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CONGRESS AND THE TRADE POLICY
COMMITTEE ON TRADE BETWEEN
THE UNITED STATES AND
THE NONMARKET
ECONOMY COUNTRIES
DURING
1985**



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NOTE TO UNITED STATES GOVERNMENT RECIPIENTS OF THIS REPORT

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

INTRODUCTION

This series of reports by the United States International Trade Commission is made pursuant to section 410 of the Trade Act of 1974 (19 U.S.C. 2440), which requires the Commission to monitor imports from and exports to certain nonmarket economy countries (NME's). These countries include those listed in headnote 3(d) of the Tariff Schedules of the United States (TSUS) 1/ and others not listed in the headnote, 2/ viz, Hungary, the People's Republic of China (China), and Romania. 3/ Imports from Communist countries can be the subject of market disruption investigations by the Commission under section 406 of the Trade Act of 1974. Section 406 was included in the Trade Act because of concern, in the view of the Senate Committee on Finance, that a Communist country "through control of the distribution process and the price at which articles are sold," could direct exports "so as to flood domestic markets within a shorter time period than could occur under free market condition[s]." 4/

Under section 410, the Commission publishes a summary of trade data not less frequently than once each calendar quarter for Congress and, until January 2, 1980, for the East-West Foreign Trade Board. As of that date, the East-West Foreign Trade Board was abolished, and its functions were transferred to the Trade Policy Committee, chaired by the United States Trade Representative.

As stated in the statute, the reports in this series are to provide data on the effect, if any, of imports from NME's on the production of like or directly competitive articles in the United States and on employment within industries producing those articles. Since U.S. trade with several of the

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

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

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

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

NME's is negligible, the reports focus on Bulgaria, China, Czechoslovakia, East Germany, Hungary, Poland, Romania, and the U.S.S.R., whose current trade with the United States is at a level that might possibly affect a domestic industry. However, data on U.S. trade with Albania, Cuba, Mongolia, North Korea, and Vietnam are provided in the appendices to each report, and trade with these countries is included in totals for "All NME's" throughout the reports.

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

In the TSUS, the MFN rates of duty are set forth in column 1. The rates applicable to products of designated Communist nations 3/ are set forth in column 2; these are the rates that were established by the Tariff Act of 1930. They are equal to or higher than the MFN rates in column 1. Since many column 2 rates are substantially higher than corresponding column 1 rates, actual or potential U.S. imports from countries subject to column 2 rates depend in some measure on the rates of duty on the specific items involved.

Except as otherwise noted, trade data presented in this report are compiled from official statistics of the U.S. Census Bureau. Imports are imports for consumption (the sum of directly entered imports plus withdrawals from customs warehouses) at customs value (generally equivalent to f.o.b. value at the foreign port of export). Exports are domestic exports (U.S.-produced goods) at f.a.s. value. Detailed analysis in the report is generally done on a seven-digit TSUS (imports) or Schedule B (exports) basis, which is the basis on which the data are collected. Analysis of aggregate trade levels and trends is generally presented in terms of Standard International Trade Classification, Revision 2 (SITC) categories. 4/ Data

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

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

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

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

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

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

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

This report contains a brief review of developments in U.S. trade with each major nonmarket economy, i.e., China, the Soviet Union, and Eastern Europe, and a summary of U.S. trade with the NME's during 1985. U.S. exports, imports, and the balance of trade with these countries, as well as the commodity composition of this trade, are examined. The report also contains a summary of developments during 1985 that affected U.S. trade and commercial relations with NME's and a summary of economic developments in each of these countries.

Additional copies of this report (USITC Publication 1792) can be obtained by calling (202) 523-0448, or by writing to the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW., Washington, DC 20436. Requests to receive the report on a quarterly basis should be directed to (202) 523-1995, or to the Trade Reports Division, U.S. International Trade Commission, 701 E Street, NW., Washington, DC 20436.

SUMMARY

Two-way merchandise trade between the United States and the NME's increased by only \$0.4 billion from \$12.4 billion in 1984 to \$12.8 billion in 1985. U.S. exports to the NME's decreased by 2.3 percent from \$7.2 billion in 1984 to \$7.0 billion in 1985, and U.S. imports from the NME's increased by 11.4 percent from \$5.2 billion to \$5.8 billion. As a result, the U.S. surplus in trade with the NME's declined from \$2.0 billion in 1984 to \$1.2 billion in 1985. The surplus in trade with the Soviet Union narrowed to \$2.0 billion in 1985, and the deficits in trade with Eastern Europe and China widened to \$743.6 million and \$67.2 million.

U.S. exports to China increased by 27.0 percent from \$3.0 billion in 1984 to \$3.8 billion in 1985. This increase was more than offset, however, by a 26.2-percent decline in exports to the Soviet Union, from \$3.3 billion in 1984 to \$2.4 billion in 1985, and a 12.9-percent decline in exports to Eastern Europe, from \$884.2 million in 1984 to \$770.6 million in 1985. The result was an increase in China's share of U.S. exports to the NME's from 41.6 percent in 1984 to 54.1 percent in 1985, a decline in the Soviet Union's share from 45.7 percent to 34.5 percent, and a decline in Eastern Europe's share from 12.3 percent to 11.0 percent.

The small decline in U.S. exports to the NME's was the result of a sharp drop in the value of agricultural shipments, from \$4.0 billion in 1984 to \$2.3 billion in 1985, that exceeded a significant increase in nonagricultural exports, from \$3.2 billion to \$4.7 billion over the same period. Owing entirely to a decrease in purchases of wheat by both the Soviet Union and China, U.S. shipments of grain to the NME's declined by 43.3 percent in value from 1984 to 1985. Exports of U.S. wheat to the Soviet Union plummeted from 7.6 million metric tons (MMT), valued at \$1.2 billion, in 1984 to 1.1 MMT, valued at \$158.7 million, in 1985; and U.S. wheat shipments to China dropped from 4.0 MMT, valued at \$575.3 million, in 1984 to 0.7 MMT, valued at \$97.0 million, in 1985. On the other hand, exports of machinery and transport equipment to the NME's nearly doubled, increasing from \$1.1 billion in 1984 to \$2.2 billion in 1985. Such shipments to China increased by 113.2 percent from \$0.9 billion in 1984 to \$1.9 billion in 1985, and those to Eastern Europe increased by 76.7 percent from \$75.4 million to \$133.2 million over the same period. Another group of advanced technology exports that showed substantial growth was scientific and controlling instruments. The value of such exports to the NME's, consisting almost entirely of shipments to China, increased by 52.9 percent from \$196.2 million in 1984 to \$300.0 million in 1985.

The increase in U.S. imports from the NME's was entirely the result of a 27.1-percent rise in the value of shipments from China, from \$3.0 billion in 1984 to \$3.9 billion in 1985. Imports from the Soviet Union declined 26.8 percent from \$556.1 million in 1984 to \$406.9 million in 1985, and imports from Eastern Europe fell 5.1 percent from \$1.6 billion to \$1.5 billion over the same period. As a result, China's share of U.S. imports from the NME's increased from 58.5 percent in 1984 to 66.7 percent in 1985, while Eastern Europe's share declined from 30.7 percent to 26.1 percent and that of the Soviet Union dropped from 10.7 percent to 7.0 percent.

Mineral fuels and miscellaneous manufactured articles accounted for the largest increases in U.S. imports from China. Imports of crude petroleum from China more than tripled, increasing from \$234.7 million in 1984 to \$715.7 million in 1985. This surge in such shipments to the United States, even in the face of falling oil prices, was part of an overall increase in its crude petroleum exports to the world. During 1985, China experienced an unprecedented rise in imports, and by selling more crude petroleum, it partially offset the decline in its foreign exchange reserves. Slightly over half the increase in U.S. imports of miscellaneous manufactured articles from all NME's was the result of a 150.2-percent rise in imports of toys from China, from \$99.6 million in 1984 to \$249.3 million in 1985.

Two developments during the year under review improved U.S. opportunities for sales of advanced equipment and technology to China. In late December, the Department of Commerce issued amendments to the U.S. export administration regulations that incorporated changes made by the Coordinating Committee for Multilateral Exports Controls (COCOM) in its rules on exports to China. Under these new rules, 27 of the 120 categories of exports on the COCOM's control list will no longer be subject to its review and approval before sale to China; such exports will require only a U.S.-approved license. Also in December, the Congress completed its review of the United States-China nuclear cooperation agreement. A joint congressional resolution affirming approval of the pact was signed by President Reagan on December 16, and the two countries brought the agreement into force on December 30.

Steps were taken during 1985 to reactivate several elements of commercial and scientific relations between the United States and the Soviet Union that were virtually abandoned following the Soviet invasion of Afghanistan. In official trade talks, which were capped by a meeting of the Joint U.S.-U.S.S.R. Commercial Commission in May, the United States sought improved access to the Soviet market for U.S. firms and the two sides exchanged views on areas for trade expansion. These talks were followed in June by a session of the U.S.-U.S.S.R. Joint Committee on Cooperation in the Field of Agriculture, during which a protocol was signed reactivating bilateral economic and scientific programs in this area. Agreement was also reached on the resumption of direct air service between Moscow and Washington, D.C., which was suspended altogether following the imposition of martial law in Poland. Other efforts to improve relations were initiated by the private sector. In November 1985, a group of U.S. banks and a subsidiary of the Royal Bank of Canada established a 3-year, \$400 million credit facility that will be used by the Soviet Foreign Trade Bank for grain purchases from the United States and Canada. Finally, the U.S.-U.S.S.R. Trade and Economic Council (USTEC) met in Moscow in December. USTEC is an organization of U.S. business firms and Soviet foreign trade organizations, but the U.S. delegation to the 1985 meeting was accompanied by a group of Government officials led by Secretary of Commerce Baldrige.

Eastern Europe's progress in repaying its hard currency debts suffered a slight setback in 1985. The Polish and Hungarian debt problems worsened during the year, but Poland was the only East European country that needed to reschedule its debt payment obligations.

In June 1985, after more than 2 years of debate, Congress passed a bill reauthorizing the Export Administration Act of 1979. The new Export Administration Amendments Act of 1985, which was signed into law by President Reagan on July 12, 1985, modifies the 1979 legislation to help stop the illegal exportation of advanced equipment and technology, but also includes provisions to enhance the competitiveness of U.S. exports that are at minimum risk to national security. The administration also issued new regulations affecting exports to the NME's. These included the final rules on distribution licenses, the final rules on foreign availability, and a regulation providing for the Department of Defense to review license applications for exports to free-world countries in order to help prevent the possible illegal diversion of advanced technology to the Soviet bloc.

On July 30, 1985, the U.S. Court of International Trade (CIT) reversed the determinations made by the International Trade Administration (ITA) in two countervailing duty investigations conducted during 1984. In these investigations, the ITA determined that, as a matter of law, subsidies cannot be found in NME's. In reversing this decision, the CIT held that the ITA had acted contrary to the law when it limited the scope of the countervailing duty law to market economies. The CIT's decision is currently on appeal before the U.S. Court of Appeals for the Federal Circuit.

A total of 26 antidumping investigations involving imports from NME's were in progress during 1985. Two import-relief investigations in which NME's were among the supplying countries were concluded during the year, and a third such case was instituted.

A survey of economic developments in the NME's shows marked differences in the performance of these countries during 1985. China's economy expanded rapidly, with agricultural production increasing by 13.0 percent from 1984 to 1985, more than double the targeted growth rate, and industrial output increasing by 18.0 percent, far exceeding the planned rate of 6.0 percent. In the Soviet Union, industrial production was 3.9 percent higher than in 1984, equaling the target set for this sector, but the growth of agricultural output was zero rather than the 6.7 percent planned. In the East European countries, the growth of national income ranged from a high of 4.8 percent in East Germany to a low of 0.5 percent in Hungary, averaging 2.8 percent for the region as a whole. Agricultural performance was particularly uneven. Poland, East Germany, and Czechoslovakia had good harvests; however, owing to severe crop damage caused by drought, agricultural production in Romania, Hungary, and Bulgaria declined from 1984 to 1985.

TRADE IN 1985 BETWEEN THE UNITED STATES
AND THE NONMARKET ECONOMY COUNTRIES

Overall trade (exports plus imports) between the United States and the NME's increased from \$12.4 billion in 1984 to \$12.8 billion in 1985. This was entirely the result of an increase in overall trade with China of 27.0 percent over this period, as overall trade with the Soviet Union declined by 26.3 percent and with Eastern Europe, by 7.9 percent.

U.S. exports to all NME's declined 2.3 percent, from \$7.2 billion in 1984 to \$7.0 billion in 1985 (table 1, fig. 1). Quarterly exports to the NME's increased during October-December 1985, reversing a downward trend during January-September 1985, but were still below the level of exports during October-December 1984 (fig. 2). U.S. exports to China increased 27.0 percent from 1984 to 1985. However, this increase was more than offset by a decline in U.S. exports to the Soviet Union of 26.2 percent and to Eastern Europe of 12.9 percent over the same period (table 2). As a result, China's share of U.S. exports to all NME's increased from 41.6 percent, valued at \$3.0 billion, in 1984, to 54.1 percent, valued at \$3.8 billion, in 1985 (fig. 3). The Soviet Union's share of U.S. exports dropped from 45.7 percent, valued at \$3.3 billion, to 34.5 percent, valued at \$2.4 billion; Eastern Europe's share dropped from 12.3 percent, valued at \$884.2 million, to 11.0 percent, valued at \$770.6 million, during the same period.

U.S. imports from all NME's increased 11.4 percent, from \$5.2 billion in 1984 to \$5.8 billion in 1985. Quarterly imports during October-December 1985 were slightly higher than during January-September 1985 (fig. 4). The increase in imports from 1984 to 1985 was entirely the result of an increase in imports from China of 27.1 percent, as imports from the Soviet Union declined 26.8 percent and from Eastern Europe, by 5.1 percent over this period (table 3). As a result, China's share of U.S. imports from the NME's rose from 58.5 percent, valued at \$3.0 billion, in 1984 to 66.7 percent, valued at \$3.9 billion, in 1985 (fig. 5). Eastern Europe's share dropped from 30.7 percent, valued at \$1.6 billion, to 26.1 percent, valued at \$1.5 billion, while that of the Soviet Union dropped from 10.7 percent, valued at \$556.1 million, to 7.0 percent, valued at \$406.9 million.

Finally, the U.S. trade balance with the NME's declined from \$2.0 billion in 1984 to \$1.2 billion in 1985.

China

Total U.S. exports to China increased 27.0 percent, from \$3.0 billion in 1984 to \$3.8 billion in 1985, while total U.S. imports from China increased 27.1 percent, from \$3.0 billion to \$3.9 billion over the same period. Thus, the U.S. trade deficit with China widened from \$51.9 million to \$67.2 million over this period.

By far the largest one-digit SITC category of U.S. exports item to China was machinery and transportation equipment, which increased 113.2 percent, from \$0.9 billion in 1984 to \$1.9 billion in 1985. Total advanced U.S. capital-goods exports to China (SITC Section 7 plus SITC Divisions 87 and 88) more than doubled, from \$1.1 billion to \$2.2 billion over this period.

Table 1.--U.S. trade with the world and with the nonmarket economy countries (NME's), 1/
1983-85, October-December 1984, and October-December 1985

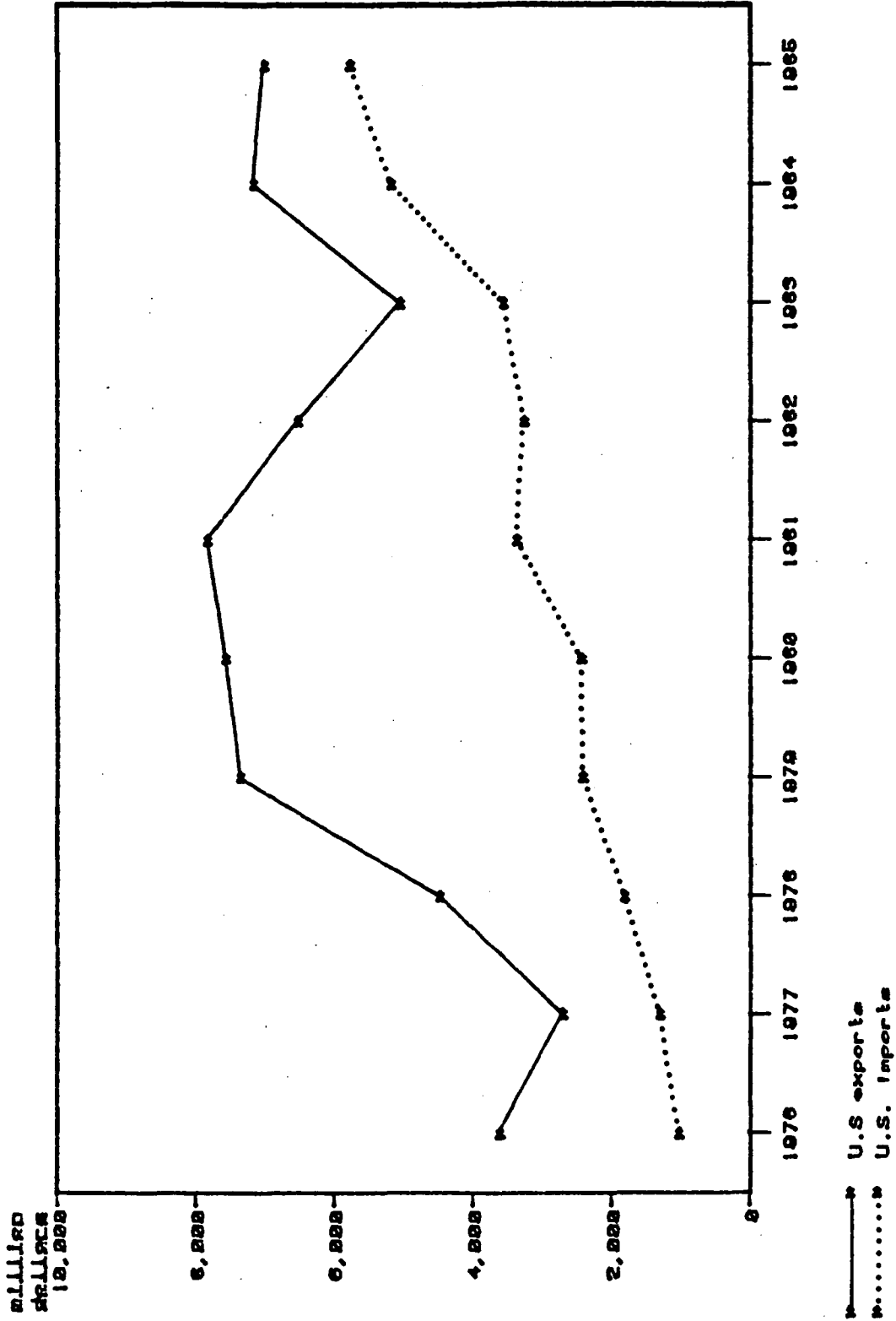
Item	1983	1984	1985	October-December--	
				1984	1985
U.S. world trade:					
Exports-----million dollars--	195,969	212,057	206,925	54,339	50,828
Imports-----do-----	256,680	322,990	343,553	78,663	88,753
Balance-----do-----	-60,710	-110,932	-136,628	-24,324	-37,926
Trade turnover (exports plus imports) million dollars--	452,649	535,047	550,478	133,003	139,581
U.S. trade with NME's:					
Exports-----million dollars--	5,068	7,188	7,022	2,349	1,983
Imports-----do-----	3,574	5,198	5,791	1,289	1,492
Balance-----do-----	1,494	1,990	1,231	1,060	492
Trade turnover (exports plus imports) million dollars--	8,642	12,386	12,812	3,637	3,475
Share of total U.S. trade accounted for by trade with NME's:					
Exports-----percent--	2.59	3.39	3.39	4.32	3.90
Imports-----do-----	1.39	1.61	1.69	1.64	1.68

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

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

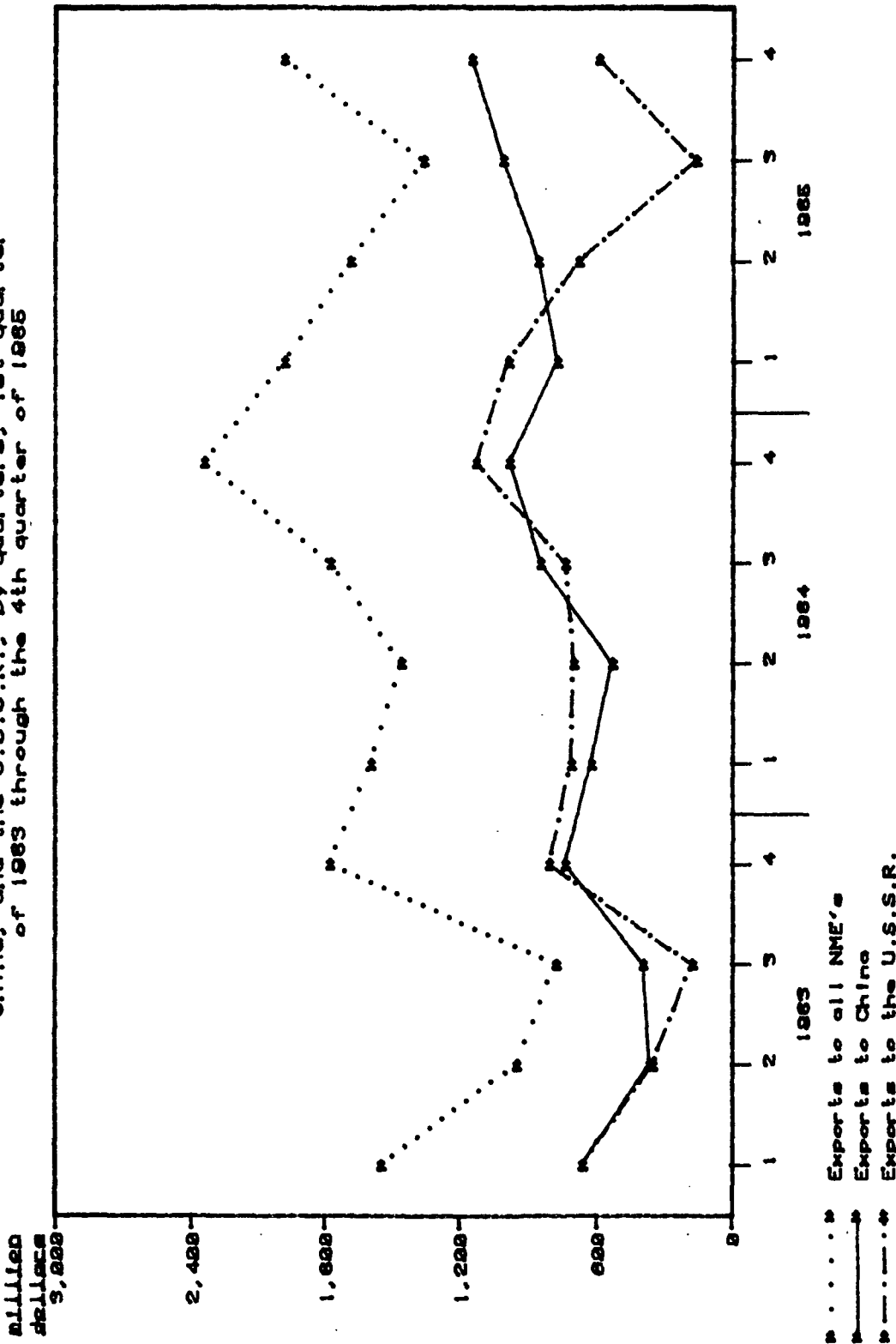
Note.--Import figures in this and all other tables in this report are Census-basis imports for consumption at customs value. Exports are domestic exports only, including Defense Department military assistance shipments, and are valued on an f.a.s. basis.

Figure 1.--U.S. trade with the nonmarket economy countries, 1978-85



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

Figure 2.--U.S. exports to the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters, 1st quarter of 1983 through the 4th quarter of 1985



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

Table 2.--U.S. exports to the individual nonmarket economy countries and to the world, 1983-85, October-December 1984, and October-December 1985

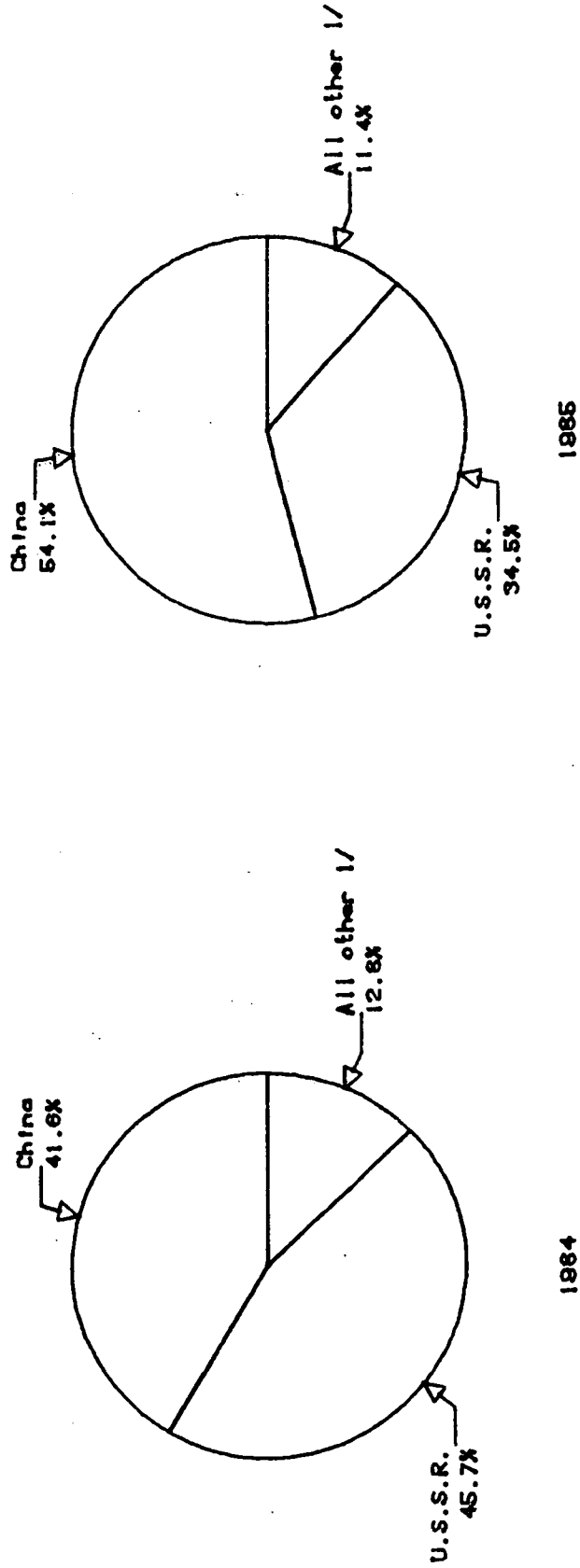
(In thousands of dollars)

Market	1983	1984	1985	October-December--	
				1984	1985
Albania-----	4,205	9,349	11,908	1,670	2,429
Bulgaria-----	65,389	44,087	103,489	4,996	55,611
China-----	2,163,219	2,988,480	3,796,200	983,051	1,150,467
Cuba-----	688	871	1,113	175	432
Czechoslovakia-----	57,079	58,098	62,623	12,726	16,928
East Germany-----	138,915	135,830	72,253	39,708	33,534
Hungary-----	109,781	85,177	92,094	35,380	21,123
Mongolia-----	123	116	32	4	1
North Korea-----	1	-	-	-	-
Poland-----	319,872	314,825	233,702	74,040	50,652
Romania-----	185,658	246,181	206,451	62,398	56,543
U.S.S.R-----	2,001,951	3,282,652	2,421,948	1,128,568	591,059
Vietnam-----	20,745	22,240	19,875	5,852	4,666
Total-----	5,067,626	7,187,906	7,021,687	2,348,569	1,983,444
Total, U.S. exports to the world-----	195,969,353	212,057,057	206,925,312	54,339,442	50,827,724

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

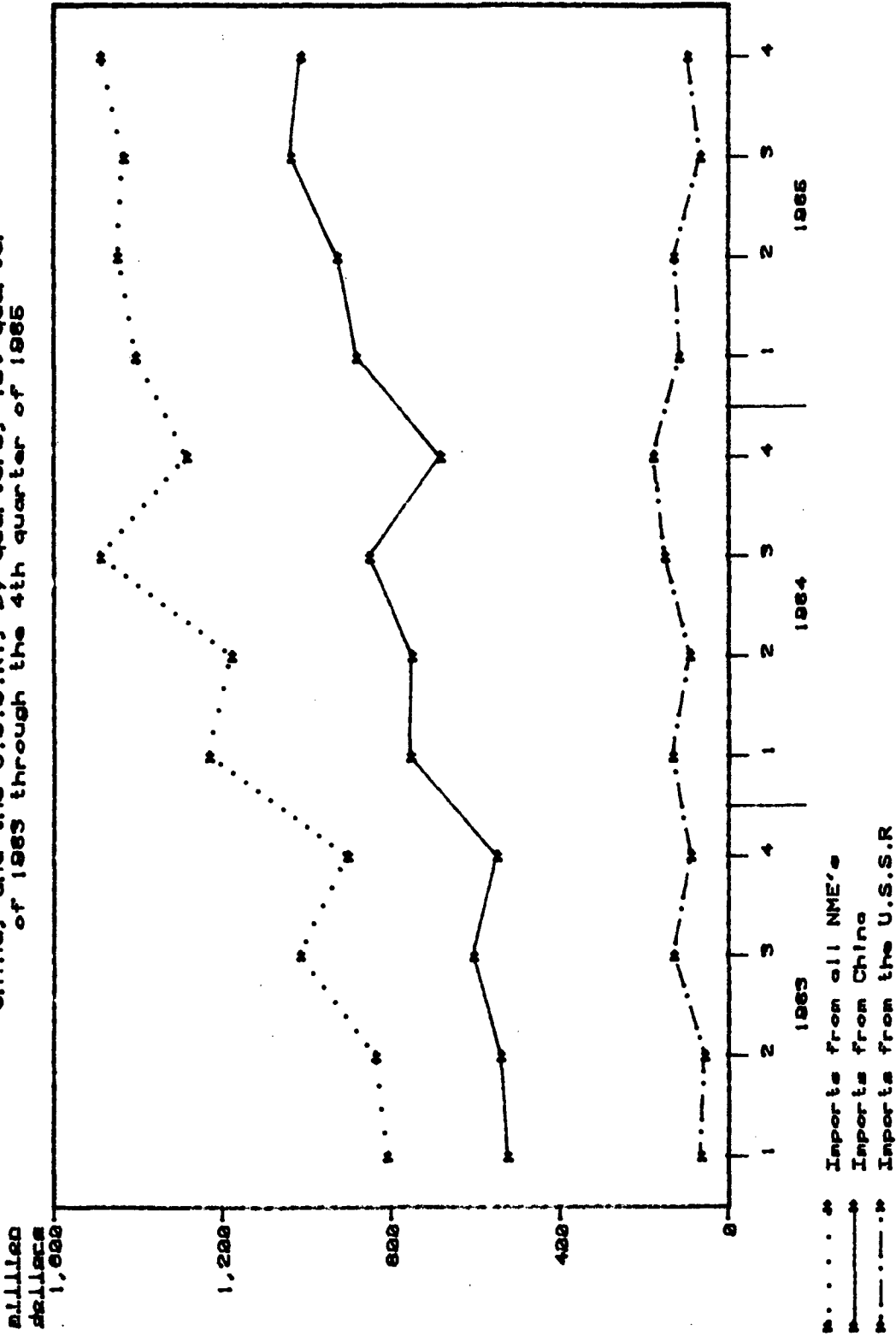
Note.--Because of rounding, figures may not add to the totals shown.

Figure 3.--Relative shares of U.S. exports to the nonmarket economy countries, 1984 and 1985



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

Figure 4.---U.S. Imports from the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters, 1st quarter of 1963 through the 4th quarter of 1965



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

Table 3.--U.S. imports from the individual nonmarket economy countries and from the world, 1983-85, October-December 1984, and October-December 1985

(In thousands of dollars)

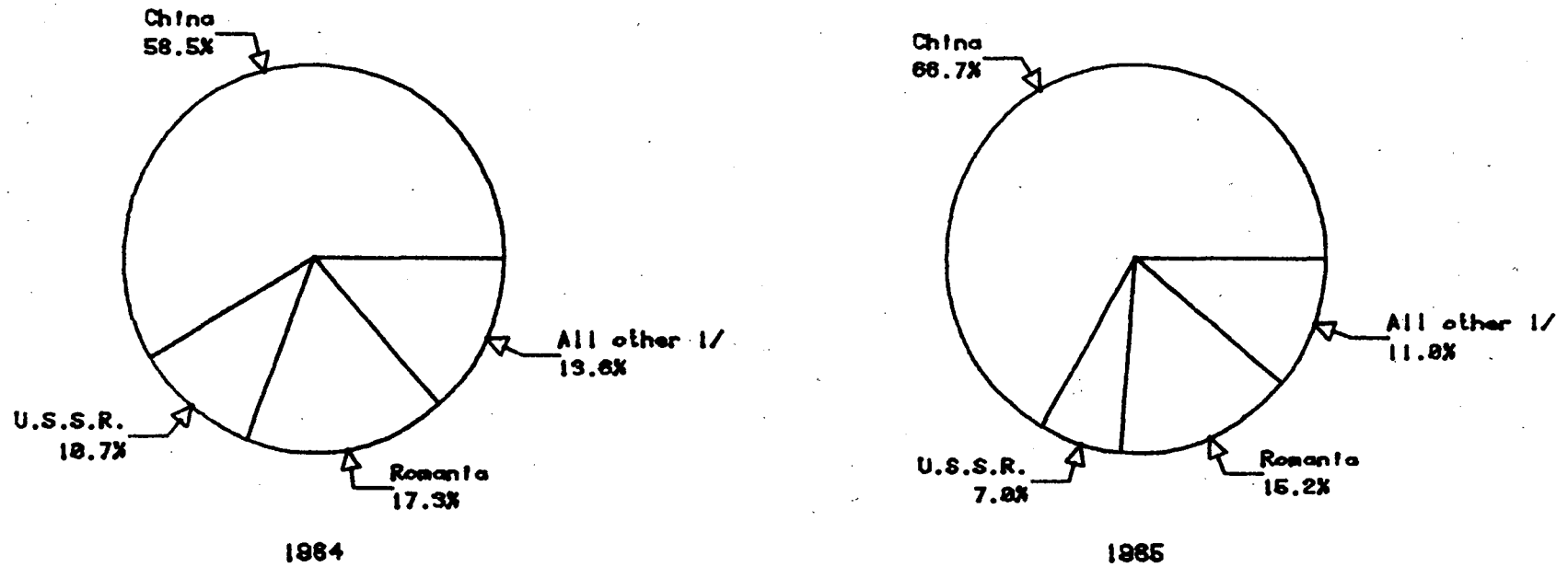
Source	1983	1984	1985	October-December--	
				1984	1985
Albania-----	3,498	2,219	3,009	971	812
Bulgaria-----	32,765	30,340	34,038	7,162	9,172
China-----	2,217,526	3,040,401	3,863,385	683,576	1,013,948
Cuba-----	1/	3	-	-	-
Czechoslovakia-----	62,821	84,192	74,909	21,548	16,117
East Germany-----	56,937	149,129	90,290	57,863	15,682
Hungary-----	154,493	220,094	216,618	51,626	49,571
Mongolia-----	1,483	2,903	3,111	629	465
North Korea-----	-	14	30	-	-
Poland-----	190,641	215,700	217,037	59,611	56,441
Romania-----	512,821	896,696	881,301	226,374	231,560
U.S.S.R-----	341,093	556,122	406,919	179,201	97,967
Vietnam-----	-	71	25	-	12
Total-----	3,574,079	5,197,882	5,790,671	1,288,562	1,491,748
Total, U.S. imports from the world-----	256,679,524	322,989,519	343,553,150	78,663,166	88,753,323

1/ Less than \$500.

