41ST QUARTERLY REPORT TO THE CONGRESS AND THE TRADE POLICY COMMITTEE ON TRADE BETWEEN THE UNITED STATES AND THE NONMARKET ECONOMY COUNTRIES DURING 1984

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NOTE TO UNITED STATES GOVERNMENT RECIPIENTS OF THIS REPORT

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

INTRODUCTION

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

The U.S. International Trade Commission is an independent, factfinding agency. Thus, the material contained in its 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.

As specified by the statute, one objective of the reports in this series is to provide data on the effect of imports from NME's on the production of like or directly competitive articles in the United States and on employment within industries producing those articles. Therefore, the reports include trade statistics for those NME's whose current trade with the United States is at least at a level that might possibly affect a domestic industry: Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R., and Vietnam.

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

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

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

At the present time, Romania, Hungary, and China receive most-favored-nation (MFN) tariff treatment from the United States. Poland's MFN status was indefinitely suspended by the President in October 1982. Most other NME's have never been accorded this treatment because of the policy legislated as section 5 of the Trade Agreements Extension Act of 1951, i.e., that the President should take appropriate action to deny the benefit of trade-agreement concessions to imports from certain Communist nations or areas. 1/

In the TSUS, the unconditional MFN rates of duty are set forth in column 1. The rates applicable to products of designated Communist nations 2/ are set forth in column 2; for the most part, these are the higher rates that were established in 1930. The rates of duty resulting from this policy vary considerably from item to item, and discrimination is not present at all for products that historically have been duty free or dutiable at the same rates in columns 1 and 2. Therefore, actual or potential U.S. imports from countries that do not enjoy MFN privileges depend in some measure on the rates of duty on the specific items involved.

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

The TSUSA or Schedule B classification numbers of products not identified by numerical classification in the text 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.

This report contains a summary of U.S. trade with the NME's during 1984, and examines U.S. exports, imports, and the balance of trade with these countries, as well as the commodity composition of this trade. This report also contains a summary for each major nonmarket economy--China, the Soviet Union, and Eastern Europe--of economic and other developments affecting U.S. trade and commercial relations with these countries, and a brief review of developments in U.S. trade with each of them. A glossary and a cumulative subject index are also included.

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

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

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

Copies of this report (USITC Publication 1662) can be obtained by calling (202) 523-5178, or by writing to the Office of the Secretary, United States 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 nonmarket economy countries (NME's) increased by 43.3 percent from $8.6 billion in 1983 to $12.4 billion in 1984. This represents a reversal of the nearly 12-percent decline in trade turnover from 1982 to 1983. Trade flows between the United States and the NME's increased significantly in both directions during the year under review. Largely as a result of higher exports of agricultural commodities, U.S. exports to the NME's increased by 41.8 percent from $5.1 billion in 1983 to $7.2 billion in 1984. U.S. imports from the NME's increased by 45.4 percent from $3.6 billion in 1983 to $5.2 billion in 1984. The U.S. surplus in merchandise trade with the NME's widened from $1.5 billion in 1983 to $2.0 billion in 1984.

During the year under review, U.S. trade with China increased by $1.6 billion, or 37.6 percent, reaching an alltime high of $6.0 billion. U.S. exports to China increased by 38.1 percent to $3.0 billion during 1984. Most of the increase in U.S. exports to China was attributable to larger sales of nonagricultural commodities, especially of chemicals and of products classified as machinery and transportation equipment. U.S. sales of agricultural commodities increased only moderately in 1984. During the past 5 years, the share of agricultural exports in total U.S. exports to China has declined from nearly 60.0 percent to 20.6 percent.

With sales totaling $3.0 billion, China remained the United States' most important NME supplier in 1984, although its share of total U.S. imports from the NME's declined slightly from 1983 to 1984. U.S. imports from China, which had remained at about the same level in 1983 as in 1982, increased by $822.9 million from 1983 to 1984. Most of the increase was due to higher Chinese sales of crude petroleum, petroleum products, apparel and clothing accessories, and other textile products. After setting a record for a 6-month period in January-June 1984, the U.S. deficit in trade with China began to narrow. By the end of 1984, the U.S. deficit stood at $51.9 million--slightly lower than the yearend deficit for 1983.

Developments affecting U.S.-Chinese commercial relations during the year under review included the signing of an agreement on industrial and technological cooperation and an income tax treaty. China's most-favored-nation status was renewed, but the United States delayed taking final action on a nuclear cooperation treaty, pending clarification of China's position on nonproliferation. In 1984, the U.S. International Trade Commission made unanimous final determinations that three chemicals imported from China and at less than fair value in the United States were injuring U.S. producers. No new petitions alleging injury by Chinese imports were filed during the year. Another administrative action during the year that could affect bilateral trade was the issuance of new country-of-origin requirements for textile and apparel imports.

U.S.-Soviet trade also grew substantially during the year under review. The value of two-way merchandise trade increased by 63.8 percent from $2.3 billion in 1983 to $3.8 billion in 1984. As a result, U.S.-Soviet trade set a record for the previous 5 years, but fell considerably short of the alltime record of $4.5 billion, which was set in 1979. Both U.S. exports to and imports from the Soviet Union reached 5-year highs.

During the year under review, the Soviet Union displaced China as the most important NME market for U.S. exports. On the strength of stepped-up Soviet purchases of corn and wheat, U.S. exports to the Soviet Union increased by 64.0 percent from $2.0 billion in 1983 to $3.3 billion in 1984. U.S. sales of corn increased by 255.5 percent to $1.4 billion, while exports of wheat rose by 46.2 percent to $1.2 billion in 1984. U.S. exports of several other agricultural commodities also increased, but exports of nonagricultural commodities lost ground in 1984. As a result, the traditionally high share of agricultural commodities in U.S. exports to the Soviet Union increased from 72.8 percent in 1983 to 85.8 percent in 1984.

U.S. imports from the Soviet Union grew by almost the same percentage as exports to the Soviet Union. U.S. imports increased by 63.0 percent from $341.1 million in 1983 to $556.1 million in 1984. Despite this impressive export gain, Soviet exports to the United States fell short of the alltime record of $873.8 million in sales achieved during 1979. Since U.S. exports to the Soviet Union continued to outstrip its imports from the Soviet Union, the traditional U.S. surplus in bilateral trade increased by 64.2 percent from $1.7 billion in 1983 to $2.7 billion in 1984.

During the year under review, the United States and the Soviet Union took some steps towards improving bilateral commercial relations. For the first time since 1979, the two countries scheduled a meeting of the "working group of experts" to discuss issues in bilateral trade. The decision to hold the sub-Cabinet-level meeting followed the renewal of the 10-year agreement on economic, industrial, and technical cooperation. In accordance with the policy of "promoting a constructive dialogue with the Soviet Union and encouraging non-strategic trade exchanges," the Reagan administration also lifted the ban on Soviet fishing within the U.S. 200-mile zone. During the year, only one Soviet product, potassium chloride, was the subject of import relief petitions by U.S. industry. In its final investigation, the Commission determined that a U.S. industry was not being injured by imports of the Soviet product sold at less than fair value in the United States.

The year under review also saw an upturn in U.S. trade with the East European countries. Trade turnover increased by 31.4 percent from $1.9 billion in 1983 to $2.5 billion in 1984. Most of the increase in trade turnover was the result of a 58.0-percent increase in U.S. imports from the region to an alltime high of $1.6 billion in 1984. Refined petroleum, iron and steel products, yarns, fabrics, clothing, fertilizer, road vehicles, glassware, and nonferrous metals remained the major U.S. imports. East European sales of all these products increased between 1983 and 1984. A noteworthy development in U.S. imports from the region was the surge in U.S. purchases of iron and steel products from $20.6 million in 1983 to $192.6 million in 1984. Romania continued to be the most important East European supplier of the U.S. market, accounting for 56.2 percent of U.S. imports from the region in 1984. Hungary ranked second, supplying 13.8 percent of U.S. imports from Eastern Europe, and Poland third, with a 13.5 percent share of U.S. imports from the region.

U.S. exports to Eastern Europe increased by only 0.9 percent, from $876.7 million in 1983 to $884.2 million in 1984. Soybeans remained the largest U.S. export to the region. The value of U.S. exports of this commodity increased by 14.8 percent to $143.5 million in 1984, but the volume shipped declined slightly. Both the value and volume of U.S. shipments of corn declined between 1983 and 1984. Poland and Romania remained the most important export markets for U.S. firms during the year under review. The substantial increase in U.S. imports from the region and the small increase in U.S. exports to the region resulted in a four-fold increase in the U.S. trade deficit, from $133.8 million in 1983 to $712.0 million in 1984.

During the year under review, economic growth in most of the countries of the region accelerated. In trade with the United States and other countries, the East European countries continued efforts to reduce imports and expand exports and to reduce their hard currency debts. Another development affecting U.S. commercial relations with the region and with other NME's was the Department of Commerce's decision in an investigation of allegedly subsidized imports of carbon steel wire rod from Czechoslovakia and Poland. Commerce determined that subsidies within the meaning of U.S. countervailing duty law could not be found in NME's. The petitioners also alleged injury by reason of sales of the Polish product at less than fair value in the United States. In its final investigation, the Commission determined that sales of carbon steel wire rod from Poland at less than fair value were not causing, or threatening to cause, material injury to a U.S. industry. During the year, the Commission also issued preliminary determinations that U.S. industries were being injured by reason of sales of carbon steel wire rod and potassium chloride from East Germany at less than fair value. In late 1984, the Commission also instituted 12 investigations of carbon steel products from Czechoslovakia, East Germany, Hungary, Poland, and Romania. Other developments affecting U.S. commercial relations with individual East European countries included the lifting of some of the economic sanctions against Poland and the renewal of Hungary's and Romania's MFN status.

TRADE IN 1984 BETWEEN THE UNITED STATES AND THE NONMARKET ECONOMY COUNTRIES

Overall trade between the United States and the NME's increased by 43.3 percent from $8.6 billion in 1983 to $12.4 billion during the year under review. This represents a sharp turnabout from the 12.0-percent decrease in U.S-NME trade from 1982 to 1983 (table 1, fig. 1). 1/

U.S. exports to the NME's registered an impressive 41.8-percent increase from $5.1 billion in 1983 to $7.2 billion in 1984. This is largely due to an increase in agricultural exports. In 1984, the ratio of agricultural exports to total exports to the NME's rose to 55.5 percent from 50.4 percent in 1983. The share of the NME's among worldwide U.S. exports increased from 2.6 percent to 3.4 percent in a similar comparison. In October-December 1984, U.S. exports to the NME's registered their second consecutive quarterly increase since the second quarter (fig. 2). Despite these increases, U.S. exports to the NME's did not recapture their 1981 level of $7.9 billion during the year under review.

Owing primarily to stepped-up grain purchases, the Soviet Union displaced China as the most significant NME market for U.S. exports during the year under review (fig. 3). Poland ranked third and Romania fourth among buyers of U.S. products in 1984.

At $5.2 billion, 1984 U.S. imports from the NME's exceeded their 1983 level of $3.6 billion by 45.4 percent. In October-December 1984, quarterly U.S. imports from the NME's were lower than their all-time quarterly high registered in July-September 1984 (fig. 4). Gasoline, although the most highly demanded good from the NME's, registered a 14.4-percent decrease from $516.6 million in 1983 to $442.4 million in 1984. However, U.S. imports of NME crude petroleum increased by 242 percent, those of naphthas by 332 percent and those of light fuel oils by 132 percent, in a similar comparison. NME sales of clothing and apparel accessories (SITC Division 84) to the United States, mostly from China, showed an increase of 24 percent from 1983 to 1984. As a result of an expansion in Romania's and the Soviet Union's shares among U.S. imports from the NME's, China's dominant share among these imports declined slightly from 1983 to the year under review (fig. 5). Agricultural imports as a percent of total imports from all NME's were reduced from 10.9 percent in 1983 to 7.8 percent in 1984.

Most NME's under review showed an increase in sales to the United States. East Germany increased its sales to U.S. markets by 161.9 percent from $56.9 million in 1983 to $149.1 million in 1984. Romanian sales to the United States expanded by 74.9 percent from $512.8 million in 1983 to $896.7 million in 1984. Soviet sales to U.S. customers increased by 63.0 percent from $341.1 million in 1983 to $556.1 million in 1984. Chinese sales to the United States rose by 37.1 percent from $2.2 billion in 1983 to $3.0 billion in 1984.

1/ Based on preliminary OECD data, trade between the OECD countries and the NME's increased by 3.8 percent from 1983 to 1984. This increase is attributable to a 17.1-percent growth of trade between the OECD and China. The level of OECD trade with the CEMA countries appeared unchanged from 1983 to the year under review.

