean meal and yellow corn accounting for virtually all the trade in this classification. Both these commodities are used as animal feed. The leading export item, soybean meal, more than doubled in value from 1978 to 1979, rising to $23 million and accounting for 40 percent of total U.S. exports to Bulgaria. Soybean meal is made by crushing soybeans, extracting part of the oil, and then grinding the residue into a meal. It is rich in protein and, when mixed with other feeds, produces a superior animal feed suitable for all classes of farm animals. 1/

Bulgaria is a regular importer of soybean meal. Brazil has been its major supplier in recent years, but crop damage due to bad weather two seasons ago reduced Brazilian exports. As a result, U.S. sales to Bulgaria were strong in 1978 and 1979, totaling 57,000 metric tons and 103,000 metric tons, respectively. Meanwhile, Bulgaria is expanding its own soybean crop, and current planning also calls for the creation of more domestic oilseed-crushing capacity, principally for soybeans. But dependence on imported soybean meal is likely to continue for some time as the current planned expansion and improvement of the Bulgarian livestock industry cannot be realized without imports of high-protein animal feeds. As Bulgarian soybean crushing capacity expands, however, its demand will shift away from meal toward the crude beans, and the United States may export soybeans to Bulgaria instead of soybean meal.

Corn was the leading U.S. export to Bulgaria in 1978, but dropped to third place in 1979 as its value declined by four-fifths to $5 million (table A-17). Bulgarian demand declined as the domestic harvest was relatively good in 1979; at 8.1 million metric tons, it was slightly higher than the average for the previous 3 years. In years of better harvests, Bulgaria is a minor grain exporter in Eastern Europe. Accordingly, U.S. exports of corn to Bulgaria have fluctuated widely, depending on the quality of the Bulgarian harvest.

U.S. exports of crude materials increased eightfold in 1979 (table 16), owing mostly to the increase in sunflower seed exports. Although sunflower seed is the major Bulgarian oilseed crop, purchases of U.S. sunflower seed grew to 29,000 metric tons, valued at $9 million, in 1979, from neglibible amounts in 1978 (table A-17). Exports of wood pulp also increased dramatically, from $350,000 to more than $3 million. U.S. shipments of cattle

1/ 16th Quarterly Report . . ., op. cit., p. 46.

hides, a traditional export to Bulgaria, dropped 15 percent to 45,000 pieces, but higher unit values resulted in an increase in the value of 67 percent over the 1978 level to $2 million in 1979 (table A-17).

Manufactured goods represented 19 percent of all U.S. exports to Bulgaria in 1979, up from 16 percent in 1978. Sales of machinery and transport equipment rose to $5 million, and miscellaneous manufactured exports increased to $4 million, offsetting minor declines in exports of chemicals and other manufactures. U.S. exports of machinery and transport equipment to Bulgaria peaked in 1977 at $15 million owing to a large sale of rolling mill machinery that has not been repeated. These exports rose over a broad spectrum ofproducts in 1979, especially electrical machinery, data processing equipment, lifting and loading equipment, and other heavy machinery (table A-17).

Denim slacks (blue jeans) accounted for all the increase in U.S. exports of miscellaneous manufactures to Bulgaria in 1979. Valued at nearly $3 million, they represented more than half the total exports in this category. The bulk of the remaining items in this basket category consisted of measuring, controlling, and scientific instruments.

U.S. imports

In 1979, U.S. imports from Bulgaria rose only 8 percent to $30 million (table 16). Nearly 70 percent of the total, or $21 million, consisted of oriental leaf tobacco used in the manufacture of cigarettes. Compared with imports in 1978, imports of tobacco for consumption 1/ from Bulgaria declined 9 percent in 1979 (table A-18). These tobacco imports were actual arrivals rather than withdrawals of previous years' imports from bonded U.S. customs warehouses. About 92 percent of the total quantity of tobacco shipped to this country from Bulgaria in 1979 was for immediate consumption; the remainder entered bonded warehouses.

Bulgaria accounted for 9 percent by quantity of U.S. imports of oriental leaf tobacco in 1979. Turkey and Greece, were the two largest suppliers, accounting for 70 percent; Yugoslavia also accounted for 9 percent of U.S. imports in 1979. Turkey, Greece, and Yugoslavia receive MFN treatment, but U.S. imports from Bulgaria enter under column 2 rates of duty that are substantially higher than MFN duties. In 1979, for example, the average ad valorem equivalent duty for Bulgarian tobacco was 24.6 percent compared with 9.8 percent for all oriental leaf tobacco imports.

U.S. imports from Bulgaria classified in categories other than tobacco and beverages rose to more than $9 million, up from $5 million in 1978. The leading item was nonautomatic portable typewriters, which entered duty free. Imports of pecorino cheese--the third leading import from Bulgaria during the year--rose to $1.2 million in 1979. Other leading imports were metalcutting lathes, leather footwear, and woolen apparel. Molybdenum ore valued at $900,000 was imported for the first time.

1/ The import data on which trade analysis is based in this series of reports are imports for consumption, which are a combination of entries for immediate consumption and withdrawals from bonded customs warehouses.

Other Nonmarket Economy Countries

Total bilateral trade between the United States and the five countries of less significance in NME trade--Albania, Cuba, Mongolia, North Korea, and Vietnam--grew 74 percent in 1979 to $25 million. 1/ Despite this increase, the five remain the least significant in terms of U.S. trade with NME's, accounting for only 0.2 percent of the total. As in previous years, trade with Albania (with a 76-percent share of total U.S. trade with the five) registered the largest change, increasing 140 percent to $19 million. The U.S. trade deficit with the five grew from $0.7 million to $2.8 million, primarily owing to a drop in U.S. exports of donated wheat to Vietnam and an increase in U.S. imports from that country.

In 1979, trade with these countries continued to differ significantly in composition from that with other NME's. As in the past, agricultural commodities were virtually nonexistent in this trade despite their importance in U.S. trade with other NME's. No U.S. grain was exported to the five in 1979.

The dissolution of ties between China and Albania in mid-1978 forced Albania to adjust by cautiously increasing its contacts with other countries. Its need for industrial and transportation machinery, Western technology, and various raw materials has encouraged the export of chrome ore and other available trade items in order to avoid purchases on credit. A gradual increase im trade with Western European countries is expected. In October 1979, a protocol was signed with Bulgaria providing for a 7-percent increase in trade between the two countries. In the past, Albania had avoided trade and political ties with NME's other than China.

Growth in U.S.-Albanian trade was nearly balanced between exports and imports, and the U.S. trade surplus was maintained at $1 million. U.S. exports to Albania grew from $4.5 million to $10 million because sales of bituminous coal more than doubled. More than 180,000 metric tons of this commodiy, valued at $9.5 million, was exported in 1979. For the first time, equipment used in automatic data processing was exported to Albania, accounting for $289,000 in sales value. A 60-percent drop in the quantity of cattle hides exported to Albania left the value of such sales 30 percent lower than in 1978 despite a 75-percent increase in unit value.

U.S. imports from Albania increased from $3.5 million in 1978 to $9 million in 1979. They consisted primarily of chrome ore and unprocessed spices. In 1979 the United States purchased 37,000 metric tons of ore, valued at $6 million, representing a 150-percent increase over the value in 1978. Albania provides about one-third of U.S. imports of chrome ore from NME's, and the Soviet Union, the remainder. Unground sage valued at $2.3 million was the other major U.S. import from Albania, although cigarette tobacco and other spices are also traded.

1/ See tables A-19 through A-28.