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

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

Figure 5.--Relative shares of U.S. imports from the nonmarket economy countries, 1984 and 1985



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

U.S. exports of crude materials (SITC Section 2) to China, consisting largely of lumber and logs used in building railroads and bridge trestles and in mines construction, increased substantially, from \$458.7 million in 1984 to \$567.0 million in 1985, to become the second leading export item by one-digit SITC category in 1985. Such large imports of advanced U.S. capital goods and crude materials reflect China's current (1981-85) 5-year plan to expand energy production and transportation facilities. 1/

U.S. exports of items from the food and live animals category (SITC Section 0) to China, consisting almost entirely of wheat, declined significantly, from \$579.1 million in 1984 to \$102.8 million in 1985. This decline is because China's grain production has reached a level that is sufficient to satisfy current domestic demand. 2/

Finally, while chemicals (SITC Section 5) remain a large U.S. export item to China, such exports declined 20.3 percent, from \$644.1 million in 1984 to \$513.5 million in 1985. This decline was largely the result of a 42.8 percent decline in U.S. exports of manufactured fertilizers (SITC Division 56) and inorganic chemicals (SITC Division 52) from \$286.9 million to \$164.2 million over this period.

Miscellaneous manufactured articles (SITC Section 8) remains the largest category of U.S. imports from China. It increased from \$1.4 billion in 1984 to \$1.7 billion in 1985, or by 21.3 percent. More than one-half of the imports in this category consisted of clothing and apparel (SITC Division 84), which increased from \$917.3 million to \$972.2 million over the period. Other imports in this category that increased significantly were toys, which increased by 150.2 percent, and luggage and handbags, which increased by 56.5 percent.

U.S. imports of mineral fuels (SITC Section 3) from China, consisting almost entirely of petroleum and petroleum products, remained the second leading import item, increasing 62.1 percent, from \$606.8 million in 1984 to \$983.0 million in 1985. The increase in the value of China's petroleum exports, despite falling oil prices, was part of an effort to offset a steep decline in foreign exchange reserves. 3/

Soviet Union

Total U.S. exports to the Soviet Union declined 26.2 percent, from \$3.3 billion in 1984 to \$2.4 billion in 1985, and total U.S. imports from the U.S.S.R. declined 26.8 percent, from \$556.1 million to \$406.9 million over the same period. Therefore, the U.S. trade surplus with the Soviet Union declined 26.1 percent, from \$2.7 billion in 1984 to \$2.0 billion in 1985. This decline in Soviet trade was primarily the result of the decrease in Soviet purchases of U.S. wheat and secondarily the result of a decline in the value of Soviet sales of petroleum products.

1/ For a more detailed discussion, see 41st Quarterly Report . . ., p. 52.

2/ For more details of this development, see 41st Quarterly Report . . ., p. 59.

3/ For more details, see references to Petroleum and Petroleum Products, later in this section, and Foreign Trade in the section on China's economic developments, later in this report.

U.S. exports of items from the category of food and live animals (SITC Section 0) consisted primarily of grains, and was the leading export item to the Soviet Union despite an 86.4-percent decline in the value of Soviet purchases of wheat. Total exports in this category amounted to \$1.7 billion in 1985 compared with \$2.6 billion in 1984, a decline of 33.1 percent. The decline in purchases of U.S. wheat is attributed to a relatively good Soviet harvest in 1985 and high U.S. prices relative to the world price of wheat. 1/

U.S. exports of chemicals, consisting primarily of fertilizers and fertilizer materials, was the second largest export category to the Soviet Union during 1985. Such exports increased 35.3 percent, from \$208.2 million in 1984 to \$281.6 million in 1985. U.S. exports of items in the machinery and transportation equipment category (SITC Section 7) to the Soviet Union, which have been declining since 1981, appear to have leveled off. Such exports amounted to \$111.9 million in 1985 compared with \$110.2 million in 1984.

U.S. exports of items in the crude materials category (SITC Section 2) to the Soviet Union, roughly three-fourths of which consists of cotton, declined sharply, from \$224.3 million in 1984 to \$90.2 million in 1985. Increased Soviet cotton production in crop-year 1985/86 and an increased supply of cotton from other suppliers are thought to be the causes of this decline. 2/

The leading U.S. import category from the Soviet Union during 1985 was chemicals (SITC Section 5), valued at \$196.2 million in 1985 compared with \$207.8 million in 1984. Imports of inorganic chemicals (SITC Division 52), which comprise over 60 percent of all imports in this category, fell 16.4 percent from 1984 to 1985, while imports of manufactured fertilizers (SITC Division 56), which accounted for most of the remainder of imports in this category, increased 6.4 percent.

U.S. imports of mineral fuels (SITC Section 3) from the Soviet Union, comprised entirely of refined petroleum products, declined 47.8 percent, from \$191.6 million in 1984 to \$100.0 million in 1985. The decline in the value of such imports may be the result of a decline in Soviet production of crude petroleum and transportation difficulties caused by severe weather conditions during the winter of 1984/85. 3/

U.S. imports of manufactured goods (SITC Section 6) from the Soviet Union, consisting largely of imports of platinum, declined 41.0 percent, from \$103.8 million in 1984 to \$61.2 million in 1985.

Eastern Europe

Total U.S. exports to Eastern Europe declined 12.9 percent, from \$884.2 million in 1984 to \$770.6 million in 1985. The declines in total exports to Poland, Romania, and East Germany amounted to 25.8 percent,

1/ For more details on this development, see 44th Quarterly Report..., p. 18, and 43rd Quarterly Report..., p. 17.

2/ 43rd Quarterly Report..., p. 19.

3/ For more details on this development, see the section on the Soviet economy, that appears later in this report.

16.1 percent, and 46.8 percent, respectively. These countries collectively accounted for roughly two-thirds of all U.S. exports to Eastern Europe. U.S. exports to Bulgaria increased 134.7 percent during this period and accounted for 13.4 percent of all such exports in 1985. Total U.S. imports from Eastern Europe declined 5.1 percent, from \$1.6 billion in 1984 to \$1.5 billion in 1985. The largest decline was in East German imports, which decreased 39.5 percent.

The U.S. trade deficit with Eastern Europe widened slightly, from \$712.0 million in 1984 to \$743.6 million in 1985. Countries with significant changes in their trade balances were Poland and Bulgaria. The U.S. trade surplus with Bulgaria increased four-fold, from \$13.7 million to \$69.5 million while the U.S. trade surplus with Poland declined 83.2 percent, from \$99.1 million to \$16.7 million over this period. Finally, the ranking of Eastern European countries by total trade turnover remained the same as in 1984: Romania's trade turnover amounted to 47.6 percent of total U.S. trade with Eastern Europe; Poland's trade turnover was 19.7 percent; Hungary's trade turnover was 13.5 percent; that of East Germany was 7.1 percent; and those of Czechoslovakia and Bulgaria each amounted to 6.0 percent.

The largest U.S. exports to Eastern Europe during 1985 by one-digit SITC categories were food and live animals (SITC Section 0), which declined 29.0 percent, from \$277.1 million in 1984 to \$196.8 million in 1985; crude materials (SITC Section 2), which declined 54.4 percent, from \$323.5 million to \$147.6 million; and machinery and transportation equipment (SITC Section 7), which increased 76.7 percent, from \$75.4 million in 1984 to \$133.2 million in 1984. The largest U.S. import items from Eastern Europe were mineral fuels (SITC Section 3), which declined 14.0 percent, from \$508.9 million in 1984 to \$437.5 million in 1985; manufactured goods (SITC Section 6), which declined 22.1 percent, from \$377.1 million to \$293.8 million; and miscellaneous manufactured articles (SITC Section 8), which declined 6.1 percent, from \$243.2 million to \$228.4 million.

U.S. exports to Romania declined 16.1 percent, while U.S. imports from Romania declined 1.7 percent, widening the U.S. trade deficit with Romania from \$650.5 million in 1984 to \$674.9 million in 1985. The decline in exports to Romania was the result of a sharp decline in exports of crude materials, primarily soybeans, from \$177.2 million to \$70.8 million over this period. U.S. exports to Romania of coal and coke increased 67.2 percent over this period and amounted to \$53.9 million in 1985. At the same time, U.S. import items from Romania of refined petroleum products declined 10.7 percent, from \$487.3 million to \$435.1 million. This increase in Romania's imports and decrease in Romania's exports of energy products were a result of the severe production shortages experienced in Romania's petroleum sector during 1985. 1/

U.S. exports to Poland declined 25.8 percent, and U.S. imports from Poland increased 0.6 percent, causing a decline in the U.S. trade surplus with this country from \$99.1 million in 1984 to \$16.7 million in 1985. The decline in U.S. exports to Poland was a result of a decline in U.S. exports of agricultural products, from \$185.8 million to \$87.1 million over this period,

1/ For further details, see economic developments in Romania, which appears later in this report.

as Polish production in this sector improved. 1/ U.S. exports of butter, corn, feedstuff for animals, and soybeans all declined significantly, from a total of \$116.7 million to \$21.7 million. U.S. exports of nonagricultural products increased 13.5 percent, from \$129.1 million in 1984 to \$146.6 million in 1985. Nonagricultural categories of exports that increased significantly were chemicals and machinery and transportation equipment, increasing 303.3 percent and 41.4 percent, respectively. The largest category of U.S. imports from Poland was that of food and live animals, and consisted primarily of meat and meat preparations. Such imports increased 23.7 percent, from \$91.9 million in 1984 to \$113.6 million in 1985, again, reflecting the improved agricultural situation in Poland. U.S. imports of manufactured goods declined 23.7 percent from 1984 to 1985. The largest decline in this category was that of imports of iron and steel as a result of the voluntary export restraint agreement negotiated during 1985. 2/

U.S. exports to Hungary increased 8.1 percent, and U.S. imports declined 1.6 percent, reducing the U.S. trade deficit with that country from \$134.9 million in 1984 to \$124.5 million in 1985. The largest U.S. exports to Hungary were food items, valued at \$29.7 million, and machinery and transportation equipment, valued at \$29.7 million in 1985. The leading categories of U.S. imports from Hungary were also machinery and transportation equipment, valued at \$65.9 million, and food items, valued at \$51.2 million during the year under review.

U.S. exports to East Germany declined 46.8 percent, and U.S. imports from East Germany declined 39.5 percent, widening the U.S. trade deficit with that country from \$13.3 million in 1984 to \$18.0 million in 1985. The decline in U.S. exports was the result of a decline in exports of agricultural commodities, from \$124.0 million to \$60.3 million over this period, reflecting continued strong growth in East German production in this sector. 3/ The decline in U.S. imports from East Germany was largely a result of a 65.4 percent decline in imports of iron and steel products following the voluntary export restraint agreement negotiated during 1985. 4/

U.S. exports to Bulgaria increased 134.7 percent, and U.S. imports from Bulgaria increased 12.2 percent, increasing the U.S. trade surplus with that country from \$13.7 million in 1984 to \$69.5 million in 1985. U.S. exports of nearly all items classified by one-digit SITC categories increased, with increases in exports of corn and coal being the largest. Such increased U.S. exports were the result of the severe economic strain experienced by Bulgaria this year, with the agricultural and energy sectors suffering the most severe setbacks in production. 5/

U.S. exports to Czechoslovakia increased 7.8 percent, and U.S. imports from Czechoslovakia declined 11.0 percent, reducing the U.S. trade deficit with this country from \$26.1 million in 1984 to \$12.3 million in 1985.

1/ For a more detailed discussion, see section on economic developments in Poland, which appears later in this report.

2/ For more details, see 44th Quarterly Report..., p. 29.

3/ This development is discussed at greater length under economic developments in East Germany, later in this report.

4/ For more details on this development, see 44th Quarterly Report..., p. 29.

5/ See section on economic developments in Bulgaria, which appears later in this report.

U.S. Exports

U.S. exports to the NME's declined 2.3 percent, from \$7.2 billion in 1984 to \$7.0 billion in 1985 (table 4). This decline was the result of a large drop in U.S. exports of agricultural commodities to these countries from \$4.0 billion in 1984 to \$2.3 billion in 1985, which more than offset a significant increase in exports of nonagricultural commodities from \$3.2 billion to \$4.7 billion over the same period. A major decline in U.S. exports of wheat to both the Soviet Union and China occurred during the year under review. U.S. exports of advanced-technology capital goods, sold primarily to China and Eastern Europe, increased substantially. Wheat and advanced technology capital goods accounted for roughly 40 percent of all U.S. exports to the NME's during 1984 and 1985. (For U.S. exports to the NME's, by SITC Sections and by country in October-December 1985, see table 5.)

Grains

Grains, consisting primarily of wheat and corn, remained the leading two-digit SITC export item to the NME's in 1985. However, such exports declined by 43.3 percent in value from 1984 to 1985. As a result, the food items category (SITC Section 0), roughly 90 percent of which consists of grain, dropped to second place among U.S. exports to the NME's classified by one-digit SITC categories for the first time in 5 years.

The decline in U.S. grain exports was entirely the result of a sharp decline in exports of wheat to both the Soviet Union and China, which fell from \$1.7 billion in 1984 to \$0.3 billion in 1985. Such exports to the U.S.S.R. declined from 7.6 million metric tons (MMT), valued at \$1.2 billion, in 1984 to 1.1 MMT, valued at \$158.7 million, in 1985; exports to China declined from 4.0 MMT, valued at \$575.3 million, in 1984 to 0.7 MMT, valued at \$97.0 million, in 1985. The 1985 Soviet grain harvest, believed to be somewhat higher than the 1984 grain harvest, and the high price of U.S. wheat relative to the world price are cited as reasons for the decline in Soviet imports of U.S. wheat. ^{1/} According to China's leaders, domestic grain output has reached a level that can satisfy the country's current demand. Moreover, the U.S.-Chinese grain agreement expired at the end of 1984.

The value of U.S. wheat exports to Eastern Europe, consisting almost entirely of exports to Poland, declined slightly, from \$10.4 million in 1984 to \$10.2 million in 1985. This decline was the result of a drop in the price of wheat, as the quantity of such exports increased from 61,946 metric tons to 67,756 metric tons over this period.

U.S. exports of corn to the NME's increased from 10.9 MMT, valued at \$1.5 billion, in 1984 to 13.5 MMT, valued at \$1.6 billion, in 1985. The increase was entirely the result of larger Soviet purchases, which increased 25.3 percent by quantity from 1984 to 1985 and accounted for roughly 95 percent of total U.S. exports of corn to the NME's.

^{1/} For a more detailed discussion of this development, see 44th Quarterly Report..., p. 17.

Table 4.--U.S. exports to the world and to the nonmarket economy countries (NME's), 1/
by SITC Sections, 1984 and 1985

SITC Section	Total exports		Exports to the NME's	
	1984	1985	1984	1985
Value (million dollars)				
0. Food and live animals-----	24,338	19,156	3,442	2,028
1. Beverages and tobacco-----	2,849	2,958	13	25
2. Crude materials--inedible, except fuel-----	20,203	16,899	1,007	805
3. Mineral fuels, lubricants, etc-----	9,325	9,987	72	154
4. Oils and fats--animal and vegetable-----	1,961	1,466	57	68
5. Chemicals-----	22,391	21,800	921	884
6. Manufactured goods classified by chief material-----	15,524	14,395	227	393
7. Machinery and transportation equipment-----	90,138	94,429	1,087	2,167
8. Miscellaneous manufactured articles-----	15,273	14,906	286	411
9. Commodities and transactions not elsewhere classified-----	10,054	10,928	76	86
Total-----	212,057	206,925	7,188	7,022
Percent of total				
0. Food and live animals-----	11.5	9.3	47.9	28.9
1. Beverages and tobacco-----	1.3	1.4	.2	.4
2. Crude materials--inedible, except fuel-----	9.5	8.2	14.0	11.5
3. Mineral fuels, lubricants, etc-----	4.4	4.8	1.0	2.2
4. Oils and fats--animal and vegetable-----	.9	.7	.8	1.0
5. Chemicals-----	10.6	10.5	12.8	12.6
6. Manufactured goods classified by chief material-----	7.3	7.0	3.2	5.6
7. Machinery and transportation equipment-----	42.5	45.6	15.1	30.9
8. Miscellaneous manufactured articles-----	7.2	7.2	4.0	5.9
9. Commodities and transactions not elsewhere classified-----	4.7	5.3	1.1	1.2
Total-----	100.0	100.0	100.0	100.0

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

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

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

Table 5.--U.S. exports to the nonmarket economy countries, by SITC Sections, October-December 1985

(In thousands of dollars)

SITC Section	Albania	Bulgaria	China	Cuba	Czecho- slovakia	East Germany	Hungary
0. Food and live animals-----	-	15,455	18,967	-	313	28,317	5,775
1. Beverages and tobacco-----	-	2,038	244	-	599	-	36
2. Crude materials--inedible, except fuel-----	-	9,293	110,661	12	3,478	353	317
3. Mineral fuels, lubricants, etc-----	2,416	20,286	314	-	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	5	-	-	-	-
5. Chemicals-----	-	1,173	86,205	294	3,128	448	1,382
6. Manufactured goods classified by chief material-----	-	208	69,729	-	867	128	1,100
7. Machinery and transportation equipment-----	4	5,272	769,656	-	6,433	3,379	9,018
8. Miscellaneous manufactured articles-----	-	1,717	90,357	8	1,907	857	3,240
9. Commodities and transactions not elsewhere classified-----	8	169	4,330	117	204	53	254
Total-----	2,429	55,611	1,150,467	432	16,928	33,534	21,123
	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Vietnam	Total
0. Food and live animals-----	-	-	9,807	6,509	420,464	-	505,606
1. Beverages and tobacco-----	-	-	811	87	6,596	-	10,412
2. Crude materials--inedible, except fuel-----	-	-	4,453	8,324	5,944	-	142,835
3. Mineral fuels, lubricants, etc-----	-	-	15	20,132	11,900	-	55,061
4. Oils and fats--animal and vegetable-----	-	-	-	-	4,882	-	4,887
5. Chemicals-----	-	-	10,431	4,727	90,751	-	198,537
6. Manufactured goods classified by chief material-----	-	-	1,726	404	1,912	-	76,074
7. Machinery and transportation equipment-----	-	-	7,439	14,155	20,126	-	835,482
8. Miscellaneous manufactured articles-----	1	-	1,323	2,067	27,888	33	129,399
9. Commodities and transactions not elsewhere classified-----	-	-	14,648	139	597	4,633	25,151
Total-----	1	-	50,652	56,543	591,059	4,666	1,983,444

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

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

Corn exports to Eastern Europe declined by 20.3 percent by value, from \$107.6 million in 1984 to \$85.8 million in 1985. This decline in the value of exports was the result of a decline in the price of corn, since the quantity of such exports declined by only 0.9 percent, from 778,594 metric tons to 77,694 metric tons, over the same period. The two largest Eastern European importers of U.S. corn during 1984, East Germany and Poland, reduced purchases in terms of value by 40.2 percent and 71.1 percent respectively in 1985. Total purchases from these two countries together declined from \$101.2 million in 1984 to \$52.6 million in 1985. Increased purchases by Hungary and Romania partially offset this decline. They increased from \$0.1 million in 1984 to \$19.8 million in 1985.

Machines and equipment

U.S. exports to the NME's of machinery and transportation equipment (SITC Section 7) nearly doubled from 1984 to 1985, increasing from \$1.1 billion in 1984 to \$2.2 billion in 1985. Because of the large increase in such exports, combined with the sharp decline in exports of wheat, U.S. exports of this category took the lead over U.S. exports of food items classified by one-digit SITC categories in 1985. U.S. sales in all two-digit SITC categories that comprise the machinery and transportation equipment category increased from 1984 to 1985. Sales of transportation equipment other than road vehicles to the NME's more than doubled, increasing from \$357.7 million in 1984 to \$719.3 million in 1985 and accounted for nearly 30 percent of advanced U.S. capital goods exports to the NME's for the year under review. U.S. sales to the NME's of machinery specialized for particular industries increased 109.8 percent, from \$249.8 million in 1984 to \$523.9 million in 1985, accounting for roughly 20 percent of advanced U.S. capital-goods exports. Another very large advanced capital-goods export item to the NME's during 1985 was scientific and controlling instruments (SITC Division 87), which increased 52.9 percent, from \$196.2 million in 1984 to \$300.0 million in 1985. This item became the sixth leading export item to the NME's by two-digit SITC categories in 1985.

Nearly 90 percent of advanced U.S. capital goods were purchased by China, and 8 out of 10 U.S. export items to the NME's that increased substantially from 1984 to 1985 were advanced capital goods sold to China (table 6). China's largest purchases of such items in 1985 were aircraft and associated equipment, valued at \$631.0 million; civil engineering and contractors' plant and equipment, valued at \$324.4 million; measuring, checking, analyzing, and controlling instruments and apparatus, valued at \$266.0 million; and automatic data processing machines, valued at \$154.7 million. Such imports reflect China's current (1981-85) 5-year plan of giving priority to the expansion of transportation facilities and energy production while maintaining and upgrading the equipment of existing plants. ^{1/}

U.S. exports of machinery and transportation equipment to Eastern Europe also increased substantially, from \$75.4 million in 1984 to \$133.2 million in 1985. Exports of this item to all Eastern European countries increased during this period. Countries with the largest share of such exports were Romania,

^{1/} For more details, see 41st Quarterly Report..., p. 59.

Table 6.--20 U.S. export items to the nonmarket economy countries (NME's) which changed substantially, by Schedule B nos., 1984 and 1985 1/

Schedule B no.	Commodity	Major NME customer	Percentage change, 1985 from 1984		Value of exports to all NME'S in 1985
			All NME's	World	
			-----Percent-----		1,000 dollars
	Substantially increased:				
594.4020	Nonmilitary airplanes, used or rebuilt	China	1,643.7	14.0	34,874
692.1650	Mobile cranes, hydraulic operated, other than truck mounted	do	1,597.7	2.5	8,964
130.3440	Corn seed, except sweet, not donated for relief or charity	Hungary	1,127.0	95.4	11,045
694.4062	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds empty weight, passenger transports, n.s.p.f.	China	1,039.5	53.6	364,649
660.9490	Parts and attachments, n.s.p.f., for pumps for liquids	do	1,032.6	3.1	28,880
692.1660	Trucks mounted with derrick assemblies, and similar drilling equipment	do	877.3	-16.8	23,410
664.0558	Excavating machines, new, n.e.s.	do	849.9	49.2	5,757
660.4930	Aircraft jet and gas turbines, non-piston-type engines, nonmilitary, new	do	819.1	-3.2	40,464
475.4520	Automotive, diesel, and marine engine lubricating oil	U.S.S.R.	799.7	-9.9	12,015
664.0507	Coal cutting machines, continuous mining machines, and long-wall mining machines	China	708.2	228.7	12,317
	Substantially decreased:				
404.2250	Terephthalic acid dimethyl ester (dimethyl terephthalate)	Poland	-96.5	-51.2	558
130.6540	Wheat, unmilled, not donated for relief or charity	U.S.S.R.	-84.9	-45.3	265,957
690.3310	Parts designed for locomotives, n.s.p.f., other than airbrake equipment	China	-84.7	-44.7	9,576
664.0586	Parts, n.e.s., of boring and drilling machines	U.S.S.R.	-80.2	-5.7	4,248
120.1755	Cattle hides cut into croupions, crops, dossets, sides, butts, or butt bends	China	-79.6	-46.4	777
607.0835	Shredded carbon steel and iron waste and scrap	do	-77.9	-13.0	1,953
486.2900	Insecticides, unmixed, n.e.s.	do	-75.9	-1.1	5,203
175.4100	Soybeans, other than seed for planting	Romania	-72.7	-28.2	43,010
415.4500	Sulfur, native elemental or recovered, in any physical form	do	-70.9	20.1	699
607.0840	Iron scrap	China	-70.3	15.7	671

1/ Only items which accounted for at least 500,000 dollars' worth of exports in both 1984 and 1985 are included in this table.

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

Hungary, and Poland, which collectively accounted for 79.5 percent of this export item to Eastern Europe, and increased from \$60.4 million in 1984 to \$105.9 million in 1985.

Chemicals

U.S. exports to the NME's of chemicals (SITC Section 5) declined slightly, from \$921.0 million in 1984 to \$883.9 million in 1985. U.S. exports of chemicals to the U.S.S.R., consisting primarily of inorganic chemicals and manufactured fertilizers, increased 35.3 percent, from \$208.2 million to \$281.6 million during this period. However, this increase was more than offset by a decline in such exports to China from \$644.1 million to \$513.5 million. While U.S. exports to China of artificial resins and plastics declined from \$233.7 million to \$228.2 million, exports of manufactured fertilizers and inorganic chemicals declined 42.8 percent, from a total of \$286.9 million in 1984 to \$164.2 million in 1985.

Other exports

U.S. exports to the NME's in the cork and wood category (SITC Division 24), consisted almost entirely of softwood logs to China, and increased from \$287.0 million in 1984 to \$328.7 million in 1985, or by 14.5 percent. Such exports to all NME's have increased steadily since 1980, the year in which the United States began shipping logs to China. Douglas fir and western hemlock logs and timber accounted for 69.9 percent and 25.5 percent, respectively, of these exports in 1985. Such large imports of logs and timber are used in expanding China's rail transportation system, mines, and in building bridge trestles and port facilities. 1/

U.S. exports of textile fibers and their wastes (SITC Division 26) declined 31.6 percent, from \$286.6 million in 1984 to \$196.0 million in 1985. Most of this decline was the result of a decrease in Soviet purchases of this item, consisting primarily of cotton, from \$174.1 million in 1984 to \$63.6 million in 1985. This decline in purchases is attributable to the increased supply of cotton from competing suppliers during the 1984/85 and a favorable outlook for Soviet cotton production in crop year 1985/86. 2/ U.S. exports of textile fibers to China, consisting primarily of synthetic fibers, increased 23.1 percent, from \$99.0 million in 1984 to \$121.9 million in 1985. U.S. exports of some kinds of manmade fibers to China accounted for the largest share of such exports to the world (table 7). The current oversupply and consequent low price of synthetic fibers on the world market may have caused the Chinese to buy synthetic fibers more heavily. 3/

U.S. exports of hides, skins, and furskins (SITC Division 21), consisting primarily of cattle hides, declined 16.7 percent, from \$127.6 million in 1984 to \$106.4 million in 1985. The largest NME purchasers of this item in 1985

1/ For a more detailed discussion of this development, see 41st Quarterly Report..., p. 55.

2/ 43rd Quarterly Report..., p. 19.

3/ For a more detailed discussion, see 41st Quarterly Report..., p. 56.

Table 7.--20 U.S. export items for which the nonmarket economy countries (NME's) collectively accounted for the largest market share in 1985, by Schedule B nos., 1984 and 1985 1/

Schedule B no.	Commodity	Major NME customer	Share of total exports accounted for by NME'S		Value of exports to all NME'S in 1985
			1984	1985	
			-----Percent-----		1,000 dollars
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	U.S.S.R.	87.7	2/ 89.0	2/ 110,166
309.8540	Textile fibers, of acrylic or modacrylic, carded, combed, or otherwise processed but not spun	China	.0	80.0	2,827
699.0050	Special purpose vessels which normally perform their function in a stationary position, nonmilitary, new	do	.0	75.0	9,300
310.0010	Textured yarns, of polyester	do	37.6	72.0	101,362
674.3247	Combination boring, drilling and milling machines, new, at least \$2500, with numerical controls, other than horizontal spindle	do	.0	72.0	3,161
121.0515	Bovine leather, rough, russet, and crust, wet blue, not split	do	53.9	67.5	48,936
200.3504	Ponderosa pine logs and timber, rough	do	.0	66.1	1,563
674.2003	Rolls n.s.p.f. for metal rolling mills	do	.3	61.0	8,765
818.3900	Products, n.e.s., donated for relief or charity	Poland	52.0	55.7	61,978
309.4242	Polyester fibers (in noncontinuous form)	China	38.5	54.4	60,994
310.0034	Multifilament polyester yarns, not textured or high tenacity	do	23.7	53.9	5,000
670.1700	Circular knitting machines, other than hosiery	do	17.6	51.6	7,403
674.2005	Hot rolling mills, except tube rolling, for nonferrous metals, and parts thereof	do	57.1	50.5	1,031
664.0508	Oil and gas field drilling machines, rotary	do	12.9	50.1	65,879
610.3060	Structural pipe and tubing, of iron or steel, welded, not alloyed	do	.0	47.0	1,396
674.3529	Gear tooth grinding and finishing metalworking machine tools, new, valued at least \$2,500 each, n.s.p.f.	do	40.6	46.7	1,578
790.5510	Pressure-sensitive tape having a plastic backing	U.S.S.R.	40.9	46.1	61,280
700.2470	Women's boots, dress and casual, with uppers of leather	Hungary	.0	45.9	1,407
692.1660	Trucks mounted with derrick assemblies, and similar drilling equipment	China	3.9	45.9	23,410
690.0510	Locomotives and tenders, diesel-electric, rail-service type	do	86.9	44.1	64,505

1/ Only items which accounted for at least 1 million dollars' worth of exports in 1985 are included in this table.

2/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the figures reported here for exports under item 480.7025 during 1985 represent exports during Jan.-June 1985 only.

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

were Romania, at 38.8 percent, and China, at 28.2 percent. China's purchases increased 34.8 percent while Czechoslovakia, a major importer in 1984, decreased such imports by roughly one-half from 1984 to 1985.

U.S. exports of coal, coke and briquettes (SITC Division 32) to the NME's more than doubled, from \$41.3 million in 1984 to \$84.1 million in 1985. Such exports were purchased primarily by Eastern Europe. Romania, the only purchaser of coal and coke in 1984, increased imports from \$32.2 million during that year to \$53.9 million during 1985, or by 67.2 percent. Such increased imports were the result of a severe decline in energy production in Romania during 1985. ^{1/} In addition, Bulgaria and East Germany purchased coal and coke, amounting to a total of \$18.8 million, for the first time in the past 5 years.

U.S. exports of oilseeds and oleaginous fruits (SITC Division 22), consisting primarily of soybeans, declined significantly, from \$176.5 million in 1984 to \$54.5 million in 1985. Sales of soybeans to the Soviet Union and to nearly all Eastern European countries were lower, but the most important decline was in sales to Romania, which declined from \$112.5 million in 1984 to \$22.4 million in 1985. This decline was likely the result of Romania's increased production of soybeans and its policy of minimizing hard currency outlays. ^{2/} China purchased soybeans from the United States for the first time since 1982. Such purchases amounted to \$12.6 million and accounted for roughly one-fourth of total U.S. exports of soybeans to the NME's during 1985. However, such purchases were small relative to its purchases in 1982 of \$63.2 million.

U.S. Imports

U.S. imports from all NME's increased 11.4 percent, from \$5.2 billion in 1984 to \$5.8 billion in 1985 (table 8). This increase was primarily the result of the strong export performance of China. U.S. imports from China of nearly all one-digit SITC categories increased from 1984 to 1985, with the largest increases occurring in mineral fuels and miscellaneous manufactured articles. U.S. imports of significance from Eastern Europe, namely mineral fuels, manufactured goods, and miscellaneous manufactured articles, all declined during this period, resulting in an overall decline in imports from Eastern Europe of 5.1 percent. U.S. imports from the Soviet Union also declined 26.8 percent. (For U.S. imports from the NME's, by SITC Section and by country in October-December 1985, see table 9.)

Petroleum and petroleum products

U.S. imports of petroleum and petroleum products (SITC Division 33) increased from \$1.3 billion in 1984 to \$1.5 billion in 1985. This increase was the result of increased imports of crude petroleum from China, which more than tripled, from \$234.7 million in 1984 to \$715.7 million in 1985. U.S.

^{1/} For more details on the disruption of Romania's energy sector, see economic developments in Romania, later in this report.

^{2/} Ibid.

Table 8.--U.S. imports from the world and from the nonmarket economy countries (NME's), 1/
by SITC Sections, 1984 and 1985

SITC Section	Total imports		Imports from the NME's	
	1984	1985	1984	1985
Value (million dollars)				
0. Food and live animals-----	17,632	18,657	318	349
1. Beverages and tobacco-----	3,504	3,629	40	39
2. Crude materials--inedible, except fuel-----	11,184	10,503	142	153
3. Mineral fuels, lubricants, etc-----	60,426	53,433	1,307	1,521
4. Oils and fats--animal and vegetable-----	691	649	3	1
5. Chemicals-----	13,485	14,205	479	537
6. Manufactured goods classified by chief material-----	46,154	46,685	1,025	971
7. Machinery and transportation equipment-----	118,427	136,732	218	246
8. Miscellaneous manufactured articles-----	41,812	47,949	1,635	1,915
9. Commodities and transactions not elsewhere classified-----	9,674	11,111	31	58
Total-----	322,990	343,553	5,198	5,791
Percent of total				
0. Food and live animals-----	5.5	5.4	6.1	6.0
1. Beverages and tobacco-----	1.1	1.1	.8	.7
2. Crude materials--inedible, except fuel-----	3.5	3.1	2.7	2.6
3. Mineral fuels, lubricants, etc-----	18.7	15.6	25.2	26.3
4. Oils and fats--animal and vegetable-----	.2	.2	.1	.2
5. Chemicals-----	4.2	4.1	9.2	9.3
6. Manufactured goods classified by chief material-----	14.3	13.6	19.7	16.8
7. Machinery and transportation equipment-----	36.7	39.8	4.2	4.2
8. Miscellaneous manufactured articles-----	12.9	14.0	31.5	33.1
9. Commodities and transactions not elsewhere classified-----	3.0	3.2	.6	1.0
Total-----	100.0	100.0	100.0	100.0

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

2/ Less than 0.05 percent.