Table 1.--U.S. trade with the world and with the nonmarket economy countries, 1/ 1982-84, October-December 1983, and October-December 1984

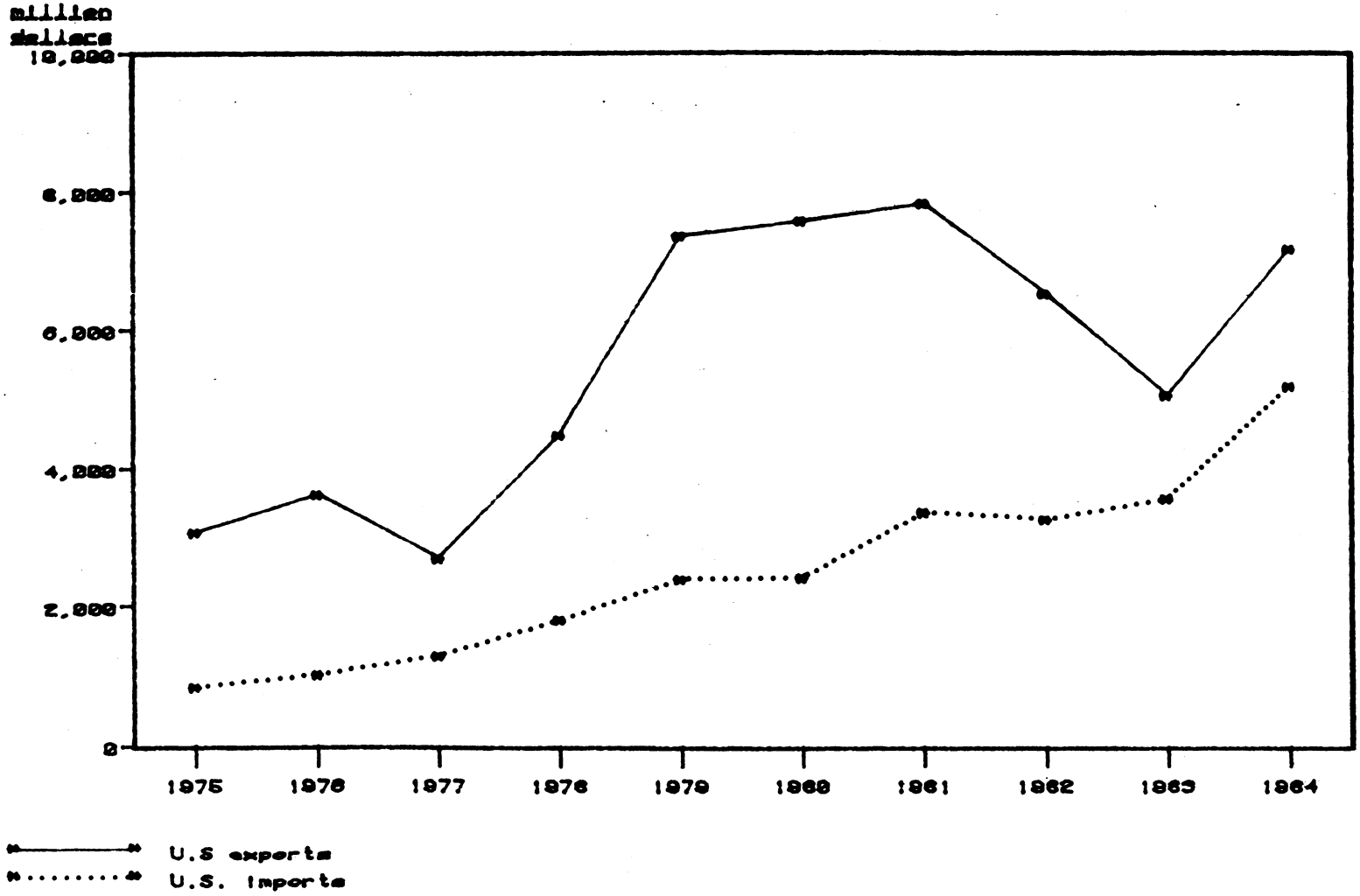
Item	1982	1983	1984	October-December--	
				1983	1984
U.S. world trade:					
Exports----------million dollars--	207,158	195,969	212,057	50,324	54,339
Imports----------do----	242,340	256,680	322,990	69,678	78,663
Balance----------do----	-35,182	-60,710	-110,932	-19,355	-24,324
Trade turnover (exports plus imports) million dollars--	449,498	452,649	535,046	120,002	133,002
U.S. trade with NME's:					
Exports----------million dollars--	6,540	5,068	7,188	1,781	2,349
Imports----------do----	3,276	3,574	5,198	904	1,289
Balance----------do----	3,263	1,494	1,990	877	1,060
Trade turnover (exports plus imports) million dollars--	9,816	8,642	12,386	2,686	3,637
Share of total U.S. trade accounted for by trade with NME's:					
Exports----------percent--	3.16	2.59	3.39	3.54	4.32
Imports----------do----	1.35	1.39	1.61	1.30	1.64

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, 1975-84



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

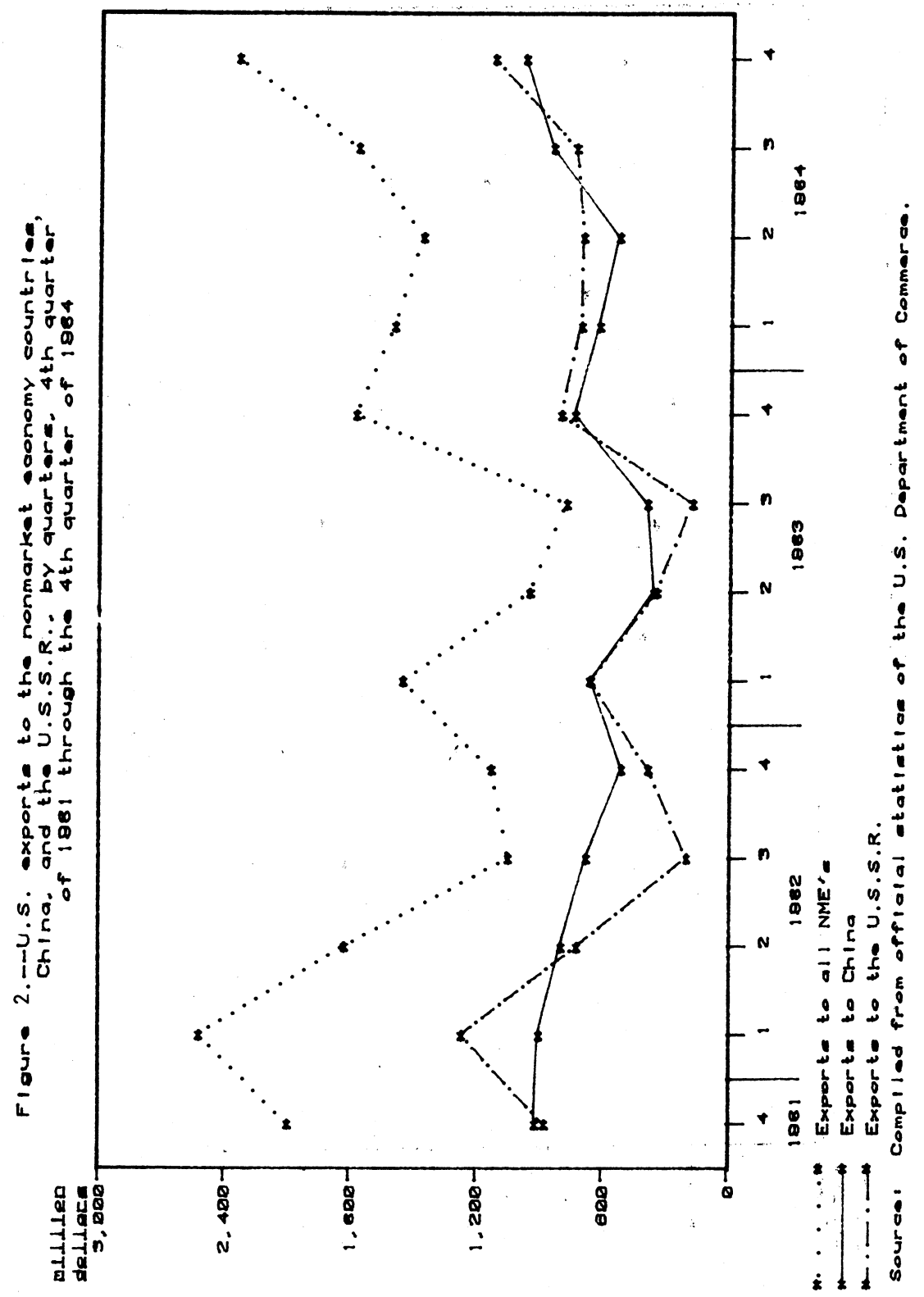
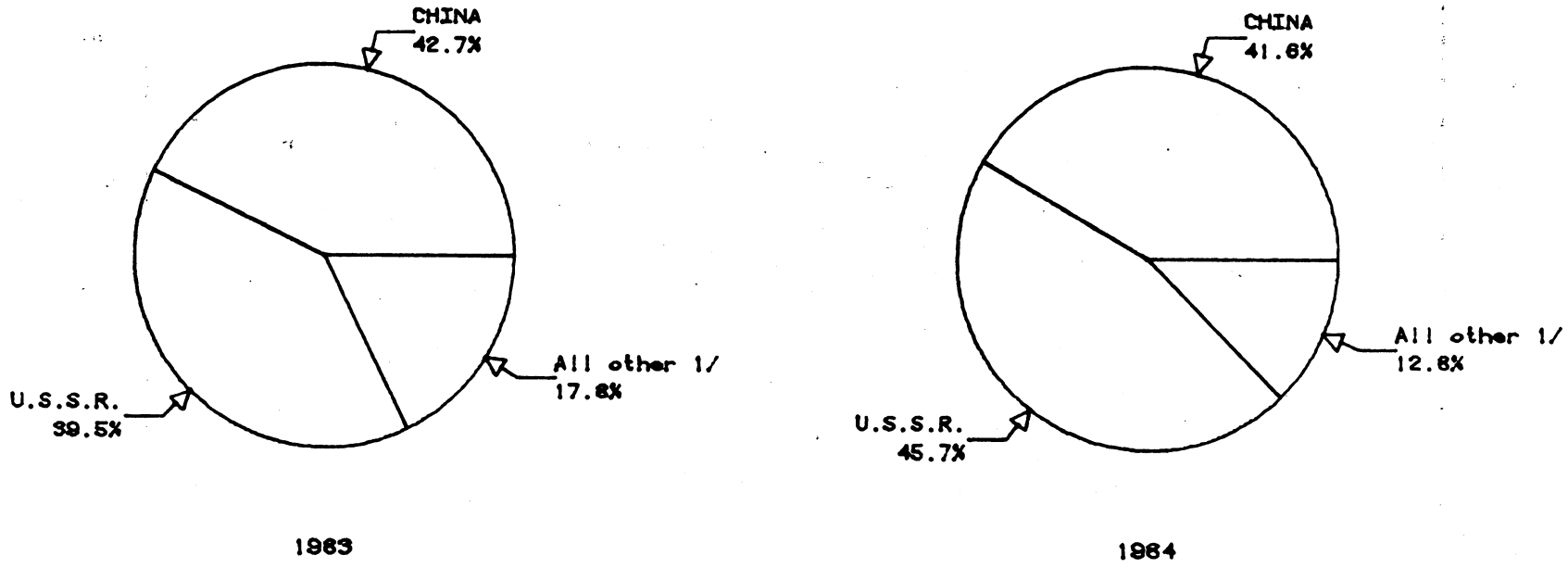


Figure 2.--U.S. exports to the nonmarket economy countries, China, and the U.S.S.R., by quarters, 4th quarter of 1981 through the 4th quarter of 1984
Million dollars
3,000
2,400
1,800
1,200
600
0
1981
1982
1983
1984
Exports to all NME's
Exports to China
Exports to the U.S.S.R.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 3.--Relative shares of U.S. exports to the nonmarket economy countries, 1963 and 1964



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

Source: Based on data in table 2.