U.S. relations with Cuba did not significantly improve in 1979, possibly because of increased political tension between the two countries. Although the total embargo on trade with Cuba was eased somewhat in 1975 and further relaxed in 1977, U.S. ships still may not call on Cuban ports. Cuba continues to be largely dependent upon the economic support of the Soviet Union and its allies as a member of CEMA. Trade between the United States and Cuba amounted to less than half a million dollars, with a negligible U.S. trade surplus. One-third of U.S. exports to Cuba in 1979 were accounted for by musical instruments. Other exports included donated drugs and small machinery and office machines, and their parts. None of these items were valued over $32,000. Virtually all U.S. imports from Cuba in 1979 were U.S. products being returned from trade expositions, and are not listed in table A-22.

Mongolia maintains a stable trade relationship with the United States, showing only nominal growth in 1979. U.S. exports, valued at $80,000, were led by unspecified donated products. Instruments for measuring radiation were the only other U.S. export of note. U.S. imports, valued at $3.7 million, continued to be dominated by camel hair. Imports of this item increased in value by 50 percent to $3 million. Cashmere goat hair, the second leading U.S. import, declined 57 percent in value to $125,000 and more than 70 percent in quantity.

U.S. trade with North Korea and Vietnam is severely restricted. Department of Commerce approval is required prior to the export or reexport of virtually any commodity or technical data of U.S. origin to these countries. (The same restrictions apply to Kampuchea, for which trade data are not available.) Exports to meet emergency needs with medical and food supplies are considered on a case-by-case basis. 1/

Bilateral trade between the United States and Vietnam declined by 40 percent in 1979, to $1.25 million. The cessation of donated wheat exports in 1979 accounted for the drop in U.S. exports to $540,000. U.S. imports from Vietnam--valued at less than a million dollars--included fluorescent lamps and other electric components, apparel, and jewelry.

U.S. trade with North Korea was virtually a one-way trade flow: U.S. imports amounted to $126,000 of the $139,000 in total trade. Such imports included miscellaneous items, radio-tape recorders, and apparel of low value.

1/ The trade embargo applying to Cuba is essentially the same but permits business transactions between Cuban firms and U.S. subsidiaries in third countries.

APPENDIX

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

Table A-1.--Leading items exported to the U.S.S.R., by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
130.3465	Yellow corn, not donated for relief	$1,402,146,365	$1,053,166,492	$375,822,832
130.6540	Wheat, unmilled, not donated for relief	811,674,467	355,792,441	306,319,327
175.4100	Soybeans, n.e.s	489,278,229	199,770,836	167,918,152
480.7025	Phosphoric acid	92,698,920	1/	21,642,702
177.5640	Tallow, inedible	57,611,650	18,744,193	9,667,940
790.5510	Pressure-sensitive tape, with plastic backing	50,239,107	36,563,887	15,835,770
601.3300	Molybdenum ore	41,098,246	26,064,949	17,130,442
130.1000	Barley	31,013,565	-	21,698,363
664.0584	Parts, n.e.s., of oil and gas field drilling machines	28,159,394	27,828,297	14,068,674
692.3820	Parts, of tracklaying tractors, n.s.p.f	27,856,259	2/	2,661,495
664.1074	Pipehandlers, n.s.p.f	23,877,134	3,755,812	-
660.1040	Parts, n.s.p.f., of vapor generating boilers	18,092,531	6,902	4,494,278
660.9490	Parts, n.s.p.f., of pumps for liquids	17,613,168	242,945	12,598,914
176.5220	Soybean oil, crude, including degummed	15,782,000	-	15,782,000
692.3160	Tracklaying tractors, new, with net engine horsepower over 344	15,466,035	25,589,037	-
710.8520	Calipers and micrometers, and parts	15,170,415	-	15,170,415
517.5120	Petroleum coke, calcined	14,265,063	18,174,880	6,764,362
676.2820	Digital central processing units, n.s.p.f	13,397,022	8,136,062	1,762,337
664.0513	Drilling and boring machines, n.e.s	11,236,957	-	-
492.1840	Cellulose compounds, n.s.p.f	10,688,849	4,941,931	1,426,088
	Total 3/	3,187,365,376	1,778,778,664	1,010,764,091
	Total U.S. exports to the U.S.S.R	3,603,632,345	2,249,020,257	1,129,827,638

1/ Prior to Jan. 1, 1979, this item was classified under the now-deleted and more comprehensive item 480.7010.
2/ Prior to Jan. 1, 1979, this item was classified under the now-deleted and more comprehensive item 692.3800.
3/ Because of changes in the Schedule B trade classifications from 1978 to 1979, comparisons are not possible.

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

Table A-2.--Leading items imported from the U.S.S.R., by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
605.2020	Gold bullion, refined	$548,338,801	$285,792,782	$280,928,782
605.0260	Palladium	62,093,304	28,215,720	19,337,684
480.6540	Anhydrous ammonia	56,465,576	26,675,992	17,906,152
620.0300	Nickel, unwrought	28,581,176	16,274,923	13,741,216
653.2200	Metal coins, n.e.s	25,181,419	6,025,815	3,979,615
605.0290	Platinum group metals and combinations, n.e.s	16,010,340	2,500,012	6,518,245
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide	10,781,002	6,704,824	-
605.0270	Rhodium	9,939,439	7,627,854	2,490,425
475.2520	Gasoline	8,837,243	-	8,837,243
618.1000	Aluminum waste and scrap	8,829,744	29,880,900	2,251,465
124.1045	Sable furskins, whole, undressed	8,763,876	7,886,950	116,379
629.1580	Titanium waste and scrap, unwrought	8,040,855	2,915,185	1,754,757
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)	6,847,013	40,159,102	6,847,013
520.3200	Diamonds, not over 1/2 carat, cut, not set	5,995,959	9,189,764	1,273,243
168.5200	Spirits, n.s.p.f., for beverages	5,784,578	3,941,755	1,941,888
605.0220	Platinum sponge	5,225,965	1,352,382	165,315
605.0710	Platinum bars, plates, etc	3,527,849	1,067,026	1,941,508
401.7420	Para-xylene	3,175,879	-	-
493.1500	Casein	3,016,001	2,362,262	908,441
245.1000	Hardboard, valued $48.33-1/3 to $96.66-2/3 per short ton	2,948,161	4,233,337	714,298
	Total	828,384,180	482,806,585	371,653,669
	Total U.S. imports from the U.S.S.R	872,594,811	529,578,994	384,466,454

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

Table A-3.--Leading items exported to China, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	$294,398,625	$140,396,065	$132,128,911
130.3465	Yellow corn, not donated for relief	268,547,073	111,725,822	88,684,547
130.6540	Wheat, unmilled, not donated for relief	214,105,583	250,174,410	22,440,971
175.4100	Soybeans, n.e.s	106,722,343	15,300,134	84,262,837
300.1550	Other cotton, staple length 1-1/8 inches or more	62,364,391	16,878,927	55,379,921
309.4242	Polyester fibers, noncontinuous	56,777,062	44,299,341	23,943,054
610.3930	Oil well casing, of iron or steel, seamless, not alloyed	56,536,766	-	12,696,241
664.0584	Parts, n.e.s., of oil and gas field drilling machines	54,157,663	31,449,897	23,554,667
610.3910	Standard pipe, of iron or steel, seamless, not alloyed	36,521,461	3,826	12,120,573
176.5220	Soybean oil, crude, including degummed	35,894,335	26,117,742	-
610.3940	Oil well drill pipe, of iron or steel, seamless, not alloyed	29,937,468	-	21,863,408
480.3000	Urea	27,179,233	15,174,623	8,516,980
444.6000	Polyester resins, unsaturated, etc	22,565,155	-	8,027,136
310.0010	Textured yarns, of polyester	22,416,073	1,305,519	9,510,189
664.0508	Oil and gas field drilling machines, rotary	17,800,320	-	15,062,500
710.2820	Geophysical instruments and parts, electrical	17,698,865	1,597,060	8,217,010
649.5040	Rock drill bits, core bits and reamers, n.e.s	16,466,947	13,018,750	1,489,546
610.3935	Oil well tubing, of iron or steel, seamless, not alloyed	14,030,742	-	3,112,753
480.7050	Concentrated superphosphates	13,705,459	3,795,750	13,705,459
692.1680	Special purpose vehicles, nonmilitary, n.s.p.f	12,505,556	663,822	4,549,395
	Total	1,380,331,120	671,901,688	549,266,098
	Total U.S. exports to China	1,716,499,905	818,241,117	636,061,514