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

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

Table 9.--U.S. imports from the nonmarket economy countries, by SITC Sections, October-December 1985

(In thousands of dollars)

SITC Section	Albania	Bulgaria	China	Cuba	Czecho- slovakia	East Germany	Hungary
Food and live animals-----	-	764	29,383	-	1,067	39	11,878
Beverages and tobacco-----	-	5,209	1,177	-	681	143	194
Crude materials--inedible, except fuel-----	812	122	29,644	-	17	52	815
Mineral fuels, lubricants, etc-----	-	-	265,211	-	-	543	68
Oils and fats--animal and vegetable-----	-	-	623	-	-	-	-
Chemicals-----	-	235	43,881	-	298	5,132	5,417
Manufactured goods classified by chief material-----	-	126	191,108	-	5,951	4,873	5,820
Machinery and transportation equipment-----	-	834	20,201	-	1,464	2,504	15,083
Miscellaneous manufactured articles-----	-	1,733	422,447	-	6,112	2,136	9,854
Commodities and transactions not elsewhere classified-----	-	148	10,273	-	528	259	441
Total-----	812	9,172	1,013,948	-	16,117	15,682	49,571
	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Vietnam	Total
0. Food and live animals-----	335	-	30,701	1,289	5,730	-	81,186
1. Beverages and tobacco-----	-	-	361	437	3,201	-	11,404
2. Crude materials--inedible, except fuel-----	123	-	96	693	4,061	-	36,435
3. Mineral fuels, lubricants, etc-----	-	-	-	101,850	15,037	-	382,709
4. Oils and fats--animal and vegetable-----	-	-	-	-	-	-	623
5. Chemicals-----	-	-	1,389	80,134	53,736	-	190,222
6. Manufactured goods classified by chief material-----	-	-	10,697	15,709	13,066	-	247,351
7. Machinery and transportation equipment-----	-	-	6,015	5,650	1,423	-	53,176
8. Miscellaneous manufactured articles-----	7	-	6,674	25,295	422	12	474,692
9. Commodities and transactions not elsewhere classified-----	-	-	508	504	1,290	-	13,951
Total-----	465	-	56,441	231,560	97,967	12	1,491,748

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

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

imports from China of refined petroleum products declined 28.9 percent over the same period, from \$372.0 million to \$264.6 million, the net result being an increase in imports of all petroleum and related products from China of 62.0 percent. U.S. imports of refined petroleum products from the Soviet Union declined by 47.8 percent and from Eastern Europe, by 13.6 percent; imports from the Soviet Union decreased from \$191.6 million in 1984 to \$100.0 million in 1985 while imports from Romania, the primary Eastern European supplier, decreased from \$487.3 million to \$435.1 million over the same period. Although total imports of refined petroleum products from the NME's declined roughly 25 percent from 1984 to 1985, the level of imports during 1985, valued at \$799.9 million, exceeded that imported by the United States during the years 1981 through 1983.

The surge in China's exports of crude petroleum to the United States was part of an overall increase in its crude oil shipments to the world. During 1985, China experienced an unprecedented rise in overall imports while its exports virtually stagnated. By selling more crude petroleum, however, it partially offset the decline in its foreign exchange reserves. 1/ The decline in U.S. imports of Soviet petroleum products was likely a result of the decline in crude petroleum output during 1985 and delivery problems resulting from the severe weather conditions during the winter of 1984/85. 2/ The decline in Romania's petroleum exports may be partially explained by a disruption in Romania's energy production and by the fall in the price of oil.

Textiles and apparel

U.S. imports of textiles (SITC Division 65) and apparel (SITC Division 84) increased slightly, from \$1.4 billion in 1984 to \$1.5 billion in 1985, or by 4.7 percent. Imports from China of apparel and other textile products increased 6.1 percent to a total of \$1.3 billion in 1985. Eastern European suppliers of apparel, primarily Romania, Hungary, and Poland, decreased exports to the United States from a total of \$133.9 million in 1984 to \$121.1 million in 1985. Imports of other textile products from Romania, accounting for roughly one-half of such imports from Eastern Europe, increased 21.7 percent, from \$18.3 million to \$22.3 million over this period, while imports from the other major Eastern European supplier, Poland, declined 21.0 percent, from \$11.8 million to \$9.3 million. In net, total U.S. imports of textiles and apparel from Eastern Europe declined 5.1 percent, from \$173.2 million in 1984 to \$164.4 million in 1985.

Iron and steel products

U.S. imports of iron and steel products (SITC Division 67), imported primarily from Eastern Europe, declined 22.5 percent, from \$198.9 million in 1984 to \$154.3 million in 1985. With the exception of Romania and Bulgaria, all Eastern European suppliers decreased exports to the United States by at least 30 percent during 1985 compared with 1984: East Germany decreased

1/ See the references to China earlier in this section and Foreign Trade in the section on economic developments in China, later in this report.

2/ For more details, see section on economic developments in the Soviet Union, later in this report.

shipments to the United States from \$70.3 million in 1984 to \$24.3 million in 1985, or by 65.4 percent; Poland decreased shipments from \$24.2 million to \$15.8 million, or by 34.8 percent; Czechoslovakia's shipments declined from \$15.1 million to \$10.4 million, or by 30.6 percent; and Hungary decreased shipments from \$9.9 million to \$6.7 million, or by 32.8 percent. Romania's shipments, conversely, increased from \$73.2 million in 1984 to \$90.2 million in 1985, or by 23.2 percent. Total U.S. imports from Eastern Europe amounted to \$147.5 million in 1985.

The decline in exports from Eastern Europe resulted from voluntary export restraint agreements negotiated between the United States and these five countries during February 1985 through July 1985. As a result, imports of iron and steel products declined significantly during July-December 1985 compared with such imports during January-June 1985. Thus, while Romania's shipments during 1985 were 23.2 percent higher than during 1984, this increase was a result of very large exports that occurred during the first part of 1985. 1/

Miscellaneous manufactured articles

U.S. imports of miscellaneous manufactured articles n.s.p.f. (SITC Division 89) from the NME's increased 52.9 percent from \$318.9 million in 1984 to \$487.5 million in 1985. Almost the entire increase in such imports is the result of a 150.2-percent increase in imports of toys from China, from \$99.6 million in 1984 to \$249.3 million in 1985, which accounted for over one-half of all imports of these miscellaneous manufactured articles from the NME's in 1985. Two of the top 10 U.S. import items from the NME's that increased substantially from 1984 to 1985 were toys from China (table 10).

Other imports

U.S. imports of inorganic chemicals (SITC Division 52) from the NME's declined 10.4 percent, from \$174.9 million in 1984 to \$156.6 million in 1985. This decline was the result of a decline in imports from the Soviet Union, which decreased from \$141.9 million to \$118.7 million over this period, or by 16.4 percent. U.S. imports from China of inorganic chemicals, conversely, increased from \$30.3 million in 1984 to \$35.7 million in 1985, or by 17.7 percent, and accounted for 22.8 percent of all U.S. imports of this item from the NME's in 1985. Two inorganic chemicals from China are among the 20 U.S. import items for which the NME's collectively accounted for the largest import shares among total U.S. imports in 1985 (table 11).

U.S. imports of manufactured fertilizers from the NME's (SITC Division 56) also declined, from \$130.1 million in 1984 to \$108.8 million in 1985. This decline was the result of a decline in imports from Eastern Europe, which decreased from \$76.4 million in 1984 to \$51.5 million in 1985, or by 32.5 percent. Imports from the Soviet Union increased slightly, from \$53.7 million to \$57.1 million during the same period, or by 6.4 percent.

1/ For more details, see 44th quarterly Report..., p. 29.

Table 10.--20 U.S. Import items from the nonmarket economy countries (NME's) which changed substantially, by TSUSA items, 1984 and 1985 1/

TSUSA item no.	Commodity	Major NME supplier	Percentage change, 1985 from 1984		Value of imports from all NME's in 1985 1,000 dollars
			All NME's	World	
			-----Percent-----		
	Substantially increased:				
706.4144	Backpacks n.s.p.f., of textile materials except cotton	China	576.1	38.4	6,987
384.5315	Women's, girls', or infants' sweaters of vegetable fibers except cotton, not ornamented, knit, not subject to fiber restraints	do	2/ 511.7	2/ 343.5	2/ 48,641
475.4500	Oils used for lubricating and derived from petroleum, shale oil or both, with or without additives	do	469.4	-10.8	7,478
737.4000	Toys not having a spring mechanism, not stuffed, not wholly or almost wholly of metal	do	426.2	25.2	13,162
706.3840	Handbags of vegetable fibers and not of pile or tufted construction, except cotton	do	423.0	22.8	2,851
381.6996	Men's or boys' trousers, slacks, and shorts n.s.p.f., of vegetable fibers except cotton, not ornamented, not knit	do	3/ 342.1	3/ 370.5	3/ 10,755
252.6500	Standard newsprint paper	do	331.2	10.1	7,404
386.1343	Lace or net articles, whether or not ornamented of man-made fibers	do	316.5	26.8	2,091
169.3700	Vodka, not over 1 gallon, valued not over \$7.75 per gallon	U.S.S.R.	307.4	259.3	7,220
737.9555	Toys n.s.p.f., wholly or almost wholly of rubber or plastics	China	287.9	90.6	8,642
	Substantially decreased:				
480.5000	Potassium chloride, crude	East Germany	-89.3	-25.1	1,734
518.0650	Aluminum, other than uniform circular cross-section throughout its length, not in coil	U.S.S.R.	-86.1	-18.9	1,003
507.8360	Sheets of iron or steel, not clad, pickled or cold rolled, not annealed and having a minimum yield point of 40,000 P.S.I.	East Germany	-81.3	-24.1	5,896
518.2563	Aluminum sheets and strip, not clad, n.s.p.f.	Hungary	-81.2	-26.0	5,562
381.3120	Men's or boys' coats of man-made fibers, not knit, except suit-type coats and jackets	China	4/ -78.3	4/ -32.8	4/ 913
408.6100	Polyamide resins, nylon type	do	-77.8	.8	910
507.6740	Sheets of iron or steel not pickled and not cold rolled, other than alloy iron or steel, not in coils	Hungary	-76.3	-19.1	609
366.2740	Shop towels, n.e.s., of cotton, not ornamented, not jacquard-figured	China	-75.0	-39.0	1,672
480.6560	Nitrogenous fertilizers and fertilizer materials, n.s.p.f.	Romania	-73.8	2.3	1,141
522.2400	Fluorspar, containing not over 97 percent by weight of calcium fluoride	China	-72.6	-45.2	1,059

1/ Only items which accounted for at least 500,000 dollars' worth of imports in both 1984 and 1985 are included in this table.

2/ TSUSA item 384.5315 was created on Sept. 1, 1985, from former TSUSA item 383.5289. The value reported for 1985 represents combined imports under the two numbers; percent changes were calculated using combined imports under the two numbers for 1985, and imports under item 383.5289 for 1984.

3/ TSUSA item 381.6996 was created on Sept. 1, 1985, from former TSUSA item 379.6996. The value reported for 1985 represents combined imports under the two numbers; percent changes were calculated using combined imports under the two numbers for 1985, and imports under item 379.6996 for 1984.

4/ TSUSA item 381.3120 was created on Sept. 1, 1985, from former TSUSA item 379.3120. The value reported for 1985 represents combined imports under the two numbers; percent changes were calculated using combined imports under the two numbers for 1985, and imports under item 379.3120 for 1984.

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

Table 11.--20 U.S. Import Items for which the nonmarket economy countries (NME's) collectively accounted for the largest market share in 1985, by TSUSA Items, 1984 and 1985 1/

TSUSA Item no.	Commodity	Major NME supplier	Share of total imports accounted for by NME'S		Value of imports from all NME'S in 1985
			1984	1985	
			-----Percent-----		1,000 dollars
.4293	Camel hair, in the grease or washed, sorted	China	84.8	100.0	1,849
.6400	Pseudocumene	U.S.S.R.	73.5	100.0	1,374
.4000	Tungstic acid	China	99.4	99.9	1,148
.6200	Cashmere goat hair, and like hair of other animals, in the grease or washed, sorted	do	90.1	99.3	4,278
.4300	Floor coverings n.s.p.f., of wool, woven, valued over 30 cents per square foot, certified hand-loomed and folklore products	Romania	96.3	97.0	1,454
.5600	Tungstate	China	.0	96.0	1,181
.1923	Poplin or broadcloth, having 40 or more warp ends than filling picks per inch, not fancy or figured of number 19	do	2/	94.0	1,391
.3000	Bristles, crude or processed	do	98.2	91.4	9,194
.0000	Handmade-lace furnishings, of cotton, valued not over \$50 per pound	do	95.4	90.3	6,529
.3200	Coumarin, from whatever source obtained, derived, or manufactured	do	96.4	89.8	1,651
.0120	Horses, female	Poland	.0	89.1	1,306
.3520	Ferrosilicon containing over 8 percent but not over 30 percent by weight of silicon	U.S.S.R.	.0	88.8	1,386
.3758	Women's, girls', or infants' velvet suit-type coats and jackets, of cotton, valued over \$4 each, not ornamented, not knit	China	3/ 73.7	3/ 88.7	3/ 1,321
.3120	Ordinary glass, weighing over 16 but not over 18.5 ounces per square foot, not over 40 united inches	Romania	87.4	88.0	1,499
.0110	Horses, male, for breeding	Poland	77.6	86.1	1,586
.1000	Hardboard, valued \$48.33-1/3 to \$96.66-2/3 per short ton	U.S.S.R.	87.4	86.1	1,575
.4800	Men's gloves, not lined or seamed, valued not over \$20 per dozen pair	China	88.4	85.6	1,132
.5700	Floor coverings of unspun vegetable materials, n.e.s.	do	85.6	85.0	4,738
.5949	Woven printcloth fabrics, of man-made fibers, over 85 percent noncellulosic, less than 5 ounces per square yard, spun	do	4/	84.9	2,285
.3700	Vodka, not over 1 gallon, valued not over \$7.75 per gallon	U.S.S.R.	74.4	84.4	7,220

1/ Only items which accounted for at least 1 million dollars' worth of imports in 1985 are included in this table.

2/ TSUSA item 320.1923 was created on Sept. 1, 1985, along with fourteen other items, from former TSUSA item 320.1926.

3/ TSUSA item 384.3758 was created on Sept. 1, 1985, from former TSUSA item 383.3458; the figures reported for 1985 reflect combined imports under the two numbers. TSUSA item 383.3458 had been redefined on Jan. 1, 1985, encompassing the commodity covered by TSUSA item 383.3450 during 1984. While there were imports under item 383.3458 during 1984, these imports were of a different commodity than was covered by this item number during 1985; thus, the percent reported for 1984 reflects imports under item 383.3450.

4/ TSUSA item 338.5949 was created on April 1, 1985, along with 30 other items, from 19 former TSUSA items.

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

U.S. imports from the NME's of non ferrous metals (SITC Division 68) declined 15.7 percent, from \$167.7 million in 1984 to \$141.4 million in 1985. While imports of this item from China more than doubled over this period, from \$34.0 million to \$78.8 million, this increase was more than offset by a decline in such imports from the Soviet Union of 45.0 percent and from Eastern Europe of 72.3 percent. The increase in imports from China of non-ferrous metals was largely the result of increased imports of tin, which more than tripled, from \$20.7 million in 1984 to \$61.9 million in 1985. The decline in such imports from the Soviet Union was primarily the result of a decline in platinum imports from \$85.3 million to \$48.8 million over this period. Imports of aluminum from Eastern Europe, mostly from Romania and Hungary, declined sharply, from \$35.5 million in 1984 to \$8.6 million in 1985.

U.S. imports of travel goods and handbags (SITC Division 83), primarily from China, increased 53.2 percent, from \$96.6 million in 1984 to \$147.9 million in 1985.

DEVELOPMENTS AFFECTING COMMERCIAL RELATIONS WITH THE UNITED STATES

New Rules on COCOM Review of Controlled Exports to China

On December 27, 1985, the International Trade Administration of the Department of Commerce amended the U.S. export administration regulations 1/ to incorporate new rules on exports to China approved by the member countries of the Coordinating Committee for Multilateral Export Controls (COCOM). 2/ Under these new rules, 27 of the 120 categories of equipment and related technology on the COCOM's control list will no longer be subject to its review and approval before sale to China. The largest group of items removed from COCOM control when destined for China was a number of categories of data-processing computers, but other categories also include certain miniaturized circuits, semiconductor production equipment, and scientific instruments. Thus, U.S. companies exporting such goods and related technical services to China will now require only a U.S.-approved validated license for each sale. 3/ If these commodities are initially shipped to another COCOM country, the new amendments to the U.S. regulations also permit that country to license them for reexport to China.

The net effect of this change in procedure should be a substantial decrease in the overall time required for processing licenses to export to China. Early in 1985, the Commerce Department established a special unit within its Office of Export Administration to handle only license applications for sales to China. By this means, the United States was able to virtually eliminate its previously large backlog of these applications and, in many cases, reduce the license processing time to only a few weeks. However, most U.S.-approved licenses still required the approval of the COCOM, which meant that U.S. technology sales to China remained subject to lengthy delays because of the backlog of applications that the COCOM had accumulated. Moreover, the problems that the COCOM was experiencing were only partly due to the large number of sales to China by member countries that it was required to review--a total of 3,200 in 1984 alone. Its processing of applications is also slow because the staff is small and because the unanimity rule of the COCOM requires that all member countries must approve each sale subject to its review.

According to an estimate made by U.S. officials, the number of member-country sales to China that the COCOM handles will be cut by half. 4/ Thus, companies selling goods to China that no longer require COCOM clearance will derive the greatest benefit from the new ruling, but this change in procedure should also expedite the processing of the COCOM's remaining China cases.

1/ 50 F.R. 52901.

2/ The member countries of COCOM are the NATO countries (except Spain and Iceland) plus Japan. COCOM was established in 1949 to provide a system of international control over the transfer of technology with military, or potential military, significance to Communist countries.

3/ Although the U.S. Commodity Control List (CCL) includes all items covered by the 27 COCOM categories no longer requiring approval for sale to China, the CCL and the COCOM control list do not correspond exactly with one another.

4/ Business China, Nov. 21, 1985, p. 169.

United States-China Nuclear Cooperation Agreement

On July 23, 1985, the United States and China signed a bilateral agreement on peaceful nuclear cooperation. 1/ The proposed agreement was submitted to the Congress on July 24 for a 30-day continuous session period of consultations between the administration and the Senate Foreign Relations and House Foreign Affairs Committees. This was followed by a 60-day period of continuous session during which Congress could approve or disapprove the pact. 2/ It was approved by the Senate in November and by the House before the legally stipulated review period ended on December 11, but until a Senate-passed amendment to a continuing resolution was defeated in a House-Senate conference on December 16, the fate of the agreement was unclear. To provide further assurance that any U.S. nuclear materials going to China would not be reexported to third countries, this amendment would have imposed additional conditions that the Chinese had declared they would not accept. On the same day, President Reagan signed into law (P.L. 99-183) a joint resolution of the Congress that affirmed its approval of the agreement, and on December 30 the two countries exchanged diplomatic notes at a ceremony in Beijing, formally putting the agreement into effect. The joint congressional resolution requires that, before exports to China under the agreement begin, the President must certify that he has taken steps to ensure that the material is to be used solely for the intended peaceful purposes. In addition, the President is required to provide the Congress a report on China's nonproliferation policies and practices prior to the commencement of exports. 3/

Background on the agreement

The United States and China began negotiations in 1981 on an agreement that would permit U.S. companies to participate in China's program to build a series of nuclear power facilities by the year 2000. The agreement was initialed by President Reagan and China's Premier Zhao Ziyang on April 30, 1984, during the President's visit to China, but the United States took no further steps to bring the pact into effect for another 15 months. Although the text of the agreement initialed in 1984 was fully consistent with all provisions of U.S. nuclear law (and remained unchanged when approved in 1985), 4/ some officials in the executive branch as well as members of the Congress were concerned about China's position on nuclear nonproliferation.

1/ The agreement was signed in Washington during the state visit of Chinese President Li Xiannian.

2/ The requirements for transmission of a nuclear cooperation agreement to the Congress for consultation and review are provided for in sec. 123 of the Atomic Energy Act of 1954.

3/ For more detailed information, see Weekly Compilation of Presidential Documents, vol. 21, No. 51 (Dec. 23, 1985), p. 1506, and U.S. Department of State, U.S.-China Peaceful Nuclear Cooperation (fact sheet), Jan. 2, 1986, updated Feb. 11, 1986, pp. 2-3.

4/ The text contains provisions that are required by sec. 123 of the Atomic Energy Act for such agreements with other nuclear weapons states. For more details, see U.S. Department of State, U.S.-China Peaceful Nuclear Cooperation (fact sheet), Jan 2, 1986, updated Feb. 11, 1986, pp. 1-2.

This concern was mainly due to reports that China may have assisted Pakistan in its efforts to achieve nuclear weapons capability. Such assistance would have been in keeping with China's official policies during the 1960's, when it described nuclear weapons as "a tool for liberating the Third World," 1/ and the 1970's, when its avowed position was that selective nuclear assistance should be given to allies. 2/

The decision to move forward with the agreement was prompted by a series of actions taken by China during 1984 and 1985. In January 1984, it became a member of the International Atomic Energy Agency (IAEA), a step indicating that the Chinese agreed in principle to adhere to the IAEA system of safeguards or to similar controls on nuclear exports. 3/ Also, in making a dinner toast at the White House later that month, Premier Zhao declared that the Chinese "do not engage in proliferation . . . , nor do we help other countries develop nuclear weapons." This statement was later repeated by the premier before China's National People's Congress (NPC), and was endorsed by the NPC, giving it the effect of a policy directive to all organs of the Chinese Government. 4/ China's position was further clarified when it accepted IAEA safeguards in the nuclear agreements it negotiated with Argentina, Brazil, Japan, and West Germany. In addition, the United States and China continued to hold bilateral discussions during the year following the initialing of the agreement. The purpose of this series of talks was to give U.S. officials the assurance that a mutual understanding had been reached on implementing the proposed pact in a manner consistent with basic nonproliferation practices common to the United States and other producers of nuclear power equipment and materials. 5/ Thus, although China's present policy position has not yet been tested, these developments indicate a positive evolution of its nonproliferation policy.

Foreign participation in China's nuclear power program

During the years since negotiations on the agreement began, the economic benefits that U.S. companies could expect to derive from nuclear sales to China have diminished considerably. When the Chinese initially announced their decision to undertake a nuclear power program to increase domestic energy output as their demand for electrical power continued to increase, their plans called for building 8 or 10 large reactors, which they predicted would involve imports of equipment and related technical services worth about \$20 billion. However, during an interview he gave in early 1985, Zhou Ping, China's Vice Minister of Nuclear Industry, stated that "China will basically be able to manufacture complete equipment for large nuclear power stations

1/ Eliot Marshall, "Congress to Review Chinese Nuclear Trade," Science, p. 737, reprinted in Department of Defense, Current News: Special Edition--Technology Security, Oct. 3, 1985, p. 17.

2/ Ibid.

3/ For more detailed information, see 37th Quarterly Report . . ., pp. 48-49.

4/ U.S. Department of State, op. cit., pp. 3-4.

5/ U.S. Department of State, U.S.-P.R.C. Peaceful Nuclear Cooperation (press release), February 1985, and Eliot Marshall, op. cit.

after the completion of three or four large reactors." 1/ Even optimistic estimates now indicate that the potential value of China's total nuclear imports--including, in addition to the true nuclear components, the design and engineering services, electrical generating equipment, transformers, and other plant parts--will amount to between \$6 billion and \$8 billion. 2/

Although the Chinese have repeatedly expressed interest in obtaining U.S. nuclear technology and equipment, U.S. companies are now facing an already crowded and highly competitive market. Other countries from which China can purchase complete nuclear power plants are Canada, France, the United Kingdom, West Germany, Sweden, Japan, and the Soviet Union. In addition to these countries, Holland, Italy, Spain, Brazil, and Czechoslovakia are competing with U.S. companies to sell major components for nuclear plants to China. The awarding of contracts by China is likely to involve considerable bargaining over price and the financing arrangements. 3/

Steps to Improve U.S.-Soviet Commercial Relations

Resumption of high-level dialogue on trade

As part of President Reagan's policy of seeking a better working relationship with the Soviet Union, the United States resumed a high-level dialogue on trade and commercial relations with the Soviet Union during the year under review. 4/ In official trade talks, which were capped by a meeting of the Joint U.S.-U.S.S.R. Commercial Commission in May, the United States sought improved access to the Soviet market for U.S. firms and the expansion of "peaceful" trade; that is, trade consistent with U.S. national security controls and existing laws. The U.S. side took the position that fundamental changes in bilateral trade relations could not take place without parallel improvements in other aspects of the bilateral relationship. 5/ Although they

1/ Foreign Broadcast Information Service (FBIS), China: Daily Report, Jan. 28, 1985, p. K 19.

2/ Eliot Marshall, op. cit.

3/ During 1985, the negotiations on contracts to construct China's first large nuclear power facility, a two-reactor (1,800 megawatt) plant at Daya Bay in Guangdong Province, were stalled over China's demand for an overall 15-percent price cut. According to Business China (Jan. 13, 1986, p. 3), the arrangements that were incorporated into a memorandum of understanding with Framatome of France in December 1985 called for the French company to supply two pressurized water reactors for about \$700 million each, a price considerably lower than its original bid. Framatome will also supply 100 percent of the financing at 9.85 percent interest.

4/ This policy was enunciated in a speech by the President on Jan. 16, 1984. During 1984, the United States and the Soviet Union agreed to renew the bilateral agreement on economic, industrial, and technical cooperation and to hold a meeting of the Experts Working Group. (41st Quarterly Report . . ., pp. 69, 71.)

5/ "Agreed Report of the Eighth Session of the Joint U.S.-U.S.S.R. Commercial Commission," Business America, June 10, 1985, p. 12. For a more detailed statement of U.S. policy, see "Statement of Honorable Malcolm Baldrige, Secretary of Commerce Before the Subcommittee on Trade, Productivity, and Economic Growth, Joint Economic Committee," Oct. 9, 1985, mimeo., pp. 2-4.

stated that prospects for expanding mutually beneficial trade existed, Soviet officials opposed tying trade to aspects of the bilateral relationship that in their view had no bearing on trade.

Before agreeing to schedule a session of the JCC, the two countries held a meeting of the Experts Working Group on January 8-9 in Moscow. 1/ The talks covered the status of bilateral trade, obstacles to expanded trade, and areas in which trade expansion would be beneficial. They also included some preliminary discussion of potential areas in which trade could be expanded and joint projects by U.S. companies and Soviet organizations. The U.S. delegation was led by former Under Secretary of Commerce Lionel H. Olmer and the Soviet by former Deputy Foreign Trade Minister Vladimir N. Sushkov.

The JCC met on May 20 and 21 in Moscow under the chairmanship of Secretary of Commerce Malcolm Baldrige and the former Foreign Trade Minister Nikolai S. Patolichev. Focusing on trade in industrial goods and services, the participants discussed 50 potential projects, including 20 identified by the U.S. side. 2/ The U.S. delegation noted that most of the items related to the projects under consideration may be exported without a validated license or would be likely to be approved for export, if validated licenses were required. 3/

In Secretary Baldrige's view, the most important achievement of the JCC was "that both sides agreed that they wanted to expand trade where that was possible now, and that a clear signal to this effect was given to businessmen and trade executives on both sides." 4/ The Soviet Foreign Trade Minister agreed to provide Soviet Foreign Trade Organizations (FTO's) with the Agreed Report on the meeting and to instruct them in writing to provide bid invitations to U.S. firms; to allow U.S. businessmen access to Soviet trade and purchasing officials; and to consider proposals by U.S. companies fully on their economic merits. Secretary Baldrige agreed to make the Agreed Report available to U.S. firms and to encourage them to explore commercial opportunities in the Soviet Union. 5/ At the meeting, Secretary Baldrige announced that, in consideration of the Soviet commitment to improve conditions for U.S. firms, the administration would propose legislation

1/ The Experts Working Group, or Working Group of Experts as it is sometimes called, consists of American and Soviet trade officials below the rank of Secretary or Minister. This group was established under the 1974 U.S.-Soviet agreement on economic, industrial, and technical cooperation to exchange economic information and forecasts that could be useful in identifying trade prospects. It had last met in December 1978.

2/ Among the areas under consideration are projects and equipment for food processing and agribusiness, earthmoving equipment, mining and forestry equipment, pollution control equipment, irrigation equipment, agricultural chemicals, building materials, pulp and paper equipment, medical equipment and supplies, and consumer goods production facilities. ("Statement of Honorable Malcolm Baldrige . . .," op. cit., p. 11.)

3/ "Agreed Report . . .," op. cit., p. 12.

4/ "Statement of Honorable Malcolm Baldrige . . .," op. cit., p. 3.

5/ This commitment was met through the publication of an open letter from the Secretary to the U.S. business community, together with the text of the Agreed Report, in the June 10 issue of Business America.

lifting the ban on the importation of seven kinds of furskins from the Soviet Union. 1/ Other measures to promote bilateral trade agreed to by the two countries included the resumption of U.S. trade promotion activities in the Soviet Union, the reestablishment of a business facilitation committee to solve problems encountered in conducting business in the other country, and the formation of a projects subcommittee to follow up on proposals made by U.S. companies. In addition, the two countries also agreed to hold the next session of the JCC in 1986 and to resume talks on maritime issues. 2/

Meeting of the U.S.-U.S.S.R. Trade and Economic Council

The U.S.-U.S.S.R. Trade and Economic Council (USTEC) held its ninth annual meeting in Moscow on December 9-11, 1985. USTEC is a nongovernmental organization of U.S. businesses and Soviet FTO's.

The session was attended by a record 350 U.S. business leaders. A spokesman for USTEC attributed the large turnout to the timing of the session--a few weeks after the Reagan-Gorbachev summit. The participants met with Nikolai I. Ryzhkov, the new Chairman of the Council of Ministers, Boris I. Aristov, the new Minister of Foreign Trade, and Vsevolod S. Murakhovsky, the Chairman of the newly created U.S.S.R. State Agro-Industrial Committee and First Deputy Chairman of the Council of Ministers; they also attended a dinner hosted by Gorbachev in the Kremlin. The U.S. delegation was accompanied by a group of Government officials led by Secretary Baldrige.

In a speech at the dinner, the General Secretary discussed a number of U.S. policies that he viewed as "political obstacles" to the development of bilateral trade: the ban on the extension of MFN tariff treatment and official credits, national security export controls, and the use of foreign policy export controls. He held out the prospect of large long-term projects and numerous medium and small business deals, but only if these "obstacles" were removed. 3/ In a speech during the session, Secretary Baldrige reiterated the U.S. Government position that bilateral trade could not be expanded without progress in other aspects of the bilateral relationship, reportedly stating that "without such progress, trade must grow within current U.S. restrictions." 4/

1/ U.S. imports of ermine, fox, kolinsky, marten, mink, muskrat, and weasel furskins from the Soviet Union have been prohibited since Jan. 5, 1952 under the authority of section 11 of the Trade Agreements Act of 1951. Legislation to remove the ban, which is contained in headnote 4, subpt. B, pt. 5, schedule 1 of the Tariff Schedules of the United States, was introduced by Representative Gibbons on July 17, 1985 (H.R. 3019) and by Senator Dole on Oct. 30 (S. 1809).

2/ As part of its response to the imposition of martial law in Poland, the United States suspended negotiations on a new maritime agreement in December 1981. The agreement, which expired at the end of 1981, provided for sharing by U.S. and Soviet vessels in the carriage of bilateral cargoes and allowed each country's vessels to enter 40 ports in the other country on 4 days notice.

3/ FBIS, Soviet Union: Daily Report, Dec. 11, 1985, pp. A9.

4/ New York Times, Dec. 11, 1985, p. D1.

During the session, three U.S. firms concluded agreements on technical cooperation and two American firms signed protocols to existing agreements. 1/ All of these agreements were with the U.S.S.R. State Committee for Science and Technology.

Commercial bank loan for purchases of U.S. and Canadian grain

In November 1985, First National Bank of Chicago led a group of major U.S. banks and the London subsidiary of the Royal Bank of Canada in raising a \$400 million credit facility. 2/ The Soviet Foreign Trade Bank (Vneshtorgbank) may draw upon this facility, known as a banker's acceptance facility, for 3 years to pay for grain purchased from the United States and Canada. Three quarters of the grain is to be of U.S. origin, and the remainder Canadian. The interest rate is one-quarter point above LIBOR (London inter-bank offer rate) and any drawings on the facility must be repaid within 6 months.

This syndication, which was reportedly proposed by Soviet officials in October, reflects the hard-currency squeeze facing the Soviet Union in light of declining prices for oil and natural gas. 3/ It was preceded by several other large syndications led by non-U.S. banks during the year and a smaller syndication led by First National Bank of Chicago in July. 4/

Bilateral cooperation in agriculture

A protocol reactivating bilateral cooperation in agriculture was signed on June 18 at the seventh session of the U.S.-U.S.S.R. Joint Committee on Cooperation in the Field of Agriculture. 5/ U.S.-Soviet agricultural cooperation is governed by an agreement signed in 1973 and renewed in 1978 and 1983. Cooperative activities under the agreement declined after the Joint Committee stopped meeting in the late 1970's and were virtually halted in 1980 after the Soviet invasion of Afghanistan.

The protocol, which will govern bilateral cooperation for 1 year until the next session of the Joint Committee is held during the second half of 1986, provided for cooperative activities on 20 topics. The activities planned for 1985/86 include exchanges of information, visits by agricultural specialists and trainees, joint seminars, and joint scientific work. They

1/ This followed the announcement in mid-November of a contract by Caterpillar Tractor to sell the Soviet Union 200 tractors and 39 pipelayers.

2/ Washington Post, Nov. 27, 1985, p. D3.

3/ For information on Soviet oil exports and hard-currency position, see section on the Soviet economy below.