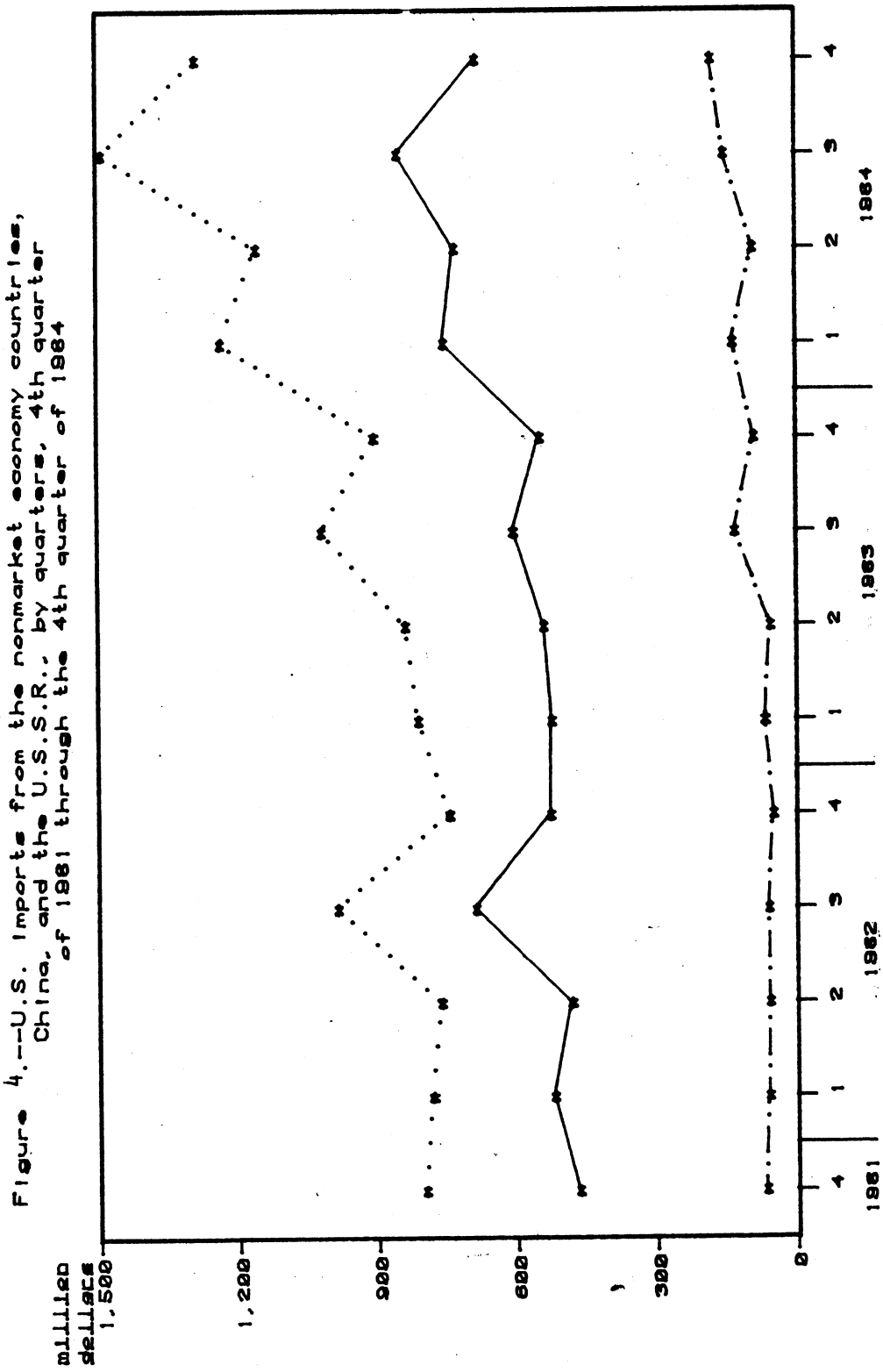
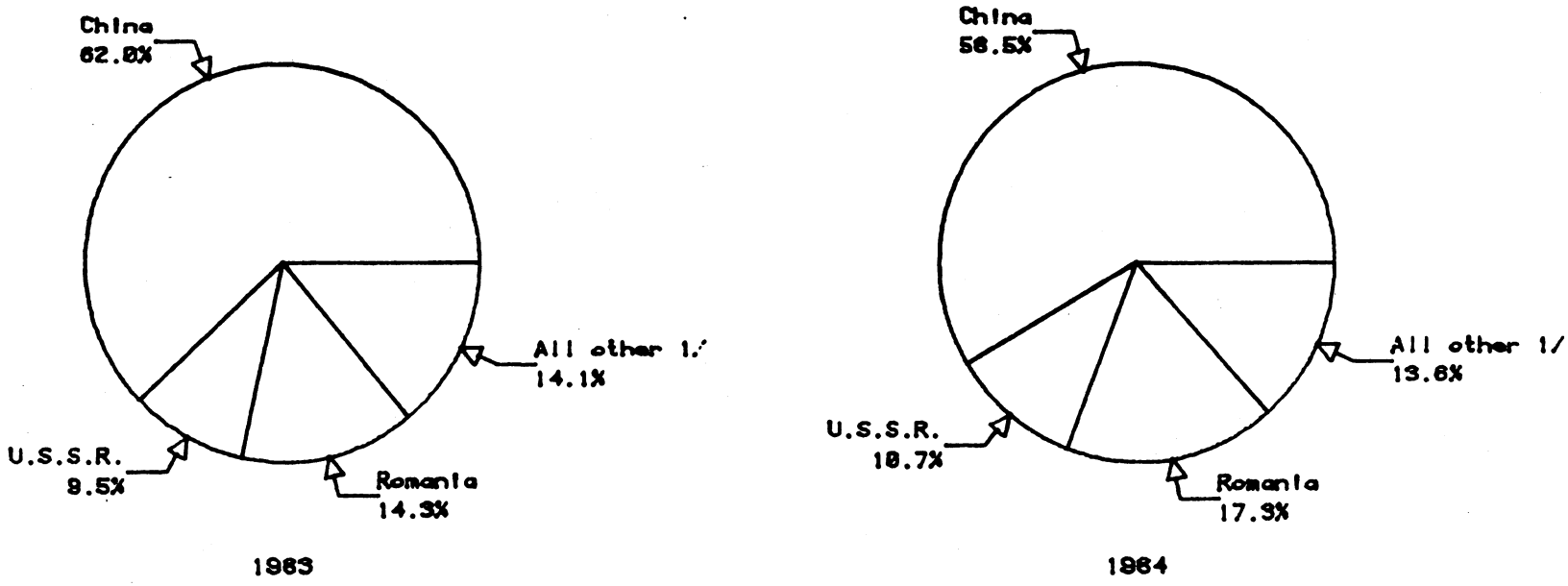


Figure 4.--U.S. Imports from the nonmarket economy countries, China, and the U.S.S.R., by quarters, 4th quarter of 1981 through the 4th quarter of 1984
million dollars
1,500
1,200
900
600
300
0
1981
1982
1983
1984
Imports from all NME's
Imports from China
Imports from the U.S.S.R
Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 5.--Relative shares of U.S. imports from the nonmarket economy countries, 1983 and 1984



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

Source: Based on data in table 7.

The U.S.-NME trade closed with a $2.0-billion surplus in 1984. The U.S. surplus amounted to $1.5 billion in 1983 and to $3.3 billion in 1982. In 1984, the United States registered a surplus of $2.7 billion with the Soviet Union. This represents a 64.2-percent improvement over 1983's $1.7-billion U.S. surplus. U.S. trade, however, showed a $51.9-million deficit with China in 1984, an improvement, nonetheless, over the 1983 deficit of $54.3 million.

Trade with the East European countries showed an overall negative balance of $712.0 million in 1984. The deficit was 133.8 million in 1983--a 432.2 percent increase. East Germany registered a $13.3-million surplus in trade with the United States in 1984 in comparison with a deficit of $82.0 million in 1983. The U.S. deficit in regard to Romanian trade has worsened from $327.2 million in 1983 to $650.5 million in 1984. Czechoslovakia's surplus of $5.7 million in 1983 trade with the United States increased to $26.1 million in 1984 and that of Hungary increased from $44.7 million in 1983 to $134.9 million in 1984. The U.S. surplus in trade with Bulgaria declined from $32.6 million in 1983 to $13.7 million in 1984. The U.S. surplus in trade with Poland decreased from $129.2 million to $99.1 million in such a comparison.

U.S. Exports

U.S. exports to the Soviet Union, China, Czechoslovakia, and Romania increased from 1983 to 1984: U.S. exports to Bulgaria, the German Democratic Republic, Hungary, and Poland declined over that period (table 2).

Grains

Grains, consisting to a significant degree of wheat and corn, remained the leading U.S. export item to the NME's in 1984. As a result, food and live animals, SITC section 0, retained their lead among U.S. exports to the NME's classified by 1-digit SITC categories (table 3). (For U.S. exports to the NME's by SITC 1-digit category and by country, see table 4.) Total wheat sales to the NME's increased from $1.2 billion in value, or 7.3 million metric tons (MMT) in quantity in 1983 to $1.76 billion in value, or 11.7 million metric tons in quantity in 1984. The share of the NME's among total U.S. exports of wheat rose from 19 percent in 1983 to 27 percent in 1984. Corn sales to the NME's registered a 125-percent increase, from $667 million in 1983 to $1.5 billion during the year under review. The relative share of the NME's in total U.S. corn exports rose from 11 percent in 1983 to 22 percent in 1984.

The Soviet Union was the most significant NME consumer of U.S. grains in 1984. It received $1.2 billion, or 7.6 MMT, of wheat, and $1.4 billion, or 10.1 MMT, of corn. In 1983, U.S. shipments of wheat to the Soviet Union amounted to $801 million, or 4.8 MMT, and those of corn, to $391 million, or 2.9 MMT. Grain exports comprised 78 percent of total U.S. exports to the Soviet Union in 1984.

Table 2.--U.S. exports to the individual nonmarket economy countries and to the world, 1982-84, October-December 1983, and October-December 1984

(In thousands of dollars)

Market	1982	1983	1984	October-December--	
				1983	1984
Albania	16,400	4,205	9,349	1	1,670
Bulgaria	106,453	65,389	44,087	10,243	4,996
China	2,904,535	2,163,219	2,988,480	740,269	983,051
Cuba	951	688	871	131	175
Czechoslovakia	83,598	57,079	58,098	23,003	12,726
East Germany	222,657	138,915	135,830	48,739	39,708
Hungary	67,842	109,781	85,177	21,292	35,380
Mongolia	344	123	116	-	4
North Korea	100	1	-	-	-
Poland	292,606	319,872	314,825	82,904	74,040
Romania	223,231	185,658	246,181	42,581	62,398
U.S.S.R	2,588,975	2,001,951	3,282,652	807,069	1,128,568
Vietnam	31,995	20,745	22,240	5,033	5,852
Total	6,539,686	5,067,626	7,187,906	1,781,264	2,348,569
Total, U.S. exports to the world	207,157,641	195,969,353	212,057,057	50,323,591	54,339,442

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 3.--U.S. exports to the world and to the nonmarket economy countries, 1/ by SITC Sections, 1983 and 1984

SITC Section	Total exports		Exports to the NME's	
	1983	1984	1983	1984
	Value (million dollars)			
0. Food and live animals	24,039	24,338	2,057	3,442
1. Beverages and tobacco	2,813	2,849	23	13
2. Crude materials--inedible, except fuel	18,559	20,203	818	1,007
3. Mineral fuels, lubricants, etc	9,512	9,325	43	72
4. Oils and fats--animal and vegetable	1,486	1,961	35	57
5. Chemicals	22,194	25,321	661	921
6. Manufactured goods classified by chief material	15,275	15,524	272	227
7. Machinery and transportation equipment	80,299	87,208	818	1,087
8. Miscellaneous manufactured articles	14,865	15,273	269	286
9. Commodities and transactions not elsewhere classified	6,927	10,054	73	76
Total	195,969	212,057	5,068	7,188
	Percent of total			
0. Food and live animals	12.3	11.5	40.6	47.9
1. Beverages and tobacco	1.4	1.3	.5	.2
2. Crude materials--inedible, except fuel	9.5	9.5	16.1	14.0
3. Mineral fuels, lubricants, etc	4.9	4.4	.8	1.0
4. Oils and fats--animal and vegetable	.8	.9	.7	.8
5. Chemicals	11.3	11.9	13.1	12.8
6. Manufactured goods classified by chief material	7.8	7.3	5.4	3.2
7. Machinery and transportation equipment	41.0	41.1	16.1	15.1
8. Miscellaneous manufactured articles	7.6	7.2	5.3	4.0
9. Commodities and transactions not elsewhere classified	3.5	4.7	1.4	1.1
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 4.--U.S. exports to the nonmarket economy countries, by SITC Sections, October-December 1984

(In thousands of dollars)

SITC Section	Albania	Bulgaria	China	Cuba	Czecho-slovakia	East Germany	Hungary
0. Food and live animals	-	-	96,683	-	3	29,988	21,663
1. Beverages and tobacco	-	657	1,143	-	387	-	-
2. Crude materials--inedible, except fuel	99	10	171,190	-	6,021	8,999	2,696
3. Mineral fuels, lubricants, etc	1,505	-	210	-	1	-	1
4. Oils and fats--animal and vegetable	-	-	7,435	-	-	-	1
5. Chemicals	-	1,413	187,082	82	3,159	81	1,227
6. Manufactured goods classified by chief material	-	95	79,311	-	751	180	1,641
7. Machinery and transportation equipment	-	2,043	385,208	-	1,544	326	7,099
8. Miscellaneous manufactured articles	66	701	51,354	13	689	120	846
9. Commodities and transactions not elsewhere classified	-	77	3,436	80	171	15	206
Total	1,670	4,996	983,051	175	12,726	39,708	35,380

SITC Section	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Vietnam	Total
0. Food and live animals	-	-	30,075	217	1,010,676	-	1,189,305
1. Beverages and tobacco	-	-	1,765	-	248	-	4,201
2. Crude materials--inedible, except fuel	-	-	16,998	27,872	8,155	-	242,040
3. Mineral fuels, lubricants, etc	-	-	6	18,916	10,731	-	31,369
4. Oils and fats--animal and vegetable	-	-	1,285	-	-	-	8,721
5. Chemicals	-	-	2,967	6,851	48,360	397	251,618
6. Manufactured goods classified by chief material	-	-	1,330	588	3,659	-	87,553
7. Machinery and transportation equipment	-	-	6,345	6,747	23,288	-	432,599
8. Miscellaneous manufactured articles	3	-	2,071	994	22,924	-	79,783
9. Commodities and transactions not elsewhere classified	1	-	11,197	216	527	5,454	21,379
Total	4	-	74,040	62,398	1,128,568	5,852	2,348,569

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

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

Chinese purchases of U.S. wheat increased from $377.7 million, or 2.5 MMT, in 1983 to $575.3 million, or 4.0 MMT, during the year under review. Wheat exports comprised 19 percent of total U.S. exports to China in 1984.