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

Table A-4.--Leading items imported from China, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more	$71,788,895	-	$16,042,043
475.2520	Gasoline	21,614,894	-	21,614,894
755.1500	Fireworks	15,623,799	12,095,781	3,115,201
320.2032	Printcloth shirting, wholly of cotton, n.e.s., (average yarn number 20)	13,930,945	20,413,703	3,583,792
417.2800	Ammonium molybdate	13,136,891	-	9,303,465
766.2560	Antiques, n.s.p.f	12,261,184	10,811,941	3,134,541
360.1500	Floor coverings of pile, etc., valued over 66-2/3 cents per square foot	12,079,469	8,982,263	1,974,689
114.4557	Shrimp, raw, peeled	9,731,628	70,473	1,295,780
186.3000	Bristles, crude or processed	9,635,783	6,928,114	2,373,354
601.5400	Tungsten ore	9,314,857	5,832,284	2,254,477
222.4000	Baskets and bags of bamboo	8,817,994	7,262,981	2,796,713
704.4010	Gloves, of cotton, without fourchettes	8,293,065	5,977,580	2,075,779
382.3353	Women's slacks, etc., of cotton, corduroy, not knit	7,841,202	1,667,612	821,067
380.2787	Men's sport shirts, n.s.p.f., of cotton, not knit	7,728,737	1/	299,685
160.5000	Tea, crude or prepared	7,659,630	4,750,350	2,361,342
380.3921	Men's trousers and slacks, of cotton, denim, not knit	7,594,754	2,492,385	2,093,381
186.1560	Feathers, not meeting Federal standards	7,392,638	15,093,082	2,444,638
472.1000	Barytes ore, crude	7,285,738	1,306,329	3,205,719
192.4000	Licorice root	7,272,630	2,473,645	2,761,027
155.7000	Honey	6,533,784	237,240	2,865,463
	Total 2/	265,538,517	106,395,763	86,417,050
	Total U.S. imports from China	548,543,395	316,743,230	163,412,293

1/ Prior to Jan. 1, 1979, this item was classified under the now-deleted and more comprehensive item 380.2788.
2/ Because of changes in the TSUSA trade classification from 1978 to 1979, comparisons are not possible.

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

Table A-5.--Leading items exported to Poland, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
130.3465	Yellow corn, not donated for relief	$249,593,822	$161,416,770	$118,301,465
130.6540	Wheat, unmilled, not donated for relief	107,564,163	63,381,334	19,658,459
184.5260	Soybean oil cake and meal	76,317,476	108,549,679	28,577,504
175.4100	Soybeans, n.e.s	54,585,441	39,827,478	40,589,289
130.4040	Grain sorghum, except seed	27,488,598	32,376,498	12,926,519
480.4500	Phosphates, crude, and apatite	21,382,304	25,442,358	6,569,109
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	19,985,767	12,999,587	-
120.1400	Cattle hides, whole	19,573,586	8,319,633	5,043,599
176.5220	Soybean oil, crude, including degummed	14,907,308	914,250	-
184.5000	Linseed oil cake and meal	14,260,891	12,758,759	10,103,532
170.3320	Flue-cured cigarette filler tobacco, stemmed	10,955,543	7,017,587	466,385
131.3040	Head rice, medium grain, not parboiled, not donated for relief	9,172,948	-	-
147.1900	Lemons, fresh	6,723,080	7,767,483	1,248,887
674.5430	Parts, n.e.s., of metal-cutting machine tools	5,574,266	316,641	41,074
176.2520	Linseed oil, crude	5,565,652	7,161,637	5,565,652
177.5640	Tallow, inedible	5,488,110	3,314,807	927,770
310.0010	Textured yarns, of polyester	5,340,416	3,818,531	370,131
130.1000	Barley	4,997,678	13,188,235	-
184.5240	Cottonseed oil cake and meal	4,890,175	5,713,835	3,057,679
692.3820	Parts, of tracklaying tractors, n.s.p.f	4,302,373	1/	1,249,003
	Total 2/	568,669,597	514,285,102	254,696,057
	Total U.S. exports to Poland	786,257,941	677,021,771	290,140,081

1/ Prior to Jan. 1, 1979, this item was classified under the now-deleted and more comprehensive item 692.3800.
2/ Because of changes in the Schedule B trade classifications from 1978 to 1979, comparisons are not possible.

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

Table A-6.--Leading items imported from Poland, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
107.3525	Canned hams, shoulders, over 3 pounds	$139,425,407	$125,655,903	$36,104,944
521.3180	Coal, n.e.s., including lignite, but not including peat	17,371,377	17,352,860	2,953,074
608.8415	Plates, of iron or steel, not alloy, not in coils, not pickled or cold rolled	13,732,164	47,930,031	3,568,504
700.3550	Men's footwear, of leather, n.e.s., cement soles	7,941,437	11,995,577	1,695,869
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	6,861,755	5,552,691	1,658,733
727.1500	Furniture and parts of bentwood	5,727,746	7,046,350	1,226,224
674.3531	Turret lathes, metal-cutting, valued over $2,500 each	5,595,223	1,234,611	1,253,649
107.3560	Pork, n.e.s., boned, cooked, canned	5,378,816	7,225,949	1,300,658
407.8521	Sulfathiazole	5,213,821	3,632,369	1,504,262
380.3941	Men's and boys' suit-type coats, of cotton, not knit, not ornamented	5,124,765	2,770,675	407,588
380.6653	Men's suits, of wool, valued over $4 per pound	4,830,582	3,423,476	508,239
674.3547	Lathes, n.s.p.f., metal-cutting, valued over $2,500 each	4,814,813	3,666,273	701,221
692.1090	Automobile trucks, valued under $1,000	4,287,980	7,441,405	205,380
612.6200	Brass rods, wrought	3,928,456	1,996,283	1,317,416
646.6320	Cap screws, of iron or steel, having shanks or threads over 0.24 inch in diameter	3,899,686	1,203,668	1,176,728
612.3980	Brass strips, wrought, not cut, etc	3,725,867	239,752	732,018
646.2622	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or more in length, uncoated	3,620,281	6,489,340	826,196
674.3245	Milling machines, n.s.p.f., valued over $2,500 each	3,597,468	1,892,159	1,339,643
521.3120	Bituminous coal	3,466,750	2,389,716	1,740,678
672.1540	Sewing machines, valued over $10 each, n.e.s	3,344,144	1,251,573	1,177,267
	Total	251,888,538	260,390,661	61,398,291
	Total U.S. imports from Poland	426,089,899	435,947,058	104,710,621