4/ This syndication was an 8-year credit of \$200 million for general trade financing and did not involve funds raised in the United States. ("Testimony of William J. McDonough, Executive Vice President and Chief Financial Officer, First Chicago Corporation, Before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, Washington, D.C., Sept. 26, 1984," mimeo., p. 3.)

5/ The meeting, which was held on June 17 and 18 in Moscow, was the first since 1978. The session was cochaired by Daniel Amstutz, Under Secretary of Agriculture for International Affairs and Vladimir G. Kozlov, Deputy Minister of Agriculture.

cover the two areas for cooperation established in the 1973 agreement: agricultural research and technological development, and agricultural economic research and information. ^{1/}

The protocol also provided for the continuation and improvement of exchanges of economic information and agricultural publications. The exchanges of economic information, which include visits by U.S. observation teams to Soviet crop-producing areas during the growing season, are of particular interest to the United States. Since the Soviet Union provides the United States with only limited data on current production, the information obtained by the crop observation teams is particularly useful to the U.S. Department of Agriculture in projecting Soviet crop yields and their likely impact on world commodity markets. These visits were authorized by the 1973 agreement, but they had become less frequent and were halted for a while.

The Joint Committee also agreed in principle on an exchange of young specialists and farmers. During the Block visit to Moscow in August, it was announced that the exchange program would start in the summer of 1986. Up to 15 participants from each country will be selected to visit the other country for 12 weeks.

Accord on resumption of direct air service

During 1985, the United States and the Soviet Union reached an accord on the resumption of direct air service between Moscow and Washington, D.C. Flights by Aeroflot, the Soviet national airline, to the United States were restricted to two a week in 1980 following the Soviet Union invasion of Afghanistan and were suspended altogether in 1981 following the imposition of martial law in Poland. Aeroflot's offices in the United States were ordered closed in 1983 following the Soviet downing of a Korean Airlines jet. Pan American World Airways (Pan Am) operated direct flights from the United States to the Soviet Union during the 1970's, but discontinued its service in 1978 because it was unprofitable.

The new agreement was initialed on November 22 and was still awaiting final approval by both Governments at the end of the year. Final approval is subject to the implementation of safety measures on North Pacific air routes, which were agreed to by American, Soviet, and Japanese negotiators on November 19. ^{2/} The new accord amends the U.S.-Soviet Civil Air Agreement of 1967, which remained in effect despite the cessation of direct air service.

Soviet Wheat Purchases Fall Short of U.S.-Soviet Grain Pact

At 2.9 million metric tons (MMT), Soviet purchases of wheat during the second year covered by the 1983 U.S.-Soviet grain agreement (Oct. 1, 1984-Sept. 30, 1985), were less than the 4 MMT required by the

^{1/} For further details, see 43d Quarterly Report . . ., pp. 34-35.

^{2/} The agreement on air service between the United States and the Soviet Union was signed in Washington on Feb. 13, 1986 following the implementation of safety measures for North Pacific air routes.

agreement. 1/ At 15.8 MMT, Soviet purchases of corn were almost 4 times higher than the minimum requirement and were the highest since the first grain agreement went into effect in October 1976. The Soviet Union did not purchase any soybeans or soybean meal during the second agreement year. 2/

Why the Soviet Union, which had hithertofore met its annual purchasing commitments under the 1975 and 1983 agreements, failed to meet this year's wheat-purchasing requirement remains a matter of conjecture. According to press reports, Soviet officials told the Secretary of Agriculture, who was visiting Moscow in August, that they would meet the purchasing requirement. 3/ In late September, according to information later supplied by the Department of Agriculture, the Soviet Union contracted with grain companies to buy 1.1 MMT of grain, but did not specify the country of origin in the contracts. In early October, the Soviet Union specified the United States as the country of origin for 150,000 of the total order. The 150,000 tons of wheat are being counted by both countries against Soviet commitments for the third agreement year. 4/

Many U.S. analysts and Soviet spokesmen argued that economic considerations were the determining factor. According to USDA, Soviet imports of grain from all sources declined sharply from 11.2 MMT in July-September 1984 to an estimated 5.0 MMT in the corresponding period of 1985. USDA attributes this reduction to the increased availability of domestic supplies following the better harvest of 1985. U.S. wheat prices apparently are generally higher than prices offered by other suppliers--by as much as 20 percent, according to some estimates. 5/ The Soviets reportedly argued that U.S. wheat is not competitive and that the grain agreement obligates the United States to sell grain at the world market price. The U.S. Government, however, interprets the agreement as requiring sales at prevailing U.S. prices. 6/ In a speech at a conference in November on U.S.-Soviet trade, Soviet Deputy Minister of Foreign Trade Albert Melnikov reportedly explained

1/ The 1983 agreement, which replaced the original agreement signed in 1975, commits the Soviet Union to annual purchases of 9 MMT of grain. In each year, Soviet purchases must include 4 MMT of wheat and 4 MMT of corn. The remaining 1 MMT may be split between corn, wheat, soybeans, and soybean meal with 1 ton of soybeans or soybean meal counted as the equivalent of 2 tons of grain.

2/ In January 1986, the Soviets returned to the U.S. market and purchased about 1 MMT of soybeans.

3/ New York Times, Aug. 31, 1985, p. 44.

4/ U.S. Department of Agriculture, Office of Information, News, Oct. 17, 1985. (The agreement year to which a sale is credited is normally determined by the date of shipment rather than the date of the contract.)

5/ Even though wheat is a relatively homogeneous commodity, aggregate price comparisons are difficult since prices vary according to grade and quality, among other factors.

6/ The dispute centers around a clause contained in Article I of the grain agreement, which reads as follows: "Purchases/sales of commodities under this Agreement will be made at the market price prevailing for these products at the time of purchase/sale and in accordance with normal commercial terms." The first grain agreement contained a similar clause.

that "the unfulfilled long-term grain agreement for wheat was due to uncompetitive U.S. wheat prices and had 'nothing to do with the export bonus programme.'" 1/

The program Melnikov referred to is the Export Enhancement Program (EEP), which a few U.S. analysts have cited as a major factor in the Soviet decision. 2/ The Soviet market has not been targeted for this program. It allows USDA to release surplus food stocks held by the U.S. Government to enhance sales of wheat and other agricultural commodities to countries where the United States has lost market share to subsidized exports by third countries. EEP is narrowly targeted and is not intended to benefit all purchasers of U.S. wheat. Some U.S. analysts discount these explanations and attribute the Soviet failure to fulfill its obligation to political considerations, perhaps connected with the summit meeting in November. 3/

Reduction in Soviet Fishing Quota

Secretary Baldrige announced on April 3, 1985, that the United States would halve the amount of fish that the Soviet Union would be authorized to catch in U.S. waters from April 1, 1985 to March 31, 1986. The action was taken under a U.S. law requiring automatic reductions in a foreign country's annual fishing allocation when the Secretary of Commerce determines and certifies to the President that a fishing operation by a foreign country "diminishes the effectiveness" of an international fishery conservation program. The Secretary had determined that Soviet whaling in Antarctic waters was diminishing the effectiveness of the International Whaling Commission's (IWC) conservation program for Southern Hemisphere minke whales. 4/

The Secretary of Commerce's certification also meant that President Reagan could have issued an order prohibiting U.S. imports of Soviet fish and fisheries products, under the Pelly Amendment to the Fisherman's Protection Act. On May 31, the President informed Congress of his determination that an import ban would not aid in the administration's efforts to change the Soviet Union's policy on whaling, and that such an action would have only a negligible impact on the Soviet Union since its fishery products are highly marketable. However, he left himself the option of reassessing his position if the Soviet Union made no progress toward complying with the IWC program.

At the IWC's annual meeting in July, the Soviet Union announced its intention to temporarily suspend commercial whaling operations beginning in 1987. 5/ However, the implementation of the moratorium proposed by the Soviet Union may depend on the outcome of a Supreme Court case stemming from whaling by another nation. 6/

1/ East Europe Agriculture, Dec. 1985, p. 6.

2/ Wall Street Journal, Oct. 2, 1985, p. 4.

3/ Ibid.

4/ For additional information on the Secretary's certification and the status of the IWC quota under international law, see 43d Quarterly Report . . ., pp. 35-36.

5/ New York Times, July 20, 1985, p. 2.

6/ Interview with a State Department official.

The East European Debt Situation

Eastern Europe's progress in repaying its hard currency debts suffered a slight setback in 1985. The aggregate hard currency gross debts of the six East European countries (Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania) increased from \$60.7 billion in 1984 to an estimated \$62.7 billion in 1985 (table 12). ^{1/} The combined East European current account surplus declined from \$3.1 billion to \$2.0 billion over the period. The region's hard currency exports decreased from \$34.0 billion in 1984 to \$33.2 billion in 1985, while its hard currency imports increased from \$27.2 billion to \$28.4 billion. East European borrowing from Euromarkets also increased in 1985. ^{2/}

Table 12.--East European current account balances, gross and net debts, 1984 and 1985 ^{1/}

(In billions of dollars)

Country	: Current account :		: Gross debt :		: Net debt :	
	: balance :		: yearend :		: yearend :	
	: 1984 :	: 1985 :	: 1984 :	: 1985 :	: 1984 :	: 1985 :
Bulgaria-----	0.5	0.3	2.2	2.2	0.8	0.5
Czechoslovakia---	0.6	0.6	3.2	2.6	2.2	1.6
East Germany-----	1.1	0.8	12.3	13.1	7.3	7.0
Hungary-----	0.3	0.1	8.8	9.4	4.6	4.7
Poland-----	-0.8	-1.1	27.0	29.5	24.1	26.7
Romania-----	1.4	1.3	7.2	5.9	4.5	3.5
Total-----	3.1	2.0	60.7	62.7	43.5	44.0

^{1/} Gross debts include all hard currency liabilities. Net debts are smaller than gross debts by NME hard currency deposits in Western commercial banks.

Source: Compiled from estimates by Wharton Econometric Forecasting Associates.

Hard currency exports by all East European countries except East Germany and Czechoslovakia declined from 1984 to 1985. Years of investment austerity, damaging production efficiency and the quality of goods, may have been the most significant internal cause that blunted the region's export drive in 1985. Among the external factors, stiff competition offered by the newly industrialized countries, a reduction in the region's ability to acquire

^{1/} According to revised OECD estimates, East European gross debts amounted to \$59.3 billion in 1984.

^{2/} See Wharton Econometric Forecasting Associates, CPE Outlook for Foreign Trade and Finance, December, 1985, pp. 1-3.

Western high-tech products, 1/ and new Soviet claims on East European exports may have been the most significant. With the exception of Hungary and Czechoslovakia, all East European countries increased their hard currency imports from 1984 to 1985. Efforts to modernize industry and to sustain living standards through a flow of consumer goods explain the relaxation in the region's import austerity during the year under review.

A pause in Western commercial lending to some large Third World borrowers freed loanable funds and allowed for new Eastern European, mostly East German and Hungarian, borrowing from Euromarkets during 1985. The East Europeans deposited part of their new loans as reserves in Western banks, improving their cash position and creditworthiness. 2/ The financing of Western sales to Eastern Europe has also improved during 1985. It is widely expected that the region will increase its imports of Western plant and machinery during 1986. This seems to be the only alternative for the East European NME's to increase their competitiveness on world markets, a critical condition to eliminate their external imbalance.

As a combined result of trade and financial factors, the Polish and Hungarian debt problem worsened in 1985. Although East Germany's gross indebtedness also increased during the year under review, and its current account surplus was lower in 1985 than at anytime since 1981, its overall debt situation did not worsen. Its reserves amounted to \$4.5 billion in mid-1985 and the special economic ties it enjoys with the Federal Republic of Germany made the country a remote risk for default. Romania reduced both its gross and net debts from 1984 to 1985; its current account surplus remained over \$1 billion. Bulgaria and Czechoslovakia both have manageable hard-currency debt burdens, but they have preferred to reduce their debts further during the year under review.

In 1985, Poland was the only East European country that needed an adjustment of schedule to meet debt-payment obligations. On July 15, 1985, 17 Western governments and Poland signed a framework agreement to reschedule the East European country's obligations in repaying \$11-\$12 billion of its debts that were originally due to official Western creditors in the years 1982-1984. The agreement, reached after 7 months of difficult negotiations, stipulates that Poland will repay the principal owed in 12 equal, semi-annual installments during the 5-year period of 1991-95. On November 19, 1985, Poland's \$1.4 billion debt due to the same creditors in 1985 was also rescheduled under the exact same terms. Poland was to pay half of the interest due in 1985 on the rescheduled debt before December 31, 1985, with the remaining half to be paid in 4 equal installments before the end of each year between 1986 and 1989. 3/ Poland could not pay the \$550 million it owed

1/ This refers only to the possible effects of enforcement measures by the United States and its allies to prevent the illegal acquisition of Western technology by the NME's. Interview with Department of Commerce, Office of Export Administration.

2/ For details on borrowing by Eastern European countries in 1985, see Wharton, op. cit.; Euromoney Trade Finance Report, December 1985 pp. 4-6; Business Eastern Europe, Jan. 13, 1986, p. 13; and Business Eastern Europe, Jan. 20, 1986, pp. 17 and 18.

3/ For the terms of rescheduling, see Wharton Econometric Forecasting Associates CPE Outlook for Foreign Trade and Finance, December 1985, p. 36.

to Western creditor governments before December 31, 1985 under the agreement reached in July 1985. 1/

The success of the entire debt-repayment program hinges on bilateral agreements between Western creditor governments and Poland. 2/ In 1985, Austria, France, the United Kingdom, and West Germany have signed such agreements. The expectation of Polish officials that these bilateral agreements would yield substantial new loans did not materialize during 1985. 3/

A further complication is the alleged demand by Western governments that Poland give equal treatment to its private and official creditors. This means that Poland may have to ask its commercial creditors to renegotiate existing payment agreements with them in order to free some of its export revenues from servicing commercial debts 4/ to servicing official debts. 5/

Polish debts to the West are expected to grow from \$26.7 billion at the end of 1985 to \$34.0 billion by 1991.

The Soviet Union has reportedly rescheduled Poland's debt of approximately \$6 billion until after 1990. 6/

Developments in Export Administration

The enactment of the Export Administration Amendments Act of 1985 in July ended over two years of debate on revisions of the Export Administration Act

1/ See Business Eastern Europe, Jan. 13, 1986, p. 12. Poland's debt service obligations totaled \$3 billion in 1985, its hard currency surplus from merchandise trade and services amounted to only \$2 billion. (44th Quarterly Report . . . p. 34) The creditors granted a 90-day grace period on this payment. See, Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Jan. 24, 1986, p. G1.

2/ The Polish Finance Minister S.T. Niekarz warned in an interview, that without significant new credits the agreement may not work: "Poland's balance of payments will not permit implementation of that agreement unless new credits are extended. We want to be certain that the essential inflow of new credits will take place already in 1985 and that a full normalization of credit relations will occur." See Bank for International Settlements, BIS, Press Review, Aug. 22, 1985, p. 6. Poland received less than \$200 million new credit rather than the \$600-\$800 million anticipated. See, Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Jan. 22, 1986, p. G6.

3/ For example, Austria agreed to \$40 million (Department of State, Warsaw cable no. 8842), and France to only \$22 million (Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Jan. 13, 1986, p. G1.

4/ Poland owes about \$13-14 billion to commercial creditors. For rescheduling agreements with private creditors see, 41st Quarterly Report . . ., p. 92, 37th Quarterly Report . . ., pp. 92,93; 36th Quarterly Report . . ., pp. 49 and 50; and 33d Quarterly Report . . ., pp. 79 and 80.

5/ A Polish demand to renegotiate agreements that bankers consider final could in turn endanger Poland's easing access to trade financing credits from commercial banks. See Business Eastern Europe, Jan. 13, 1986, p. 12.

6/ See Journal of Commerce, Dec. 4, 1985, p. 1/A.

of 1979 (EAA) and a 16-month period during which export controls were administered under the International Emergency Economic Powers Act (IEEPA). 1/ The new legislation (S. 883), which was approved by Congress on June 27 and signed by the President on July 12, makes 55 major changes in or additions to the EAA and extends it through September 30, 1989. It includes provisions intended to strengthen national security controls; improve the enforcement of export controls; limit the President's authority to impose foreign policy controls; and liberalize controls on exports to non-Communist countries. 2/

Other important developments in export administration during the year under review included the issuance of foreign availability regulations and administrative actions designed to curb the diversion of controlled goods and technologies through third countries to the Soviet Union and other countries where their use would be detrimental to U.S. national security.

The new foreign availability regulations allow U.S. exporters to request that the Commerce Department grant individual validated licenses or remove commodities and technical data from the Commodity Control List on the grounds that the items involved are available to proscribed destinations from other sources. The new regulations, which apply only to commodities and technical data subject to national security controls, were proposed on March 15 and the final rule was published with minor revisions on December 27. 3/ After receiving a foreign availability claim or on its own initiative, Commerce will determine whether "a non-U.S. item of comparable quality is available in fact to proscribed countries in quantities sufficient to satisfy their needs so that U.S. exports of such an item would not make a significant contribution to the military potential of such countries." 4/ Positive foreign availability determinations will not necessarily result in the issuance of a validated license or the decontrol of an item since the regulations stipulate that the President may determine that such an action would be detrimental to national security. However, in such a case the President would be required to initiate negotiations to eliminate sources of foreign availability.

Among the measures introduced by the administration to curb illegal diversions of controlled commodities and technical data was the expansion of

1/ The EAA would have expired on September 30, 1983, but it was subsequently extended several times. When it finally expired on Mar. 29, 1984, President Reagan declared a national economic emergency and invoked IEEPA to continue the administration of the export control system. (40th Quarterly Report . . ., pp. 53-54.)

2/ For further information on the major provisions of the Export Administration Amendments Act, see 43d Quarterly Report . . ., p. 38 and 44th Quarterly Report . . ., pp. 38-39.

3/ 50 F.R. 10501 and 50 F.R. 52912. The revisions clarified the requirements for making foreign availability claims; extended the deadline for filing a Foreign Availability Submission from 30 to 90 days following the denial of a license; and set a deadline of 30 days for publication in the Federal Register of both positive and negative foreign availability assessments.

4/ For a more detailed analysis of the requirements for foreign availability claims, see 42d Quarterly Report . . ., pp. 36-37.

the Department of Defense's (DOD) licensing responsibilities. Under a National Security Council directive issued in January 1985, DOD was authorized to review applications to export 10 categories of commodities and technical data to up to 15 non-Communist countries. ^{1/} Before the directive was issued, applications involving exports to non-Communist countries were reviewed solely by Commerce and DOD's role in the licensing process was essentially limited to reviews of proposed exports to Communist countries. The directive was implemented during the first quarter of 1985 and, by November 1, DOD had screened 11,010 applications. ^{2/}

Another action to curb diversion was the implementation of new regulations for distribution licenses, which authorize multiple shipments of certain commodities to pre-approved distributors and end-users in non-Communist countries. The new rule emphasized advance screening of license applicants and consignees; required U.S. distribution license holders and foreign consignees to establish internal control programs meeting specified criteria; and provided for periodic audits of these programs by Commerce. Originally proposed in 1984, the new rule was issued on May 24, 1985. ^{3/} It went into effect on July 23, but license holders were given until December 23 to set up internal control programs.

Court of International Trade Addresses Applicability of U.S. CVD Law to NME's

During 1985, the U.S. Court of International Trade (CIT) addressed the issue of whether NME's can provide countervailable subsidies. This issue arose in the context of a decision by the Department of Commerce, International Trade Administration (ITA), that as a matter of law, subsidies cannot be found in NME's. ^{4/}

In Continental Steel Corp. v. United States, 614 F. Supp. 548 (CIT 1985), the CIT reversed the ITA's decision and held that ITA had acted contrary to

^{1/} The 10 categories include electronics and semiconductor manufacturing equipment, measuring and calibrating equipment, microcircuits and integrated circuits, carbon technology and manufacturing equipment, computers, and computer software. The list of countries subject to the review process is confidential, but it is reported to include countries that do not formally cooperate with the United States in controlling exports either through COCOM or bilateral agreements. For additional information, see 42d Quarterly Report . . ., pp. 37-38.

^{2/} International Trade Reporter, Nov. 13, 1985, p. 1438.

^{3/} 50 F.R. 21562. For background on the new distribution license regulations, see 38th Quarterly Report . . ., pp. 46-47 and 43d Quarterly Report . . ., pp. 37-38.

^{4/} Based on this decision, ITA made final negative determinations in Carbon Steel Wire Rod from Czechoslovakia, 49 F.R. 19370 (May 7, 1984) and Carbon Steel Rod from Poland, 49 F.R. 19374 (May 7, 1984). In addition, ITA dismissed CVD investigations concerning Potassium Chloride from the Soviet Union and the German Democratic Republic; 49 F.R. 23428-29 (June 6, 1984), because the petitions failed to allege the elements necessary for the imposition of countervailing duties.

the law when it limited the scope of the CVD law to market economies. 1/ The Court rejected ITA's argument that a subsidy by definition is an action that distorts the operation of a market and that in the absence of a market there can be no subsidy. The CIT found that the statutory language, judicial precedent, and prior administrative practice contradict ITA's conclusion.

The CIT found that the statutory language does not support the conclusion that a market economy is essential for the operation of the CVD law. The statutory language does not distinguish between NME's and market economies. Adoption of this distinction, which the ITA views as a "jurisdictional" requirement would erroneously incorporate a per se exemption to the CVD law. 2/

The CIT found that the statutory language is extremely inclusive and uses broad language in describing the acts that can be considered the conveyance of a subsidy. The Court concluded that the CVD law has been written "with great care to apply to all countries" and that ITA was essentially redefining subsidy in a manner that was inconsistent with the statutory language. 3/

The Court found that investigation of subsidization in NME's presented problems in measuring the subsidy rather than problems in defining a subsidy. 4/ In determining the existence of a subsidy, the CIT concluded that ITA must distinguish between the "normal operation of central control and the exceptional or disproportionate or unfair event." 5/

Finally, the CIT rejected the argument that passage of section 406 of the Trade Act of 1974 represented a repudiation of the use of the CVD law in NME's. The Court found that section 406 provided a distinct remedy directed to specific circumstances and that the availability of alternative remedies did not affect the CVD law. 6/

The CIT's decision is currently on appeal before the U.S. Court of Appeals for the Federal Circuit. Proceedings before ITA are stayed pending a decision in the appeal. 7/

1/ 614 F. Supp. 550. The consolidated action before the CIT concerned all four of the investigations concerning subsidization in NMEs.

2/ Ibid. The Court also noted that the question of whether a country is bestowing a bounty, grant, or subsidy concerns the merits of the petition and thus is not properly a jurisdictional question and may not be answered prior to investigation based upon a particular country's type of economy.

3/ 614 F. Supp. 552.

4/ Ibid., 552-554.

5/ Ibid., 554.

6/ Ibid., 555 and 556.

7/ For further details on ITA's determinations, including descriptions of the investigations, see 38th Quarterly Report . . ., pp. 52-63, 40th Quarterly Report . . ., pp 58 and 59; and 41st Quarterly Report . . ., p. 93. On the continuing debate on the application of CVD laws to imports from NME's and state-owned enterprises see also The Institute for International and Foreign Trade Law, Georgetown University Law Center, Conference Proceedings on the Application of U.S. Economies and State-Owned Enterprises, 1980.

Renewal of Most-Favored-Nation Status For China, Hungary, and Romania

The most-favored-nation status (MFN) of China, Hungary and Romania was extended through July 2, 1986. 1/ President Reagan notified Congress of his recommendation to extend for another year both the presidential authority to waive the provisions of the Jackson-Vanik amendment and the individual waivers for these three countries on June 3, 1985. By statute, the Congress had 60 days after this date to introduce a joint resolution to disapprove the President's recommendation. 2/ On July 23, 1985, a hearing was held before the Subcommittee on International Trade of the Senate Finance Committee concerning the renewal of MFN status of these three countries. Several members of Congress and a number of private civic groups urged the revocation of Romania's MFN status but no witnesses at the hearing recommended the revocation of the preferential tariff treatment of China or Hungary. 3/ For the second year in a row, there was no hearing held on this subject before the House.

Resolutions denying Romania's MFN status were introduced in both the House and the Senate. Representative Crane introduced such a resolution on July 23, 1985 (H. Res. 234) and Senator Helms on July 24, 1985 (S. 1492). On July 26, 1985, Senator Moynihan introduced a bill (S. 1511) requiring Romania to comply with the Consular Convention Protocol of July 5, 1972 as a condition of both its continued preferential tariff treatment and its designation as beneficiary developing country under the generalized system of preferences (GSP). This bill was also designed to assure U.S. nationals the right to inherit and transfer property from Romania. On November 1, 1985, Senators Tribble and Armstrong introduced a bill (S. 1817) to suspend Romania's MFN treatment for 6 months on the grounds of the unsatisfactory status of civil liberties and human rights in that country. None of these bills had been reported out of committees at the end of 1985. According to U.S. press

1/ The United States grants MFN status to the NME's under the authority of section 402 of the Trade Act of 1974. Romania was granted MFN treatment in 1975, Hungary in 1977, and China in 1980. For descriptions of the legislative mechanism involved in granting and renewing the MFN treatment of the NME's under the Jackson-Vanik Amendment of the Trade Act of 1974, see 40th Quarterly Report . . ., pp. 51-53, and 35th Quarterly Report . . ., pp. 36-37.

2/ Section 402 of the Trade Act of 1974 provides that either House of Congress can veto the President's recommendation by passing a concurrent resolution of disapproval during the 60 calendar days that follow the expiration of an NME's MFN status. But the Supreme Court's 1983 Chadha decision made one-House vetos unconstitutional. Consequently, an eventual congressional disapproval of a presidential recommendation to continue the MFN status of an NME would require a bill passed in both Houses by a two-third majority. For more on Chadha, see 40th Quarterly Report . . ., pp 51-53, 37th Quarterly report . . ., pp. 94-95, and 35th Quarterly Report . . ., pp. 36-37.

3/ Senator Humphrey testified at the hearing in favor of his bill (S. 925), which would suspend the MFN treatment of Afghanistan. On Jan. 31, 1986, the United States suspended Afghanistan's MFN status. See, Presidential Documents, Feb. 10, 1986, p. 123. In 1984, Afghanistan lost its privileges under the General System of Preference, GSP, and Least Developed Developing Country, LDDC, with the United States.

reports, Secretary of State George P. Schultz informed the Romanian Government of the congressional climate regarding Romania's MFN status when he visited Bucharest in December, 1985. 1/

At the end of the year under review there were no signs that NME's could obtain multi-year MFN status from the United States. 2/

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

A total of 26 antidumping investigations involving imports from NME's were in progress during 1985 (table 13). Two import-relief cases in which NME's were among the supplying countries were concluded during the year, and a third such investigation was instituted. No section 406 market disruption investigations were pending in 1985.

Antidumping cases

During 1985, antidumping investigations were instituted on six products imported from China, one imported from Poland, and one from Romania. An investigation on another import from Romania was reinstated in 1985. The remaining investigations--involving imports of five products from East Germany, four from Poland, three from Romania, two each from Czechoslovakia and Hungary, and one from the Soviet Union--were in progress when the year began.

Eighteen of the investigations involved steel products from the East European countries. With the exception of two of these cases in which the preliminary finding of the Commission was negative, the investigation was terminated by the International Trade Administration (ITA) following withdrawal of the antidumping petition after a bilateral agreement was reached to limit the volume of exports of the product that the country was exporting to the United States.

The final determinations were negative in two additional antidumping investigations involving NME's during 1985. The ITA found that potassium chloride from East Germany was not being sold in the United States at less than fair value, and the Commission determined that imports of potassium chloride from the Soviet Union were not materially injuring, or threatening to materially injure, the domestic industry. A final affirmative determination was made by the Commission in only one investigation involving an NME supplier: natural bristle paint brushes and brush heads from China.

Five investigations on imports from the NME's--all involving products imported from China--were still in progress at year's end. Two of the investigations--certain standard welded carbon steel pipes and tubes from China and porcelain-on-steel cooking ware from China--were instituted during the fourth quarter of 1985.

1/ Washington Post, Dec. 5, 1985, p. A32.

2/ The Secretary of State made this clear during his trip to Eastern Europe in December, 1985. See Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Dec. 18, 1985, p. F1.

Table 13.--Dumping investigations involving imports from NME's in progress during January-December 1985

Country	Product	Investigation No. and date of petition	Preliminary Determinations			Final Determinations		
			Commission Determination and date	ITA Determination and date of publication	Weighted-average dumping margin (percent)	ITA Determination and date of publication	Weighted-average dumping margin (percent)	Commission Determination and date
China-----	Natural bristle paint brushes and brush heads.	731-TA-244	Affirmative 3/28/85	Affirmative 8/5/85 1/	211.0	Affirmative 12/26/85 2/	127.07	--
		731-TA-265	Affirmative 6/24/85	Affirmative 10/28/85	25.52	--	--	--
		731-TA-266	Affirmative 7/16/85	--	--	--	--	--
		731-TA-282	Affirmative 10/16/85	--	--	--	--	--
		731-TA-292	Affirmative 12/20/85	--	--	--	--	--
		731-TA-298	-- 12/4/85	--	--	--	--	--
Czechoslovakia-----	Carbon steel plates.	731-TA-213	Affirmative 1/28/85	Terminated 6/4/85 3/				
		731-TA-225	Affirmative 1/28/85	Terminated 6/4/85 3/				
East Germany---	Potassium chloride.	731-TA-184	Affirmative 5/14/84	Affirmative 9/12/84	112.17	Negative 1/31/85		
		731-TA-205	Affirmative 11/6/84	Affirmative 3/12/85 4/	26.30			Terminated 7/30/85 3/
		731-TA-214	Affirmative 1/28/85	Affirmative 6/3/85	5/ 42.00 6/ 80.00			Terminated 8/12/85 3/
		731-TA-226	Affirmative 1/28/85	Affirmative 6/3/85	60.00			Terminated 8/12/85 3/

See footnotes at end of table.

Table 13.--Dumping investigations involving imports from NME's in progress during January-December 1985--Continued

Country	Product	Investigation No. and date of petition	Preliminary Determinations			Final Determinations		
			Commission Determination and date	ITA Determination and date of publication	Weighted-average dumping margin (percent)	ITA Determination and date of publication	Weighted-average dumping margin (percent)	Commission Determination and date
East Germany--cont.	Galvanized carbon steel sheets.	731-TA-231 12/19/84	Negative 1/28/85					
Hungary-----	Carbon steel plates.	731-TA-215 12/19/84	Affirmative 1/28/85	Terminated 6/4/85 3/				
	Hot-rolled carbon steel sheets.	731-TA-221 12/19/84	Affirmative 1/28/85	Terminated 6/4/85 3/				
Poland-----	Barbed wire and barbless wire strand.	731-TA-210 11/19/84	Affirmative 1/2/85	Affirmative 5/3/85 4/	56.9			Terminated 7/16/85 3/
	Carbon steel plates.	731-TA-216 12/19/84	Affirmative 1/28/85	Affirmative 6/3/85	15.02			Terminated 8/12/85 3/
	Carbon steel angles, shapes, and sections.	731-TA-235 12/19/84	Affirmative 1/28/85	Affirmative 6/3/85 4/	59.96			Terminated 7/30/85 3/
	Carbon steel wire rod.	731-TA-256 4/8/85	Affirmative 5/15/85					Terminated 9/3/85 3/
	Certain steel wire nail.	731-TA-267 6/5/85	Affirmative 7/16/85					Terminated 9/3/85 3/
Romania-----	Hot-rolled carbon steel plate.	731-TA-58 1/11/82 Reinstituted 3/12/85 7/	Affirmative 2/26/82	Affirmative 8/16/82 4/	13.2	Suspended 1/4/83		Terminated 7/3/85 3/
	Hot-rolled carbon steel sheets.	731-TA-222 12/19/84	Affirmative 1/28/85	Affirmative 6/3/85	50.00			Terminated 7/19/85 3/
	Cold-rolled carbon steel plates and sheets.	731-TA-228 12/19/84	Affirmative 1/28/85	Affirmative 6/3/85	63.00			Terminated 7/19/85 3/

See footnotes at end of table.

Table 13.--Dumping investigations involving imports from NME's in progress during January-December 1985--Continued

Country	Product	Investigation No. and date of petition	Preliminary Determinations			Final Determinations		
			Commission Determination and date	ITA Determination and date of publication	Weighted-average dumping margin (percent)	ITA Determination and date of publication	Weighted-average dumping margin (percent)	Commission Determination and date
Romania--cont	Galvanized carbon steel sheets.	731-TA-232 12/19/84	Negative 1/28/85					
	Oil country tubular goods.	731-TA-250 2/28/85	Affirmative 4/8/85	Terminated 8/12/85				
Soviet Union---	Potassium chloride.	731-TA-187 3/30/84	Affirmative 5/14/84	Affirmative 9/12/84	187.03	Affirmative 1/31/85	1.77	Negative 3/4/85

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

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

3/ Petition withdrawn subsequent to the signing of a voluntary export restraint agreement between the Government of the subject country and the U.S. Government.

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

5/ This weighted-average dumping margin applies only to plates cut to length.

6/ This weighted-average dumping margin applies only to plates in coils.

7/ Following affirmative determinations by the Commission and the ITA in the preliminary investigation, ITA suspended this investigation on the basis of an agreement with the Romanian exporter. The final investigation was reinstated after ITA determined that the suspension agreement was no longer in the public interest (50 F.R. 9812).

Import-relief cases

NME's were among the supplying countries in two import-relief investigations concluded by the Commission during the first half of 1985 and in one case instituted in late December. On April 8, 1985, the Commission determined that potassium permanganate is not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat of serious injury, to the domestic industry producing this commodity. This action precluded import relief for the domestic industry under section 203 of the Trade Act of 1974. China was the second leading source of U.S. imports of potassium permanganate in 1984. The leading supplier was Spain; it accounted for approximately 75 percent, by quantity and value, of such imports.

On May 22, 1985, the Commission made an affirmative determination in an import-relief case on nonrubber footwear. To remedy the serious injury they found imports to be causing the domestic industry, Chairwoman Paula Stern and Commissioners Alfred E. Eckes, Seeley G. Lodwick, and David B. Rohr recommended that import quotas be imposed for a 5-year period, and Vice Chairman Susan W. Liebele recommended adjustment assistance for footwear workers. On August 28, 1985, however, President Reagan announced that he had decided to provide no import relief for the domestic industry. China, Romania, Czechoslovakia, Poland, and Hungary are suppliers of nonrubber footwear to the U.S. market, but the major import sources are Taiwan, the Republic of Korea, Brazil, Italy, and Spain. These five countries accounted for nearly 90 percent, by quantity and value, of the U.S. imports of nonrubber footwear in 1984.