U.S. corn exports to Eastern Europe decreased from $118.2 million, or 0.9 MMT, in 1983 to $107.6 million, or 0.8 MMT, in 1984. East Germany, the major East European customer of U.S. corn reduced its acquisitions from $82.9 million in 1983 to $75.7 million in 1984. Bulgaria also decreased its purchases of U.S. corn during that period. Poland, however, increased its purchases of both U.S. corn and wheat in 1984. Polish purchases of U.S. corn increased from $21.6 million in 1983 to $25.5 million in 1984, and those of wheat, from $6.1 million to $10.4 million.

Machines and equipment

Sales to the NME's of machinery specialized for particular industries (SITC Division 72) increased from $173.7 million in 1983 to $249.8 million in 1984. Sales of transportation equipment other than road vehicles (SITC Division 79) increased from $237.4 million to $357.7 million, and those of professional, scientific, and controlling instruments (SITC Division 87) from $170.0 million to $196.2 million, over that period.

China was the most significant NME buyer of advanced U.S. capital goods during the year under review. Five out of the 10 export items to the NME's that increased substantially from 1983 to 1984 were capital goods sold to China (table 5). Among U.S. shipments of transportation equipment to the NME's, the sale of locomotives to China stood out in 1984.

Fertilizers and fertilizer materials

U.S. fertilizer producers have benefited from a continuous increase of exports to the NME's since 1980. U.S. exports of manufactured fertilizers (SITC Division 56) to the NME's amounted to $291.2 million in 1984. This represents a 45.9-percent increase from the $199.6 million-level of sales in 1983 and a 79.2-percent increase over the $162.5-million level in 1980. In this product category, diammonium phosphate fertilizers took the largest share. The value of these exports, all of which were shipped to China, was $230.9 million in 1984. China was also the only NME purchaser of urea, a manufactured fertilizer, in 1984. U.S. exports of urea to China were valued at $36.4 million in 1984. Concentrated superphosphate was most demanded by Eastern Europe in 1984. U.S. superphosphate sales to the region, however, declined by 28.5 percent from $29.0 million in 1983 to 20.7 million in 1984.

The Soviet Union remained the largest buyer of U.S. phosphoric acid among worldwide U.S. exports of this commodity in 1984 (table 6).

U.S. exports to the NME's of crude fertilizers and crude materials (SITC Division 27), which have been increasing steadily since 1982, amounted to $47.0 million in 1984. Shipments to Eastern Europe accounted for 98.8 percent of these sales during the year under review. Natural calcium phosphate made up the bulk of the shipments.

Table 5.--20 U.S. export items to the nonmarket economy countries which changed substantially, by Schedule B nos., 1983 and 1984 1/

Schedule B no.	Commodity	Major NME customer	Percentage change, 1984 from 1983		Value of exports to all NME's in 1984
			All NME's	World	
			Percent		1,000 dollars
	Substantially increased:				
404.2280	Polycarboxylic acids, anhydrides, and their derivatives, n.s.p.f	China	1,287.4	34.2	26,443
145.4300	Shelled almonds, not blanched	U.S.S.R	946.4	43.7	24,501
692.1680	Special-purpose motor vehicles, nonmilitary, n.s.p.f	China	820.8	24.7	41,987
404.2250	Terephthalic acid dimethyl ester (dimethyl terephthalate)	do	742.9	31.2	15,906
121.0530	Bovine leather, rough, russet, and crust, wet blue, split, other than grains	do	593.8	6.7	5,932
694.4034	Nonmilitary airplanes, rotary wing, new, 2,200 pounds empty weight and over	do	442.0	-3.8	62,912
423.1090	Inorganic chemical compounds, n.s.p.f	do	393.0	34.1	2,700
664.0513	Drilling and boring machines, n.e.s., including percussion type rock drills	do	391.6	41.7	8,963
710.2840	Nonelectrical geophysical instruments and apparatus, and parts thereof	do	341.8	83.5	5,756
674.5440	Parts, n.e.s., of metal-forming machine tools	do	315.6	14.5	2,512
	Substantially decreased:				
692.1650	Mobile cranes, hydraulic operated, other than truck mounted	China	-95.4	-64.1	528
674.3528	Machine tools for deburring or otherwise finishing metal, new, at least $2,500 each, with numerical controls or facings	do	-87.7	-39.6	549
110.4610	Herring, fresh, chilled or frozen, whole or eviscerated	do	-82.9	-24.0	684
660.4930	Aircraft jet and gas turbines, non-piston-type engines, nonmilitary, new	do	-82.2	-1.5	4,403
678.3075	Parts for glass-working machines	Hungary	-81.9	32.2	810
683.9540	Parts of industrial and laboratory electric furnaces and ovens, and of electric induction and dielectric heating equipment	China	-80.8	3.3	849
710.1820	Electrical (including electronic) meteorological and hydrological instruments, and parts thereof	do	-74.0	10.8	782
684.6210	Telephone switching and switchboard equipment and parts and components thereof	do	-73.2	-9.2	1,287
674.3568	Metal-forming machine tools, used or rebuilt	do	-73.2	-52.7	557
688.1900	Insulated wire and cable, n.s.p.f	do	-72.0	12.6	1,080

1/ Only items which accounted for at least 500,000 dollars' worth of exports in both 1983 and 1984 are included in this table.

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

Table 6.--20 U.S. export items for which the nonmarket economy countries collectively accounted for the largest market share in 1984, by Schedule B nos., 1983 and 1984 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 1984
			1983	1984	
			Percent		1,000 dollars
176.2520	Linseed oil, crude	U.S.S.R	.0	88.7	9,127
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	do	90.6	87.7	188,983
690.0510	Locomotives and tenders, diesel-electric, rail-service type	China	.0	86.9	174,911
200.8050	Hardwood railroad and mine ties (except switch or bridge ties), untreated	do	.0	55.4	3,188
475.4555	Insulating or transformer oils	U.S.S.R	52.4	54.2	16,449
121.0515	Bovine leather, rough, russet, and crust, wet blue, not split	China	66.2	53.9	34,070
486.3900	Pesticides, unmixed, not artificially mixed, other than fungicides, herbicides, insecticides, or fumigants	do	.0	53.6	7,573
818.3900	Products, n.e.s., donated for relief or charity	Poland	54.7	52.0	51,275
818.3100	Food products, n.s.p.f., donated for relief or charity	do	30.6	49.0	13,323
404.2250	Terephthalic acid dimethyl ester (dimethyl terephthalate)	China	7.1	45.4	15,906
660.1018	Water tube stationary steam generating boilers, with a steam capacity of over 400,000 pounds of steam per hour	do	2.3	44.2	3,426
664.0538	Backhoes, shovels, clamshells, and draglines with a 360 degree revolving structure, used or rebuilt	do	.0	42.1	2,517
790.5510	Pressure-sensitive tape having a plastic backing	U.S.S.R	46.7	40.9	55,968
674.3529	Gear tooth grinding and finishing metalworking machine tools, new, valued at least $2,500 each, n.s.p.f	China	.0	40.6	2,137
309.4242	Polyester fibers (in noncontinuous form)	do	21.5	38.5	44,934
200.3510	Douglas-fir logs and timber, rough	do	32.2	37.9	204,464
116.0100	Butter	Poland	42.3	37.7	23,545
310.0010	Textured yarns, of polyester	China	16.5	37.6	35,317
444.1500	Polyester resins, saturated	do	.2	37.5	39,257
433.1025	Chlorinated paraffin mixtures, acyclic, C10 - C30	U.S.S.R	37.7	37.3	1,804

1/ Only items which accounted for at least 1 million dollars' worth of exports in 1984 are included in this table.

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

Oilseeds and products

U.S. soybean exports to the NME's declined by 44.2 percent from $282.2 million in 1983 to $157.6 million in 1984. Eastern Europe accounted for 91.1 percent of U.S. soybean sales to the NME's during the year under review. These shipments to Eastern Europe increased by 14.8 percent from $125.1 million in 1983 to $143.5 million in 1984. Deliveries to Romania, the region's largest consumer of this U.S. product during the year under review, increased by 47.4 percent, from $76.4 million to $112.5 million. Deliveries to Poland, the region's second largest consumer, however, decreased by 58.0 percent from the 1983 level of $48.7 million to $20.5 million in 1984.

U.S. soybean oil cake sales to the NME's declined from $121.5 million in 1983 to $76.5 million in 1984. The decline was 37.1 percent in value and 31.6 percent in quantity terms. Nonetheless, this commodity was the fourth largest category of U.S. exports to Eastern Europe in 1984.

Other exports

U.S. textile fiber (SITC Division 26) exports to the NME's increased 142.1 percent, from $118.4 million in 1983 to $286.6 million in 1984.

U.S. exports of resins to China increased from $91.1 million in 1983 to $232.1 million in 1984, showing a 154.9-percent increase from 1983 to the year under review.

China also remained the dominant NME buyer of U.S. wood and wood products in 1984. Among the many products imported by the Chinese in this product category, Douglas firs were the most highly demanded. Chinese purchases of this U.S. product have increased from $161.6 million in 1983 to $204.5 million in 1984. In Chinese purchases of wood products (SITC Group 248) the pattern was very similar. Chinese purchases of this U.S. commodity increased to $15.1 million in 1984.

The Soviet Union received 96.5 percent of total U.S. cotton (SITC Group 263) exports to the NME's in 1984. Shipments of this good to the Soviet Union rose to $167.4 million in 1984 from $72.2 million in 1983, resulting in a percent change of 131.8. China reduced its consumption of U.S. cotton drastically over the 1980-84 period. Chinese purchases of cotton peaked at $702.0 million in 1980 then declined to $177.8 million in 1982 and to $3.6 million in 1984. Among East European countries, East Germany and Hungary are minor buyers.

U.S. exports to the NME's of whole cattlehides increased by 49.9 percent from $79.9 million in 1983 to $119.8 million during the year under review. East European countries stepped up their purchases by 35.6 percent from $65.4 million in 1983 to $88.7 million in 1984. As a result of an increase in the unit price of this commodity, volume increases lagged behind increases in the value of these shipments during the year under review. Romania, Czechoslovakia, and China were the largest NME consumers of this U.S. product during the year under review.

U.S. Imports

U.S. imports from China, the Soviet Union, and all East European countries except Bulgaria increased from 1983 to 1984 (table 7).

Textiles and Clothing

U.S. imports from the NME's of articles of clothing and apparel accessories (SITC division 84) exceeded $1 billion in 1984. This commodity group made up the bulk of miscellaneous manufactured goods (SITC Section 8) imported into the United States from the NME's in 1984. This category, as in 1983, remained the largest 1-digit SITC category of U.S. imports (table 8). In the combined category of articles of clothing and apparel accessories and textile yarns and fabrics (SITC division 65), NME sales on the U.S. market amounted to $1.4 billion during the year under review. NME sales to the United States registered their highest level in both these categories in 1984. Sales of articles of apparel and clothing accessories increased by 24.2 percent, and those of textile yarns and fabrics, by a 45.8 percent over their respective 1983 level.

In both categories, China supplied the bulk of U.S. imports from the NME's. In 1984, 90.0 percent of the U.S. imports of NME textile yarns and fabrics and 87.2 percent of U.S. imports of NME finished clothing originated in China. For both groups, China experienced an upward trend in production and exportation. In 1984, the value of textile yarn and fabrics (SITC Division 65) imported from China reached $354.6 million, up from $244.4 million in 1983. Over the 5-year period of 1980-84, Chinese shipments of such goods increased by 151.6 percent. In the category of apparel and clothing accessories (SITC Division 84), U.S. imports from China were $917.3 million in 1984, increasing from $754.8 million in 1983.

At $39.3 million, U.S. textile (SITC Division 65) imports from Eastern Europe made up 10.0 percent of these U.S. imports from the NME's in 1984. Textile yarn and fabric imports from these countries followed an uneven pattern, going from $36.9 million in 1980 to $39.6 million in 1981 and then falling to $25.7 million in 1983. Of these countries, the largest sellers of textiles were Romania, $18.3 million; Poland, $11.8 million; Czechoslovakia, $5.2 million; and Hungary $3.8 million.

East European sales of apparel and clothing accessories (SITC Division 84 to the United States were valued $133.9 million in 1984, representing 12.7 percent of such imports from the NME's. The largest sellers of these goods were Romania ($76.3 million), Hungary ($27.6 million) and Poland ($22.5 million).

The Soviet Union was not a significant seller of either textiles (SITC Division 65) or apparel and clothing accessories (SITC Division 84) to the United States. Since 1980, exports of either group of products have not exceeded $800 thousand.