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

Table A-7.--Leading items exported to Yugoslavia, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
130.3465	Yellow corn, not donated for relief	$95,380,722	$25,305,007	$2,202,829
175.4100	Soybeans, n.e.s	72,243,966	48,478,203	20,419,068
130.6540	Wheat, unmilled, not donated for relief	55,792,217	-	55,792,217
521.3110	Low volatile bituminous coal	52,795,237	10,697,042	15,194,303
694.4062	Airplanes, multiple engine, passenger transport, nonmilitary, over 33,000 pounds	39,983,098	37,447,036	-
431.0480	Vinyl chloride, monomer	23,073,881	13,621,779	4,317,192
184.5260	Soybean oil cake and meal	18,978,559	22,685,759	8,367,243
120.1400	Cattle hides, whole	14,639,477	3,585,988	3,307,652
690.0510	Locomotives and tenders, diesel-electric, rail-service type	13,156,000	2,809,860	13,156,000
130.4040	Grain sorghum, except seed	11,513,231	2,625,000	-
170.6500	Cigarettes	11,469,190	3,612,915	-
694.6506	Parts, n.e.s., for aircraft and spacecraft	9,533,047	10,665,380	1,638,139
678.2024	Parts and attachments, n.s.p.f., for mineral classifying, flotation, etc., machines	6,282,110	2,291,363	6,257,510
676.5560	Parts for automatic data processing machines and units n.s.p.f	6,134,114	2,565,829	3,268,426
480.8005	Diammonium phosphate fertilizer	5,923,012	7,976,015	-
692.3150	Tracklaying tractors, new, with net engine horsepower of 260 to 344	5,878,436	3,263,140	-
250.0284	Wood pulp, special alpha and dissolving grades	5,613,644	5,306,467	2,199,877
435.2300	Antibiotics, n.e.s., (bulk)	4,940,100	1,329,090	1,049,250
664.0534	Excavators, crawler mounted, cable operated, new	4,891,798	1,335,000	1,201,500
664.0586	Parts, n.e.s., of boring and drilling machines	4,707,706	1,986,099	1,423,559
	Total	462,929,545	207,586,972	139,794,765
	Total U.S. exports to Yugoslavia	731,783,522	471,298,476	214,512,120

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

Table A-8.--Leading items imported from Yugoslavia, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
107.3525	Canned hams, shoulders, over 3 pounds	$47,603,441	$64,345,974	$7,267,713
727.3300	Chairs, of wood, n.s.p.f	36,006,490	29,871,749	9,223,058
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	21,759,682	26,428,506	4,950,896
700.3515	Men's and boys' athletic footwear, of leather, n.e.s	21,592,396	32,410,863	5,913,840
607.3100	Ferrochrome, over 3 percent carbon	16,306,508	16,828,669	3,131,711
605.2040	Silver bullion, refined	14,540,454	7,871,557	6,594,011
727.3540	Furniture, of wood, n.s.p.f	14,126,105	12,944,509	3,194,621
688.0465	Insulated electrical conductors, power cable designed for 601 volts or less	12,810,908	9,545,545	4,883,144
605.2020	Gold bullion, refined	11,682,655	7,084,219	2,972,543
618.2565	Aluminum sheets and strip, not clad, wrought	9,516,357	13,359,670	933,118
727.4040	Wood furniture parts, n.s.p.f	7,056,367	7,377,532	1,696,129
607.5700	Ferrosilicon manganese	6,543,670	4,654,954	1,861,157
407.7220	Sulfamethazine	6,103,800	4,489,032	2,401,600
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	5,420,775	2,163,587	855,555
612.0640	Copper unwrought, not alloyed, n.e.s	5,401,055	13,630,972	1,744,282
618.1540	Aluminum rods, wrought, 0.375 inch or more in diameter	5,298,264	4,128,137	1,621,457
607.3700	Ferromanganese, over 4 percent carbon	5,265,249	4,063,880	983,892
680.2245	Gate valves, of iron or steel, hand-operated	4,533,864	360,577	656,421
646.2622	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or more in length, uncoated	3,997,154	2,820,275	946,753
734.9610	Snow skis	3,716,542	2,473,660	740,754
	Total	259,281,736	266,853,867	62,572,655
	Total U.S. imports from Yugoslavia	391,002,720	406,553,396	92,029,829

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

Table A-9.--Leading items exported to Romania, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
130.3465	Yellow corn, not donated for relief	$104,189,153	$22,653,705	$12,593,313
175.4100	Soybeans, n.e.s	73,947,278	40,788,410	16,982,851
120.1400	Cattle hides, whole	59,671,971	52,223,118	15,904,282
184.5260	Soybean oil cake and meal	57,016,083	8,466,433	18,201,144
521.3110	Low volatile bituminous coal	29,060,523	32,392,908	2,446,770
480.4500	Phosphates, crude, and apatite	21,824,452	11,023,195	10,519,745
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	16,046,495	10,447,278	1,642,245
130.6540	Wheat, unmilled, not donated for relief	12,510,118	-	12,510,118
300.1550	Other cotton, staple length 1-1/8 inches or more	7,943,473	604,430	7,943,473
676.5560	Parts for automatic data processing machines and units n.s.p.f	7,582,024	8,314,409	1,057,583
692.1640	Mobile cranes, hydraulic operated, truck mounted	6,890,805	1,136,488	2,845,979
250.0284	Wood pulp, special alpha and dissolving grades	6,729,289	5,293,980	1,597,596
664.0546	Ditchers and trenchers, self-propelled, except ladder type	6,448,984	-	1,898,734
674.3585	Hydraulic and pneumatic presses, metal-forming	5,154,111	134,000	5,058,479
678.3512	Tire building machines, including vulcanizing presses	3,656,458	91,000	2,006,160
670.7810	Parts, of yarn producing machines, n.e.s	2,793,941	-	-
415.4500	Sulfur, native elemental, or recovered	2,722,345	-	-
609.8120	Angles, shapes, etc., of iron or steel, 3 inch or more in diameter, not alloyed	2,537,652	986,057	-
182.9752	Vegetable protein isolates	2,403,024	-	1,810,047
694.6506	Parts, n.e.s., for aircraft and spacecraft	2,395,618	2,134,661	484,820
	Total	431,523,797	196,690,072	115,503,339
	Total U.S. exports to Romania	500,464,174	317,423,176	133,782,049

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

Table A-10.--Leading items imported from Romania, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
475.3500	Naphthas, derived from petroleum, etc., n.e.s	$36,241,545	$44,041,031	-
107.3525	Canned hams, shoulders, over 3 pounds	19,040,238	15,004,223	4,812,767
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)	18,904,643	48,586,660	8,527,690
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	12,515,769	9,984,551	1,866,721
690.1500	Passenger, baggage, etc., railroad cars, not self-propelled	12,135,030	-	3,521,861
700.2940	Welt work footwear, of leather, valued over $6.80. per pair	11,784,021	7,972,451	2,073,298
946.5400	Floor coverings of pile, etc., valued over 66-2/3 cents per square foot	9,029,056	1,336,287	2,558,169
618.2565	Aluminum sheets and strip, not clad, wrought	8,831,554	6,927,338	1,703,812
446.1531	Polyisoprene rubber	8,486,841	3,221,608	1,827,158
690.3500	Parts, except brake regulators, for passage, baggage, etc., railroad cars, not self-propelled	7,574,308	-	4,269,643
692.3006	Agricultural tractors, power takeoff horsepower of 40 to 80, power takeoff type	6,263,533	2,944,565	2,224,588
727.3540	Furniture, of wood, n.s.p.f	6,202,705	2,825,212	2,021,966
700.3550	Men's footwear, of leather, n.e.s., cement soles	5,937,562	4,756,618	983,892
107.3560	Pork, n.e.s., boned, cooked, canned	5,229,807	5,534,517	729,767
608.8415	Plates, of iron or steel, not alloy, not in coils, not pickled or cold rolled	4,744,596	9,495,994	1,253,538
680.3512	Ball bearings, radial ball bearings, outside diameter over 30mm, but not over 52mm	4,726,740	-	1,114,188
382.1206	Women's raincoats, n.e.s., 3/4 length or longer, valued over $4 each	4,150,073	2,426,356	412,449
680.3532	Tapered roller bearings, cup and cone assemblies	3,677,958	1,283,799	1,250,423
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	3,557,441	1/ 9,558,394	750,992
727.3300	Chairs, of wood, n.s.p.f	3,538,783	2,922,229	581,168
	Total	192,572,203	178,821,833	42,484,090
	Total U.S. imports from Romania	329,050,888	344,561,293	72,485,836

1/ On Jan. 1, 1979, item 610.4220 was redesignated to include items 610.4225 and 610.4235. Totals for 1978 are the aggregration of the 3 numbers.