On December 27, 1985, the Commission instituted an import-relief investigation on apple juice at the request of the United States Trade Representative. The Commission will determine by June 27, 1986, whether this product, provided for in item 165.15 of the Tariff Schedules of the United States, is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat of serious injury, to the domestic industry producing a like or directly competitive product. Hungary accounted for about 3 percent of the total quantity of U.S. imports of apple juice during the marketing year ending June 30, 1985, and a negligible amount was imported from China. The leading suppliers were Argentina and West Germany; these two countries together accounted for nearly half of such imports during this period.

ECONOMIC OVERVIEW

China

Economic developments in 1985

After a year of strong growth in 1984, China's economy expanded even more rapidly in 1985. Despite a substantially smaller grain harvest and a planned decline in the cotton crop, agricultural output was boosted by buoyancy in sideline and cash crop production and by a sharp rise in the output of rural-based industrial and service enterprises (classified as agriculture). By early 1985, the runaway expansion of industry was already straining China's limited transportation facilities and energy resources, but despite the tightening of controls on credit, the growth rate did not slow significantly until late in the year. This growth in the domestic economy was accompanied by an unprecedented surge in imports and, with exports stagnating, a record trade deficit.

Agriculture.--According to China's State Statistical Bureau, 1/ the total output value of agriculture increased by 13.0 percent from 1984 to 1985, more than double the targeted growth rate of 6.0 percent. Grain production was 379.0 million tons in 1985, 2/ compared with the alltime record harvest of 407.1 million tons in 1984 and the previous record output of 387.3 million tons in 1983. The decline is attributed to a combination of natural disasters, particularly in northeastern China, and to a further reduction in the acreage used for grain as farmers continued to shift to more profitable cash crops. Cotton production decreased by 33.7 percent from a record 6.3 million tons in 1984 to 4.2 million tons in 1985. This decline was primarily the result of a reduction by approximately one-third in the area planted in cotton, which was planned because of the excessively large cotton stocks the Government had accumulated. The adjustment in land usage was accomplished by limiting Government purchases of cotton in 1985 and adjusting its procurement prices to favor the production of import substitution crops such as oilseeds, sugar, and tobacco. The output of oil-bearing crops increased by 32.5 percent; sugarcane, by 30.2 percent; and flue-cured tobacco, by 34.5 percent.

With an increase in output value of 37.4 percent from 1984 to 1985, enterprises in the rural villages and townships were the most rapidly growing sector of China's economy. These enterprises--which include construction, industries such as food processing, and transportation and other services--accounted for 42.3 percent of China's total agricultural production in 1985 and employed an estimated 20 percent of the rural workers. Although the Government has promoted rural-based industries as a means of absorbing the surplus labor force, they operate largely outside the state system. Most of the enterprises were initially financed from the higher incomes farmers received after the Government began increasing the procurement prices it paid

1/ The data on both agricultural and industrial output are from a communique issued by the State Statistical Bureau on Feb. 28, 1986 (Foreign Broadcast Information Service (FBIS), Daily Report: China, Mar. 3, 1986, pp. K 3-K 6).

2/ The U.S. Department of Agriculture has estimated that this total included 167.0 million tons of rice, 86.0 million tons of wheat, and 84.9 million tons of corn and other coarse grains.

for grain and other basic farm commodities, and their high rates of return have permitted and encouraged their rapid expansion. ^{1/}

The agricultural reform program entered its second stage in 1985. Beginning in 1979, farm income was linked directly to productivity by setting output quotas for each family or more extended production unit and requiring the farmers to sell all the grain, cotton, and other basic agricultural commodities they produced to the State under a system of price incentives. The procurement prices paid by the Government were increased annually, and a higher price was paid for above-quota output. During 1985, the Government began to dismantle its unified quota system and to negotiate purchase contracts with the farmers. Output that exceeds the amount the Government contracts to buy can be sold on the open market, which presumably will induce the peasants to adjust their production levels to market demand. The new system includes price protection, however, since the Government will purchase all the surplus if the market price falls below its procurement price. Moreover, the program is expected to evolve slowly, with the Government continuing to purchase most of the grain produced.

Industry.--The total output value of industry increased by 18.0 percent from 1984 to 1985, far exceeding the planned growth rate of 6.0 percent. Production in state-owned industry increased by 12.9 percent; in collectively owned industry, by 30.9 percent; and in enterprises run by individuals, by 150.0 percent. Growth in the two major sectors was balanced, with the value of light industrial production increasing by 17.9 percent and the output value of heavy industry expanding by 18.1 percent. However, there were significant differences in the growth rates of products within each sector. The largest output increases were in consumer goods produced by enterprises operating largely outside the direct control of the central Government.

Data released by the State Statistical Bureau show that the highest growth rates, in terms of an increase in the quantity produced in 1985 compared with 1984, were in the following light industrial products: color television sets, 206.0 percent; household refrigerators, 154.0 percent; cassette recorders, 63.7 percent; household washing machines, 52.8 percent; and cameras, 42.4 percent. In heavy industry, the expansion was led by a 38.7-percent increase in the output of motor vehicles. The production of power generating equipment increased by 20.1 percent and the quantity of machine tools produced increased by 15.7 percent; however, output of some major industrial products--such as sulfuric acid, chemical insecticides, and chemical fertilizers--declined in 1985 and were in short supply.

Energy output (also classified as heavy industry) continued to increase in 1985. The output of coal, which accounts for about 70 percent of domestic energy consumption, increased by 7.7 percent; and the increases in crude petroleum and generated electricity were 8.9 percent and 8.0 percent. However, the far more rapid growth in other areas of production placed a severe strain

^{1/} During 1985, Government leaders became concerned about the unrestricted growth of rural enterprises. According to the Chinese press, the rural industrial sector has contributed to "excessive credit demand, soaring capital investment, rising consumption of energy and industrial materials and declining grain output." (Far Eastern Economic Review, Dec. 5, 1985, p. 64.)

on the available supplies. China's energy consumption per unit of gross domestic product is extremely high, and it could theoretically support a much higher level of output at a given consumption level. ^{1/} Efforts to improve economic efficiency are underway, however, and the State Statistical Bureau reported an energy conservation rate of 4.7 percent in 1985, representing a saving of more than 30 million metric tons of standard coal.

The exceptionally high growth rates in consumer goods output were probably a direct result of the comprehensive urban, industrial reforms launched in October 1984. With the exception of a few key commodities, the new program called for eliminating mandatory state planning. The Government would issue production guidelines, but enterprise managers would be held responsible for making their own production decisions in response to market forces. Although Government leaders indicated that the reforms would be introduced gradually, controls were quickly dismantled in those areas of production that were not essential for modernization of the economy. In addition, the new policy provided for relating the incomes of workers more closely to productivity and for dismantling price controls. During the final quarter of 1984 and early 1985, the prices of some commodities were allowed to rise, but wages were increased more rapidly, leading to a sharp increase in demand for consumer goods.

During the first half of 1985, industrial output increased by an estimated 23 percent. To curb this runaway expansion, Government leaders raised interest rates and took steps recentralize control over the loans extended by China's domestic banks. Most of their efforts were directed, however, toward controlling access to foreign exchange, which was being used to import not only equipment and other manufactures needed for priority projects but also large amounts of consumer goods.

Foreign trade.--China's imports began to rise sharply during the last few months of 1984 and continued to increase at a rapid rate during most of 1985. On the other hand, its export earnings declined slightly from the first half of 1984 to the corresponding period of 1985, and they showed only a small increase for the entire year. The result was a record deficit in China's merchandise trade for 1985, and, in view of its long-term plans for importing large amounts of equipment and technology to modernize the economy, an alarming decline in its foreign exchange reserves.

The preliminary 1985 statistics provided by the two leading Chinese Government trade departments differ significantly from one another. In January, the Ministry of Foreign Economic Relations and Trade (MOFERT) announced that China's merchandise trade deficit for the whole of 1985 amounted to US\$7.61 billion, consisting of US\$33.41 billion in imports and US\$25.80 billion in exports. ^{2/} Although MOFERT's figure for the deficit was the largest that China had reported since 1949, it was far smaller than the figure provided in late February by China's Customs authorities. According to Customs, China's total imports amounted to US\$42.26 billion in 1985 and its

^{1/} According to the Far Eastern Economic Review: Asia 1986 Yearbook, December 1985, p. 135, China is twice as inefficient in consumption of commercial energy per unit of gross domestic output as India and four times as inefficient as Japan or West Germany.

^{2/} FBIS, Daily Report: China, Jan. 23, 1986, p. K 8.

exports amounted to US\$27.36 billion, resulting in a trade deficit of US\$14.90 billion. 1/ Some discrepancy in these two sets of data may be explained by differences in the scope of trade reported by the two departments (Customs tabulates the actual volume of cargo arriving or leaving China, while MOFERT does not record certain transactions), the different time frames used in calculating the data, and the different tabulation methods used. 2/ After taking these factors into account, however, a discrepancy of US\$7.29 billion probably needs more explanation. 3/

On the basis of figures released by MOFERT, China's imports increased by 31.8 percent in 1985 compared with their value in 1984, and its exports increased by 5.7 percent. The increases in imports and exports reported by Customs amounted to 54.2 percent and 4.7 percent.

The surge in imports in 1985 was entirely the result of larger purchases of manufactured goods. Machinery and transport equipment was the group of products most responsible for the rapid rise in imports, followed by steel products and chemicals. 4/ In addition to these higher planned purchases, imports of consumer goods increased sharply, partly because the Government permitted a limited rise in such imports as a means of combating inflation. However, most of these purchases were made by foreign trade enterprises operating outside the control of Government authorities. 5/

The small increase in export revenues from 1984 to 1985, which followed an average annual export growth rate of 16.5 percent from 1978 to 1984, was the result of both external and domestic factors. Increasingly restricted markets for China's textiles and apparel and the declining international prices of its other major export commodities--petroleum, coal, and agricultural products--coincided with internal problems such as transportation bottlenecks, rising production costs, and higher domestic prices. Faced with an actual decline in export revenues and a precipitous drop in foreign exchange reserves as imports climbed, China significantly increased the volume of its exports of crude petroleum during 1985. 6/

Without further product diversification in the export sector, there is little that China can do to expand export sales. During 1985, however, Government authorities took steps to limit the volume of imports. A number of import control measures were adopted, which were aimed primarily at sharply reducing purchases of consumers good by restricting access to foreign exchange for such products. Certain imports--including televisions, motorcycles, and household refrigerators and washing machines--were banned, and high duties and

1/ FBIS, Daily Report: China, Mar. 3, 1986, p. K 9.

2/ For more detailed information on these differences, see China Trade Report, March 1986, p. 14.

3/ Ibid.

4/ The China Business Review, January-February 1986, p. 15.

5/ In September 1984, China implemented a reform program that significantly reduced the control of China's national foreign trade corporations over import and export operations. For details, see 41st Quarterly Report, pp. 38-39.

6/ In the first three quarters of 1985, China exported 21.35 million tons of crude and 4.47 million tons of petroleum products, nearly as much as the 22.07 million tons it exported in all of 1984 (Far Eastern Economic Review, Feb. 6, 1986, p. 52.)

regulatory taxes were applied to others. Some expensive projects were delayed, and measures were also adopted to recentralize control in order to curb the spending of local authorities. In addition, the yuan (China's unit of currency) was steadily depreciated. Between the end of 1984 and mid-December 1985, Chinese authorities let the yuan depreciate 19.7 percent against the U.S. dollar. 1/

Plans for 1986 and proposed 5-year plan

China's short-term plans call for slowing economic growth in the interest of reducing inflation and easing the strain on its transport facilities and energy supplies. The measures to control imports and restrict domestic lending that were adopted during 1985 will probably remain in effect throughout 1986. In addition, wage increases will be kept in check by requiring enterprises to deposit their payroll funds in banks, which will operate under the direction of the Central Bank. 2/ However, this partial recentralization of control appears to amount to only a temporary setback in China's urban, industrial reform program, a consequence of the overly rapid deregulation in certain areas of the economy during the past 2 years. China's leaders plan, moreover, to rely to a large extent on monetary and fiscal measures, rather than return to mandatory targeting of industrial production. While the Government will strictly limit imports--as well as push exports--China's plans for 1986 also call for maintaining those imports needed for major industrial and capital construction projects.

Because of economy's momentum, growth in 1986 is likely to exceed the annual rate targeted in the proposed Sixth Five-Year Plan (1986-1990) released by the Central Committee of the Communist Party of China (CCP) in late September 1985. 3/ Although few specific targets for output appear in this draft document, which was adopted by National Conference of the CCP, it does cite a proposed rate of annual growth for industry of 7 percent and a rate for agriculture of 6 percent. Top-priority attention will given to the development of energy, transportation, telecommunications, and industrial raw materials--particularly basic chemicals, steel, and building materials. However, the proposed plan also envisages a steady rise in living standards. The annual average per capita consumption level of the entire population is to rise by 4 to 5 percent per annum over the plan period.

Although the document renews China's commitment to an open door policy, no detailed plans are given. It states that overall trade is expected to grow by 40 to 50 percent, but provides no basis for comparison. The emphasis is on increasing exports through product diversification and upgrading products to increase value added.

1/ The China Business Review, January-February 1986, p. 16.

2/ The Economist Intelligence Unit, Quarterly Economic Review of China, North Korea, No. 4, 1985, p. 4.

3/ For a translation of the full text of this document, see FBIS, Daily Report: China, Sept. 26, 1985, K 1-K 24.

Soviet Union

Economic performance during 1985, the last year of the Eleventh Five-Year Plan, failed to meet the expectations of the Soviet leadership. The overall growth target was not met, and national income may have grown at a slower rate in 1985 than during the first 4 years of the Plan. Industry met its overall production target, but the growth of national income was slowed by stagnation in gross agricultural output and lower than expected growth in other sectors. Moreover, the continuing decline in the production of oil, the leading hard-currency earner, and problems delivering it to foreign customers during the very cold first months of 1985, complicated the management of Soviet foreign trade.

Following his election as General Secretary on March 11, Mikhail S. Gorbachev sharply criticized economic performance under Brezhnev and took a number of steps designed to make Soviet citizens work harder and more productively. They included the strengthening of the discipline and anticorruption campaigns started by his predecessors, measures to curb alcohol abuse, and the replacement of dozens of top political and economic decisionmakers. Among those replaced were the heads of the Council of Ministers, Gosplan, the Ministry of Foreign Trade and numerous ministries. In a series of speeches during his first 9 months in power, Gorbachev mapped out what is widely considered to be an ambitious strategy for accelerating economic growth and modernizing the Soviet economy during the next 15 years. Although he tolerated a renewal of debate on economic reform, most Western analysts do not believe that Gorbachev intends to introduce market-type reforms in the foreseeable future. ^{1/} Instead, they view his approach as one of emphasizing discipline, linking wages more closely with performance, increasing the use of material incentives, streamlining administration, and allowing more initiative to managers of farms and enterprises.

Economic performance in 1985

As in 1984, Soviet industry performed respectably during the year under review, but agricultural production stagnated, holding back the growth of national income. Soviet net material product (NMP) utilized for consumption and accumulation increased by 3.1 percent from 1984 to 1985, which was less than the 3.5-percent target set for the year. ^{2/} By this measure, the Soviet economy performed better than in 1984, when NMP utilized registered an increase of only 2.6 percent. However, Soviet economic performance may actually have deteriorated from 1984 to 1985, according to Wharton Econometric Forecasting Associates, which estimated that NMP produced grew by 3.0 percent

^{1/} See, for example, Philip Hanson, "Gorbachev's First Year: The Economy," Radio Liberty Research, RL 68/86, Feb. 11, 1986.

^{2/} Unless otherwise noted, all data on Soviet economic performance during 1985 are taken from the official report of the Central Statistical Administration. (FBIS, Soviet Union: Daily Report, Jan. 27, 1986, pp. S 1-S 12.

or less. 1/ If this estimate is accurate, Soviet national income grew at a slower rate than in 1984, when NMP produced grew by 3.2 percent, or in any year during the Eleventh Five-Year Plan.

Industry.--Soviet industry performed poorly during the first quarter of 1985, as unusually cold weather in January and February caused a slowdown in the already overburdened transportation system. In comparison with the corresponding months of 1984, gross industrial output grew by only 1.7 percent in January-February 1985 and by 2.0 percent in January-March. 2/ The pace subsequently picked up and industrial output during the first half of the year was 3.1 percent higher than in the corresponding period of the previous year. With further improvements in performance during the second half of 1985, industrial output was 3.9 percent higher than in 1984. This equaled the plan target, but was less than the 4.2-percent increase achieved during 1984.

Led by the machine-building sector, which registered a 7.0-percent increase in production over 1984, heavy industry outperformed light industry in 1985. The gross output of heavy industry increased by 5.0 percent while that of light industry increased by 2.0 percent. The food processing industries, a priority sector since the announcement of the Food Program in 1982, registered a 2.0-percent increase in production.

Perhaps the most important economic development in 1985 was the continued decline in the production of oil, the Soviet Union's leading export. After decreasing by 0.6 percent from 1983 to 1984, output of crude oil and gas condensates declined by 2.9 percent, from 612.7 million metric tons (MMT) to 595 MMT in 1985. Since the share of gas condensates in total output has been increasing in recent years, 3/ the shortfall in the amount of crude oil available for export may have been a bit greater than the absolute decrease in output of around 18 MMT would suggest. Partially compensating for the decline in oil output were increases in the production of natural gas, the Soviet Union's second-ranked export, and coal. 4/

Agriculture.--For the second consecutive year, Soviet agriculture failed to increase gross output. Decreases in the production of potatoes, vegetables, vegetable oils, and sugar beets offset increases in the production of grain,

1/ The foreign trade balance and losses in the economy account for differences between NMP utilized and NMP produced. In 1985, the growth of NMP utilized exceeded that of NMP produced because of the reduction in the Soviet trade surplus. (Wharton Econometric Forecasting Associates, Centrally Planned Economies Service, Analysis of Current Issues, Feb. 13, 1986, pp. 1-3.)

2/ The Soviet Union reports monthly data on industrial production on a cumulative basis expressed as a percentage of gross industrial output during the corresponding period of the previous year.

3/ Keith Bush, "Soviet Plan Fulfillment in 1985," Radio Liberty Research, RL 47/86, Jan. 27, 1986, p. 2. (In 1984, gas condensates accounted for almost 30 MMT, or as much as 4.9 percent, of total production.)

4/ Production of natural gas increased by 9.5 percent to 643 billion cubic meters (BCM) in 1985, while that of coal increased by 2.0 percent to 726 MMT.

sunflower seeds, animal products, and cotton. 1/ As a result, the growth of gross agricultural output was zero rather than the 6.7 percent planned.

The Soviet Union has not provided official data on the grain harvest since 1980, but USDA estimates that the 1985 harvest totalled 190 MMT. 2/ This represents an increase of 20 MMT, or 11.8 percent, over grain production in 1984 and is substantially higher than average production during the first 4 years of the Eleventh Five-Year Plan, as estimated by USDA. Production of meat, milk, and eggs was higher than in 1984, but the increases were all under 1.0 percent. Production of cotton, a major industrial crop, increased by less than 2.0 percent to 8.8 MMT in 1985, and fell short of the 9.4 MMT-average achieved during the first 3 years of the Five-Year Plan.

Other sectors.--The performance of the transportation sector improved after the very cold early months of 1985, but the sector achieved only a slight increase (1.6 percent) in total freight turnover from 1984 to 1985. The volume of retail trade increased by 4.2 percent in comparison with the 1984 level. This equaled the growth rate achieved in 1984, but was below the planned increase of 5.2 percent. The growth of consumer services paid for by the population increased by 6.1 percent over 1984 as planned, but the growth target for services to the population in rural areas was not met.

One of the most interesting aspects of Soviet economic performance during 1985 was the continued low rate of growth of state investment, which accounts for the bulk of total investment. An increase of 5.5 percent was planned, but state investment grew by only 3.0 percent from 1984 to 1985. At 0.7 percent, the commissioning of fixed capital was lower than planned indicating continued delays in completing construction projects.

Foreign trade and finance.--Soviet trade data for the full year are not yet available, but the Soviet merchandise trade surplus apparently was substantially lower than in 1984. 3/

The data now available suggest that Soviet exports to the nonsocialist countries declined sharply from 1984 to 1985. They were 18.4 percent lower in January-September 1985, the most recent period for which data are available, than in the corresponding period of 1984. 4/ Much of the decline was the result of a decrease in oil exports to Western Europe, which had generated

1/ The declines are as follows: potatoes, 14.6 percent; vegetables, 11.2 percent; vegetable oils, 5.2 percent; and sugar beets, 3.8 percent. (Wharton Econometric Forecasting Associates, Centrally Planned Economies Service, Analysis of Current Issues, Feb. 6, 1985, pp. 1, 3.)

2/ Some estimates are lower than USDA's. For example, Agra Europe estimates that 180 MMT of grain were harvested.

3/ According to estimates by Wharton based on January-September data, the Soviet surplus in trade with the nonsocialist countries declined from \$6.3 billion in 1984 to around \$2 billion in 1985 and the surplus in trade with the socialist countries, which was 3.9 billion rubles in 1985, may have been halved. (Wharton Econometric Forecasting Associates, Centrally Planned Economies Service, Analysis of Current Issues, Feb. 13, 1985, pp. 2-3.)

4/ Wharton Econometric Forecasting Associates, Centrally Planned Economies Service, Analysis of Current Issues, Jan. 23, 1986, p. 9.

about 64 percent of Soviet earnings in trade with the nonsocialist countries in 1984. Oil deliveries were sharply lower during the first quarter of 1985 as a result of production and delivery problems caused by the unusually cold weather during January and February. Shipments apparently increased to near-normal levels by the end of the third quarter, but remained below the 1984 level for the year. 1/ Declines in the price of oil and natural gas and reduced sales of arms to Third World countries dependent on oil income also contributed to the deterioration in Soviet export performance.

Soviet imports from the nonsocialist countries during January-September 1985 were 1.7 percent lower than in the corresponding period of 1984. According to USDA data, Soviet grain imports increased from 30.1 MMT in January-September 1984 to 33.7 MMT in the corresponding period of 1985. However, Wharton estimates that Soviet outlays may have been smaller in 1985 than in 1984 as a result of declines in wheat and corn prices. 2/

These data imply a deliberate effort by the Soviet Union to hold down imports, particularly of nonfood items, in response to the decline in oil exports. Other adjustments by the Soviet Union included increased borrowing from Western commercial banks 3/ and large gold sales during 1985. 4/

An adjustment the Soviet Union apparently did not make was to substantially reduce deliveries of oil to Eastern Europe. By one estimate, the volume of oil shipments to Eastern Europe was only 7 percent lower during the first quarter of 1985 than in the corresponding period of 1984. 5/ The maintenance of oil deliveries to Eastern Europe at nearly normal levels contrasts with the cut in deliveries in 1981. In 1985, the Soviets may have judged that there is a minimum level below which oil deliveries should not fall if the East European economies are to continue to grow and remain stable.

During the year under review, Soviet trade with other socialist countries except Poland was more balanced than in 1984 or earlier years. 6/ This development reflects a Soviet policy of reducing trade surpluses with CMEA countries and forcing its allies to pay off their ruble debts.

1/ Ibid., p. 5.

2/ Ibid., p. 7.

3/ According to the Bank for International Settlements, Soviet net debt to member banks increased by \$4.7 billion from the end of 1984 to \$10.0 billion at the end of the third quarter of 1985. These data provide only an approximation of the change in net borrowing by the Soviet Union since they also include the assets and liabilities of the two CMEA banks.

4/ Western sources estimate that the Soviet Union sold 3.1 billion dollars' worth of gold in 1985, compared with sales of \$1.3 billion in 1983. (Wall Street Journal, Mar. 6, 1985, p. 29.)

5/ Philip Hanson, "Soviet Oil Deliveries: Charity Begins at Home," Radio Liberty Research, RL 293/85, Sept. 6, 1985, pp. 1-2.

6/ Current Analysis, Jan. 23, 1985, op. cit., p. 1. (In January-September 1985, Soviet trade with East Germany was in balance and the Soviet Union had deficits in trade with Hungary, Romania, Yugoslavia, and Cuba. Trade with Czechoslovakia and Bulgaria still showed Soviet surpluses, but they were smaller than in January-September 1984.)

Plans and policies

Gorbachev's key economic goal is a twofold increase in Soviet national income by the year 2000. This goal was incorporated in the the new Party Program published in October 1985 and the Draft Guidelines for economic development during the Twelfth Five-Year Plan (1986-1990) and through the year 2000, which were published in November. 1/ All of the gain in national income is to be achieved through improvements in labor productivity, which is to increase by 130-150 percent in the next 15 years. The plan's targets for the growth of NMP utilized imply growth rates of 3.5-4.1 percent during 1986-90 and 5.1-5.3 percent during 1991-2000. 2/ Thus, the Soviet strategy appears to be one of relatively modest growth through the end of the decade, followed by a substantial acceleration in economic growth during the 1990's. This is one of the only quantitative indications of Soviet plans for the next decade since the draft guidelines focus almost exclusively on the upcoming 5 years.

The targets for the average annual growth of the major economic indicators during the Twelfth Five-Year Plan, as derived by Wharton Econometric Forecasting Associates, are presented in the following tabulation (in percent):

	<u>1986-1990</u>
National income	3.5-4.1
Industrial output	3.9-4.4
Agricultural output 1/	2.7-3.0
Investment (new fixed)	3.4-3.9
Consumption	3.7-4.2
Real per capita income	2.5-2.8

1/ Average for the 5-year period

Most of these targets are higher than those planned for the Eleventh Five-Year Plan (1981-85) and higher than the increases actually achieved during the past 5 years. 3/ A major exception is the target for industrial production, which is lower than the 4.7-5.1-percent increase in output envisaged by the Eleventh Five-Year Plan, but higher than the gain actually achieved.

The planned increase in investment represents a slight shift away from the strategy of holding down the growth of investment during the late 1970's and the first half of the 1980's, but not a return to the very high rates of

1/ FBIS, Soviet Union: Daily Report, Supplement 009, Nov. 12, 1986. A final, revised version of the Guidelines was approved by the delegates to the 27th Party Congress in early March 1986.

2/ The Economist Intelligence Unit, Quarterly Economic Review of USSR, No. 4, 1985, p. 10.

3/ Wharton Econometric Forecasting Associates, Centrally Planned Economies Service, Current Analysis, Nov. 28, 1985, pp. 1, 4-7.

investment growth that characterized earlier plans. 1/ The plan implies that consumption will increase at a slightly higher rate than national income, but the implied increase in consumption is only slightly higher than the 3.6 percent envisaged--but not achieved--during 1981-85. 2/

Gorbachev's goal for the industrial sector--"a fundamental renovation of its material-technical base on the basis of the achievements of the scientific-technological revolution"--is ambitious. 3/ His strategy may not be fully articulated, but so far, two major elements can be identified. First, capital investment is to be concentrated on the modernization and retooling of existing enterprises rather than on the construction of new production facilities and on sectors that Gorbachev views as essential to raising the technological level of Soviet industry. The plan assigns the highest priority to the "machine-building complex," i. e., the machine-building and metal-forming branches. These sectors are to receive a substantial but unspecified increase in capital investments, and their output is to grow at a faster rate than any other industrial sector--40-45 percent by 1990. Within these sectors, the highest priority is assigned to machine tools, computers, electrical equipment, and instruments. This strategy implies a reduction in the share of investment in the raw materials and energy sectors. 4/

Second, Gorbachev and the plan called for organizational changes involving both centralization and decentralization. The plan refers to the need to create new organizations to manage groups of interrelated sectors and to increase the rights and responsibilities of the basic industrial units--enterprises and production associations. Enterprise managers are to receive fewer indices (targets) to fulfill and are to have more opportunity to use their own resources for material incentives. The role of the ministries is to shift correspondingly from detailed supervision of the enterprises to long-range planning. Administration is to be streamlined, and "superfluous tiers" are to be eliminated.

Policies introduced in 1985 may provide some indication of how organizational change is to be implemented. A party-government decree issued

1/ Planned average annual increases in investment were 6.7 percent in the Ninth Five-Year Plan (1971-75), but only 3.5 percent in the Tenth (1976-80) and 2.3-2.8 percent in the Eleventh (1981-85) Five-Year Plans. Although the actual rates of growth of investment in some years exceeded planned rates, Soviet planners succeeded in reducing the growth of investment during the Tenth and Eleventh Five Year Plans. This strategy was criticized by some Soviet economists, who viewed it as one of the reasons for the slowdown in economic growth since the mid 1970's. (Ibid., pp. 5-6.)

2/ Ibid., p. 7.

3/ CPSU Draft Program (1985). Translated in FBIS, Soviet Union: Daily Report, Supplement 007, Oct. 28, 1985, p. 9.

4/ Current Analysis, Nov. 28, 1985, op. cit., p. 6. The plan calls for the production of 630-640 MMT of oil, 780-800 MMT of coal, and 835-850 BCM of natural gas in 1990. The targets for oil and coal are considered optimistic by Western analysts.

in July extended the "experiment" in industrial management begun in 1984 to all factories, effective January 1, 1987 and adds some new provisions to the original rules. 1/ Factories producing goods certified as "top quality" will receive bonuses of up to 30 percent of the wholesale price. Factories producing goods that are not certified "top quality" are to be penalized through a series of progressively higher reductions in the wholesale price. In addition, factory managers are authorized to use their enterprises' own resources for modernization and retooling for projects below certain ruble limits without their ministries' permission and to requisition the needed supplies directly from Gosstab, the state supply agency.

Western analysts foresee problems with these innovations. 2/ First, it will not be the consumer who decides whether a good is "top quality," but the certification commissions, which have been criticized in the past for giving shoddy goods the "top quality" certification. Second, factory managers may find it difficult to obtain supplies that have not been centrally allocated for self-initiated projects.

The first of the new organizations for coordinating the activities of related sectors to be created was a Bureau for Machine Building attached to the Council of Ministers. The new organization, which was announced in October 1985, was empowered to issue binding instructions to, and reallocate the resources of, the 11 ministries responsible for the production of machinery. 3/

The plan also incorporates the targets of the "Comprehensive Program for the Development of Consumer Goods Production and the Service Sphere for the Years 1986-2000," which was published in October 1985. Qualitative improvements (e.g., in the range of goods and services available) as well as increases in the output of nonfood consumer goods and services paid for by the consumer are planned. 4/ The Comprehensive Program was not very specific about the means by which these goals are to be achieved. 5/ Among those mentioned were improvements in the organization of production, modernization and retooling of factories, more efficient use of materials, the introduction

1/ "CPSU 12 July 1985 Management Decree Detailed," FBIS, USSR Report: Economic Affairs, Sept. 10, 1985, pp. 1-16.

2/ See, for example, Economist, Aug. 10, 1985, p. 32.

3/ Hanson, op. cit., p. 11.

4/ Nonfood consumer goods include textiles, apparel, footwear, and consumer durables. Consumer services paid for by the population include household services such as appliance repair and dry cleaning, municipal services, tourism, and rest homes. They are distinguished from services provided without charge such as medical care. The planned average annual increases in output are as follows: consumer goods, 5.4 percent during 1986-1990 and 3.3-3.9 percent during 1991-2000; consumer services, 5.4-7.0 percent during 1986-1990 and 4.1-5.9 percent during 1991-2000. (Wharton Econometric Forecasting Associates, Centrally Planned Economies Service, Current Analysis, Nov. 21, 1985, pp. 7, 11.)

5/ The Guidelines, which were published in November, contained few additional indications of how the goals of the Comprehensive Program are to be met. The only major addition is a call for increased production of consumer durables by plants in the heavy and defense industries, which manufacture such goods as a sideline.

of modern materials, and increased imports of technology for manufacturing consumer goods and finished products from other CMEA countries. This lack of precision has led a number of Western analysts to doubt whether the goals of the consumer goods and services program can be achieved. 1/

Most Western analysts consider the target for agricultural output unrealistic in light of the sector's past performance. The target is apparently based on overly optimistic plans for the production of key agricultural commodities, especially grain and meat. Grain production, which averaged about 175 MMT during 1981-85 and 205 MMT during 1976-80 is to rise to 250-255 MMT in 1990. Meat production, which totaled 17.1 MMT in 1985, is to increase to 21 MMT in 1990.

Gorbachev does not appear to favor the adoption of market-oriented agricultural policies like those of China and Hungary or an increase in the share of investment devoted to agriculture. 2/ Instead, he appears to be relying on a strategy of streamlining the agricultural bureaucracy and allowing more initiative to collective (kolkhoz) and state (sovkhoz) farms. Such an approach is suggested by two policies announced in 1985.

On November 22, the Soviet news agency announced that five ministries and a state committee responsible for supplying equipment to the agricultural sector had been abolished and replaced with a "superministry," the U.S.S.R. State Agroindustrial Committee. 3/ The decision is designed to improve the integration of agriculture, servicing organizations, and processing organizations, which was the goal of the Food Program of 1982. The idea of creating a superministry for agriculture predates Gorbachev, 4/ but he implemented it in a radical manner, according to press reports. In what may be a first for the Soviet Union, "thousands" of ministry employees were reportedly fired and given severance pay. 5/ The new organization, which is headed by Vsevolod S. Murakhovsky, an apparent protegee of Gorbachev, was given broad responsibilities to manage, supply, and plan the agroindustrial

1/ See, for example, *ibid.* and David Dyker, "The Complex Program for Consumer Goods Production," Radio Liberty Research, RL 351/85, Oct. 25, 1985.

2/ Both the new Five-Year Plan, which states that the increase in output will be achieved "primarily through intensive means" and Gorbachev's remarks in a June speech suggest that large increases in investment will not be forthcoming. Referring to agriculture, he said, "Here we have reached the rational limits in building up capital investment, but the yield from them [sic] thus far is not satisfactory" (FBIS, Soviet Union: Daily Report, June 12, 1985, p. R 8.)

3/ The organizations that were abolished were the Ministry of Agriculture, the Ministry of the Fruit and Vegetable Industry, the Ministry of Rural Construction, the Ministry of the Meat and Dairy Industry, and the State Committee for the Supply of Production Equipment for Agriculture. See FBIS, Soviet Union: Daily Report, Nov. 25, 1985, pp. T1 - T8 for the TASS announcement and the text of the resolution adopted by the Central Committee and the Council of Ministers.

4/ Anton F. Malish, "The Food Program: A New Policy or More Rhetoric?" in U.S. Congress, Joint Economic Committee, Joint Committee Print, 97th Congress, 2d session, Dec. 31, 1982, Soviet Economy in the 1980's: Problems and Prospects, Part 2 (Washington: U.S. Govt. Print. Off., 1983), p. 57.