Table 7.--U.S. imports from the individual nonmarket economy countries and from the world, 1982-84, October-December 1983, and October-December 1984

(In thousands of dollars)

Source	1982	1983	1984	October-December--	
				1983	1984
Albania	2,760	3,498	2,219	335	971
Bulgaria	25,124	32,765	30,340	6,105	7,162
China	2,215,856	2,217,526	3,040,401	548,245	683,576
Cuba	1,621	1/	3	1/	-
Czechoslovakia	61,548	62,821	84,192	15,770	21,548
East Germany	51,773	56,937	149,129	16,433	57,863
Hungary	133,238	154,493	220,094	36,387	51,626
Mongolia	3,628	1,483	2,903	498	629
North Korea	8	-	14	-	-
Poland	212,888	190,641	215,700	45,956	59,611
Romania	339,121	512,821	896,696	145,795	226,374
U.S.S.R	228,792	341,093	556,122	88,861	179,201
Vietnam	-	-	71	-	-
Total	3,276,356	3,574,079	5,197,882	904,386	1,288,562
Total, U.S. imports from the world	242,339,988	256,679,524	322,989,519	69,678,183	78,663,166

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 8.--U.S. imports from the world and from the nonmarket economy countries, 1/ by SITC Sections, 1983 and 1984

SITC Section	Total imports		Imports from the NME's	
	1983	1984	1983	1984
	Value (million dollars)			
0. Food and live animals	15,410	17,632	287	318
1. Beverages and tobacco	3,442	3,504	51	40
2. Crude materials--inedible, except fuel	9,607	11,184	121	142
3. Mineral fuels, lubricants, etc	57,310	60,426	757	1,307
4. Oils and fats--animal and vegetable	478	691	2	3
5. Chemicals	10,676	13,485	331	479
6. Manufactured goods classified by chief material	34,938	46,154	638	1,025
7. Machinery and transportation equipment	85,799	118,427	153	218
8. Miscellaneous manufactured articles	31,380	41,812	1,217	1,635
9. Commodities and transactions not elsewhere classified	7,640	9,674	17	31
Total	256,680	322,990	3,574	5,198
	Percent of total			
0. Food and live animals	6.0	5.5	8.0	6.1
1. Beverages and tobacco	1.3	1.1	1.4	.8
2. Crude materials--inedible, except fuel	3.7	3.5	3.4	2.7
3. Mineral fuels, lubricants, etc	22.3	18.7	21.2	25.2
4. Oils and fats--animal and vegetable	.2	.2	2/	.1
5. Chemicals	4.2	4.2	9.3	9.2
6. Manufactured goods classified by chief material	13.6	14.3	17.9	19.7
7. Machinery and transportation equipment	33.4	36.7	4.3	4.2
8. Miscellaneous manufactured articles	12.2	12.9	34.0	31.5
9. Commodities and transactions not elsewhere classified	3.0	3.0	.5	.6
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.

Petroleum and Petroleum Products

Petroleum and petroleum product (SITC Division 33) imports made up the bulk of the mineral-fuels-and-lubricants commodity-group (SITC Section 3) imports from the NME's in 1984. The group was the second largest single-digit category of imports from the NME's in 1984, the largest category during October-December 1984 (table 9). Imports of petroleum and petroleum products amounted to $1.3 billion in 1984--a 72.1-percent increase over the 1983 figure of $757.4 million. Petroleum imports have been steadily increasing since 1980, registering a 587.0-percent gain over the 1980 level of $189.8 million.

Imports of petroleum and petroleum products (SITC Division 33) from China reached $606.8 in 1984, a 44.6-percent increase over 1983 shipments. China supplied 46.5 percent of these U.S. imports from the NME's.

Eastern European deliveries of petroleum and petroleum products (SITC Division 33) to the United States were valued at $505.2 million and accounted for 38.8 percent of such U.S. imports from the NME's in 1984. Romania shipped $487.3 million and East Germany $17.7 million. Since 1980, Romanian supplies have risen steadily, increasing almost ten-fold from the $44.5 million sold in 1980. East German exports also have increased about ten-fold since 1980.

The Soviet Union exported $191.6 million worth of petroleum and petroleum products (SITC Division 33), accounting for 14.7 percent of total NME shipments to the U.S. market.

Fertilizers and Fertilizer Materials

U.S. imports of manufactured fertilizers (SITC Division 56), including ammonium nitrate, nitrogen solutions, and nitrogenous fertilizers, from the NME's were significant in 1984. The importation of these products from the NME's increased by 91.2 percent from $68.0 million in 1983 to $130.1 million during the year under review. With sales amounting to $61.3 million, Romania was the largest NME supplier in 1984. It accounted for 47.1 percent of NME sales to U.S. customers during the year under review. The Soviet Union delivered $53.7 million worth, and East Germany supplied $15.1 million worth of manufactured fertilizers to the United States in 1984.

The Soviet Union is the sole NME supplier of the fertilizer anhydrous ammonia, which ranked as the fifth largest import from the NME's. Imports of this product increased by 62.9 percent to $139.6 million in 1984 from $85.7 million in 1983.

Iron and Steel Products

U.S. imports of iron and steel products (SITC Division 67) from the NME's amounted to $198.9 million in 1984. During the 5-year period of 1980-84, U.S. imports of these goods declined from a high of $190.9 million in 1981 to $27.2 million in 1983. Imports of iron and steel bars, (SITC Group 673), amounted to $36.5 million in 1984--a significant increase from the

Table 9.--U.S. imports from the nonmarket economy countries, by SITC Sections, October-December 1984

(In thousands of dollars)

SITC Section	Albania	Bulgaria	China	Cuba	Czecho-slovakia	East Germany	Hungary
0. Food and live animals	-	322	27,082	-	635	65	11,083
1. Beverages and tobacco	-	4,981	901	-	313	21	410
2. Crude materials--inedible, except fuel	950	-	29,843	-	69	26	689
3. Mineral fuels, lubricants, etc	-	-	168,274	-	-	16,899	101
4. Oils and fats--animal and vegetable	-	-	312	-	-	-	-
5. Chemicals	-	439	33,302	-	150	5,615	3,560
6. Manufactured goods classified by chief material	21	221	126,857	-	11,412	29,847	10,054
7. Machinery and transportation equipment	-	242	14,481	-	3,687	3,345	16,894
8. Miscellaneous manufactured articles	-	918	277,445	-	4,925	1,911	8,765
9. Commodities and transactions not elsewhere classified	-	38	5,079	-	356	136	70
Total	971	7,162	683,576	-	21,548	57,863	51,626

SITC Section	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Vietnam	Total
0. Food and live animals	-	-	25,376	3,083	9,989	-	77,636
1. Beverages and tobacco	-	-	174	313	3,018	-	10,132
2. Crude materials--inedible, except fuel	628	-	112	653	2,984	-	35,952
3. Mineral fuels, lubricants, etc	-	-	6	107,986	85,673	-	378,940
4. Oils and fats--animal and vegetable	-	-	-	-	-	-	312
5. Chemicals	-	-	683	22,364	51,461	-	117,575
6. Manufactured goods classified by chief material	-	-	20,893	49,398	24,227	-	272,930
7. Machinery and transportation equipment	-	-	4,528	9,401	696	-	53,273
8. Miscellaneous manufactured articles	1	-	7,481	32,953	504	-	334,903
9. Commodities and transactions not elsewhere classified	-	-	359	222	650	-	6,910
Total	629	-	59,611	226,374	179,201	-	1,288,562

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

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

$12.6 million level of 1983. The value of sheets and plates (SITC group 674) imported into the United States reached $125.7 million in 1984. U.S. imports from the NME's in this category were $124.8 million in 1981, then falling to $8.6 million in 1982 and to $6.0 million in 1983.

The largest NME suppliers of iron and steel (SITC Division 67) products in 1984 were East Germany ($70.3 million) and Romania ($73.2 million). Two East German steel products sold to the United States were included among U.S. imports from the NME's which increased substantially from 1983 to 1984 (table 10). Romanian shipments of iron and steel products to U.S. customers increased from $1.6 million in 1983 to $73.2 million in 1984. Iron and steel shipments from Poland amounted to $24.2 million, and those from Czechoslovakia, to $15.1 million during the year under review.

Other imports

Pork hams and shoulders were the sixth largest import item to the United States from the NME's in 1984. U.S. imports of these products declined from $120.1 million in 1983 to $110.8 million in 1984, or by 7.7 percent. East European countries were the sole NME suppliers of these products with Poland providing $75.7 million worth, down from the 1983 level of $83.3 million. Hungary supplied $28.6 million in 1984, a slight increase from the 1983 level of $27.5 million.

Imports of children's toys (SITC Subgroup 8942) from the NME's increased dramatically, from $18.6 million in 1983 to $103.2 million in 1984. China has been the largest NME supplier of children's toys over the past 5 years. In 1984, it commanded 96.5 percent of the NME market, earning $99.6 million. Chinese sales of these products to the United States amounted to $2.2 million in 1980.

Imports of nonmetallic mineral manufactures (SITC Division 66) from the NME's have increased relatively steadily since 1980. Shipments reached $101.1 million in 1984, as opposed to $79.0 million in 1983 and $58.9 million during 1980. China delivered the greatest amount--$54.2 million--in 1984. Romania was the second largest supplier, with shipments totaling $23.6 million. Of this division, the importation of glassware (SITC Group 665) made up a significant part. In 1984, $47.4 million worth of glassware was shipped to the United States from the NME's. With shipments amounting to $20.1 million, Romania was the major NME supplier during the year under review. The United States imported $42.2 million worth of pottery (SITC Group 666) from the NME's in 1984, with China as the major supplier ($38.2 million).

China's dominant role as an NME supplier of U.S. customers is illustrated by the fact that 15 out of the 20 import items for which NME's collectively accounted for the largest market share in 1984 originated from China (table 11).

Table 10.--20 U.S. import items from the nonmarket economy countries which changed substantially, by TSUSA items, 1983 and 1984 1/

TSUSA item no.	Commodity	Major NME supplier	Percentage change, 1984 from 1983		Value of imports from all NME's in 1984
			All NME's	World	
			Percent		1,000 dollars
	Substantially increased:				
607.8360	Sheets, not clad, pickled or cold rolled, not annealed and having a minimum yield point of 40,000 psi	East Germany	5,515.8	62.3	31,512
737.2300	Dolls (with or without clothing), stuffed	China	2,654.1	281.9	35,857
685.5034	Radio-tape-recorder combinations, stereo other than AC or without speakers, headsets, earphones and headphones	do	1,140.4	28.6	10,669
480.6510	Ammonium nitrate	Romania	1,011.1	31.6	9,435
737.2100	Dolls clothing imported separately	China	921.3	219.0	10,798
608.1330	Sheets of iron or steel, valued over 10 cents per lb, zinc coated, other than a minimum 40,000 lbs psi	East Germany	893.1	65.0	13,461
737.2425	Dolls, with or without clothing, not stuffed, 13 inches and under in height	China	729.8	47.6	16,282
383.6330	Women's, girls', or infants' dresses of wool, knit, valued over $5 per pound	do	656.2	151.7	3,884
417.5000	Antimony oxide	do	549.1	99.0	13,678
632.0200	Antimony unwrought, and waste and scrap	do	479.6	304.4	6,241
	Substantially decreased:				
175.4500	Sesame seeds	China	-88.3	-17.5	697
618.0200	Aluminum, other than alloys of aluminum	Romania	-87.2	19.3	1,065
700.4510	Casual footwear for women valued over $2.50 per pair	do	-81.0	71.3	650
676.0510	Typewriters, electric, nonautomatic, portable	East Germany	-79.1	47.9	671
383.8044	Women's, girls', or infants' sweatshirts, knit or man-made fibers	China	-73.5	-.6	894
660.9760	Parts for motor-vehicle, measuring and dispensing, hydraulic fluid power, reciprocating, centrifugal and other pumps	Hungary	-71.4	45.2	577
383.4705	Women's blouses with two or more colors in the warp and or the filling	China	-67.7	.4	902
674.3522	Machine tools, metal-cutting, n.e.s	Poland	-66.9	87.5	663
383.9065	Women's shorts, not knit, man-made fibers	China	-65.2	19.3	3,287
401.2600	Coal tar, crude, cumene	U.S.S.R	-65.1	53.8	512

1/ Only items which accounted for at least 500,000 dollars' worth of imports in both 1983 and 1984 are included in this table.