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

Table A-11.--Leading items exported to Czechoslovakia, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
130.3465	Yellow corn, not donated for relief	$88,470,208	$44,598,035	$40,046,070
130.6540	Wheat, unmilled, not donated for relief	78,689,367	-	55,748,910
184.5260	Soybean oil cake and meal	42,836,400	10,746,424	18,107,040
120.1400	Cattle hides, whole	28,508,577	13,999,189	9,056,098
480.7050	Concentrated superphosphates	9,595,500	1,782,625	-
175.5100	Sunflower seed	3,677,113	4,251,537	3,677,113
818.9000	General merchandise, valued not over $500	1,228,981	266,097	600,998
124.1527	Muskrat furskins, whole, undressed	1,140,650	265,000	168,400
170.3310	Flue-cured cigarette filler tobacco, unstemmed	1,062,500	1,575,506	-
433.1035	Compound catalysts, n.e.s	979,910	-	-
480.7015	Phosphoric acid	948,949	1/	-
676.5560	Parts for automatic data processing machines and units n.s.p.f	924,993	1,531,424	215,490
124.1558	Furskins, whole, undressed, n.e.s	863,250	-	212,500
309.0170	Monofilaments, n.e.s	858,863	-	209,746
711.8750	Chemical or physical analysis equipment and parts, electrical, n.s.p.f	768,830	148,278	218,093
540.4200	Glass rods, tubes, and tubing	702,240	924,438	322,538
692.3160	Tracklaying tractors, new, with net engine horsepower over 344	625,961	342,344	-
120.1755	Cattles hides, cut in croupons, etc	610,560	-	464,650
711.8710	Chemical analysis equipment and parts, electrical, n.s.p.f	605,244	436,096	163,754
207.0035	Wooden pencil slats	594,540	434,224	125,317
	Total 2/	263,692,636	81,301,217	129,336,717
	Total U.S. exports to Czechoslovakia	281,129,452	105,348,637	134,469,428

1/ Prior to Jan. 1, 1979, this item was classified under the now-deleted and more comprehensive item 480.7010.
2/ Because of changes in the Schedule B trade classifications from 1978 to 1979, comparisons are not possible.

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

Table A-12.--Leading items imported from Czechoslovakia, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
107.3525	Canned hams, shoulders, over 3 pounds	$4,383,773	$3,765,974	$1,061,056
700.2940	Welt work footwear, of leather, valued over $6.80. per pair	4,225,379	6,270,870	1,271,465
670.1436	Weaving machines, jet type	3,407,499	1,921,376	675,147
608.7100	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound	2,473,332	6,618,374	573,683
192.2500	Hops	1,858,220	524,322	1,664,796
546.5420	Glass tumblers, etc., valued $0.30-$1 each	1,719,529	1,779,629	565,925
674.3525	Engine lathes, metal-cutting, valued over $2,500 each	1,372,728	1,349,781	294,139
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	1,311,871	949,279	490,480
741.3500	Imitation gemstones, except imitation gemstone beads	1,306,172	1,149,649	492,577
727.1500	Furniture and parts of bentwood	1,163,958	1,178,957	376,503
270.2580	Books, n.s.p.f., by foreign author	1,066,752	909,722	402,396
668.2035	Offset printing presses, weighing 3,500 pounds or more, sheet-fed type	1,012,098	1,368,178	315,888
670.0620	Spinning machines, specially designed for wool	950,732	28,000	-
545.5700	Glass prisms for chandeliers, etc	796,144	837,209	200,198
674.3551	Grinding machines, cylindrical, external, metal-cutting, valued over $2,500 each	785,769	442,977	144,246
437.3000	Antibiotics, natural and not artificially mixed	687,840	603,377	185,875
610.3920	Oil well casing, other than alloy steel, not advanced	659,651	1/ 1,100,426	-
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	596,990	669,362	170,031
700.3515	Men's and boys' athletic footwear, of leather, n.e.s	576,203	193,550	148,317
700.3550	Men's footwear, of leather, n.e.s., cement soles	555,447	1,039,788	123,229
	Total	30,910,087	32,700,800	9,155,951
	Total U.S. imports from Czechoslovakia	49,898,739	57,359,361	14,274,442

1/ On Jan. 1, 1979, item 610.3920 was redesignated to include items 610.3925 and 610.3935. Totals for 1978 are the aggregation of the 3 numbers.

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

Table A-13.--Leading items exported to East Germany, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
130.3465	Yellow corn, not donated for relief	$185,567,453	$75,820,214	$107,819,756
184.5260	Soybean oil cake and meal	72,835,167	43,573,680	9,954,210
130.6540	Wheat, unmilled, not donated for relief	35,262,239	25,800,770	28,412,788
130.4040	Grain sorghum, except seed	23,506,698	-	9,013,730
444.2520	Polymerization- and Copolymerization-type resins	3,933,583	88,800	87,200
521.3110	Low volatile bituminous coal	3,731,504	-	-
521.3120	Bituminous coal, n.e.s	2,392,324	-	-
771.6000	Shapes, of rubber or plastic, n.e.s	2,100,515	482,612	1,280,554
722.9540	Photofinishing equipment, n.e.s	1,752,871	-	933,817
444.6000	Polyester resins, unsaturated, etc	1,693,213	-	492,298
723.1535	Graphic arts film, unexposed	1,538,278	78,443	1,146,523
130.1000	Barley	1,437,703	5,191,691	-
680.1330	Molds, for rubber and plastics, n.s.p.f	1,390,931	-	177,865
446.1526	Ethylene-propylene	1,127,811	58,763	-
120.1400	Cattle hides, whole	1,109,300	753,894	420,674
175.4100	Soybeans, n.e.s	867,838	250,000	-
309.0170	Monofilaments, n.e.s	692,010	-	45,483
668.3540	Print blocks, n.s.p.f	689,685	12,878	511,285
250.0284	Wood pulp, special alpha and dissolving grades	629,847	340,987	54,513
678.5065	Machines, for production and assembly of semiconductor devices, etc., n.s.p.f	602,970	-	271,636
	Total	342,861,440	152,452,732	160,622,332
	Total U.S. exports to East Germany	354,522,026	170,120,675	163,494,130