5/ Business Week, Mar. 3, 1985, p. 50.

complex, but whether it will have the power to obtain sufficient supplies of high-quality agricultural machinery and fertilizers from ministries that remain beyond its direct control remains to be seen.

A "large-scale experiment" placing selected farms on a self-financing basis was launched in October 1985. As of January 1, 1986, they will be allowed to decide independently how much to produce and sell to the state. The agricultural bureaucracy will retain control over the amount of payments by participating farms into the state budget, of allocations from the budget, and the volume of deliveries of inputs to the farms. The apparent goal of the experiment is for the farms to use their own resources to increase production, but to do so, they must be profitable, which many are not. 1/ This experiment could be expanded as was the industrial experiment, if it is judged successful.

Eastern Europe

Romania

Shortfalls in energy and agricultural production permeated the Romanian economy in 1985, throwing off plans and prompting strict actions by the state. Despite this, economic expansion continued and the country made further progress in reducing its hard-currency debt and restoring its credit rating in international financial markets. 2/ According to preliminary official estimates, national income grew by 5.9 percent, industrial production by 4.9 percent, and construction by 4.0 percent during the year under review. Agricultural production remained unchanged. At 27 percent, the proportion of net investment in the national income remained the highest in Eastern Europe. 3/ The energy and raw material production led other sectors in obtaining investment capital from the state.

Bad planning, mismanagement and poor labor morale were blamed for the flareup of problems in Romania's crisis-ridden energy sector during 1985. 4/

1/ Andreas Tenson, "New Measures to Fulfill the Food Program," Radio Liberty Research, RL 14/86, Jan. 3, 1986, pp. 1-2.

2/ For a description of Romania's economic situation during the year under review, see Wharton Econometric Forecasting Associates, Recent Developments in the Romanian Economy, Current Analysis, Feb. 20, 1986, and Business Eastern Europe, Nov. 1, 1985, pp. 1 and 2.

3/ This figure compares with Bulgaria's 24 percent, East Germany's and Czechoslovakia's 18 percent, and Hungary's 12 percent. See Wharton, *ibid.*

4/ Among several factors that have led to Romania's current economic predicament, the misguided enlargement of its refinery capacity from 16 million metric tons (MMT) in 1970 to a current 30 MMT stands out. As oil production gradually declined from 14.7 MMT in 1976, the country's former surplus in oil trade turned into a deficit in 1977. Since Romania had no access to the cheaper Soviet oil available only to the NME's that invested in Soviet oil fields, almost all the oil it imported originated from OPEC sources. See The Economist Intelligence Unit, EIU, Quarterly Review of Romania, No. 5, p. 5.

In order to meet their national plans in 1985, the authorities counted on a large-scale replacement of oil by lignite in generating power for domestic use. But the 3.0-percent increase in lignite production fell severely short of the targeted 46.0 percent. In addition, oil production declined from 11.5 MMT in 1984 to an estimated 11.0 MMT in 1985, and hydroelectric power generation had been set back by drought. Consequently, production plans based on expected increases in energy supplies fell apart in the rest of the economy.

Adverse weather was cited as the chief culprit in Romania's poor agricultural performance during the year under review. Total grain output dropped by 25 percent from 1984 as declines were registered in all main crops. As the maintenance of hard-currency exports remained the Government's priority, the brunt of shortfalls in agricultural production was borne by the consumer. 1/

The country's hard-currency-merchandise trade balance declined from \$2.2 billion in 1984 to \$1.8 billion in 1985, still the largest trade surplus among East European countries. Hard currency exports decreased from \$6.9 billion to \$6.8 billion, and imports increased from \$4.7 billion to \$5.0 billion over the period. With foodstuff and petrochemicals leading the way, there was no major change in the commodity composition of exports, nor in the respective share of Western and less developed countries (LDC's). Among hard currency imports, capital goods and food were the most important. The share of developed countries among Romania's suppliers increased slightly. 2/ Romania has increased its demand for countertrade to Western (particularly to West European) firms in order to acquire capital goods for plant modernization without foreign exchange. 3/

Exports to other NME's increased by an estimated 12.0 percent, imports from these by 2.5 percent from 1984 to 1985. Exports to the Soviet Union increased by more than 20.0 percent, but imports from that country remained on the same level over the period. 4/

More tightening of controls characterized alterations in the country's heavily centralized economic management during the year under review. A new disciplinarian system was introduced involving fines of up to one half the salaries of both labor and management for nonfulfillment of plans. Promotion of cooperative small-scale agricultural ventures failed to make a dent in the country's agricultural problems during 1985. 5/

1/ Interview with Wharton Econometric Forecasting Associates.

2/ Data on the hard-currency foreign trade position of Romania and the rest of the East European NME's was obtained from Wharton Econometric Forecasting Associates.

3/ For a description of Romania's countertrade policies, see USITC Publication 1766, Assessment of the Effects of Barter and Countertrade on U.S. Industries, October 1985, p. 127.

4/ There are indications that commercial contacts with the Soviet Union are on the upswing. Romania will apparently increase dependence on both Soviet energy and technology in the coming years. (Interview with Wharton Econometric Forecasting Associates.)

5/ See Wharton, op. cit.

New Romanian plans appear very ambitious. National income is supposed to grow by 10.0-12.0 percent in 1986. The target for coal production is 69 MMT. (This compares with 44 MMT in 1984, the last available data.) Work on major investment projects (Government center in downtown Bucharest, the Bucharest-Danube canal and Bucharest seaport) is planned to continue.

Poland

The year under review marked the end of Poland's so-called "Stabilization Program of 1983-1985." Over the 3-year period, national income increased by 15.0 percent, industrial production by 16.0 percent and agricultural production by 10.0 percent. In 1985, national income grew by 3.0 percent and industrial production, by 3.8 percent. Manufacturing output increased by 4.3 percent, labor productivity by 4.0 percent, according to preliminary official data. 1/ Despite these gains, the country has not been able to decisively turn the corner on its internal and external economic imbalances. Fed by unscheduled increases in money incomes (23.9 percent), investment outlays (5.0 percent), and an unbalanced budget, domestic inflation was 16.0 percent during the year under review. Inefficiency and shortages increased the investment cycle from 39 months in 1980 to 50 months in 1985. 2/

Poland's gross hard-currency debts increased from \$27.0 billion in 1984 to an estimated \$29.5 billion in 1985. 3/ The country's hard-currency-merchandise exports declined from \$6.3 billion in 1984 to an estimated \$5.9 billion during the year under review. Exports to developing countries dropped by more than 10.0 percent, to the developed West around 4.0 percent from 1984 to 1985. Imports increased from \$4.8 billion to \$5.0 billion over the period. 4/ In constant prices, Poland's hard-currency exports decreased by 3.8 percent, and its imports increased by 8.1 percent.

1/ Data for 1986 economic performance were obtained through Wharton Econometric Forecasting Associates.

2/ Business Eastern Europe, Oct. 4, 1985, p. 315.

3/ For more on the subject of efforts to manage the Polish debt problem, see under appropriate heading in the commercial developments section, earlier in this report.

4/ These figures represent independent estimates by Wharton Econometric Forecasting Associates. Poland's merchandise trade balance on this basis is less than the approximately \$1.2 billion reported by the Polish Ministry of Finance. For an official report on Poland's 1985 hard currency trade, see Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Jan. 16, 1986, p. G3.

Variations in the assessments of Poland's foreign trade position may largely be the result of devaluations of the zloty against both the dollar and the ruble. For 1984, devaluation against the dollar averaged 24.1 percent, against the rouble, 4.9 percent. Further devaluations in January (12.1 percent) and June (16.8 percent) 1985 led to an exchange rate of 159 zloties to the dollar at the end of 1985. Further devaluation during the first quarter of 1986 reduced the zloty to 170 to the dollar. See, The Conference Board Centrally Planned Economies in Europe, Economic Overview, Report No. 879, 1985, p. 19.

Analysts consider the decline in Poland's merchandise-trade surplus a sign of approaching crisis rather than an exceptional setback. 1/

The major factors behind the decline in Poland's hard-currency exports were the drop in coal exports and the lack of success in marketing the country's industrial products, particularly machinery, and construction services to developing countries. Coal exports, Poland's principal hard-currency earner, dropped to an estimated 37 MMT, a 14-percent decline from 1984. This is attributed to a decline in the production of coal from the record 1984 level and to an increased domestic demand for it. 2/ Problems with the quality of exported goods, lack of incentives to stimulate exports, and production shortages have been identified as the major domestic reasons for the export setback in 1985. 3/ In order to supplement domestic efforts for industrial modernization and substitute for the sparse availability of Western capital, Polish officials have presented Western companies with proposals for industrial cooperation and other forms of countertrade. 4/

In trade with other NME's, Poland registered a deficit of 710 million rubles in 1985. The volume of exports to the NME's increased by 7.7 percent and that of imports by 6.8 percent from 1984 to 1985. 5/

The Polish agriculture and agricultural trade were the brightest spots in the country's 1985 economic performance. Food rationing for vital products except for meat ended. Grain production for 1985/86 is estimated at 23.6 MMT. Although this is 2.7 percent below last year's record crop, it is 11.0 percent over the average production for the last 5 years. 6/ Agricultural imports to hard currency markets increased, imports declined. The most significant increases in exports occurred in frozen fruits, vegetables and ready-to-serve products, primarily meat and meat products. The most important cuts in imports occurred in cereals and fodder. 7/

Economic reform made some progress in 1985. There was a slight increase in enterprise autonomy, some progress in tying wages to work performance and reducing state monopoly in foreign trade. Proreform opinion became stronger. But frequent ad hoc interventions by the state in the pricing process and resource reallocation weakened reform measures. Industrial monopolies remained intact as did the organizational backbone of central planning, the chain of command relationship linking firms to industrial associations and

1/ For an assessment of Poland's trade problems in 1985, see Wharton Econometric Forecasting Associates, Current Analysis, "Poland's Foreign Trade During January-September 1985: Signs of Coming Crisis", Dec. 14, 1985.

2/ See, Journal of Commerce, Nov. 14, 1985, p. 13/A.

3/ See, Foreign Broadcast Information Service, JPRS, East Europe Report, Nov. 21, 1985, pp. 116-119. In the decline of Polish industrial exports to the developing world, weakening oil revenues of OPEC countries and foreign exchange shortages in other Third World countries have also played a part.

4/ See article "Who will finance Poland this time around?" in Euromoney Trade Finance Report, December 1985, p. 7.

5/ For a report on Polish trade with other NME's, see Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Jan. 22, 1986, p. G5.

6/ See East Europe Agriculture, December, 1985, p. 9.

7/ Journal of Commerce, Nov. 6, 1985, p. 4/A.

these to branch ministries. No critical step was made during the year under review to substitute market forces for centrally perceived priorities in shaping the country's economic structure or to reawaken individual economic initiative. 1/

Poland engaged in significant efforts during the year under review to further develop its trade relations with Western countries and the NME's. Trade with the Soviet Union represented 37 percent of Polish trade in 1985 and showed signs of growing in importance in the future. 2/ Commercial ties with Third World countries also increased. 3/

Industrial production is planned to expand by 3.2-3.6 percent in 1986, real wages are to remain at their 1985 level. It is very likely that the living standards of the Polish population will not increase during the next 5 years. 4/ Economic reforms are expected to make progress in 1986, and Polish firms will very likely increase their countertrade demands in order to acquire Western machinery and equipment necessary to increase their hard-currency revenues.

Hungary

Bad weather and export problems led to disappointing economic results in Hungary during the year under review. National income grew by 0.5 percent, industrial production by 0.7 percent, construction declined by 5.0 percent, and agricultural production by 6.0 percent from 1984 to 1985, according to official Hungarian reports. 5/ Inflation remained in the 7-8 percent range. Despite these difficulties, official statistics indicate a 1.0-1.5 percent increase in real incomes during 1985.

At almost 15 MMT, grain production was the second largest ever recorded, but 6.0 percent less than 1984's record harvest. The animal stock, an

1/ See, Foreign Broadcast Information Service, JPRS, East Europe Review, Feb. 3, 1986, pp. 43-48; Dec. 17, 1985, pp. 65-69; Dec. 10, 1985, pp. 83-85, Nov. 27, 1985, pp. 51-57, Nov. 21, 1985, pp. 126-130,

2/ According to plans, trade with the Soviets will increase by 43 percent by 1990. See, Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Jan. 23, 1986, pp. G3-G6. Among other things, there are joint Polish-Soviet plans to construct a gaspipeline, complete Polish metallurgy projects. The Soviets have reportedly also ordered 300 vessels from Poland, saving the country's shipyards from a severe crisis. See Journal of Commerce, Dec. 4, 1985, pp. 1A/4A.

3/ Polish firms expressed their willingness to take the place of U.S. companies if they leave Libya. See Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Feb. 3, 1986, p. G1.

4/ See report from Warsaw in the Journal of Commerce, Nov. 20, 1985, p. 13/A.

5/ The average annual growth of the gross national product between 1980 and 1984 exceeded 2.0 percent. It must be noted that the officially reported national income figures may understate the real level of production since they do not include the country's relatively important "second economy." For details of Hungary's officially reported economic developments, see Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Feb. 13, 1986, pp. F4-F16.

important source of hard-currency revenue, decreased in 1985: the cattle stock by 7.0 percent and pigs by 10.0 percent.

The country's surplus in trade with the non-NME's amounted to \$300 million. Hard-currency exports decreased from \$4.9 billion in 1984 to an estimated \$4.6 billion in 1985. Hard currency imports remained the same \$4.3 billion in both years according to preliminary estimates. The share of the West in Hungarian imports was 40 percent; in exports, 35 percent. The country's main Western trading partners remained the Federal Republic of Germany and Austria. The 255-million ruble-merchandise-trade surplus in 1985 was the first surplus in 5 years in trade with the NME's.

Market economic reforms continued during the year under review. Enterprises were relieved from the obligation to find employment for workers released as a result of rationalization. Publicly funded employment agencies became charged with the task. Prices were further liberalized, profitability requirements for investment credit tightened, and the transfer of capital among firms through bonds increased. The Chamber of Commerce enlarged its role as an informal consultant and representative of industrial firms in order to help management reduce its dependence on the supervisory state apparatus. Among further reform measures planned for 1986, the introduction of commercial banking, steps to eliminate industrial monopolies, and extension of the small business system appear the most promising. 1/

As in previous years, the NME press gave confusing signals about Soviet approval of Hungarian economic policies. Ideological misgivings about the reform alternated with praises in the Soviet Communist party newspaper, Pravda. 2/ Although the net result of this was generally perceived as a cautious approval of the reform by the Soviets, spokesmen for the Hungarian Government nevertheless felt compelled to provide explanations about the reform's socialist foundations and consequent limits. 3/

Hungary's economic situation relative to other NME's was not as bad as the 1985 plan fulfillment statistics indicate. Western reports concurred that the country retained its lead among East European NME's in satisfying consumer demands and mobilizing individual economic initiatives. It has also improved its credit rating on Western financial markets. The planned average annual increase of national income is 3.0 percent for the coming years. 4/

1/ For details, see Bank of International Settlements, BIS, Press Review, July 9, 1985, pp. 5 and 6, and The Economist Intelligence Unit, EIU Quarterly Economic Review of Hungary, No. 4, 1985, pp. 7-9.

2/ Talking about the reform, Pravda warned that unbridled free enterprise is "fraught with serious economic, social and ideological consequences" that undermine "the foundations of socialist economic management." See The Wall Street Journal, Aug. 28, 1985, p. 1. For more on Western puzzlement of the Hungarian reform's Soviet press, see Radio Free Europe/Radio Liberty, Research, RL 45/86, Jan. 23, 1986.

3/ For example, see article on the reform published in the Austrian newspaper EUROPAEISCHE RUNDSCHAU, Foreign Broadcast Information Service, JPRS, East Europe Report, Jan. 29, 1986, pp. 50-62.

4/ Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Jan. 29, 1986, p. F4.

East Germany

1985 has apparently been another banner year for the East German economy. According to official statistics, 1/ national income rose by 4.8 percent, industrial output by 4.4 percent, and industrial productivity by 8.4 percent. In the strongest performing branch, electrical engineering and electronics, production rose by 15.5 percent. Construction output increased by 10.5 percent. Output of animal husbandry increased by 5.2 percent, and the food industry by 8.4 percent. Following the record-breaking harvest of 11.5 MMT in 1984, grain harvest reached yet another record of 11.6 MMT during the year under review.

East Germany has clearly emerged as the champion growth performer among East European NME's during the 1980's. In the 5 years from 1981 to 1985, the country's national income grew at an average rate of 4.3 percent a year, whereas the average growth was only 2.0 percent for Eastern Europe. But Western analysts concur that the GDR's exceptional growth performance in the past years has taken a toll on investment. Industrial investments may have declined by 10 percent during the past 3 years. 2/ Thus if the country is to maintain its strong growth performance, it will have to modernize its capital stock through imports from the West. 3/

East Germany's hard-currency exports increased from \$8.7 billion in 1984 to \$8.9 billion in 1985, its hard-currency imports increased from \$7.7 billion to \$8.2 billion. As a result of a 23-percent increase in East German imports from West Germany, trade turnover between the two Germanies increased from 14.1 billion VE in 1984 to 16.2 billion VE in 1985. 4/ East German imports from West Germany increased by 23.0 percent, but East German exports to West Germany were actually down, despite the almost 6-percent overall increase in West German import demand during the year under review. The GDR continued its efforts to extend trade with other Western countries, particularly with Austria and France. 5/ East German trade with other NME's, representing about two-thirds of the country's foreign trade, increased by 4.0 percent from 1984 to the year under review.

1/ For official GDR statistics on 1985 economic performance, see Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Feb. 11, 1986, pp. E3-E31.

2/ See The Economist, July, 6, 1985, p. 64.

3/ See, Wharton Econometric Forecasting Associates, Current Analysis, Recent Results in the East German Economy, Jan. 9., 1986, pp. 4-6; and The Economist Intelligence Unit, EIU Quarterly Economic Review of East Germany, No. 4, 1985, pp. 7 and 8.

4/ Trade between East and West Germany, the so-called inner-German trade, is conducted under bilateral agreement between the two countries. Trade is valued in terms of accounting units (verrechnungs einheit, VE. VE=DM). For statistics on inner-German trade, see Statistisches Jahrbuch fur die Bundesrepublik Deutschland, 1985.

5/ Following the visit of French Prime Minister Mr. Laurent Fabius to East Germany in June 1985, officials of the two countries announced that they would try to increase two-way merchandise trade from \$460 million in 1984 to \$2.3 billion by 1990. See Economist, op. cit.

Besides attempting to enlarge managerial independence at the "Kombinates," there were no major changes in the country's industrial organization during the year under review. 1/ But a quiet trend to build up small private enterprises continued. 2/ In agriculture, reforms aimed at loosening central control and cutting subsidies continued during the year under review. 3/

East German planners will seek modernization, improvements in economic structure, and stabilization of their external markets in the next 5 years. The 1986 plan calls for another 4.4-percent increase in the national income. 4/

Czechoslovakia

1985 marked the third year of Czechoslovakia's economic recovery. According to official statistics, national income increased by 3.3 percent, industrial output by 3.4 percent and agricultural production by 4.8 percent from 1984 to 1985. At 11.7 MMT, grain production during the year under review was the second best on record. 5/ But behind the quantitative successes, the country's economy continued to be plagued by the customary drawbacks of rigid central planning.

Czechoslovakia's total trade turnover increased by 5.3 percent from 1984 to 1985. 6/ Exports grew by 4.9 percent, imports by 5.8 percent. Trade with other NME's increased by 6.1 percent and represented 78.8 percent of total trade. The Soviet Union accounted for 44.8 percent of the country's total trade in 1985. At \$0.8 billion, the country's hard currency merchandise trade balance remained the same in 1985 as in 1984. Exports amounted to \$4.1 billion and imports to \$3.3 billion in both years.

The concentration of resources into the hard-currency export sector during the past few years has run down the country's capital stock. The dire

1/ The East German industry is organized into 170 groups of factories and research facilities called "Kombinates" (combines). This approach to industrial organization has attracted Soviet attention in that country's search for economic reorganization. See article on the GDR in the Economist, July 6, 1985, p. 64.

2/ In 1985, 15,000 new licenses for such operations had been issued. See Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Jan. 15, 1986, p. 6.

3/ For a description of agricultural reforms in the GDR during 1985, see Wharton Econometric Forecasting Associates, Centrally Planned Economies, Current Analysis, Jan. 9, 1986, pp. 6 and 7; and Foreign Broadcast Information Service, JPRS, East Europe Report, Dec., 12, 1985, pp. 12-20.

4/ The 1986 economic plan was published in Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Dec. 3, 1986, pp. E2-E5.

5/ For the official report on Czechoslovakia's 1985 plan fulfillment, see Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Feb. 12, 1986, pp. D1-D17.

6/ According to a Hungarian press report, Czechoslovakia's foreign trade in real terms expanded by only 2.3 percent in 1985, and hard currency exports fell by 7.2 percent see HETI VILAGGAZDASAG (World Economy Weekly), Jan. 18, 1986, p. 11.

need to adjust industrial structure and refresh the capital stock may be the primary reason behind the planners' decision to slow economic growth during the next 2 years. 1/

Some mild decentralization rhetoric notwithstanding, orthodox Marxist views and practices of economic management remained in full force during the year under review. Systemic problems inherent to central planning (such as unheeded consumer needs, the lack of effective ways to raise labor productivity, the accumulation of inventories from industrial hoarding and unsold commodities, etc.) continued to be officially regarded as problems that can be solved through improving the existing system of economic management. 2/

Plans call for a 3.5 percent average annual growth of the national income over the next 5 years.

Bulgaria

The country's economy showed signs of strain during the year under review. Agriculture and the energy sector suffered the most serious setback as a result of the severe 1984/85 winter, and the summer drought that followed. The decline in overall agricultural output necessitated massive food-price increases during the second half of 1985. National income rose by 1.8 percent, and industrial output by 4.0 percent from 1984 to the year under review, according to official statistics. 3/ The production of grain and a host of other agricultural goods declined. Food and fodder imports had to be increased.

The country's overall exports rose by 5.8 percent, its imports by 9.0 percent from 1984 to 1985. Trade with other NME's accounted for 75.6 percent, and trade with the Soviet Union, 56.3 percent of total trade. The hard-currency-merchandise trade balance declined from \$0.6 billion in 1984 to an estimated \$0.3 billion during the year under review. Hard-currency exports edged down from \$3.1 billion to \$3.0 billion and imports moved upward from \$2.5 billion to \$2.7 billion.

Bulgaria came under open pressure from the Soviet Government to improve the quality of its exports to the Soviet Union. During a brief state visit in late October, 1985, Soviet Party Chief Mikhail Gorbachev criticized the poor quality of goods Bulgaria sells to the Soviets in exchange for coal, oil and ores. The Soviet ambassador in Bulgaria joined in the criticism.

Slow implementation of a vaguely defined market-oriented economic reform program, named New Economic Mechanism (NEM) after its Hungarian predecessor, continued during the year under review. Industrial firms were awarded

1/ See Foreign Broadcast and Information Service, JPRS, East Europe Report, Jan. 3, 1986, pp. 7-10.

2/ For a description of problems in the Czechoslovak economy in 1985, see Radio Free Europe Research, Situation Report, Czechoslovakia, Nov. 8, 1985.

3/ For Bulgaria's 1985 plan fulfillment report see Foreign Broadcast Information Service, FBIS, Daily Report, Eastern Europe, Feb. 13, 1986, pp. C1-C9.

investment funds on a competitive basis and new wage incentives were introduced. To the extent supply pressures caused by cold and drought permitted, the authorities showed an increased concern for consumer welfare. 1/

It was not clear during the reporting period whether the above-mentioned Soviet criticism 2/ helped or hindered Bulgaria's economic reformers. Although industrial modernization urged by the Soviets could be better accomplished in a reformed economy, the Soviet ambassador's reported criticism of increasing public interest in second economic activities is a political obstacle to the reform process. 3/ From a public debate over economic policy, however, it appears that internal pressure for more radical reforms is considerable. 4/

For 1986, the Bulgarians forecast a 4.0-percent increase in the national income.

1/ See, The Economist Intelligence Unit, EIU Quarterly Economic Review of Bulgaria, No.1, 1985, pp. 24 and 25.

2/ For a report on the Soviet ambassador's criticism see The Economist Intelligence Unit, EIU, Quarterly Economic Review of Bulgaria, No. 4, 1985, p. 19.

3/ Increased official tolerance of secondary economic activities is an essential element of reforming central planning in the NME's. This has been exemplified by Hungary since the end of the 1960's and China since the beginning of this decade. These activities begin to burgeon immediately in the wake of loosened central controls and perform a vital economic and psychological role in the process of economic decentralization.

4/ See article, "Economists Call for Radical Economic Reform," Radio Free Europe, Situation Report, Bulgaria, Dec. 23, 1985, pp. 7-16.

APPENDIX A. U.S. TRADE WITH THE NONMARKET ECONOMY COUNTRIES
BY SITC SECTIONS, 1983-1985

Table A-1.--U.S. trade with all nonmarket economy countries, 1/ by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	2,057,104	3,441,642	2,028,070
1. Beverages and tobacco-----	23,117	13,460	24,822
2. Crude materials--inedible, except fuel-----	817,602	1,006,751	804,786
3. Mineral fuels, lubricants, etc-----	42,730	72,259	154,162
4. Oils and fats--animal and vegetable-----	34,990	56,637	68,253
5. Chemicals-----	660,317	920,971	883,902
6. Manufactured goods classified by chief material-----	271,684	227,052	392,922
7. Machinery and transportation equipment-----	818,605	1,086,920	2,167,019
8. Miscellaneous manufactured articles-----	268,648	286,196	411,353
9. Commodities and transactions not elsewhere classified-----	72,828	76,019	86,399
Total-----	5,067,626	7,187,906	7,021,687
U.S. imports:			
0. Food and live animals-----	287,051	317,556	349,361
1. Beverages and tobacco-----	50,551	40,150	39,481
2. Crude materials--inedible, except fuel-----	121,165	141,801	152,958
3. Mineral fuels, lubricants, etc-----	757,400	1,307,322	1,521,250
4. Oils and fats--animal and vegetable-----	1,552	2,761	1,435
5. Chemicals-----	330,848	479,454	536,947
6. Manufactured goods classified by chief material-----	638,285	1,024,707	970,981
7. Machinery and transportation equipment-----	153,443	218,394	245,804
8. Miscellaneous manufactured articles-----	1,216,717	1,634,955	1,914,766
9. Commodities and transactions not elsewhere classified-----	17,066	30,782	57,687
Total-----	3,574,079	5,197,882	5,790,671

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

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

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

Table A-2.--U.S. trade with China, by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	540,729	579,144	102,775
1. Beverages and tobacco-----	418	1,267	1,236
2. Crude materials--inedible, except fuel-----	297,773	458,731	567,039
3. Mineral fuels, lubricants, etc-----	496	730	2,192
4. Oils and fats--animal and vegetable-----	1	7,458	72
5. Chemicals-----	353,168	644,072	513,547
6. Manufactured goods classified by chief material-----	216,843	188,284	359,162
7. Machinery and transportation equipment-----	583,935	901,222	1,921,262
8. Miscellaneous manufactured articles-----	164,357	197,158	312,887
9. Commodities and transactions not elsewhere classified-----	5,498	10,414	16,027
Total-----	2,163,219	2,988,480	3,796,200
U.S. imports:			
0. Food and live animals-----	107,071	139,052	155,832
1. Beverages and tobacco-----	3,856	4,407	5,274
2. Crude materials--inedible, except fuel-----	96,610	111,568	124,080
3. Mineral fuels, lubricants, etc-----	419,644	606,805	983,732
4. Oils and fats--animal and vegetable-----	1,552	2,749	1,353
5. Chemicals-----	133,105	154,914	159,678
6. Manufactured goods classified by chief material-----	394,693	543,804	615,809
7. Machinery and transportation equipment-----	42,141	66,739	90,868
8. Miscellaneous manufactured articles-----	1,008,436	1,387,148	1,682,961
9. Commodities and transactions not elsewhere classified-----	10,418	23,215	43,799
Total-----	2,217,526	3,040,401	3,863,385

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

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

Table A-3.--U.S. trade with the U.S.S.R., ^{1/} by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	1,194,970	2,585,083	1,728,525
1. Beverages and tobacco-----	874	1,264	8,732
2. Crude materials--inedible, except fuel-----	264,583	224,263	90,180
3. Mineral fuels, lubricants, etc-----	22,571	30,045	54,538
4. Oils and fats--animal and vegetable-----	21,507	38,872	63,927
5. Chemicals-----	239,398	208,219	281,634
6. Manufactured goods classified by chief material-----	29,755	16,573	9,570
7. Machinery and transportation equipment-----	149,452	110,221	111,926
8. Miscellaneous manufactured articles-----	76,422	65,908	70,898
9. Commodities and transactions not elsewhere classified-----	2,419	2,205	2,017
Total-----	2,001,951	3,282,652	2,421,948
U.S. imports:			
0. Food and live animals-----	17,488	17,070	12,303
1. Beverages and tobacco-----	11,744	9,042	10,867
2. Crude materials--inedible, except fuel-----	11,481	17,270	15,124
3. Mineral fuels, lubricants, etc-----	55,968	191,577	99,995
4. Oils and fats--animal and vegetable-----	1	9	37
5. Chemicals-----	144,417	207,819	196,199
6. Manufactured goods classified by chief material-----	88,031	103,801	61,231
7. Machinery and transportation equipment-----	3,382	2,615	4,151
8. Miscellaneous manufactured articles-----	6,259	4,442	3,351
9. Commodities and transactions not elsewhere classified-----	2,322	2,477	3,661
Total-----	341,093	556,122	406,919

^{1/} Includes Estonia, Latvia, and Lithuania.

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

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

Table A-4.--U.S. trade with Eastern Europe, 1/ by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	321,173	277,073	196,770
1. Beverages and tobacco-----	21,763	10,929	14,853
2. Crude materials--inedible, except fuel-----	254,519	323,471	147,554
3. Mineral fuels, lubricants, etc-----	16,201	32,415	85,973
4. Oils and fats--animal and vegetable-----	13,482	10,307	4,254
5. Chemicals-----	67,305	67,911	88,055
6. Manufactured goods classified by chief material-----	25,080	22,192	24,188
7. Machinery and transportation equipment-----	85,010	75,373	133,207
8. Miscellaneous manufactured articles-----	27,638	22,794	27,452
9. Commodities and transactions not elsewhere classified-----	44,525	41,731	48,306
Total-----	876,695	884,198	770,611
U.S. imports:			
0. Food and live animals-----	162,492	161,406	180,865
1. Beverages and tobacco-----	34,951	26,693	23,334
2. Crude materials--inedible, except fuel-----	9,584	7,992	8,137
3. Mineral fuels, lubricants, etc-----	281,786	508,940	437,523
4. Oils and fats--animal and vegetable-----	-	3	44
5. Chemicals-----	53,305	116,722	181,071
6. Manufactured goods classified by chief material-----	154,109	377,073	293,800
7. Machinery and transportation equipment-----	107,919	149,027	150,785
8. Miscellaneous manufactured articles-----	202,014	243,203	228,420
9. Commodities and transactions not elsewhere classified-----	4,318	5,090	10,214
Total-----	1,010,479	1,596,150	1,514,193

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

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

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

Table A-5.--U.S. trade with Albania, by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	-	-	-
1. Beverages and tobacco-----	62	-	-
2. Crude materials--inedible, except fuel-----	588	99	-
3. Mineral fuels, lubricants, etc-----	3,463	9,068	11,458
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	1	-	4
6. Manufactured goods classified by chief material-----	-	-	-
7. Machinery and transportation equipment-----	86	26	423
8. Miscellaneous manufactured articles-----	5	155	15
9. Commodities and transactions not elsewhere classified-----	-	-	8
Total-----	4,205	9,349	11,908
U.S. imports:			
0. Food and live animals-----	-	27	9
1. Beverages and tobacco-----	-	8	7
2. Crude materials--inedible, except fuel-----	2,018	2,107	2,866
3. Mineral fuels, lubricants, etc-----	2	-	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	21	-	-
6. Manufactured goods classified by chief material-----	1,451	22	128
7. Machinery and transportation equipment-----	-	-	-
8. Miscellaneous manufactured articles-----	6	55	-
9. Commodities and transactions not elsewhere classified-----	-	-	-
Total-----	3,498	2,219	3,009

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

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

Table A-6.--U.S. trade with Bulgaria, by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	22,889	6,494	29,047
1. Beverages and tobacco-----	13,435	719	4,776
2. Crude materials--inedible, except fuel-----	4,801	11,861	17,700
3. Mineral fuels, lubricants, etc-----	2	-	24,843
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	13,344	16,168	9,076
6. Manufactured goods classified by chief material-----	604	635	824
7. Machinery and transportation equipment-----	5,777	5,505	12,176
8. Miscellaneous manufactured articles-----	4,470	2,410	4,568
9. Commodities and transactions not elsewhere classified-----	66	295	480
Total-----	65,389	44,087	103,489
U.S. imports:			
0. Food and live animals-----	2,362	1,852	2,610
1. Beverages and tobacco-----	27,264	20,180	17,836
2. Crude materials--inedible, except fuel-----	80	317	319
3. Mineral fuels, lubricants, etc-----	-	-	256
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	1,184	3,542	4,519
6. Manufactured goods classified by chief material-----	141	771	586
7. Machinery and transportation equipment-----	366	1,276	3,332
8. Miscellaneous manufactured articles-----	1,033	2,252	4,209
9. Commodities and transactions not elsewhere classified-----	335	151	371
Total-----	32,765	30,340	34,038

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

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

Table A-7.--U.S. trade with Cuba, by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	-	1	-
1. Beverages and tobacco-----	-	-	-
2. Crude materials--inedible, except fuel-----	2	3	12
3. Mineral fuels, lubricants, etc-----	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	435	365	656
6. Manufactured goods classified by chief material-----	5	-	1
7. Machinery and transportation equipment-----	38	3	-
8. Miscellaneous manufactured articles-----	122	100	24
9. Commodities and transactions not elsewhere classified-----	84	400	420
Total-----	688	871	1,113
U.S. imports:			
0. Food and live animals-----	-	-	-
1. Beverages and tobacco-----	-	-	-
2. Crude materials--inedible, except fuel-----	-	-	-
3. Mineral fuels, lubricants, etc-----	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	-	-	-
6. Manufactured goods classified by chief material-----	-	-	-
7. Machinery and transportation equipment-----	-	-	-
8. Miscellaneous manufactured articles-----	1/	2	-
9. Commodities and transactions not elsewhere classified-----	-	1/	-
Total-----	1/	3	-

1/ Less than \$500.