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 collectively accounted for the largest market share in 1984, by TSUSA items, 1983 and 1984 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 1984
			1983	1984	
			Percent		1,000 dollars
306.4192	Camel hair, not sorted, etc	Mongolia	100.0	100.0	1,293
416.4000	Tungstic acid	China	.0	99.4	1,742
365.7410	Lace or netting, of cotton, subject to textile agreements	do	79.4	98.5	1,466
186.3000	Bristles, crude or processed	do	95.7	98.2	10,512
308.1200	Waste of silk, not advanced, other than noils	do	84.9	97.6	1,642
521.3160	Compositions of coal, coke, or other carbonaceous material, whether in briquet or other form, used for fuel	Poland	.0	97.1	1,829
320.3030	Printcloth wholly of cotton, 80 x 80, not fancy or figured, bleached or colored (average yarn number 30)	China	100.0	95.7	1,011
365.0000	Handmade-lace furnishings, of cotton, valued not over $50 per pound	do	96.4	95.4	4,886
306.6200	Cashmere goat hair, sorted, etc	do	96.9	90.1	2,700
320.1026	Poplin or broadcloth, wholly of cotton, not combed (average yarn number 10)	do	.0	90.0	1,174
383.3456	Women's, girls' or infants' cotton velvet suit type coats and jackets, valued over $4 each	do	2/ 21.4	2/ 88.9	2/ 2,079
705.4800	Men's gloves, not lined or seamed, valued not over $20 per dozen pair	do	78.6	88.4	1,465
702.3785	Headwear, n.e.s., not sewed, etc., not bleached or colored	do	90.9	87.5	3,708
245.1000	Hardboard, valued $48.33-1/3 to $96.66-2/3 per short ton	U.S.S.R	80.4	87.4	1,679
542.3120	Ordinary glass, weighing over 16 but not over 18.5 ounces per square foot, not over 40 united inches	Romania	96.0	87.4	1,928
705.5500	Men's gloves, lined but not seamed, valued not over $20 per dozen pair	China	93.1	86.4	1,124
222.5700	Floor coverings of unspun vegetable materials, n.e.s	do	85.3	85.6	5,433
702.4020	Headwear other than caps not sewed, blocked or trimmed, bleached or colored of paper	do	76.6	85.1	1,502
124.1045	Sable furskins, whole, undressed	U.S.S.R	89.1	84.9	9,889
306.4293	Camel hair, sorted, etc	China	100.0	84.8	2,814

1/ Only items which accounted for at least 1 million dollars' worth of imports in 1984 are included in this table.
2/ TSUSA item 383.3456 was created on July 1, 1984, from former TSUSA item 383.3450. The figures presented for 1984 represent aggregated data for imports entering under the two numbers. The 1983 figure is based on imports entering under item 383.3450.

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

CHINA

Introduction

Two-way merchandise trade between the United States and China was a record $6.0 billion in 1984, $1.6 billion or 37.6 percent higher than its level in 1983 and $0.6 billion above the previous alltime high in 1981. After declining by 25.5 percent in 1983, exports increased by 38.1 percent, and imports, which remained about the same from 1982 to 1983, increased by 37.1 percent. With this almost parallel rise in the value of exports and imports, the U.S. deficit in trade with China declined slightly in 1984, amounting to $51.9 million at yearend compared with $54.3 million at the end of 1983. During the last half of 1984, however, exports increased by 58.1 percent compared with their value in the first 6 months of the year, and imports rose by only 4.8 percent. The result was a significant improvement in the U.S. trade balance with China after the end of June, when the deficit had reached a record $326.6 million.

U.S. exports to China increased by $825.3 million to $3.0 billion in 1984 (table 12). Nonagricultural exports represented 79.4 percent of this total, expanding by $754.7 million or 46.6 percent. Machinery and transport equipment and chemical products--fertilizers, plastics resins, and other chemicals for industrial and agricultural use--accounted for the largest gains. A further rise in the number of construction projects underway in China also resulted in a substantial increase in U.S. shipments of softwood logs, and the value of manmade fibers and yarns exported to China more than tripled as its output of textile products continued to expand.

U.S. agricultural exports to China increased by only $70.6 million or 13.0 percent to $614.7 million. The increase was entirely attributable to higher wheat exports in 1984, following a sharp decline in such shipments during 1983, when China stopped ordering U.S. wheat for 7 months in retaliation against the imposition of unilateral import quotas on its textile products. The China market for other U.S. farm exports was insignificant. Moreover, by yearend 1984, following another in a succession of record harvests, China's leaders were declaring that self-sufficiency in agricultural commodities had been essentially achieved. Nevertheless, China is expected to continue importing wheat.

U.S. imports from China increased by $822.9 million in 1984, after rising by only $1.7 million in 1983. Imports of petroleum and petroleum products registered the largest increase in value. Such imports were $187.2 million, or 44.6 percent, higher than their level in the previous year, owing almost entirely to increased shipments of crude petroleum. Apparel and clothing accessories continued to account for the largest share of imports. This group of commodities increased by $162.5 million, or 21.5 percent, and, at $917.3 million, represented 30.2 percent of all U.S. purchases from China in 1984. Imports of other Chinese textile products, notably cotton fabrics and oriental carpets, also increased in 1984. Another import from China that increased significantly was dolls and stuffed toy animals.

Table 12.--U.S. trade with China, by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	1,238,263	540,729	579,144
1. Beverages and tobacco	279	418	1,267
2. Crude materials--inedible, except fuel	586,862	297,773	458,731
3. Mineral fuels, lubricants, etc	3,108	496	730
4. Oils and fats--animal and vegetable	6,525	1	7,458
5. Chemicals	497,031	354,176	644,191
6. Manufactured goods classified by chief material	274,857	216,843	188,284
7. Machinery and transportation equipment	216,696	582,928	901,103
8. Miscellaneous manufactured articles	78,121	164,357	197,158
9. Commodities and transactions not elsewhere classified	2,793	5,498	10,414
Total	2,904,535	2,163,219	2,988,480
U.S. imports:			
0. Food and live animals	118,964	107,071	139,052
1. Beverages and tobacco	2,506	3,856	4,407
2. Crude materials--inedible, except fuel	119,018	96,610	111,568
3. Mineral fuels, lubricants, etc	580,172	419,644	606,805
4. Oils and fats--animal and vegetable	650	1,552	2,749
5. Chemicals	131,678	133,105	154,914
6. Manufactured goods classified by chief material	376,667	394,693	543,804
7. Machinery and transportation equipment	42,994	42,141	66,739
8. Miscellaneous manufactured articles	835,883	1,008,436	1,387,148
9. Commodities and transactions not elsewhere classified	7,324	10,418	23,215
Total	2,215,856	2,217,526	3,040,401

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

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

The increase in bilateral trade was accompanied by an improvement in China's economic relations with the United States. A U.S.-Chinese industrial and technological accord and a bilateral income tax treaty were concluded in 1984. However, final action on a nuclear cooperation agreement was delayed pending clarification of China's position on nonproliferation. Negotiations on a bilateral investment treaty were still continuing at yearend, but investment in China by U.S. companies nonetheless increased substantially in 1984. Policy changes introduced by China's leaders should serve to perpetuate this trend. A comprehensive program to increase the efficiency of industrial operations was announced in 1984; new reforms of the foreign trade sector were implemented; and tax and other development incentives were adopted in 14 of China's major industrial cities to attract more foreign investment.

Economic Overview

Preliminary reports indicate that the performance of the Chinese economy was exceptionally good in 1984. Agricultural output reached a new record level, and industry grew at a double-digit rate, with increases in light and heavy industry essentially in balance. Although energy shortages, inadequate transportation facilities, poor communications, and shortages of raw materials continued to cause serious bottlenecks, there were signs that both conservation policies and the priority placed on investment in these sectors were beginning to have an effect. The value of China's foreign trade also reached a new record level, with imports rising sharply during the final months of the year and exceeding exports by a narrow margin.

In October 1984, China's leaders adopted a comprehensive program for reform of the urban, industrial economy. Based on key elements of the immensely successful agricultural reforms that were initiated in 1978 and on piecemeal experimentation with industrial autonomy in recent years, the new policies are designed to free the operation of business enterprises from state and party control and make each enterprise manager responsible for his own profits and losses. New reforms to significantly reduce state administrative control over foreign trade activities were also adopted. This program was presumably undertaken to bring the operation of the trade system into line with the plans for urban reform, since it reversed a policy of recentralizing state control over foreign trade that was announced in only March 1984. Another development, and the one of most immediate interest to Western companies, was the announcement that 14 coastal cities would offer special tax and other incentives to attract foreign investment and would give greater operational autonomy to both Chinese-foreign joint ventures and wholly foreign-owned enterprises.

Economic performance in 1984

Domestic economy.--According to China's State Statistical Bureau, 1/ production in agriculture continued to rise for the third consecutive year. The total value of agricultural output--crops, livestock, forest products, and

1/ The 1984 data in this section on the domestic economy are based on a statistics communique issued by the State Statistical Bureau of the People's Republic of China on Mar. 9, 1985.

the products of fisheries--was 9.9 percent higher than that in 1983. If data on the output value of sideline industries run by villages or production brigades are also included, the increase was 14.5 percent. Rural industries, such as food processing, still account for only a small part of production in the agricultural sector but are expanding rapidly. Grain output in 1984 was 407.1 million metric tons, an increase of only 5.1 percent compared with the 1983 harvest. Limited increases in grain production can be expected, however, since this level of output is already 44 percent higher than that in 1977, the year before the agricultural reform program was instituted. 1/ The output of cotton reached 6.1 million metric tons in 1984, 180 percent higher than production in 1978. At this output level, China now accounts for more than a quarter of the world's cotton production, 2/ and it is emerging as a significant exporter of cotton in world markets. The data released for 1984 also show increases in the output of China's other major commercial crops, especially edible oilseeds, sugar, and jute.

Industry output registered an impressive 14.0-percent rate of growth in 1984, after increasing by 7.7 percent in 1982 and 10.5 percent in 1983. These figures represent a far higher annual growth rate than was targeted for the period; China's Sixth Five-Year Plan (1981-85) called for annual increases in industry in the range of 4 to 5 percent. According to China's State Statistical Bureau, the output of 89 of its 100 major industrial products met or exceeded the projected level.

The energy situation improved in 1984 but, with industrial production expanding more rapidly than the output of energy, supplies remained tight. Production of coal, the primary energy source for China's domestic economy, was a record 772 million tons, up 8.0 percent compared with output in 1983. Electric-power output expanded by 6.6 percent, and crude oil production grew by 8.0 percent in 1984, to 114.5 million tons, after increasing by 3.9 percent in 1983. These 2 years of rising output, which followed negligible growth in the immediately preceding years, serve to explain the significant increase in China's oil exports in 1984. Its exports of petroleum and petroleum products were 40 percent higher, by quantity, than their level in 1983. 3/

1/ For a brief discussion of China's agricultural reforms, see the section on the expiration of the U.S.-Chinese grain agreement later in this report.

2/ China's cotton stocks have apparently increased to excessive levels, in part because of the emphasis that has been placed on planting varieties of cotton which are high yielding but which also result in relatively low-quality output. In October 1984, China's State Council announced that Government purchases of cotton would be limited to 4.25 million tons in 1985 and that the procurement prices by grade would be readjusted to reward the quality of cotton produced. Any output in excess of the Government procurement limit will have to be sold on the free market. As recently as 1980, China was the leading market for exports of U.S. cotton.

3/ According to the China National Chemicals Export and Import Corp., exports of petroleum and petroleum products exceeded 28 million tons in 1984, an alltime annual record for such shipments by China. (Foreign Broadcast Information Service (FBIS), China: Daily Report, Jan. 18, 1985, p. K 25.

Foreign trade.--China's Ministry of Foreign Economic Relations and Trade reported that the value of foreign merchandise trade reached a record $49.9 billion in 1984. Exports were $24.4 billion, up 10.1 percent from their value in 1983, and imports were $25.5 billion, increasing by 37.8 percent. 1/ This large rise in imports indicates that, after 3 consecutive years of trade surpluses (1981-83), China is now prepared to continue importing on the scale required to carry out its ambitious development plans. Big increases were registered in imports of complete sets of industrial equipment, motor vehicles, iron ore, rolled steel, chemicals for industrial use, chemical fertilizers, timber, synthetic fibers, television sets, and sound equipment. The rise in exports was attributed to the bumper harvest and to the steady growth of industry, which permitted the channeling of more commodities away from the domestic market. Agricultural exports expanded significantly--with shipments of grains, oilseeds, tea, and cotton increasing by a wide margin--and imports of these products declined. However, petroleum exports alone accounted for more than a quarter of China's trade revenue in 1984.

China continued to build its foreign reserves during 1984, making it one of the world's top foreign-currency holding countries. The Bank of China reported foreign-exchange reserves of $16.8 billion at the end of September (not including gold holdings of about $0.5 billion), compared with $16.5 billion at the end of June and $14.0 billion at the end of 1983. The rate of growth slowed as imports climbed, but the upward trend was maintained by the interest China received on a portion of the reserves it has invested abroad. This large accumulation of reserves has occurred since 1980, when China's foreign currency holdings were only $2.3 billion at yearend. During the same time, China has assumed only a relatively small foreign debt, and thus is in an extremely creditable position to pursue its modernization program.