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

Table A-14.--Leading items imported from East Germany, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
668.2035	Offset printing presses, weighing 3,500 pounds or more, sheet-fed type	$3,720,543	$2,334,063	$1,597,158
480.5000	Potassium chloride, crude	3,190,853	811,175	-
676.0510	Typewriters, electric, nonautomated, portable	2,094,496	328,032	61,632
124.1025	Mink furskins, except "Japanese mink", undressed	1,768,724	2,424,397	-
722.1635	Still 35mm cameras, n.e.s., valued over $10 each	1,506,452	1,454,545	435,691
772.5115	Pneumatic truck and bus tires, new	1,183,239	1,112,273	370,764
121.5000	Pig and hog leather	1,125,300	1,108,154	255,000
862.1000	Articles for exhibition, for encouragement of agriculture, art, etc	1,121,207	-	-
494.2000	Montan wax	977,983	859,254	203,511
380.0645	Men's and boys' sweatshirts, of cotton, knit	906,883	451,660	480,195
676.0530	Typewriters, nonelectric, nonautomatic, portable	904,177	159,532	302,179
480.6000	Potassium nitrate, crude	686,930	883,418	-
668.5060	Parts, of printing presses	550,248	536,654	162,509
772.5105	Passenger car tires, new	549,486	334,617	258,934
207.0080	Articles of wood, n.s.p.f	504,624	432,288	100,111
674.3549	Gear tooth grinding and finishing machines, valued over $2,500 each	409,976	-	171,347
380.0611	Men's and boys' coats, of cotton, knit, not ornamented, n.s.p.f	385,227	811,531	141,448
534.1100	Ceramic statues, etc., valued over $2.50 each	359,327	295,547	90,879
207.0020	Wood carvings, n.s.p.f	342,348	311,308	89,346
670.2000	Knitting machines, other than circular knitting machines, n.e.s	318,103	275,858	-
	Total	22,606,126	14,924,306	4,720,704
	Total U.S. imports from East Germany	35,665,966	35,220,296	8,590,110

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

Table A-15.--Leading items exported to Hungary, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
184.5260	Soybean oil cake and meal	$13,333,559	$32,360,896	$5,732,160
480.7050	Concentrated superphosphates	12,256,011	5,801,239	3,640,150
120.1400	Cattle hides, whole	5,373,967	4,066,033	897,516
692.3840	Parts, n.e.s., of tractors, n.s.p.f	3,209,200	1/	1,146,810
540.4200	Glass rods, tubes, and tubing	2,242,407	2,307,442	484,902
666.0065	Parts, of planters, seeders, etc., n.s.p.f	1,435,656	2,086,312	775,075
666.0063	Parts for harrows, roller stalk cutters and soil pulverizers, n.s.p.f	1,395,244	6,400,958	585,839
692.3130	Tracklaying tractors, new, with net engine horsepower of 90 to 159	1,166,716	587,024	-
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	1,105,745	-	-
486.2800	Organophosphorus insecticides, n.e.s	1,102,945	450,081	599,400
435.3300	Corticosteroids, n.s.p.f., (bulk)	988,000	1,340,000	-
191.1520	Bull semen (bovine)	978,281	205,499	737,953
121.7060	Leather, n.e.s	871,741	24,090	287,057
459.1800	Vanillin and ethyl vanillin	714,556	-	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines	689,300	564,846	307,617
666.0060	Parts for plows, listers, cultivators, and weeders n.s.p.f	687,535	1,950,408	77,033
676.5560	Parts for automatic data processing machines and units n.s.p.f	632,416	1,505,566	178,104
300.1530	American Pima Cotton and Sea Island Cotton	631,104	25,119	631,104
321.2908	Cotton denims	620,529	-	462,934
674.3592	Metal forming machines, tools, n.s.p.f., valued over $2,500	607,391	-	-
	Total 2/	50,042,303	59,675,513	16,543,654
	Total U.S. exports to Hungary	77,588,284	97,681,551	24,243,182

1/ Prior to Jan. 1, 1979, this item was classified under the now-deleted and more comprehensive item 692.3800.
2/ Because of changes in the Schedule B trade classifications from 1978 to 1979, comparisons are not possible.

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

Table A-16.--Leading items imported from Hungary, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
107.3525	Canned hams, shoulders, over 3 pounds	$22,823,498	$24,611,994	$5,637,783
692.2785	Parts, n.e.s., of motor vehicles	12,346,353	1,236,926	3,289,842
692.3060	Parts, of agricultural tractors	10,524,607	4,437,491	3,109,215
686.9030	Other lamps, including standard household	8,065,413	5,246,094	2,328,921
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	4,650,425	4,392,291	2,237,702
117.6025	Swiss or emmenthaler cheese	4,371,403	639,189	1,597,167
407.7220	Sulfamethazine	4,257,936	275,650	1,465,136
772.5115	Pneumatic truck and bus tires, new	3,983,233	2,487,969	928,391
676.0560	Typewriters, nonelectric, nonautomatic	3,035,250	1,124,420	861,941
107.3040	Bacon, not cooked or boned	2,602,650	896,596	396,357
161.7100	Paprika, ground or unground	2,002,756	2,290,936	504,406
380.6653	Men's suits, of wool, valued over $4 per pound	997,594	456,113	86,387
167.3040	Wine, not over 14 percent alcohol, valued over $4 per gallon, in containers not over 1 gallon	958,817	624,525	203,129
676.0540	Typewriters, electric, nonautomatic	944,207	336,119	944,207
791.7620	Men's and boys' coats and jackets, of leather, n.s.p.f	941,868	164,326	267,378
437.2080	Alkaloids and compounds, synthetic, n.s.p.f	840,203	1,201,607	197,040
380.6616	Men's and boys' other separate coats, of wool, valued over $4 per pound	780,473	64,718	11,696
425.5290	Nitrogenous compounds, n.s.p.f	745,802	45,274	193,233
542.3120	Ordinary glass, weighing 16-18.5 ounces per square foot, not over 40 united inches	722,596	478,249	289,894
709.6340	X-ray apparatus and parts, n.e.s	666,911	158,406	-
	Total	86,261,995	51,168,893	24,549,825
	Total U.S. imports from Hungary	112,128,967	69,153,233	32,294,649

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

Table A-17.--Leading items exported to Bulgaria, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
184.5260	Soybean oil cake and meal	$23,314,008	$11,637,312	$6,215,877
175.5100	Sunflower seed	9,140,558	13,960	-
130.3465	Yellow corn, not donated for relief	5,389,496	24,844,772	-
250.0284	Wood pulp, special alpha and dissolving grades	3,129,581	354,633	993,035
381.1520	Men's and boys' denim slacks, of cotton, not knit	2,788,181	591,631	599,200
120.1400	Cattle hides, whole	1,880,242	1,128,972	1,025,067
170.6500	Cigarettes	915,800	-	-
676.5560	Parts for automatic data processing machines and units n.s.p.f	612,710	52,552	38,817
688.4060	Electrical articles and parts, n.s.p.f	482,550	10,260	-
170.3320	Flue-cured cigarette filler tobacco, stemmed	432,538	633,717	-
664.1078	Elevators, n.s.p.f	396,965	1/	-
170.8140	Smoking tobacco, in bulk	326,918	-	-
140.0700	Navy or pea beans, except seed, dried, etc	276,350	1,033,850	276,350
674.2005	Hot rolling mills, except tube rolling, for nonferrous metals	254,564	1,847	-
664.1098	Parts, n.s.p.f., for elevators, etc., n.s.p.f	240,000	2/	-
682.6064	Electrical generator equipment, n.s.p.f., and parts, n.s.p.f	236,000	-	236,000
711.8750	Chemical or physical analysis equipment and parts, electrical, n.s.p.f	228,799	179,415	165,828
676.2870	Automatic data processing machines and units thereof, other, n.s.p.f	228,209	-	-
678.5090	Concrete and bituminous pavers, finishers, and spreaders, parts	205,790	14,932	200,255
544.1000	Flat glass, cut, worked, etc., n.s.p.f	203,511	24,792	-
	Total 3/	50,682,770	40,522,645	9,750,429
	Total U.S. exports to Bulgaria	56,224,949	48,120,357	11,433,257

1/ Prior to Jan. 1, 1979, this item was classified under the now-deleted and more comprehensive item 664.1076.
2/ Prior to Jan. 1, 1979, this item was classified under the now-deleted and more comprehensive item 664.1099.
3/ Because of changes in the Schedule B trade classifications from 1978 to 1979, comparisons are not possible.