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

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

Table A-8.--U.S. trade with Czechoslovakia, by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	7,107	168	616
1. Beverages and tobacco-----	42	1,987	1,794
2. Crude materials--inedible, except fuel-----	14,292	26,387	17,358
3. Mineral fuels, lubricants, etc-----	5	6	1
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	17,749	16,501	23,404
6. Manufactured goods classified by chief material-----	3,372	3,194	3,092
7. Machinery and transportation equipment-----	9,793	5,859	10,880
8. Miscellaneous manufactured articles-----	4,061	3,320	4,697
9. Commodities and transactions not elsewhere classified-----	659	677	782
Total-----	57,079	58,098	62,623
U.S. imports:			
0. Food and live animals-----	5,491	8,398	6,313
1. Beverages and tobacco-----	1,206	1,398	1,517
2. Crude materials--inedible, except fuel-----	1,060	576	210
3. Mineral fuels, lubricants, etc-----	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	3,022	1,363	1,216
6. Manufactured goods classified by chief material-----	24,205	38,200	30,054
7. Machinery and transportation equipment-----	7,861	13,670	10,870
8. Miscellaneous manufactured articles-----	19,267	19,720	22,437
9. Commodities and transactions not elsewhere classified-----	709	867	2,293
Total-----	62,821	84,192	74,909

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

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

Table A-9.--U.S. trade with East Germany, by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	111,147	99,324	55,086
1. Beverages and tobacco-----	957	-	-
2. Crude materials--inedible, except fuel-----	5,105	25,113	5,415
3. Mineral fuels, lubricants, etc-----	9	-	3,436
4. Oils and fats--animal and vegetable-----	235	-	-
5. Chemicals-----	1,516	3,181	1,033
6. Manufactured goods classified by chief material-----	1,282	4,065	788
7. Machinery and transportation equipment-----	16,160	3,576	4,204
8. Miscellaneous manufactured articles-----	2,206	413	2,142
9. Commodities and transactions not elsewhere classified-----	299	157	150
Total-----	138,915	135,830	72,253
U.S. imports:			
0. Food and live animals-----	986	741	903
1. Beverages and tobacco-----	374	112	451
2. Crude materials--inedible, except fuel-----	976	405	1,190
3. Mineral fuels, lubricants, etc-----	1,308	17,654	1,740
4. Oils and fats--animal and vegetable-----	-	-	44
5. Chemicals-----	9,772	17,432	9,095
6. Manufactured goods classified by chief material-----	21,732	90,702	46,516
7. Machinery and transportation equipment-----	16,503	14,434	19,686
8. Miscellaneous manufactured articles-----	5,098	6,685	8,425
9. Commodities and transactions not elsewhere classified-----	190	964	2,241
Total-----	56,937	149,129	90,290

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

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

Table A-10.--U.S. trade with Hungary, by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	51,585	31,702	29,669
1. Beverages and tobacco-----	1,121	399	2,296
2. Crude materials--inedible, except fuel-----	4,791	9,663	3,582
3. Mineral fuels, lubricants, etc-----	28	4	4
4. Oils and fats--animal and vegetable-----	3	1	-
5. Chemicals-----	10,741	13,586	12,649
6. Manufactured goods classified by chief material-----	8,068	5,084	6,513
7. Machinery and transportation equipment-----	27,633	20,978	29,747
8. Miscellaneous manufactured articles-----	4,615	2,820	6,041
9. Commodities and transactions not elsewhere classified-----	1,194	940	1,594
Total-----	109,781	85,177	92,094
U.S. imports:			
0. Food and live animals-----	37,262	41,401	51,159
1. Beverages and tobacco-----	2,122	1,843	1,300
2. Crude materials--inedible, except fuel-----	3,602	2,903	3,192
3. Mineral fuels, lubricants, etc-----	-	228	447
4. Oils and fats--animal and vegetable-----	-	3	-
5. Chemicals-----	10,683	11,674	20,789
6. Manufactured goods classified by chief material-----	19,390	41,278	32,371
7. Machinery and transportation equipment-----	40,655	75,294	65,865
8. Miscellaneous manufactured articles-----	39,993	44,656	39,802
9. Commodities and transactions not elsewhere classified-----	785	812	1,692
Total-----	154,493	220,094	216,618

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

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

Table A-11.--U.S. trade with North Korea, by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	-	-	-
1. Beverages and tobacco-----	-	-	-
2. Crude materials--inedible, except fuel-----	-	-	-
3. Mineral fuels, lubricants, etc-----	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	-	-	-
6. Manufactured goods classified by chief material-----	-	-	-
7. Machinery and transportation equipment-----	1	-	-
8. Miscellaneous manufactured articles-----	-	-	-
9. Commodities and transactions not elsewhere classified-----	-	-	-
Total-----	1	-	-
U.S. imports:			
0. Food and live animals-----	-	-	-
1. Beverages and tobacco-----	-	-	-
2. Crude materials--inedible, except fuel-----	-	-	-
3. Mineral fuels, lubricants, etc-----	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	-	-	-
6. Manufactured goods classified by chief material-----	-	-	14
7. Machinery and transportation equipment-----	-	13	-
8. Miscellaneous manufactured articles-----	-	1 ¹	16
9. Commodities and transactions not elsewhere classified-----	-	-	-
Total-----	-	14	30

1/ Less than \$500.

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

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

Table A-12.--U.S. trade with Mongolia, by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	-	-	-
1. Beverages and tobacco-----	-	-	-
2. Crude materials--inedible, except fuel-----	-	-	-
3. Mineral fuels, lubricants, etc-----	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	1	-	6
6. Manufactured goods classified by chief material-----	2	2	1
7. Machinery and transportation equipment-----	82	70	-
8. Miscellaneous manufactured articles-----	28	30	21
9. Commodities and transactions not elsewhere classified-----	9	15	4
Total-----	123	116	32
U.S. imports:			
0. Food and live animals-----	-	-	352
1. Beverages and tobacco-----	-	-	-
2. Crude materials--inedible, except fuel-----	1,472	2,863	2,752
3. Mineral fuels, lubricants, etc-----	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	-	-	-
6. Manufactured goods classified by chief material-----	1	-	-
7. Machinery and transportation equipment-----	-	-	-
8. Miscellaneous manufactured articles-----	1	39	7
9. Commodities and transactions not elsewhere classified-----	9	-	-
Total-----	1,483	2,903	3,111

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

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

Table A-13.--U.S. trade with Poland, by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	127,717	138,008	65,993
1. Beverages and tobacco-----	3,405	6,151	4,779
2. Crude materials--inedible, except fuel-----	88,102	73,272	32,740
3. Mineral fuels, lubricants, etc-----	9	55	3,822
4. Oils and fats--animal and vegetable-----	13,244	10,306	4,254
5. Chemicals-----	10,066	7,548	30,439
6. Manufactured goods classified by chief material-----	7,573	7,776	9,494
7. Machinery and transportation equipment-----	18,392	22,199	31,384
8. Miscellaneous manufactured articles-----	9,267	10,505	6,089
9. Commodities and transactions not elsewhere classified-----	42,097	39,005	44,708
Total-----	319,872	314,825	233,702
U.S. imports:			
0. Food and live animals-----	100,680	91,879	113,648
1. Beverages and tobacco-----	1,616	1,694	865
2. Crude materials--inedible, except fuel-----	1,413	1,069	478
3. Mineral fuels, lubricants, etc-----	-	3,732	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	6,015	4,686	4,246
6. Manufactured goods classified by chief material-----	36,046	59,423	45,337
7. Machinery and transportation equipment-----	14,358	17,854	20,610
8. Miscellaneous manufactured articles-----	29,201	33,919	30,303
9. Commodities and transactions not elsewhere classified-----	1,312	1,444	1,550
Total-----	190,641	215,700	217,037

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

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

Table A-14.--U.S. trade with Romania, by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	727	1,378	16,359
1. Beverages and tobacco-----	2,803	1,673	1,208
2. Crude materials--inedible, except fuel-----	137,428	177,175	70,760
3. Mineral fuels, lubricants, etc-----	16,148	32,351	53,866
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	13,888	10,927	11,455
6. Manufactured goods classified by chief material-----	4,180	1,438	3,478
7. Machinery and transportation equipment-----	7,255	17,255	44,817
8. Miscellaneous manufactured articles-----	3,019	3,326	3,915
9. Commodities and transactions not elsewhere classified-----	211	657	593
Total-----	185,658	246,181	206,451
U.S. imports:			
0. Food and live animals-----	15,711	17,135	6,233
1. Beverages and tobacco-----	2,369	1,467	1,365
2. Crude materials--inedible, except fuel-----	2,454	2,722	2,749
3. Mineral fuels, lubricants, etc-----	280,478	487,327	435,079
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	22,629	78,025	141,206
6. Manufactured goods classified by chief material-----	52,595	146,699	138,935
7. Machinery and transportation equipment-----	28,177	26,498	30,422
8. Miscellaneous manufactured articles-----	107,423	135,970	123,243
9. Commodities and transactions not elsewhere classified-----	987	853	2,068
Total-----	512,821	896,696	881,301

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

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

Table A-15.--U.S. trade with Vietnam, by SITC Sections, 1983-1985

(In thousands of dollars)

SITC Section	1983	1984	1985
U.S. exports:			
0. Food and live animals-----	232	340	-
1. Beverages and tobacco-----	-	-	-
2. Crude materials--inedible, except fuel-----	137	184	-
3. Mineral fuels, lubricants, etc-----	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	9	404	-
6. Manufactured goods classified by chief material-----	-	1	-
7. Machinery and transportation equipment-----	1	6	202
8. Miscellaneous manufactured articles-----	75	51	57
9. Commodities and transactions not elsewhere classified-----	20,293	21,254	19,616
Total-----	20,745	22,240	19,875
U.S. imports:			
0. Food and live animals-----	-	-	-
1. Beverages and tobacco-----	-	-	-
2. Crude materials--inedible, except fuel-----	-	-	-
3. Mineral fuels, lubricants, etc-----	-	-	-
4. Oils and fats--animal and vegetable-----	-	-	-
5. Chemicals-----	-	-	-
6. Manufactured goods classified by chief material-----	-	6	-
7. Machinery and transportation equipment-----	-	-	-
8. Miscellaneous manufactured articles-----	-	65	12
9. Commodities and transactions not elsewhere classified-----	-	-	13
Total-----	-	71	25

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

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

APPENDIX B. LEADING ITEMS TRADED WITH THE NONMARKET ECONOMY COUNTRIES,
1984, 1985, AND OCTOBER-DECEMBER 1985

Table B-1.--Leading items exported to nonmarket economy countries (NME's), 1/ by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		1,000 dollars	1,000 dollars	1,000 dollars
130.3465	Yellow corn, not donated for relief or charity-----	\$1,499,960	\$1,587,969	\$432,743
694.4062	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds : empty weight, passenger transports, n.s.p.f-----	32,000	364,649	257,194
130.6540	Wheat, unmilled, not donated for relief or charity-----	1,756,288	265,957	44,623
200.3510	Douglas-fir logs and timber, rough-----	204,464	229,783	41,879
480.1000	Fertilizers and fertilizer materials-----	2/	2/ 213,267	101,851
664.0584	Parts, n.e.s., of oil and gas field drilling machines-----	90,330	206,681	59,257
480.8005	Diammonium phosphate fertilizers and fertilizer materials-----	230,928	2/ 115,939	2/
480.7025	Phosphoric acid, 65 percent or more available phosphorus : pentoxide equivalents-----	188,983	2/ 110,166	2/
120.1400	Cattle hides, whole-----	119,759	102,387	15,797
310.0010	Textured yarns, of polyester-----	35,317	101,362	30,374
694.4068	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds : empty weight, n.s.p.f-----	-	97,237	97,237
200.3514	Western hemlock logs and timber, rough-----	56,709	83,720	17,476
676.2700	Digital data processing machines comprising in one housing the : central processing unit and input and output capability-----	25,603	81,106	25,926
444.1700	Polypropylene resins, excluding amorphous or atactic polymers : and copolymers-----	85,769	69,077	9,639
694.6507	Parts designed for use in civil aircraft, n.e.s-----	11,610	67,374	22,848
145.4300	Shelled almonds, not blanched-----	24,501	66,962	13,509
664.0508	Oil and gas field drilling machines, rotary-----	11,142	65,879	4,200
521.3110	Low volatile bituminous coal-----	41,280	64,937	24,180
690.0510	Locomotives and tenders, diesel-electric, rail-service type-----	174,911	64,505	29,140
818.3900	Products, n.e.s., donated for relief or charity-----	51,275	61,978	18,938
	Total-----	4,640,830	4,020,934	1,246,811
	Total, U.S. exports to NME's-----	7,187,906	7,021,687	1,983,444

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

2/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; thus, the figures presented here as 1985 values represent exports during Jan.-June 1985 for items 480.8005 and 480.7025, and exports during July-Dec. 1985 for item 480.1000.

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

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

Table B-2.--Leading items imported from nonmarket economy countries (NME's), 1/ by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> dollars	<u>1,000</u> dollars	<u>1,000</u> dollars
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more-----	\$225,505	\$715,683	\$174,246
475.2524	Leaded gasoline-----	2/	241,934	68,684
475.6530	Mixtures of hydrocarbons n.s.p.f, in liquid form, other than condensate derived wholly from natural gas-----	100,202	212,286	80,497
475.3500	Naphthas derived from petroleum, shale oil, natural gas, or combinations thereof (except motor fuel)-----	285,245	211,247	24,850
107.3525	Canned hams and shoulders, 3 pounds and over-----	110,845	129,257	32,479
480.6540	Anhydrous ammonia-----	139,604	117,221	39,094
737.2300	Dolls (with or without clothing), stuffed-----	35,857	90,367	15,597
607.6625	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, over 6 inches in thickness-----	71,356	88,796	3,845
480.3000	Urea, n.e.s-----	93,086	87,729	28,510
407.1610	Mixtures n.s.p.f. of industrial organic chemicals-----	-	77,522	60,186
360.1200	Floor coverings n.s.p.f. of wool, with pile hand-inserted or hand-knotted, valued over 66-2/3 cents per square foot-----	3/ 72,965	3/ 68,899	3/ 16,480
622.0200	Tin, other than alloyed, unwrought-----	20,596	60,126	32,961
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal viscosity at 100 degrees F of less than 45 seconds--	197,938	55,473	9,597
737.3000	Toys, not having a spring mechanism, stuffed, valued over 10 cents per inch of height-----	16,619	53,362	16,432
384.5315	Women's, girls', or infants' sweaters of vegetable fibers except cotton, not ornamented, knit, not subject to fiber restraints--	4/ 7,952	4/ 48,641	4/ 18,766
320.2927	Printcloth, wholly of cotton, not fancy or figured, not napped and not of yarns of different colors, of number 29-----	5/	45,974	17,722
389.6100	Artificial flowers, of silk, not ornamented-----	18,616	40,792	10,341
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)-----	20,229	39,654	13,053
653.2200	Metal coins, n.e.s-----	27,078	38,193	17,694
755.1500	Fireworks-----	30,522	36,696	12,200
	Total-----	1,474,215	2,459,853	693,234
	Total, U.S. imports from NME's-----	5,197,882	5,790,671	1,491,748

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

2/ TSUSA item 475.2524, along with TSUSA item 475.2528, was created on Jan. 1, 1985, from former TSUSA item 475.2520.

3/ TSUSA item 360.1200 was created on Sept. 1, 1985, from former TSUSA item 360.1515. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 360.1515.

4/ TSUSA item 384.5315 was created on Sept. 1, 1985, from former TSUSA item 383.5289. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 383.5289.

5/ TSUSA item 320.2927 was created on Jan. 1, 1985, along with four other items, from former TSUSA items 320.2930 and 320.2932.

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

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

Table B-3.--Leading items exported to China, by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
694.4062	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds empty weight, passenger transports, n.s.p.f.	\$32,000	\$364,649	\$257,194
200.3510	Douglas-fir logs and timber, rough	204,464	229,783	41,879
664.0584	Parts, n.e.s., of oil and gas field drilling machines	87,398	201,547	56,952
480.8005	Diammonium phosphate fertilizers and fertilizer materials	230,928	1/ 115,939	1/
310.0010	Textured yarns, of polyester	35,317	101,362	30,374
694.4068	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds empty weight, n.s.p.f.	-	97,237	97,237
130.6540	Wheat, unmilled, not donated for relief or charity	575,319	97,009	18,398
200.3514	Western hemlock logs and timber, rough	56,709	83,720	17,476
676.2700	Digital data processing machines comprising in one housing the central processing unit and input and output capability	25,265	80,062	25,055
444.1700	Polypropylene resins, excluding amorphous or atactic polymers and copolymers	85,769	68,719	9,639
694.6507	Parts designed for use in civil aircraft, n.e.s.	10,964	67,168	22,805
664.0508	Oil and gas field drilling machines, rotary	11,142	65,879	4,200
690.0510	Locomotives and tenders, diesel-electric, rail-service type	174,911	64,505	29,140
309.4242	Polyester fibers (in noncontinuous form)	42,270	56,737	466
694.4034	Nonmilitary airplanes, rotary wing, new, 2,200 pounds empty weight and over	62,912	51,735	-
710.2820	Electrical (including electronic) geophysical instruments and apparatus, and parts thereof	46,145	51,125	13,877
649.5040	Rock drilling bits, core bits, and reamers, other than percussion rock drill bits	13,051	51,017	6,294
404.2280	Polycarboxylic acids, anhydrides, and their derivatives, n.s.p.f.	26,443	49,087	18,118
121.0515	Bovine leather, rough, russet, and crust, wet blue, not split	32,603	48,017	6,361
444.1610	Polyethylene resins, low and medium density	55,659	45,836	10,680
	Total	1,809,271	1,991,131	666,147
	Total, U.S. exports to China	2,988,480	3,796,200	1,150,467

1/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the value reported here for exports under item 480.8005 during 1985 actually represents exports during Jan.-June 1985 only.

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

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

Table B-4.--Leading items imported from China, by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more-----	\$225,505	\$715,683	\$174,246
475.2524	Leaded gasoline-----	1/	194,587	61,743
737.2300	Dolls (with or without clothing), stuffed-----	35,857	90,335	15,581
360.1200	Floor coverings n.s.p.f. of wool, with pile hand-inserted or hand-knotted, valued over 66-2/3 cents per square foot-----	2/ 67,526	2/ 60,893	2/ 14,643
622.0200	Tin, other than alloyed, unwrought-----	20,596	60,126	32,961
737.3000	Toys, not having a spring mechanism, stuffed, valued over 10 cents per inch of height-----	16,615	53,300	16,408
384.5315	Women's, girls', or infants' sweaters of vegetable fibers except cotton, not ornamented, knit, not subject to fiber restraints--	3/ 7,952	3/ 48,635	3/ 18,766
320.2927	Printcloth, wholly of cotton, not fancy or figured, not napped and not of yarns of different colors, of number 29-----	4/	45,974	17,722
389.6100	Artificial flowers, of silk, not ornamented-----	18,616	40,783	10,334
653.2200	Metal coins, n.e.s-----	26,476	36,906	17,676
755.1500	Fireworks-----	30,522	36,692	12,200
706.4152	Luggage, other than backpacks, of textile materials, n.s.p.f.---	12,639	33,631	9,333
706.0700	Handbags of leather valued not over \$20 each-----	21,234	26,671	7,257
384.9115	Women's blouses and shirts n.s.p.f., of man-made fibers, not ornamented, not knit-----	5/ 21,725	5/ 25,355	5/ 11,724
472.1000	Barytes ore, crude-----	30,254	24,595	4,100
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal viscosity at 100 degrees F of less than 45 seconds--	-	23,894	9,595
737.2100	Doll clothing imported separately-----	10,798	22,264	5,105
144.2053	Mushrooms, otherwise prepared or preserved, in containers each holding more than 9 ounces, other than whole or sliced-----	26,130	21,828	3,949
384.8073	Women's or girls' sweaters, of man-made fibers, not ornamented, knit-----	6/ 11,710	6/ 21,318	6/ 5,566
381.4130	Men's or boys' shirts n.s.p.f., of cotton, not ornamented, knit--	7/ 22,707	7/ 21,033	7/ 3,870
	Total-----	606,862	1,604,503	452,779
	Total, U.S. imports from China-----	3,040,401	3,863,385	1,013,948

- 1/ TSUSA item 475.2524, along with TSUSA item 475.2528, was created on Jan. 1, 1985, from former TSUSA item 475.2520.
2/ TSUSA item 360.1200 was created on Sept. 1, 1985, from former TSUSA item 360.1515. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 360.1515.
3/ TSUSA item 384.5315 was created on Sept. 1, 1985, from former TSUSA item 383.5289. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 383.5289.
4/ TSUSA item 320.2927 was created on Jan. 1, 1985, along with four other items, from former TSUSA items 320.2930 and 320.2932.
5/ TSUSA item 384.9115 was created on Sept. 1, 1985, from former TSUSA item 383.9015. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 383.9015.
6/ TSUSA item 384.8073 was created on Sept. 1, 1985, from former TSUSA item 383.8073. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 383.8073.
7/ TSUSA item 381.4130 was created on Sept. 1, 1985, from former TSUSA item 379.4050. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 379.4050.

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

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

Table B-5.--Leading items exported to the U.S.S.R., 1/ by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
130.3465	Yellow corn, not donated for relief or charity-----	\$1,389,842	\$1,502,148	\$387,974
130.6540	Wheat, unmilled, not donated for relief or charity-----	1,170,572	158,712	19,018
480.1000	Fertilizers and fertilizer materials-----	2/	2/ 151,730	87,976
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents-----	186,400	2/ 110,166	2/
145.4300	Shelled almonds, not blanched-----	24,501	66,341	13,469
790.5510	Pressure-sensitive tape having a plastic backing-----	54,920	59,811	24,586
300.1060	Cotton, not carded, not combed, staple length 1 to 1-1/8 inches-----	148,668	55,863	-
177.5640	Tallow, inedible-----	29,745	30,943	4,882
176.5220	Soybean oil, crude, including degummed-----	-	27,175	-
517.5120	Petroleum coke, calcined-----	8,178	21,694	3,263
446.1561	Synthetic rubber, not containing fillers, pigments, or rubber- processing chemicals, n.s.p.f-----	14,357	17,512	5,234
692.3840	Parts of tractors, other than tracklaying tractors-----	11,887	15,299	420
475.4520	Automotive, diesel, and marine engine lubricating oil-----	1,255	11,992	4,602
664.0230	Integral tractor shovel loaders, rear engine mounted, new, 4 wheel drive, bucket capacity of 10 to 15 cubic yards-----	-	10,349	1,161
475.4580	Lubricating oils, n.s.p.f., except white mineral oils-----	1,630	8,804	8
475.4555	Insulating or transformer oils-----	16,449	7,827	2,537
300.1550	Cotton, not carded, not combed, staple length 1-1/8 inches or more, n.e.s-----	18,739	7,713	-
692.3820	Parts of tracklaying tractors-----	12,863	7,399	1,692
517.6100	Electrodes, in part of carbon or graphite, for electric furnace or electrolytic purposes-----	1,609	7,390	1,046
170.4300	Leaf tobacco, n.e.s-----	946	7,366	6,419
	Total-----	3,092,561	2,286,236	564,286
	Total, U.S. exports to the U.S.S.R-----	3,282,652	2,421,948	591,059

1/ Includes Estonia, Latvia, and Lithuania.

2/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; thus, the figures presented here as 1985 values represent exports during Jan.-June 1985 for item 480.7025 and exports during July-Dec. 1985 for item 480.1000.

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

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

Table B-6.--Leading items imported from the U.S.S.R., 1/ by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
480.6540	Anhydrous ammonia-----	\$139,604	\$116,224	\$38,097
480.3000	Urea, n.e.s-----	44,694	57,130	13,421
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal viscosity at 100 degrees F of less than 45 seconds--	168,040	31,578	-
605.0260	Palladium-----	59,267	27,626	3,436
475.2524	Leaded gasoline-----	2/	25,170	6,942
475.3500	Naphthas derived from petroleum, shale oil, natural gas, or combinations thereof (except motor fuel)-----	-	23,187	8,095
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)-----	9,082	20,057	-
605.0270	Rhodium-----	3,674	10,700	4,002
114.3000	Crabs, n.e.s-----	15,248	9,224	4,536
401.7415	Ortho-xylene-----	3,578	8,634	1,013
124.1045	Sable furskins, whole, undressed-----	9,789	7,229	1,107
169.3700	Vodka, not over 1 gallon, valued not over \$7.75 per gallon-----	1,655	7,083	2,476
618.1000	Aluminum waste and scrap-----	4,703	6,058	2,534
401.1000	Benzene-----	2,985	5,449	-
605.0750	Palladium, semimanufactured-----	15,154	4,369	1,131
605.0220	Platinum sponge-----	2,955	3,949	852
606.3546	Ferrosilicon, containing 30 to 60 percent by weight of silicon, not containing over 2 percent by weight of magnesium-----	1,335	3,156	-
169.3800	Vodka, in containers holding not over 1 gallon, valued over \$7.75 per gallon-----	7,036	3,134	553
401.7420	Para-xylene-----	1,143	2,071	-
114.4545	Shrimp, shell on-----	116	1,705	800
	Total-----	490,060	373,734	88,995
	Total, U.S. imports from the U.S.S.R-----	556,122	406,919	97,967

1/ Includes Estonia, Latvia, and Lithuania.

2/ TSUSA item 475.2524, along with TSUSA item 475.2528, was created on Jan. 1, 1985, from former TSUSA item 475.2520.

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

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

Table B-7.--Leading items exported to Eastern Europe, 1/ by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
130.3465	Yellow corn, not donated for relief or charity-----	\$107,629	\$85,821	\$44,768
120.1400	Cattle hides, whole-----	88,707	73,061	13,038
521.3110	Low volatile bituminous coal-----	32,211	55,499	21,764
184.5260	Soybean oil cake and oil-cake meal-----	76,462	45,628	10,452
818.3900	Products, n.e.s., donated for relief or charity-----	32,769	41,637	13,849
480.1000	Fertilizers and fertilizer materials-----	2/	2/ 36,607	13,875
175.4100	Soybeans, other than seed for planting-----	143,543	30,446	-
818.3100	Food products, n.s.p.f., donated for relief or charity-----	12,980	22,451	1,813
660.3040	Parts, n.s.p.f., of steam turbines-----	7,815	22,045	4,063
480.9500	Fertilizers and fertilizer materials, n.s.p.f-----	43,045	2/ 12,744	2/
475.0760	Heavy fuel oils, having a Saybolt Universal viscosity at 100 degrees Fahrenheit of more than 125 seconds-----	-	12,130	9,463
175.5140	Sunflower seed, other than confectionery-----	18,868	11,451	9,055
130.3440	Corn seed, except sweet, not donated for relief or charity-----	900	11,043	-
521.3170	Anthracite coal-----	-	10,286	7,357
130.6540	Wheat, unmilled, not donated for relief or charity-----	10,397	10,236	7,207
480.7050	Concentrated superphosphates-----	20,695	2/ 9,239	2/
692.3840	Parts of tractors, other than tracklaying tractors-----	9,866	6,728	2,545
660.4930	Aircraft jet and gas turbines, non-piston-type engines, nonmilitary, new-----	-	6,705	6,600
664.0588	Parts, n.e.s., of excavating machinery, n.e.s-----	6,569	6,003	961
692.3350	Tractors, wheel type, new, n.s.p.f., suitable for agricultural use, at least 160 horsepower but less than 180 horsepower-----	-	5,504	-
	Total-----	612,456	515,264	166,812
	Total, U.S. exports to Eastern Europe-----	884,198	770,611	234,390

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

2/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; thus, the figures presented here as 1985 values represent exports during Jan.-June 1985 for items 480.9500 and 480.7050, and exports during July-Dec. 1985 for item 480.1000.

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

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

Table B-8.--Leading items imported from Eastern Europe, ^{1/} by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
475.6530	Mixtures of hydrocarbons n.s.p.f, in liquid form, other than condensate derived wholly from natural gas	\$100,202	\$203,259	\$76,046
475.3500	Naphthas derived from petroleum, shale oil, natural gas, or combinations thereof (except motor fuel)	226,239	174,918	12,750
107.3525	Canned hams and shoulders, 3 pounds and over	110,845	129,201	32,479
607.6625	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, over 6 inches in thickness	71,356	88,796	3,845
407.1610	Mixtures n.s.p.f. of industrial organic chemicals	-	77,522	60,186
480.3000	Urea, n.e.s.	48,393	30,595	15,090
692.3290	Parts n.s.p.f. of automobile trucks, motor buses, passenger automobiles, fire engines, and other motor vehicles	2/	29,153	6,695
686.9030	Lamps n.e.s., including standard household	14,275	24,541	6,847
475.2524	Leaded gasoline	3/	22,177	-
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)	11,147	19,597	13,053
170.2800	Cigarette leaf, not stemmed, oriental or turkish type, not over 8.5 inches	18,549	16,400	4,789
480.6510	Ammonium nitrate	9,435	13,041	2,498
700.4540	Women's footwear, of leather, cement soles, valued over \$2.50 per pair	14,235	12,618	3,998
700.3550	Men's footwear, of leather, n.e.s., cement soles	7,935	12,310	4,626
335.9500	Woven fabrics, n.s.p.f., of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	13,197	11,671	2,764
607.1700	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound	24,623	10,945	717
607.6610	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, in coils	4,013	9,536	-
110.4740	Pollock blocks, frozen, over 10 pounds	-	9,120	2,770
772.5109	Passenger car tires, radial	7,241	8,823	824
727.1500	Furniture and parts, of bentwood	9,464	7,759	1,529
	Total	691,149	911,984	251,503
	Total, U.S. imports from Eastern Europe	1,596,150	1,514,193	378,544

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

^{2/} TSUSA item 692.3290, along with TSUSA items 692.3284 and 692.3286, was created on Jan. 1, 1985, from former TSUSA item 692.3288.

^{3/} TSUSA item 475.2524, along with TSUSA item 475.2528, was created on Jan. 1, 1985, from former TSUSA item 475.2520.

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

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

Table B-9.--Leading items exported to Albania, by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
521.3110	Low volatile bituminous coal-----	\$9,068	\$9,438	\$2,416
521.3120	Bituminous coal, n.e.s-----	-	2,020	-
660.4135	Compression-ignition (diesel) engines, n.s.p.f., over 500 but not over 1,000 brake horsepower-----	-	402	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines-----	-	17	-
712.5055	Nonrecording instruments and apparatus for measuring or checking: electrical quantities, n.s.p.f., and parts thereof-----	66	15	-
818.3900	Products, n.e.s., donated for relief or charity-----	-	8	8
661.7640	Parts of centrifuges-----	-	4	4
417.3000	Ammonium nitrate, except fertilizer grade-----	-	4	-
	Total-----	9,135	11,908	2,429
	Total, U.S. exports to Albania-----	9,349	11,908	2,429

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

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

Table B-10.--Leading items imported from Albania, by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
161.9400	Sage, unground-----	\$2,107	\$2,133	\$803
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide--	-	485	-
601.1540	Chrome ore, chromium content over 40 but under 46 percent chromic oxide-----	-	132	-
644.1200	Aluminum foil, not backed or cut to shape, over .00035 inch in thickness, valued over 55 cents per pound-----	-	128	-
161.9600	Sage, ground or rubbed-----	-	87	10
161.0300	Basil, crude-----	-	11	-
125.0100	Tulip bulbs-----	-	10	-
141.8900	Vegetables n.s.p.f. (whether or not reduced in size), frozen----	-	9	-
167.0515	Ale, porter, stout, and beer, glass containers, not over 1 gallon-----	-	7	-
125.2000	Crocus corms-----	-	3	-
125.1500	Narcissus bulbs-----	-	3	-
	Total-----	2,107	3,009	812
	Total, U.S. imports from Albania-----	2,219	3,009	812

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

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

Table B-11.--Leading items exported to Bulgaria, by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
130.3465	Yellow corn, not donated for relief or charity-----	\$6,438	\$23,339	\$15,420
521.3170	Anthracite coal-----	-	10,286	7,357
475.0760	Heavy fuel oils, having a Saybolt Universal viscosity at 100 degrees Fahrenheit of more than 125 seconds-----	-	9,463	9,463
175.5140	Sunflower seed, other than confectionery-----	-	9,055	9,055
130.1040	Barley, other than for malting purposes-----	-	5,473	-
175.4100	Soybeans, other than seed for planting-----	6,939	4,951	-
120.1400	Cattle hides, whole-----	2,799	3,091	-
170.3320	Flue-cured cigarette leaf filler tobacco, stemmed-----	-	2,932	1,103
480.1000	Fertilizers and fertilizer materials-----	1/	1/ 2,336	-
674.3501	Lathes (turning machines) for removing or cutting metal, used or rebuilt-----	-	2,002	2,002
521.3148	Coal coke, commercially suitable for use as a fuel-----	-	1,827	1,827
710.2820	Electrical (including electronic) geophysical instruments and apparatus, and parts thereof-----	-	-	1,001
433.1035	Compound catalyst preparations, other than of nickel-----	65	1,734	370
170.4300	Leaf tobacco, n.e.s-----	651	1,660	922
486.1900	Herbicides, unmixed, n.s.p.f-----	1	1,645	-
521.3110	Low volatile bituminous coal-----	-	1,639	1,639
521.3120	Bituminous coal, n.e.s-----	-	1,614	-
678.5090	Other machines n.s.p.f., and parts thereof-----	22	1,295	1,010
709.6340	X-ray apparatus n.s.p.f., and parts thereof-----	58	1,256	1,168
486.6900	Agricultural insecticide preparations, n.s.p.f-----	-	1,137	-
	Total-----	16,974	88,506	52,338
	Total, U.S. exports to Bulgaria-----	44,087	103,489	55,611

1/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the value reported here for exports under item 480.1000 during 1985 actually represents exports during July-Dec. 1985 only.