Changes in economic policy

Program to reform urban economy.--On October 20, 1984, the Central Committee of the Chinese Communist Party (CCP) adopted a document calling for an almost complete restructuring of the urban economy. The program outlined commits China's leaders to an economic system in which state ownership of the means of production will be retained, but the role of Government in the management and operation of the economy will be significantly reduced. Instead of administrative direction to achieve broad economic objectives, more reliance will be placed on tax, credit, and price policies; and mandatory

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1/ Data released by China's Ministry of Foreign Economic Relations and Trade as a rule differ considerably from the customs figures reported by its trading partners. For example, Chinese data show a small deficit in total trade in 1984 and a deficit of $1.5 billion in trade with the United States, whereas U.S. statistics show a U.S. deficit of $51.9 million in trade with China. Even after China adjusts its preliminary trade figures, descrepancies between the U.S. and Chinese data will remain due to the different statistical methods used by customs authorities in the two countries. One difference is in the method used for recording imports. China's imports are valued on a c.i.f. basis (including insurance and freight costs), whereas, for purposes of this report, U.S. imports are based on their customs value.

targeting of industrial production will to a large extent be replaced by guidance planning in combination with regulation by market forces. The adoption of the document amounted to a departure from not only the Soviet model of a centrally planned command economy but also from the Maoist concept of a collectivized egalitarian society. In their place, China's leadership, though not without opposition within its ranks, will attempt to incorporate the incentives and the decision-making environment of a capitalist economy within a socialist framework. 1/

In adopting this document, the Central Committee of the CCP has called for changes that will require not only an extensive restructuring of enterprise operations, but also the development of new management and marketing skills and the abandonment of a labor system that has guaranteed job security for China's work force. Mandatory Government plans will continue to apply to a few critical industrial goods and the State will have an advisory role in the production and marketing of other commodities, but enterprise managers will have the ultimate responsibility for production and marketing decisions, budgets, profits, and losses. The planned labor reforms call for relating income more closely to productivity. Differences between the wages paid in various trades and jobs will be widened, and more extensive use will be made of bonuses to award performance. The proposed reforms give particular recognition to the need to increase remuneration for "mental work."

According to the document adopted, the restructuring of the price system is the key element in the reform program. China's present price structure is, it states, "irrational"; i.e., the prices set by the Government primarily reflect development priorities and social goals, rather than conditions of supply and demand. This system, which is now maintained by subsidies that place a severe strain on China's state budget, 2/ will be gradually dismantled. The number of products for which prices are set by the State will be reduced and those sold at floating prices (determined by each enterprise within certain limits set by the State) and free-market prices will be expanded.

Revision of foreign trade system.--In September 1984, the Ministry of Foreign Economic Relations and Trade announced a further reform of the foreign trade sector, outlining a new system that will significantly reduce the control of China's 14 national foreign trade corporations (NFTC's) over export and import operations. Instead of each NFTC monopolizing the conduct of trade

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1/ The document adopted, entitled A Decision of the Central Committee of the Communist Party of China on Reform of the Economic Structure, alleges that China's present economic structure "hinders development of the forces of production." It further says: "We must conscientiously sum up China's historical experience and study the concrete conditions and requirements for economic growth. In addition, we must draw upon the world's advanced methods of management, including those of developed capitalist countries, that conform to the laws of modern socialized production."

2/ According to Chinese economists, subsidies account for more than 40 percent of state budget expenditures. The largest single cost of the Government subsidy program is covering the difference in the prices paid to farmers for grain and other foodstuffs that are channeled into domestic consumption and the retail prices of food in the urban areas.

in its respective commodity group, its activities will be gradually turned over to specialized enterprises acting as agents that will compete for representation rights. Except for imports of turnkey plants and a few basic commodities, which will still be handled by one of the 14 NFTC's, exporters and importers will be able to freely choose their agents. These new foreign trade enterprises will act as independent accounting units and will not be able to cover their foreign exchange losses with state funds, which has been the practice of the NFTC's.

This restructuring of the trade sector is intended to increase its efficiency and promote the growth of trade by creating an environment in which the numerous foreign trade enterprises will have to compete for orders. By specializing, each trade agent will presumably develop better links with its clients and become more knowledgeable about world market conditions in the commodities with which it deals. If successful, the new system is expected to bring the prices accepted by Chinese exporters and those paid by importers more into line with prices in the international market. Whether this happens, however, will ultimately depend upon China's dismantling the array of subsidies that currently exacerbate the disparity between its internal price structure and world prices.

The reform was implemented on a pilot basis during the final months of 1984 and will gradually become effective throughout China during 1985.

Opening of 14 coastal cities.--In April 1984, China announced that 14 coastal cities were to be "opened" to foreign investment: joint Chinese-foreign ventures and wholly foreign-owned enterprises locating in these cities would receive special tax and other development incentives. In the ensuing months, the central Government accordingly instituted a number of measures to increase the investment appeal of the selected cities, and in November the new policy was officially launched at an investment promotion meeting held in Hong Kong.

The opening of the 14 cities is an important milestone in China's program for economic development. Since declaring an open-door policy on the use of foreign capital and technology in 1978, China has issued numerous new laws and regulations to accommodate foreign investment. However, except in Special Economic Zones (SEZ's) for export processing industries, which were created in 1980, no significant tax or other special incentives have previously been offered to foreign companies investing in China. The new open-cities policy will at last provide for an array of development incentives similar to those offered in the SEZ's, which should create an exceptionally favorable business climate for foreign enterprises in China's most important industrial ports, rather than only in a few isolated zones. The incentives offered include tariff and domestic industrial and commercial tax exemptions for imports of advanced technology and equipment; tariff exemptions for imported machinery, office supplies, and vehicles that will be used by enterprises engaged in producing technically advanced goods; a reduction in the corporate income tax rate (from 33 to 15 percent) for such enterprises and for all types of joint ventures or wholly foreign-owned enterprises with total investment exceeding $30 million; and the right to freely sell a predetermined percentage of manufactures based on advanced technology in the domestic market.

Developments Affecting Commercial Relations With the United States

By the beginning of 1984, U.S.-Chinese economic relations had improved significantly. With the signing of a new textile agreement in August 1983, the resultant resumption of U.S. wheat sales to China, and the liberalization of U.S. controls on technology transfer to China in late November, trade tensions eased and paved the way for a further strengthening of bilateral ties. This turnabout in economic relations was implemented at the highest level when, in January 1984, Chinese Premier Zhao Ziyang came to the United States and, in April, President Reagan made his first trip to China. During these visits, two new agreements were signed: an industrial and technological accord and an income tax treaty. However, despite efforts to conclude negotiations on two other major bilateral pacts--an investment treaty and an agreement on peaceful nuclear cooperation--neither was completed by yearend. Another bilateral agreement, the 4-year grain pact, expired at the end of 1984 and, owing to a decline in China's demand for food imports, is not likely to be renewed. On the other hand, there was a sharp increase in 1984 in the number of licenses that were granted to export advanced equipment and technology to China. Only one new development seriously threatened this overall improvement in bilateral economic and trade relations. This was the issuance of new country-of-origin regulations on U.S. textile and apparel imports, which the
administration put into effect in September.

Bilateral agreements concluded

Industrial and technological cooperation accord.--On January 12, 1984, President Reagan and Premier Zhao Ziyang signed a framework agreement calling for both the United States and China to "take all appropriate steps to create favorable conditions for strengthening industrial and technological cooperation between the two countries." Implementing agreements, or specific cooperative work programs, were to be developed under the accord by the United States-China Joint Commission on Commerce and Trade (JCCT), consisting of a U.S. interagency group coordinated by the Department of Commerce and a group of Chinese officials headed by China's Ministry of Foreign Economic Relations and Trade. 1/ The first two work programs--one for cooperation in developing China's telecommunications/electronics sector and the other a program establishing support for the participation of U.S. companies in the development of its metallurgical industry--were signed at a meeting of the JCCT held in May 1984. A third implementing agreement to provide more trade and investment opportunities for U.S. manufacturers and suppliers interested in China's plans to expand and upgrade its aerospace industry was signed in July. All three work programs include arrangements for a U.S. trade mission to China during 1985.

1/ The JCCT was initially set up in 1981 to support the expansion of U.S. trade and the development of other U.S. commercial dealings with China. For more information on its membership and designated activities under the new agreement, see the 38th Quarterly Report . . ., pp. 43-44.

In addition to the work programs, the agreement provides for "financial facilitation and funding on as favorable terms and conditions as possible." The only such services specified, however, are those of the Trade and Development Program (TDP), which the accord designates to "consider the funding of feasibility studies of industrial and technological cooperation projects." 1/ In response to this mandate, four grant agreements were signed at the May meeting of the JCCT. These agreements provide TDP funding to study the feasibility of a silicon materials project, a railway wheel facility, the construction of a heavy oil reservoir, and the development of a natural gas field. Following a TDP mission to China in June 1984, funds were authorized to undertake feasibility studies of two additional projects: a fiber-optics plant and a multi-channel carrier equipment plant.

Projects that support U.S. exports to China are eligible for financing under the loan and loan-guarantee program of the U.S. Export-Import Bank (Eximbank). In addition, the Overseas Private Investment Corporation (OPIC) provides financing to support investment in China by small U.S. companies. 2/

Income tax treaty.--A U.S.-Chinese agreement for the avoidance of double taxation was signed by President Reagan and Premier Zhao Ziyang on April 30, 1984, during the President's trip to China. It was negotiated during four sessions of meetings held between September 1982 and March 1984. Though called an "agreement" at the request of the Chinese, it will have the same legal effect as a treaty and is subject to the approval of the U.S. Senate. It was submitted to the Senate for ratification on August 10, but was not considered during the final months of the 98th Congress. 3/

Since the agreement will enable U.S. companies to know in advance the tax consequences of an undertaking in China--removing much of the uncertainty that has discouraged many potential investors from entering this market--it is expected to make an important contribution to the long-term expansion of bilateral economic relations. In addition to the provision under which each country agrees to give a foreign tax credit for income tax paid to the other country, the agreement includes rules for determining the extent to which each country may tax particular types of income and commits the host country to

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1/ The TDP was created in 1979 to support U.S. exports to selected countries that are not eligible for the grant assistance program of the U.S. Agency for International Development (AID). As a Communist country, China is excluded from this program by the Foreign Assistance Act of 1961. The support of the TDP does not extend to project grants, but is limited to providing grants to study the feasibility of potential projects and to undertake other development planning services.

2/ During 1984, there was a substantial increase in demand for the services that OPIC offers to U.S. investors in China. This development is discussed later in this section.

3/ The treaty was placed on the agenda of the Senate Foreign Relations Committee on Jan. 20, 1985, and no problems are expected to arise concerning its ratification. For additional information on the procedures for entry of the treaty into force, see 40th Quarterly Report . . ., p. 51.

impose all such taxes in a nondiscriminatory manner. It also reduces the tax rate that each country can impose on the remittance of dividends, interests, and royalties to not more than 10 percent of the gross amount; without a treaty, the U.S. rate on income of this type from foreign sources is generally 30 percent, and China's rate is normally 20 percent. Another provision waives the payment of taxes on the profits of businesses or the earnings of individuals whose contracts are limited in time and scope; for example, employees of U.S.-based firms and self-employed persons will generally be taxed only if they remain in China more than 6 months a year. A limited exemption also frees the income of visiting teachers or researchers from taxation for a period not to exceed 3 years and the income of students or trainees (up to $5000 a year) for any period of time reasonably needed to complete their studies or internship. Although all provisions of the agreement are reciprocal, this exemption is of particular benefit to China, since many more Chinese citizens in these categories are living in the United States than vice versa.

Pending bilateral agreements

Nuclear cooperation agreement.--A U.S.-Chinese agreement on peaceful nuclear cooperation was initialed by President Reagan and Premier Zhao Ziyang on April 30, 1984, but subsequently became the subject of both executive branch and congressional concern over China's position on nuclear nonproliferation. The concern centered around two points: First, the United States did not have China's unequivocal assurance that it would not transfer nuclear technology or otherwise assist other countries to produce nuclear weapons. The primary assurance the Chinese had given was a statement to that effect made by Premier Zhao during his official visit to Washington in January. 1/ Second, the initialing of the agreement led to renewed speculation about possible Chinese nuclear assistance to Pakistan in the past. Despite further bilateral consultations to resolve these issues, the status of the agreement remained in doubt at yearend 1984.

The text of the initialed agreement is fully consistent with all provisions of U.S. nuclear law, 2/ but the pact will not move forward until the United States and China "reach a full mutual understanding on matters relating to [its] implementation . . . ." 3/ Several developments in 1984 have served to indicate, however, that China is willing to accept the principles and practices of a nation dedicated to nuclear nonproliferation. It became a member of the International Atomic Energy Agency (IAEA) on January 1, 1984, though the Chinese did not sign the international nonproliferation treaty applicable to countries with nuclear weapons. 4/

1/ In making a White House dinner toast, Premier Zhao Ziyang said: " . . . we do not advocate or encourage nuclear proliferation. We do not engage in proliferation ourselves, nor do we help other countries develop nuclear weapons."

2/ U.S. law does not require a specific nonproliferation commitment in a bilateral nuclear cooperation agreement.

3/ U.S. Department of State press release on U.S.-P.R.C. Peaceful Nuclear Cooperation, February 1985.