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

Table A-18.--Leading items imported from Bulgaria, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	$20,779,603	$22,842,329	$3,790,699
676.0530	Typewriters, nonelectric, nonautomatic, portable	1,256,705	836,728	331,279
117.6700	Pecorino cheese, not for grating	1,245,329	1,081,958	434,505
674.3525	Engine lathes, metal-cutting, valued over $2,500 each	917,131	220,367	369,603
601.3300	Molybdenum ore	905,926	-	-
452.6000	Rose oil or attar of roses	703,821	278,974	130,776
700.3550	Men's footwear, of leather, n.e.s., cement soles	517,973	132,480	167,047
382.6014	Women's, girls', and infants' coats, valued not over $4 per pound	340,520	447,056	-
546.5420	Glass tumblers, etc., valued $0.30-$1 each	320,999	162,630	39,963
380.6653	Men's suits, of wool, valued over $4 per pound	305,531	120,121	-
380.6320	Men's and boys' coats, of wool, valued not over $4 per pound	278,046	356,200	-
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	268,463	-	37,468
460.8520	Aromatic substances, etc., n.s.p.f., artificially mixed	240,219	-	-
439.1090	Natural drugs, n.e.s., crude	239,292	113,712	56,513
380.6611	Men's suit-type sport coats and jackets, of wool, valued over $4 per pound	196,833	-	196,833
380.6616	Men's and boys' other separate coats, of wool, valued over $4 per pound	187,110	-	-
161.7100	Paprika, ground or unground	108,522	179,315	-
674.3535	Automatic chucking machines, single spindle, metal-cutting, valued over $2,500 each	101,699	-	-
107.3525	Canned hams, shoulders, over 3 pounds	101,579	-	-
380.6615	Men's and boys' overcoats, etc., of wool, not knit, valued over $4 per pound	96,166	-	-
	Total	29,111,467	26,771,870	5,554,686
	Total U.S. imports from Bulgaria	30,144,799	27,909,046	5,721,866

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

Table A-19.--Leading items exported to Albania, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
521.3110	Low volatile bituminous coal	$9,458,908	$3,952,890	$2,346,468
120.1400	Cattle hides, whole	151,210	217,297	-
688.1900	Insulated wire and cable, n.s.p.f	132,202	57,542	94,051
676.5560	Parts for automatic data processing machines and units n.s.p.f	99,272	-	-
676.2830	Auxiliary storage units, serial access, n.s.p.f	56,850	-	-
676.2855	Printers for automatic data processing machines, n.s.p.f	56,750	-	-
676.2820	Digital central processing units, n.s.p.f	49,950	-	-
676.2825	Auxiliary storage units, random access, n.s.p.f	25,760	-	-
712.1520	Radiation measuring and detecting instruments, n.s.p.f	12,059	-	-
674.5430	Parts, n.e.s., of metal-cutting machine tools	4,000	-	4,000
547.6000	Pharmaceutical, hygenic, or laboratory glassware	3,012	-	-
774.5000	Articles, of rubber and plastic, n.s.p.f	1,552	-	-
711.8070	Pressure gauges, industrial process, electrical	1,383	-	-
685.2017	Television receivers, color, fully assembled	1,000	-	-
	Total	10,053,908	4,227,729	2,444,519
	Total U.S. exports to Albania	10,053,908	4,468,896	2,444,519

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

Table A-20.--Leading items imported from Albania, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
601.1540	Chrome ore, chromium content 41 to 46 percent chromic oxide	$5,787,178	$2,592,091	$796,212
161.9400	Sage, unground	2,256,456	847,730	499,358
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide	674,345	-	-
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	194,419	-	14,696
162.0100	Savory, crude or not manufactured	25,682	-	24,313
161.9000	Rosemary, crude or not manufactured	23,784	-	-
124.1020	Marten furskins, whole, undressed	21,402	36,818	-
653.2200	Metal coins, n.e.s	8,049	13,155	-
756.2300	Tobacco pipes, of wood, n.s.p.f., valued not over $5 per dozen	3,044	-	-
193.2560	Vegetable substances, crude, n.s.p.f	2,736	-	-
360.1510	Floor coverings of pile, etc., valued over 66-2/3 cents per square foot	2,720	1,086	-
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	580	1/	-
274.4000	Postage stamps, etc., and government stamped envelopes, with no printing other than official imprint	422	-	422
610.4320	Oil well casing, alloy steel, threaded or otherwise advanced	411	2/	-
382.7870	Infants' sweaters, of man-made fibers, knit	400	-	-
274.5000	Photographs, engravings, etc., n.e.s., printed over 20 years at time of importation	293	-	-
222.4400	Baskets and bags of unspun vegetable materials, n.e.s	289	-	-
	Total	9,002,210	3,490,880	1,335,001
	Total U.S. imports from Albania	9,002,210	3,496,871	1,335,001

1/ On Jan. 1, 1979, item 610.4220 was redesignated to include items 610.4225 and 610.4235. Totals for 1978 are the aggregation of the 3 numbers.

2/ On Jan. 1, 1979, item 610.4320 was redesignated to include items 610.4325 and 610.4335. Totals for 1978 are the aggregation of the 3 numbers.

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

Table A-21.--Leading items exported to Cuba, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
725.5300	Musical instruments, n.e.s	$100,000	-	-
818.3300	Medicine, etc., donated for relief	31,968	$44,617	-
684.6240	Telephone apparatus and parts, n.s.p.f	24,660	-	-
684.6440	Telegraph apparatus and parts, n.s.p.f	23,702	-	-
818.3900	Products, n.e.s., donated for relief	16,934	14,500	-
722.4120	Slide projectors	13,235	7,855	-
685.4010	Tape recorders, etc., and parts, audio, n.s.p.f	10,828	5,440	-
676.3024	Photocopying machines, n.s.p.f	10,092	-	-
727.2740	Office furniture, of metal, n.s.p.f	8,536	-	-
683.1550	Storage batteries, n.s.p.f	8,379	-	-
711.8062	Display instruments, etc., which operate on electronic signals	7,018	-	-
688.0220	Telephone and telegraph wire and cable	5,770	-	-
661.7075	Industrial machinery, for treatment of materials, and parts	5,581	-	-
666.0090	Parts, n.s.p.f., of farm machines, n.s.p.f	4,500	-	-
692.2985	Parts, n.s.p.f., of motor vehicle chassis, bodies, etc	4,035	-	-
772.4200	Ice bags, douche bags, etc., of rubber or plastics	3,500	-	-
680.2741	Pneumatic control valves, etc	3,334	-	-
661.7620	Centrifuges	2,639	1/	-
711.8054	Instruments for controlling, etc., liquids, etc., nonelectrical, industrial process	2,204	-	-
676.2011	Calculators, electronic, hand-held	2,093	-	-
	Total 2/	289,008	72,412	-
	Total U.S. exports to Cuba	298,823	340,257	$2,908

1/ Prior to Jan. 1, 1979, this item was classfied under the now-deleted and more comprehensive item 480.7010.
2/ Because of changes in the Schedule B trade classifications from 1978 to 1979, comparisons are not possible.