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

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

Table B-12.--Leading items imported from Bulgaria, by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> dollars	<u>1,000</u> dollars	<u>1,000</u> dollars
170.2800	Cigarette leaf, not stemmed, oriental or turkish type, not over 8.5 inches	\$18,549	\$16,400	\$4,789
117.6700	Pecorino cheeses, in original loaves, not suitable for grating	1,731	2,288	673
401.7200	Toluene	1,008	1,696	-
682.9500	Primary cells and primary batteries, and parts thereof	-	1,171	330
384.7205	Women's, girls', or infants' wool coats n.s.p.f., 3/4-length or longer, valued over \$4 per pound, not ornamented, not knit	1/ 300	1/ 1,140	1/ 232
412.0400	Autonomic drugs, except alkaloids and their derivatives, not provided for in the Chemical Appendix to Tariff Schedules	-	992	-
676.0560	Typewriters, nonelectric, nonautomatic, other than portable	649	958	212
384.6530	Women's, girls', or infants' wool coats, not knit, valued not over \$4 per pound	2/	2/ 731	2/ 464
406.4200	Heterocyclic compounds and their derivatives, n.s.p.f.	-	506	-
384.8073	Women's or girls' sweaters, of man-made fibers, not ornamented, knit	3/ 112	3/ 476	3/ 286
411.7400	Penicillin, n.s.p.f.	-	445	-
384.7220	Women's, girls', or infants' coats of wool, not knit, other than suit-type coats and jackets	4/ 176	4/ 439	4/ 92
167.3005	Red wine not over 14 percent alcohol, valued not over \$4 per gallon, in containers not over 1 gallon	735	396	51
167.3030	Red wine over 14 percent alcohol valued over \$4 per gallon, in containers not over 1 gallon	153	361	191
676.0530	Typewriters, nonelectric, nonautomatic, portable	443	326	-
384.4609	Women's blouses n.s.p.f., of cotton, not ornamented, not knit	5/ -	5/ 320	5/ 144
167.3015	White wine not over 14 percent alcohol, valued not over \$4 per gallon, in containers not over 1 gallon	583	317	53
167.3045	Still wine produced from grapes, not over 14 percent alcohol, in one gallon containers, valued over \$4 per gallon, white	159	310	108
676.5000	Typewriter parts	110	257	174
475.6530	Mixtures of hydrocarbons n.s.p.f, in liquid form, other than condensate derived wholly from natural gas	-	256	-
	Total	24,708	29,784	7,797
	Total, U.S. imports from Bulgaria	30,340	34,038	9,172

1/ TSUSA item 384.7205 was created on Sept. 1, 1985, from former TSUSA item 383.7205. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 383.7205.

2/ TSUSA item 384.6530 was created on Sept. 1, 1985, from former TSUSA item 383.6530. The figures reported for 1985 reflect combined imports under the two numbers. TSUSA item 383.6530, along with TSUSA item 383.6525, had been created on Jan. 1, 1985, from former TSUSA item 383.6520.

3/ TSUSA item 384.8073 was created on Sept. 1, 1985, from former TSUSA item 383.8073. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 383.8073.

4/ TSUSA item 384.7220 was created on Sept. 1, 1985, from former TSUSA item 383.7220. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 383.7220.

5/ TSUSA item 384.4609 was created on Sept. 1, 1985, from former TSUSA item 383.4709. The figures reported for 1985 reflect combined imports under the two numbers. There were no imports from Bulgaria under item 383.4709 during 1984.

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

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

Table B-13.--Leading items exported to Cuba, by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
818.3300	Medicinal and pharmaceutical products donated for relief or charity-----	\$365	\$656	\$294
818.3900	Products, n.e.s., donated for relief or charity-----	301	290	67
818.9000	General merchandise, valued not over \$500-----	51	130	50
818.3400	Wearing apparel donated for relief or charity-----	65	23	7
818.4000	Used wearing apparel and other used articles, of textile materials, exported in bulk-----	3	12	12
386.1190	Textile articles, n.s.p.f-----	-	1	-
724.0120	Feature films, 35-millimeter and over, positive prints-----	-	1	1
	Total-----	785	1,113	432
	Total, U.S. exports to Cuba-----	871	1,113	432

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

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

Table B-14.--Leading items imported from Cuba, by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
653.2200	Metal coins, n.e.s-----	\$2	-	-
	Total-----	2	-	-
	Total, U.S. imports from Cuba-----	3	-	-

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

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

Table B-15.--Leading items exported to Czechoslovakia, by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
120.1400	Cattle hides, whole-----	\$25,466	\$13,905	\$3,376
480.1000	Fertilizers and fertilizer materials-----	1/	1/ 10,159	2,525
480.7050	Concentrated superphosphates-----	7,176	1/ 9,239	1/
175.4100	Soybeans, other than seed for planting-----	-	3,073	-
692.3150	Tracklaying tractors, new, with a net engine horsepower rating of at least 260 horsepower, but less than 345 horsepower-----	167	2,079	2,079
170.4300	Leaf tobacco, n.e.s-----	1,206	1,778	593
674.3590	Mechanical presses, metal-forming, other-----	-	1,304	-
722.9540	Equipment specially designed for photofinishing (still pictures), other than microfilm and microfiche equipment-----	7	1,286	1,286
790.5510	Pressure-sensitive tape having a plastic backing-----	675	1,199	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines-----	398	1,099	393
486.2900	Insecticides, unmixed, n.e.s-----	898	924	1
649.4595	Interchangeable tools for hand tools or for machine tools, suitable for cutting metal, n.s.p.f-----	-	910	-
664.1034	Conveyors, n.s.p.f-----	-	787	787
692.3160	Tracklaying tractors, new, with a net engine horsepower rating of 345 horsepower and over-----	-	694	694
416.5500	Inorganic acids, n.s.p.f-----	47	630	-
309.0170	Monofilaments (in continuous form), n.e.s-----	644	629	187
709.1670	Electro-medical apparatus, n.s.p.f-----	95	594	528
540.4200	Glass rods, tubes, and tubing-----	514	552	368
711.8750	Electrical (including electronic) physical analysis equipment, n.s.p.f., and parts thereof-----	725	518	91
711.8710	Electrical (including electronic) chemical analysis equipment, and parts thereof-----	112	491	127
	Total-----	38,129	51,851	13,034
	Total, U.S. exports to Czechoslovakia-----	58,098	62,623	16,928

1/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; thus, the figures presented here as 1985 values represent exports during Jan.-June 1985 for item 480.7050 and exports during July-Dec. 1985 for item 480.1000.

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

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

Table B-16.--Leading items imported from Czechoslovakia, by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
700.2940	Welt work footwear, of leather, valued over \$6.80 per pair-----	\$5,669	\$6,503	\$1,506
607.1700	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound-----	5,499	6,255	717
192.2520	Hops, not in pellets-----	6,108	3,380	231
692.3415	Riding tractors suitable for agricultural use, wheel type-----	1,476	3,279	428
107.3525	Canned hams and shoulders, 3 pounds and over-----	1,809	2,477	707
335.9500	Woven fabrics, n.s.p.f., of vegetable fibers, n.e.s., weighing over 4 ounces per square yard-----	1,802	2,332	485
607.6625	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, over 6 inches in thickness-----	6,144	2,265	23
772.5138	Truck and bus tires, other than radial-----	2,999	2,043	593
741.3500	Imitation gemstones, except imitation gemstone beads-----	1,721	1,732	621
546.6020	Glass tumblers, goblets, and other stemware n.s.p.f., valued over \$0.30 but not over \$3 each-----	1,621	1,504	368
741.3000	Beads, bugles, and spangles, n.e.s-----	1,837	1,498	345
666.0050	Other machinery and implements used for agricultural and horticultural products-----	-	1,409	-
167.0515	Ale, porter, stout, and beer, glass containers, not over 1 gallon-----	1,318	1,368	643
727.1500	Furniture and parts, of bentwood-----	1,102	1,330	354
700.3550	Men's footwear, of leather, n.e.s., cement soles-----	727	1,300	650
740.3800	Jewelry, valued over 20 cents per dozen pieces or parts, other than watch bracelets-----	1,287	1,285	159
270.2580	Books, n.s.p.f., by foreign authors-----	1,043	1,253	411
702.5600	Headwear of wool, knit valued over \$2 per pound-----	753	1,169	477
381.8359	Men's or boys' suits n.s.p.f., of wool, not ornamented, not knit, valued over \$4 per pound-----	1/	1/ 1,070	1/ 320
772.5109	Passenger car tires, radial-----	1,248	1,056	149
	Total-----	44,162	44,507	9,187
	Total, U.S. imports from Czechoslovakia-----	84,192	74,909	16,117

1/ TSUSA item 381.8359 was created on Sept. 1, 1985, from former TSUSA item 379.8359. The figures reported for 1985 reflect combined imports under the two numbers. TSUSA item 379.8359 had been created on Jan. 1, 1985, along with three other items, from former TSUSA item 379.8355.

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

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

Table B-17.--Leading items exported to East Germany, by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
130.3465	Yellow corn, not donated for relief or charity-----	\$75,689	\$45,246	\$27,835
184.5260	Soybean oil cake and oil-cake meal-----	-	8,371	-
521.3148	Coal coke, commercially suitable for use as a fuel-----	-	3,422	-
661.1263	Centrifugal and axial gas compressors, n.s.p.f-----	-	3,149	3,149
175.5140	Sunflower seed, other than confectionery-----	18,866	2,348	-
300.3021	Cotton linters, n.e.s-----	857	1,854	94
722.9540	Equipment specially designed for photofinishing (still pictures), other than microfilm and microfiche equipment-----	-	1,338	658
106.9200	Swine (pork) livers, fresh, chilled or frozen-----	1,414	876	243
300.1060	Cotton, not carded, not combed, staple length 1 to 1-1/8 inches-----	1,246	812	233
124.1527	Muskrat furskins, whole, not dressed-----	131	377	26
540.4200	Glass rods, tubes, and tubing-----	767	325	-
712.5045	Equipment n.s.p.f. for testing electrical, radio, and communications circuits-----	2	281	-
474.2828	Printing inks, n.s.p.f-----	-	268	152
674.3538	Machine tools n.s.p.f. for flat surface grinding of metal, new, valued at least \$2,500 each, other than reciprocating table-----	-	248	-
145.4300	Shelled almonds, not blanched-----	-	202	40
106.9400	Edible swine (pork) offal, fresh, chilled or frozen, other than livers-----	-	201	124
711.8750	Electrical (including electronic) physical analysis equipment, n.s.p.f., and parts thereof-----	36	194	165
661.3020	Industrial and laboratory furnaces and ovens, other than bakery ovens, non-electric, for processing nonmetal materials-----	-	177	-
431.4490	Esters of inorganic acids n.e.s. and their salts, and derivatives thereof-----	52	167	118
771.4300	Film, strips, and sheets of polyvinyl polymers and copolymers-----	21	146	32
	Total-----	99,081	70,002	32,871
	Total, U.S. exports to East Germany-----	135,830	72,253	33,534

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

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

Table B-18.--Leading items imported from East Germany, by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
607.6625	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, over 6 inches in thickness-----	\$14,431	\$15,984	-
772.5109	Passenger car tires, radial-----	5,023	6,897	645
668.2345	Printing presses, not letter or offset-----	3,916	5,689	234
480.3000	Urea, n.e.s-----	7,920	4,885	4,885
607.8360	Sheets of iron or steel, not clad, pickled or cold rolled, not annealed and having a minimum yield point of 40,000 P.S.I-----	26,484	4,763	-
772.5112	Passenger car tires, other than radial-----	2,008	2,892	1,170
668.5060	Parts of printing presses-----	1,979	2,656	548
494.2000	Montan wax-----	1,148	1,737	543
480.5000	Potassium chloride, crude-----	7,149	1,652	-
608.1330	Sheets of iron or steel, valued over 10 cents per pound, zinc coated, not having a minimum yield point of 40,000 P.S.I-----	8,977	1,381	26
772.5127	Radial tires for light trucks-----	1,524	1,234	389
607.1700	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound-----	18,415	1,176	-
772.5136	Truck and bus tires, radial-----	1,285	1,160	415
668.2100	Offset printing presses, weighing 3,500 pounds or more, sheet-fed type-----	1,743	1,144	259
772.5138	Truck and bus tires, other than radial-----	520	994	274
124.1025	Mink furskins, except "Japanese mink," undressed-----	53	873	-
670.0620	Spinning machines, specially designed for wool-----	-	803	-
772.5129	Tires for light trucks, other than radials-----	967	673	75
207.0080	Articles of wood, n.s.p.f-----	544	665	91
381.3905	Men's or boys' jogging, warm-up, and similar athletic jackets, of cotton, not ornamented, knit-----	1/ 371	1/ 653	1/ 294
	Total-----	104,458	57,910	9,848
	Total, U.S. imports from East Germany-----	149,129	90,290	15,682

1/ TSUSA item 381.3905 was created on Sept. 1, 1985, from former TSUSA item 379.3905. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 379.3905.

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

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

Table B-19.--Leading items exported to Hungary, by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
184.5260	Soybean oil cake and oil-cake meal-----	\$30,518	\$18,656	\$5,733
130.3440	Corn seed, except sweet, not donated for relief or charity-----	118	9,926	-
692.3840	Parts of tractors, other than tracklaying tractors-----	8,697	5,633	2,531
692.3350	Tractors, wheel type, new, n.s.p.f., suitable for agricultural use, at least 160 horsepower but less than 180 horsepower-----	-	5,504	-
540.4200	Glass rods, tubes, and tubing-----	2,298	2,864	548
480.1000	Fertilizers and fertilizer materials-----	1/	1/ 2,473	-
435.3300	Corticosteroids, n.s.p.f. (bulk)-----	2,071	2,290	26
661.2212	Automotive or truck type air-conditioning machines and parts thereof, except compressors when shipped separately-----	-	2,166	1,358
710.2820	Electrical (including electronic) geophysical instruments and apparatus, and parts thereof-----	200	1,634	1,292
120.1400	Cattle hides, whole-----	6,626	1,568	48
486.2800	Organophosphorus insecticides, other than methyl parathion-----	94	1,542	369
170.3320	Flue-cured cigarette leaf filler tobacco, stemmed-----	394	1,509	36
664.0584	Parts, n.e.s., of oil and gas field drilling machines-----	334	1,429	464
700.2470	Women's boots, dress and casual, with uppers of leather-----	-	1,407	1,016
661.7060	Industrial machinery and equipment n.s.p.f., and parts thereof, for treatment of chemicals by a change of temperature-----	-	1,128	1,128
431.4890	Polyamines and their salts and derivatives, n.s.p.f-----	591	1,055	-
123.0000	Whole skins of sheep and lamb, not dressed, if suitable for use as furs-----	672	999	89
772.5900	Tubes, of rubber or plastics, for tires designed for tractors or for agricultural or horticultural machinery or implements-----	97	869	222
170.8160	Manufactured tobacco, n.s.p.f., including processed sheet tobacco-----	-	785	-
121.5726	Bovine glove and garment leather, other than rough, russet, and crust, n.s.p.f-----	-	755	-
	Total-----	52,709	64,191	14,861
	Total, U.S. exports to Hungary-----	85,177	92,094	21,123

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1/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; the value reported here for exports under item 480.1000 during 1985 actually represents exports during July-Dec. 1985 only.

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

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

Table B-20.--Leading items imported from Hungary, by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
107.3525	Canned hams and shoulders, 3 pounds and over-----	\$28,598	\$34,983	\$8,495
692.3290	Parts n.s.p.f. of automobile trucks, motor buses, passenger automobiles, fire engines, and other motor vehicles-----	1/	28,263	6,575
686.9030	Lamps n.e.s., including standard household-----	11,324	19,748	5,549
412.1000	Cardiovascular drugs n.s.p.f., provided for in the Chemical Appendix to the Tariff Schedules-----	2,091	5,847	80
700.4540	Women's footwear, of leather, cement soles, valued over \$2.50 per pair-----	6,467	5,348	1,396
692.3460	Parts for agricultural tractors-----	11,151	5,345	1,418
165.1500	Apple and pear juice, not containing over 1 percent alcohol-----	2,598	5,154	468
412.0200	Autonomic drugs, except alkaloids and their derivatives, provided for in the Chemical Appendix to Tariff Schedules-----	169	5,039	3,976
618.2563	Aluminum sheets and strip, not clad, n.s.p.f-----	12,690	4,992	902
692.0440	Motor buses, n.s.p.f. (including diesel)-----	2,664	3,148	-
607.6610	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, in coils-----	3,189	2,907	-
107.3040	Bacon, not boned and cooked-----	2,823	2,876	861
644.1200	Aluminum foil, not backed or cut to shape, over .00035 inch in thickness, valued over 55 cents per pound-----	1,889	2,276	556
607.6730	Sheets of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, in coils, n.s.p.f-----	2,373	2,253	-
381.8315	Men's or boys' overcoats, topcoats, and car coats, of wool, not ornamented, not knit, valued over \$4 per pound-----	2/ 2,712	2/ 2,221	2/ 1,111
772.5136	Truck and bus tires, radial-----	3,203	2,221	401
688.4280	Electrical articles and electrical parts of articles, n.s.p.f-----	3/	2,018	505
411.2400	Sulfamethazine-----	791	1,928	403
384.7220	Women's, girls', or infants' coats of wool, not knit, other than suit-type coats and jackets-----	4/ 1,453	4/ 1,803	4/ 203
381.8311	Men's suit-type coats and jackets, of wool, not ornamented, not knit, valued over \$4 per pound-----	5/ 1,047	5/ 1,720	5/ 242
	Total-----	97,231	140,088	33,142
	Total, U.S. imports from Hungary-----	220,094	216,618	49,571

1/ TSUSA item 692.3290, along with TSUSA items 692.3284 and 692.3286, was created on Jan. 1, 1985, from former TSUSA item 692.3288.

2/ TSUSA item 381.8315 was created on Sept. 1, 1985, from former TSUSA item 379.8315. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 379.8315.

3/ TSUSA item 688.4280, along with TSUSA item 688.4100, was created on Jan. 1, 1985, from former TSUSA item 688.4360.

4/ TSUSA item 384.7220 was created on Sept. 1, 1985, from former TSUSA item 383.7220. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 383.7220.

5/ TSUSA item 381.8311 was created on Sept. 1, 1985, from former TSUSA item 379.8311. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 379.8311.

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

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

Table B-21.--Leading items exported to Mongolia, by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
712.1520	Instruments and apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiations-----	\$1	\$6	-
433.1079	Prepared culture media-----	-	6	-
711.8760	Chemical- or physical-analysis equipment and parts, nonelectrical, n.s.p.f.-----	-	5	-
270.3080	Technical, scientific, and professional books-----	-	5	-
818.9000	General merchandise, valued not over \$500-----	14	3	-
709.3000	Medical, dental, surgical, and veterinary instruments and apparatus, n.s.p.f., and parts thereof-----	3	2	-
712.1560	Parts of instruments and apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiations-----	-	2	-
818.3900	Products, n.e.s., donated for relief or charity-----	1	1	-
649.2800	Saw blades n.s.p.f. for mechanical or non-mechanical saws-----	1	1	-
270.4040	Books, n.s.p.f.-----	-	1	1
	Total-----	20	32	1
	Total, U.S. exports to Mongolia-----	116	32	1

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

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

Table B-22.--Leading items imported from Mongolia, by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description.	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
306.6200	Cashmere goat hair, and like hair of other animals, in the grease or washed, sorted-----	\$1,055	\$1,694	\$84
306.4293	Camel hair, in the grease or washed, sorted-----	1,071	775	38
130.0800	Barley for malting purposes-----	-	334	334
306.6100	Cashmere goat hair, and like hair of other animals, in the grease or washed, not sorted-----	-	261	-
306.4192	Camel hair, in the grease or washed, not sorted-----	694	18	-
145.4000	Almonds, shelled-----	-	8	-
389.6100	Artificial flowers, of silk, not ornamented-----	-	7	7
137.6300	Tomatoes if entered during the period from November 15 in any year to the last day of the following February, inclusive-----	-	7	-
175.5100	Sunflower seed-----	-	4	-
182.3000	Cereal breakfast foods and similar cereal preparations, by whatever name known, processed further than milling-----	-	2	-
137.1020	Peppers, other than chili peppers-----	1/ -	1	1
	Total-----	2,820	3,111	465
	Total, U.S. imports from Mongolia-----	2,903	3,111	465

1/ TSUSA item 137.1020, along with TSUSA item 137.1010, was created on June 1, 1985, from former TSUSA item 137.1000. There were no imports from Mongolia under item 137.1000 during 1984.

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

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

Table B-23.--Leading items exported to North Korea, by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
	Total, U.S. exports to North Korea-----	-	-	-

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

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

Table B-24.--Leading items imported from North Korea, by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
338.5989	Woven fabrics of man-made fiber with cotton, greater than 5 ounces per square yard, other than twill spun yarn-----	1/ -	\$14	-
715.1505	Clocks battery operated containing 0-1 jewels with case, n.s.p.f-----	-	13	-
706.0700	Handbags of leather valued not over \$20 each-----	2/	2	-
	Total-----	2/	30	-
	Total, U.S. imports from North Korea-----	14	30	-

1/ TSUSA item 338.5989 was created on April 1, 1985, along with 30 other items, from 19 former TSUSA items. There were no imports from North Korea under any of these former items during 1984.

2/ Trade less than \$500.

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

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

Table B-25.--Leading items exported to Poland, by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
818.3900	Products, n.e.s., donated for relief or charity-----	\$32,767	\$41,634	\$13,849
818.3100	Food products, n.s.p.f., donated for relief or charity-----	12,415	21,839	1,536
480.1000	Fertilizers and fertilizer materials-----	1/	1/ 16,404	7,923
184.5260	Soybean oil cake and oil-cake meal-----	45,944	13,882	-
120.1400	Cattle hides, whole-----	12,303	13,459	2,119
130.6540	Wheat, unmilled, not donated for relief or charity-----	10,397	10,225	7,207
480.9500	Fertilizers and fertilizer materials, n.s.p.f-----	25,610	1/ 8,672	1/
130.3465	Yellow corn, not donated for relief or charity-----	25,502	7,368	-
664.0588	Parts, n.e.s., of excavating machinery, n.e.s-----	6,368	5,862	927
131.4030	Wheat flour, n.e.s., donated for relief or charity-----	8,601	5,157	-
309.4242	Polyester fibers (in noncontinuous form)-----	2,589	4,252	1,221
176.5260	Soybean oil, n.e.s., donated for relief or charity-----	7,617	4,006	-
115.5020	Nonfat dry milk, donated for relief or charity-----	5,201	3,517	-
170.6500	Cigarettes-----	3,938	2,963	495
475.0760	Heavy fuel oils, having a Saybolt Universal viscosity at 100 degrees Fahrenheit of more than 125 seconds-----	-	2,666	-
818.4000	Used wearing apparel and other used articles, of textile materials, exported in bulk-----	3,297	2,280	222
818.8000	Shipments valued \$10,000 and under, not identified by kind-----	5,277	2,081	528
818.3300	Medicinal and pharmaceutical products donated for relief or charity-----	1,468	1,999	705
818.3400	Wearing apparel donated for relief or charity-----	6,227	1,985	117
310.0032	High tenacity multifilament polyester yarns, other than textured	1,319	1,940	388
	Total-----	216,841	172,190	37,238
	Total, U.S. exports to Poland-----	314,825	233,702	50,652

1/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; thus, the figures presented here as 1985 values represent exports during Jan.-June 1985 for item 480.9500 and exports during July-Dec. 1985 for item 480.1000.

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

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

Table B-26.--Leading items imported from Poland, by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
107.3525	Canned hams and shoulders, 3 pounds and over-----	\$75,715	\$88,641	\$22,400
110.4740	Pollock blocks, frozen, over 10 pounds-----	-	9,120	2,770
607.6625	Plates of iron or steel, not pickled and not cold rolled, other : than alloy iron or steel, over 6 inches in thickness-----	9,976	7,727	619
335.9500	Woven fabrics, n.s.p.f., of vegetable fibers, n.e.s., weighing : over 4 ounces per square yard-----	6,541	5,749	1,243
646.2622	Brads, nails, spikes, staples, and tacks, of iron or steel, : smooth shank, 1 inch or more in length, not coated or plated--	3,958	4,570	601
686.9030	Lamps n.e.s., including standard household-----	2,592	3,700	892
727.1500	Furniture and parts, of bentwood-----	2,982	3,363	673
493.1200	Casein-----	3,089	2,992	856
609.8041	Channels, other than alloy iron or steel, maximum : cross-sectional dimension of 3 inches or more-----	8,479	2,796	2,465
146.7630	Strawberries in containers holding more than 40 ounces-----	1,938	2,529	935
646.2626	Brads, nails, spikes, staples, and tacks, of iron or steel, : smooth shank, 1 inch or more in length, vinyl or cement coated:	3,607	2,430	656
381.4820	Men's or boys' suit-type sport coats and jackets, of corduroy, : valued over \$4 each-----	<u>1/</u> 2,113	<u>1/</u> 2,364	<u>1/</u> 536
700.3550	Men's footwear, of leather, n.e.s., cement soles-----	1,290	2,156	865
607.1700	Wire rods, of iron or steel, not tempered or treated, valued : over 4 cents per pound-----	237	2,152	-
381.4715	Men's or boys' raincoats n.s.p.f., 3/4 length or longer, of : cotton, not ornamented, not knit, valued over \$4 each-----	<u>2/</u> 1,849	<u>2/</u> 2,129	<u>2/</u> 663
692.3510	Track-laying tractors (including half-track), not used for : agricultural use-----	533	1,977	314
692.1090	Motor vehicles n.s.p.f., for the transport of persons or : articles-----	1,897	1,910	383
107.3515	Canned hams and shoulders, less than 3 pounds-----	1,209	1,752	538
381.8359	Men's or boys' suits n.s.p.f., of wool, not ornamented, not : knit, valued over \$4 per pound-----	<u>3/</u>	<u>3/</u> 1,625	<u>3/</u> 379
674.3512	Machine tools, metal-cutting, engine or toolroom-----	211	1,559	639
	Total-----	128,214	151,239	38,429
	Total, U.S. imports from Poland-----	215,700	217,037	56,441

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1/ TSUSA item 381.4820 was created on Sept. 1, 1985, from former TSUSA item 379.4620. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 379.4620.
2/ TSUSA item 381.4715 was created on Sept. 1, 1985, from former TSUSA item 379.4615. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 379.4615.
3/ TSUSA item 381.8359 was created on Sept. 1, 1985, from former TSUSA item 379.8359. The figures reported for 1985 reflect combined imports under the two numbers. TSUSA item 379.8359 had been created on Jan. 1, 1985, along with three other items, from former TSUSA item 379.8355.

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

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

Table B-27.--Leading items exported to Romania, by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
521.3110	Low volatile bituminous coal-----	\$32,211	\$53,860	\$20,126
120.1400	Cattle hides, whole-----	41,477	41,038	7,495
175.4100	Soybeans, other than seed for planting-----	112,544	22,423	-
660.3040	Parts, n.s.p.f., of steam turbines-----	7,815	22,045	4,063
130.3465	Yellow corn, not donated for relief or charity-----	-	9,868	1,513
660.4930	Aircraft jet and gas turbines, non-piston-type engines, nonmilitary, new-----	-	6,600	6,600
480.1000	Fertilizers and fertilizer materials-----	1/	1/ 5,236	3,427
682.6035	Generator sets, diesel-engine-driven, over 1,000 kilowatts-----	-	4,759	-
184.5260	Soybean oil cake and oil-cake meal-----	-	4,719	4,719
480.9500	Fertilizers and fertilizer materials, n.s.p.f-----	17,435	1/ 4,072	1/
676.5560	Parts of automatic data processing machines and units thereof, n.s.p.f-----	4,842	4,052	972
446.1521	Polychloroprene (neoprene) synthetic rubber-----	591	1,757	746
307.5000	Fiber tops of wool or hair processed in any manner beyond the washed, scoured, or carbonized condition, but not spun-----	-	1,414	-
711.8750	Electrical (including electronic) physical analysis equipment, n.s.p.f., and parts thereof-----	137	1,388	1,122
660.5445	Parts of compression-ignition piston-type engines, n.e.s-----	68	1,260	410
664.0584	Parts, n.e.s., of oil and gas field drilling machines-----	206	1,217	919
660.1524	Superheaters, soot removers, gas recoverers, and auxiliary plants for use with steam and other vapor generating boilers-----	-	1,209	-
170.6500	Cigarettes-----	1,671	1,205	87
404.0580	Hydrocarbons, except derivatives, n.e.s-----	1,822	1,118	-
130.3440	Corn seed, except sweet, not donated for relief or charity-----	782	1,117	-
	Total-----	221,601	190,358	52,198
	Total, U.S. exports to Romania-----	246,181	206,451	56,543

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1/ For statistical reporting purposes, Schedule B item 480.1000 was created effective with July 1985 export statistics as a summation of Schedule B items 480.2500 through 480.9500; thus, the figures presented here as 1985 values represent exports during Jan.-June 1985 for item 480.9500 and exports during July-Dec. 1985 for item 480.1000.

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

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

Table B-28.--Leading items imported from Romania, by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
475.6530	Mixtures of hydrocarbons n.s.p.f, in liquid form, other than condensate derived wholly from natural gas	\$100,202	\$203,003	\$76,046
475.3500	Naphthas derived from petroleum, shale oil, natural gas, or combinations thereof (except motor fuel)	226,239	174,918	12,750
407.1610	Mixtures n.s.p.f. of industrial organic chemicals	-	77,522	60,186
607.6625	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, over 6 inches in thickness	39,273	62,160	3,203
480.3000	Urea, n.e.s	40,473	25,711	10,205
475.2524	Leaded gasoline	1/	22,177	-
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)	11,147	19,597	13,053
480.6510	Ammonium nitrate	9,435	13,041	2,498
700.3550	Men's footwear, of leather, n.e.s., cement soles	5,620	8,846	3,111
360.1200	Floor coverings n.s.p.f. of wool, with pile hand-inserted or hand-knotted, valued over 66-2/3 cents per square foot	2/ 5,368	2/ 7,832	2/ 1,830
475.2528	Unleaded gasoline	1/	7,721	-
475.1035	Heavy fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal viscosity at 100 degrees F of more than 125 seconds	-	7,663	-
607.6610	Plates of iron or steel, not pickled and not cold rolled, other than alloy iron or steel, in coils	443	6,447	-
706.1310	Brief cases, school bags, photographic equipment bags, camera cases of leather	5,693	5,929	1,034
727.2900	Chairs of wood, not folding, not teak, n.e.s	4,775	5,881	1,301
680.3712	Ball bearings, radial ball bearings, outside diameter over 30-millimeters but not over 52-millimeters	4,288	5,417	1,096
700.4540	Women's footwear, of leather, cement soles, valued over \$2.50 per pair	7,029	5,400	1,699
310.5049	Yarns wholly of noncontinuous man-made fibers, plied, of acrylic	4,338	5,151	1,033
381.3905	Men's or boys' jogging, warm-up, and similar athletic jackets, of cotton, not ornamented, knit	3/ 4,352	3/ 4,839	3/ 997
480.6550	Nitrogen solution	7,030	4,769	3,449
	Total	475,705	674,024	193,490
	Total, U.S. imports from Romania	896,696	881,301	231,560

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1/ TSUSA items 475.2524 and 475.2528 were created on Jan. 1, 1985, from former TSUSA item 475.2520. During 1984, imports from Romania under TSUSA item 475.2520 amounted to \$136.3 million.

2/ TSUSA item 360.1200 was created on Sept. 1, 1985, from former TSUSA item 360.1515. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 360.1515.

3/ TSUSA item 381.3905 was created on Sept. 1, 1985, from former TSUSA item 379.3905. The figures reported for 1985 reflect combined imports under the two numbers. The value reported for 1984 reflects imports under item 379.3905.

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

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

Table B-29.--Leading items exported to Vietnam, by Schedule B Nos., 1984, 1985, and October-December 1985

Schedule B No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
818.3900	Products, n.e.s., donated for relief or charity-----	\$17,272	\$19,395	\$4,599
685.2085	Television transmission and reception apparatus n.s.p.f., and parts thereof-----	-	200	-
818.9000	General merchandise, valued not over \$500-----	3,960	80	17
795.0000	Nonenumerated products-----	12	78	9
818.8000	Shipments valued \$10,000 and under, not identified by kind-----	11	63	8
772.0400	Household articles n.s.p.f., of rubber or plastics-----	47	48	33
818.3400	Wearing apparel donated for relief or charity-----	1	9	-
668.2020	Duplicating machines, n.s.p.f-----	-	2	-
	Total-----	21,302	19,875	4,666
	Total, U.S. exports to Vietnam-----	22,240	19,875	4,666

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

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

Table B-30.--Leading items imported from Vietnam, by TSUSA items, 1984, 1985, and October-December 1985

TSUSA item No.	Description	1984	1985	Oct.-Dec. 1985
		<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>dollars</u>
708.4520	Sunglasses and sungoggles, valued over \$2.50 per dozen-----	-	\$7	\$7
772.3195	Wearing apparel, rainwear, n.s.p.f., of rubber or plastics			
	not containing 50% or more weight of cotton, wool or m-m fiber:	1/ -	1/ 5	1/ 5
	Total-----	-	12	12
	Total, U.S. imports from Vietnam-----	71	25	12

1/ TSUSA item 772.3195 was created on June 1, 1985, from former TSUSA item 772.3095. The figures reported for 1985 reflect combined imports under the two numbers. There were no imports from Vietnam under item 772.3095 during 1984.

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

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

GLOSSARY

Abbreviation	Full wording
CIA	Central Intelligence Agency
CCC	Commodity Credit Corporation (U.S. Department of Agriculture)
CCL	Commodity Control List
CMEA	Council for Mutual Economic Assistance
COCOM	Coordinating Committee for Multilateral Export Controls
CPE	Centrally planned economy
EAA	Export Administration Act of 1979 (United States)
EC	European Community
EXIMBANK	Export-Import Bank of the United States
FAO	Food and Agricultural Organization (United Nations)
GATT	General Agreement on Tariffs and Trade
GNP	Gross national product
GSP	Generalized System of Preferences
IAEA	International Atomic Energy Agency
IMF	International Monetary Fund
LTFV	Less than fair value
MFA	Multifiber Arrangement
MFN	Most-favored-nation
NME's	Nonmarket economy countries
OEA	Office of Export Administration (U.S. Department of Commerce)
OECD	Organization for Economic Cooperation and Development
QGL	Qualified General License
SCE	State-controlled economy
SDR	Special Drawing Rights
SIC	Standard Industrial Classification
	MSIC: SIC-based import product groupings
	OSIC: SIC-based domestic manufactured output categories
SITC	Standard International Trade Classification
	SITC categories are defined as follows:
	1-digit SITC: Section
	2-digit SITC: Division
	3-digit SITC: Group
	4-digit SITC: Subgroup
	5-digit SITC: Item
TSUSA	Tariff Schedules of the United States Annotated
USC	United States Code
USDA	U.S. Department of Agriculture
USITC	U.S. International Trade Commission

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

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