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

Table A-22.--Leading items imported from Cuba, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
911.1280	Articles, of metal, n.e.s., for remanufacture	$8,750	-	-
274.2000	Paper calendars, not printed by a lithographic process	3,000	-	-
851.1000	Photographic films, etc., for public institutions, etc	2,000	$43,128	-
653.2200	Metal coins, n.e.s	1,975	3,500	-
270.7000	Tourist and other literature, etc	1,797	-	-
274.5000	Photographs, engravings, etc., n.e.s., printed over 20 years at time of importation	1,176	2,258	-
724.1025	Feature film, 35mm and over, n.e.s	1,070	-	$1,070
274.1500	Paper calendars, printed by a lithographic process, over 0.020 inch in thickness	1,000	-	-
270.2580	Books, n.s.p.f., by foreign author	965	-	965
270.6300	Periodicals	810	-	810
724.2520	Stereophonic, etc., records, 33-1/3 r.p.m	350	-	-
	Total	22,893	48,886	2,845
	Total U.S. imports from Cuba	152,338	65,656	25,845

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

Table A-23.--Leading items exported to Mongolia, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
818.3900	Products, n.e.s., donated for relief	$32,460	$41,628	$8,285
712.1520	Radiation measuring and detecting instruments, n.s.p.f	23,654	-	-
676.3040	Automatic typewriters and word processing units, n.s.p.f	5,356	-	1,756
676.2017	Calculators, electronic, etc	3,600	-	-
711.8710	Chemical analysis equipment and parts, electrical, n.s.p.f	3,380	-	-
709.3000	Medical, dental surgical, and veterinary instruments, n.s.p.f	2,187	-	-
438.6000	Diagnostic reagents, n.e.s	1,982	3,156	-
711.8750	Chemical or physical analysis equipment and parts, electrical, n.s.p.f	1,576	-	-
433.1056	Laboratory reagent preparations, organic and inorganic	1,390	3,941	-
708.7400	Compound optical microscopes	1,360	-	-
722.3640	Parts, n.e.s., for still cameras	1,340	-	-
256.7120	Filter paper, cut to size	1,050	-	-
547.6000	Pharmaceutical, hygenic, or laboratory glassware	912	-	-
	Total	80,247	48,725	10,041
	Total U.S. exports to Mongolia	80,247	61,598	10,041

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

Table A-24.--Leading items imported from Mongolia, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
306.4293	Camel hair, sorted, etc	$3,001,404	$1,942,934	$558,996
306.6200	Cashmere goat hair, sorted, etc	724,532	1,645,282	-
124.1058	Whole furskins, n.e.s., undressed	25,750	27,805	-
360.1510	Floor coverings of pile, etc., valued over 66-2/3 cents per square foot	800	-	-
653.2200	Metal coins, n.e.s	299	1,262	-
	Total	3,752,785	3,617,283	558,996
	Total U.S. imports from Mongolia	3,752,785	3,678,925	558,996

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

Table A-25.--Leading items exported to Vietnam, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
818.3400	Apparel, donated for relief	$115,632	$1,000	$115,632
685.9090	Parts, of electrical switches, relays, etc., n.s.p.f	90,000	-	-
435.7300	Anti-infective agents, n.e.s	89,035	-	-
818.3900	Products, n.e.s., donated for relief	45,250	215,884	7,185
685.8040	Variable capacitors, electrial	38,398	-	-
818.3300	Medicine, etc., donated for relief	37,710	-	13,666
795.0000	Nonenumerated products, n.s.p.f	34,629	600	8,200
818.9000	General merchandise, valued not over $500	34,082	602	9,561
709.4500	Artificial respiration and other therapy equipment, n.s.p.f	19,226	-	-
709.2540	Dental instruments, n.s.p.f., and parts, n.s.p.f	13,880	-	-
433.1079	Prepared culture media	12,033	-	1,315
682.0520	Transformers, n.s.p.f., rated at less than 40 Va	8,332	-	-
674.7426	Hand tools, power-operated, nonelectric, etc., n.s.p.f	1,237	-	-
709.1620	Electro-medical therapeutic devices, n.s.p.f	1,093	666	-
	Total	540,537	218,752	155,559
	Total U.S. exports to Vietnam	540,537	1,879,474	155,559

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

Table A-26.--Leading items imported from Vietnam, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
687.3000	Electric luminescent lamps	$133,999	-	-
687.6037	Integrated circuits, monolithic, bipolar, emitter coupled logic	109,651	-	-
687.6036	Integrated circuits, monolithic, bipolar, transistor-transistor logic	69,751	-	$27,445
380.0652	Men's and boys' shirts, of cotton, knit, n.s.p.f	67,680	-	-
678.5065	Radio-phonograph-tape player combinations, cartridge type	38,640	-	38,640
685.7010	Indicator panels	34,096	-	-
740.1020	Jewelry, etc., of precious metals	31,959	-	31,959
366.2740	Shop towels, n.e.s., of cotton, not ornamented, not jacquard-figured	31,139	1/	-
791.7460	Men's and boys' coats and jackets, of leather, n.e.s., subject to man-made fiber restraints	27,300	-	-
202.4600	Hardwood, dressed or worked, n.e.s	22,766	-	-
687.6043	Integrated circuits, monolithic, except biplolar, metal oxide silicon	22,519	-	-
382.1206	Women's raincoats, n.e.s., 3/4 length or longer, valued over $4 each	19,583	-	-
380.3921	Men's trousers and slacks, of cotton, denim, not knit	13,861	-	-
382.5810	Women's and girls' blouses, of wool, valued over $5 per pound	12,480	-	-
687.6031	Integrated circuits, monolithic, linear	9,678	-	1,554
687.6025	Transistors, with dissipation rating of less than 1 watt	9,065	$71,206	-
380.6155	Boys' wool sweaters, valued over $5 per pound	8,708	12,535	-
737.9545	Rubber and plastic toys, n.s.p.f	4,647	354	-
793.0000	Waste and scrap, n.s.p.f	4,384	-	4,384
737.9515	Toys, having a friction or weight operated motor	3,629	-	-
	Total	675,535	84,095	103,982
	Total U.S. imports from Vietnam	711,244	203,133	111,674

1/ Prior to Apr. 1, 1979, this item was classified under the now-deleted and more comprehensive item 366.2710.

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

Table A-27.--Leading items exported to North Korea, by Schedule B Nos., 1979, 1978, and October-December 1979

Schedule B No.	Description	1979	1978	October-December 1979
404.3000	Amines and their derivatives	$12,680	-	-
	Total	12,680	-	-
	Total U.S. exports to North Korea	12,680	$1,155	-

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

Table A-28.--Leading items imported from North Korea, by TSUSA items, 1979, 1978, and October-December 1979

TSUSA item No.	Description	1979	1978	October-December 1979
685.5033	Radio-tape recorder combinations, cassette type, not AC	$44,888	-	-
790.7030	Toupees, etc., except wigs	37,800	-	-
704.3240	Lace or net gloves, of man-made fibers, n.e.s	10,330	-	-
791.1540	Wearing apparel, of fur, n.s.p.f	9,500	-	-
706.6035	Luggage materials, n.e.s	8,615	-	-
380.8456	Men's trousers and slacks, of man-made fibers, not knit	3,407	-	-
702.2000	Caps, of materials other than paper yarn	3,300	-	-
684.4020	Electric furnaces, heaters, ovens, n.s.p.f	2,742	-	-
750.2200	Hair ornaments, except combs, n.e.s	2,377	-	-
750.4500	Toilet brushes, valued not over 40 cents each	1,731	$7,415	-
766.2540	Antique furniture	779	-	-
338.3057	Woven fabrics, of polyester, n.s.p.f	560	-	$560
682.9500	Primary cells and primary batteries, and parts thereof	506	-	-
	Total	126,535	7,415	560
	Total U.S. imports from North Korea	126,535	20,801	560

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

INDEX

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

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

(2) seven summary tables and two figures describing the value, direction, composition, and individual country trade shares of U.S.-NME trade in that calendar quarter;

(3) a series of appendix tables describing the leading items traded by the United States with each of the 13 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 #4. Page numbers for that report refer to the copy published by the U.S. Government Printing Office.

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