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

Nonetheless, since the statement made in Washington by Premier Zhao, both he and other senior Chinese officials have provided further assurances that China supports a policy of nonproliferation. In addition, China announced in September 1984 that it will require IAEA safeguards on its nuclear exports and recently signed a nuclear cooperation agreement with Brazil that includes a provision calling for the application of IAEA safegaurds. 1/ Although the proposed U.S.-Chinese agreement contains provisions that would allow our Government to confirm that any nuclear equipment and materials imported from U.S. companies are to be used exclusively for peaceful purposes, and IAEA safeguards are therefore not required, U.S. officials regard these actions by China as "important and welcome steps." 2/

After a mutual understanding is reached on the nonproliferation issue, additional steps will be required before the agreement is in place and U.S. companies can contract to sell nuclear equipment and materials to China. President Reagan must sign the agreement after receiving the views of relevant agencies and then submit it to the Congress. If not disapproved by the Congress during a period of 60 days of continuous session, the agreement will go into effect. China must also sign the agreed text and complete certain enactment procedures. Finally, individual U.S. exports to China of reactors, other components of nuclear plants, fuel, and related technical services will have to be licensed by the Nuclear Regulatory Commission.

In mid-1982, when China opened bidding on the first of a series of large nuclear power facilities it plans to build with foreign assistance over a period of some 20 years, it expressed particular interest in U.S. equipment and technology. Even though negotiations on a U.S.-Chinese nuclear cooperation agreement, which began in 1981, remained deadlocked throughout most of 1982, China asked U.S. firms to submit cost estimates on the project. Contracts for this 18,000-megawatt installation now will almost certainly be awarded to Framatome, a French firm, and to the General Electric Co. of Great Britain. 3/ However, China's program calls for continuing imports of whole plants until the technology and facilities to construct large-scale nuclear installations can be acquired. 4/

1/ China has been negotiating with a West German firm, Kraftwerk Union, regarding the construction of two 1,000-megawatt nuclear power plants for which Brazil would supply components.

2/ U.S. Department of State press release on U.S.-P.R.C. Peaceful Nuclear Cooperation, Dec. 12, 1984.

3/ A series of agreements on sharing the financing and the power to be generated by this facility were signed by China and Hong Kong parties in January 1985, and agreements with the principal equipment suppliers are expected to be made final by the middle of 1985. The plant will be located at Daya Bay in Guangdong Province near the China-Hong Kong border.

4/ China plans to build small nuclear power stations without foreign assistance, and construction was formally begun on the first such plant--a 300-megawatt station near Shanghai--on Jan. 24, 1985. In an interview given on this occasion, Zhou Ping, Vice Minister of Nuclear Industry, commented that "China will basically be able to manufacture complete equipment for large nuclear power stations after the completion of three or four large reactors." (FBIS, China: Daily Report, Jan. 28, 1985, p. K 19.)

Investment treaty.--Negotiations on a U.S.-Chinese investment treaty were begun in June 1983 and continued during 1984. The talks have progressed slowly, and in the meantime China has continued to develop a system of commercial laws and regulations in an effort to attract more foreign investment. 1/ However, the language in these statutes and regulations tends to be vague. The efforts of U.S. officials negotiating the bilateral agreement have been directed toward assuring that its provisions specifically meet the requirements of U.S. companies investing in China.

China has signed bilateral investment pacts with Sweden, Romania, the Federal Republic of Germany, France, Belgium-Luxembourg, and Finland. At yearend 1984, it was still in the process of negotiating investment treaties with--in addition to the United States--Japan, Italy, Austria, the Netherlands, and Switzerland.

As of the end of September 1984, U.S. companies had formed 56 joint equity ventures in China, 31 of which were formed in the first 9 months of 1984. The value of U.S. funds committed to these ventures was slightly more than $100 million. Another $588 million was committed to U.S. investments in offshore oil exploration, which are contractual joint ventures involving a commitment of capital and technology but not necessarily money. About $10 million was also invested by U.S. firms in nonoil contractual joint ventures. 2/

OPIC activities to promote U.S. investment in China

The Overseas Private Investment Corporation, a self-sustaining, Government-owned corporation whose primary function is to provide political risk insurance to U.S. companies investing in developing countries, substantially expanded its activities in China during 1984. The services of OPIC were extended to China in 1980, 3/ and, following the establishment of certain administrative procedures with the Chinese Government, the first insurance contract for an investment in China was issued in March 1982. By June 1984, OPIC had insured 18 projects in China, and by yearend 1984, the number had burgeoned to 50.

1/ For example, in September 1983 China issued regulations concerning investment in Chinese-foreign joint equity ventures, which elaborated and served to clarify its joint venture law promulgated in 1979. During 1984, it proceeded with the development of a law to cover wholly foreign-owned enterprises in China. Another development of special significance to foreign investors was China's adoption of a patent law in March 1984, which will become effective on Apr. 1, 1985. In addition, China signed the Paris Convention on International Protection of Patents, Trademarks, and Copyrights in December 1984.

2/ The data on U.S. direct investment in China as of Sept. 30, 1984, were supplied by the National Council for U.S.-China Trade.

3/ The extension of OPIC services to China required passage of a bill to amend the Foreign Assistance Act of 1961, which contains a provision excluding Communist countries from any assistance provided for by the act. The legislation exempting China from this provision only insofar as the OPIC programs were concerned was signed by President Carter on Aug. 8, 1980.

OPIC's coverage in China protects U.S. investors from losses resulting from two major categories of political risk: (1) expropriation and (2) war, revolution, insurrection, or civil strife. Its policies normally also provide inconvertibility coverage to assure that a U.S. firm's investments and earnings abroad can be converted from local currency to dollars at some future date to the extent that the local currency could have been exchanged at the time the insurance was issued. However, uncertainty concerning Chinese law and regulations on the convertibility of renminbi to dollars has precluded the inclusion of this type of coverage for projects in China to date.

In June 1984, OPIC announced its first contract for a project in China under a program that provides loans or loan guarantees to support investment in developing countries by small U.S. companies. The finance guaranty of $4.7 million was extended to support a $10 million contract for delivery of the first Landsat earth station to China. According to OPIC officials, the installation will provide land resource information to help China improve its mining industry, agricultural land use, and natural resource management. 1/

In December 1984, OPIC further extended its commitment to the development of U.S. investment opportunities in China with a mission to that country of 14 executives from 14 U.S. companies. The mission was jointly sponsored by OPIC and China's Ministry of Foreign Economic Relations and Trade. When the trip ended, seven firms had signed agreements with Chinese enterprises that expressed their intent to pursue investment projects, and the representatives of several other companies remained in China to continue negotiations.

Expiration of U.S.-Chinese grain agreement

The 4-year U.S.-Chinese grain agreement, under which China was committed to import 6 to 8 million metric tons of wheat and corn annually, 2/ expired on December 31, 1984, and is not likely to be renewed. U.S. grain exports to China had exceeded the minimum terms of the agreement in its first 2 years, with shipments amounting to 7.9 million metric tons in 1981 and 8.4 million metric tons in 1982. In 1983, however, Chinese imports of U.S. grain fell to only 3.8 million metric tons of wheat and corn combined, almost 2.2 million metric tons short of the minimum commitment. Although China technically avoided reneging on the agreement in 1983 by indicating it would make up the shortfall and import an additional 6 million metric tons in 1984, its imports of U.S. grain, consisting entirely of wheat, were only 4.1 million metric tons in the final agreement year. As a result, China failed to meet its minimum grain-purchase commitments for the last 2 years of the agreement by a total of 4.0 million metric tons. The shortfall in its imports in 1983 was due to China's response to a serious but short-lived trade dispute, 3/ but the

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1/ OPIC press release, June 12, 1984.

2/ The agreement also included a provision permitting China to import up to 9 million metric tons of grain each year without prior consultation with U.S. officials concerning supply conditions.

3/ In 1983, China stopped buying U.S. wheat for 7 months in retaliation against the unilateral quotas that the United States applied to Chinese textile and apparel imports. The dispute was resolved when the initial U.S.-Chinese pact on trade in textiles, which had expired at the end of 1982, was replaced by a new bilateral agreement in August 1983. For more detailed information, see the 36th Quarterly Report . . ., pp. 43-44.

situation was different in 1984. Then, in failing to fulfill its pledge and to seek renewal of the agreement, China responded to fundamental economic changes that have significantly lowered its grain-import requirements.

Since the Chinese Government revised its agricultural policies in 1979, relating farm income to productivity, the output of this sector--crops, livestock, forest products, and aquatic products--has grown rapidly. The new program included a reduction in the amount of land devoted to grain, China's traditional crop, and an increase in the acreage used for the production of cotton, oilseeds, sugar, and other commercial crops. Nevertheless, grain output in China increased from 304.7 million metric tons in 1978 to 387.2 million metric tons in 1983, according to its State Statistical Bureau, and the harvest in 1984 was reported to be 407.1 million metric tons. The essential element of the rural reforms and purported key to their success is the agricultural responsiblity system, under which individual households or teams of families have been given an increasingly greater role in managing the land they are allocated by the State. The rising levels of grain production appear to have resulted directly from productivity-related increases in the procurement prices that the Government paid the peasants for grain, from the increased use of fertilizers and pesticides, and from the more widespread introduction of tractors in grain cultivation. Although China's generally favorable weather conditions in recent years may have also contributed to the higher output, Government leaders were declaring by yearend 1984 that China has solved its long-standing problem of shortages in grain. 1/

Other developments in 1984 were indicative of the extent of China's gains in grain production. Its total grain imports, consisting primarily of wheat, were 9.7 million metric tons, according to preliminary data compiled by the U.S. Department of Agriculture (USDA). This quantity is substantially less than the 13.1 million metric tons that it imported in 1983. China also failed to renew its bilateral grain agreements with Argentina and Australia, both of which expired in 1984. In addition, partly owing to a shortage of adequate storage facilities and to internal transportation problems, USDA analysts estimate that China itself exported approximately 1.5 million metric tons of corn in 1984.

Review and continuation of MFN tariff treatment

On May 31, 1984, President Reagan submitted his recommendation to the Congress that the waiver extending most favored nation (MFN) tariff treatment to products imported from China be continued for another year. 2/ Section 402 of the Trade Act of 1974 prohibits the extension of MFN treatment to imports

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1/ FBIS, China: Daily Report, Jan. 8, 1985, p. K 20. The Chinese definition of grain includes wheat, corn and other coarse grains, rice, soybeans, and tubers.

2/ The President also recommended the continuance of the waivers in effect for Hungary and Romania. See "Renewal of Most-Favored-Nation Status for Hungary and Romania" in the section of this report on Eastern Europe.

from any NME country that denies the right or severely restricts the opportunity of its citizens to emigrate, but also permits the President to waive the prohibition if he determines that granting a country MFN status will promote free emigration. The law provides, however, that the general waiver authority of the President and any waivers in effect under this authority are subject to annual review by the Congress. Testimony presented in 1984, during the fifth congressional review of the waiver in effect for China, indicated a further improvement in its emigration practices.

A hearing on this matter (and the emigration practices of Hungary and Romania) was held by the Senate Finance Committee, Subcommittee on International Trade, on August 8, 1984. Testifying before the Subcommittee, William A. Brown, Deputy Assistant Secretary of State for East Asian and Pacific Affairs, noted that "China's decision to speed up the pace of development by greater reliance on foreign goods and technology has been accompanied by some liberalization in the area of emigration." In supporting this statement, he reported that there are currently more than 10,000 Chinese students and scholars in the United States, that some 11,000 business visas were issued to Chinese citizens last year, and that over 60,000 Chinese with approved visa petitions were waiting their turn to immigrate to the United States. While citing restrictive measures that were still in effect mainly because of China's concern about potential brain drain, Secretary Brown said that the principal obstacle to emigration from China continued to be "the limited ability or willingness of other countries to receive the large numbers of people able and willing to immigrate."

Section 402 also provides for congressional termination of the waiver authority of the President to extend MFN status to an NME or of any waivers in effect if, during the 60-day annual review period, either House adopts a resolution of disapproval. However, since a 1983 decision rendered by the U.S. Supreme Court in the case of Immigration and Naturalization Service v. Chadha, the constitutionality of this legislative veto--and therefore the purpose of the annual review by Congress--has remained an unresolved question. 1/

Administrative actions affecting imports from China

In 1984, the U.S. International Trade Commission (Commission) made final determinations in three investigations of alleged injury to a domestic industry by reason of imports from China being sold in the United States at less than fair value. All of these antidumping cases involved imports of chemical products: potassium permanganate, chloropicrin, and barium chloride. A fourth investigation on imports of precipitated barium carbonate from China was terminated by the Department of Commerce (Commerce).

1/ For more detailed information concerning this matter, see 40th Quarterly Report . . ., pp.51-53, and "Renewal of Most-Favored-Nation Status for Hungary and Romania" later in this report.

During the last quarter of 1984, the Commission instituted two investigations under section 201 of the Trade Act of 1974 to determine whether increased imports of an article are a substantial cause of serious injury, or threaten serious injury, to the domestic industry producing an article that is like or directly competitive with the imported article. The two imported products covered by these investigations are potassium permanganate and nonrubber footwear, both of which are imported from China.

Another administrative action taken in 1984 could have a significant effect on imports of textile products from China. In August, U.S. Customs issued new country-of-origin regulations on imports of textiles and apparel. These rules apply to all countries, but China and Hong Kong are expected to have to make the greatest adjustment in their production arrangements and export practices in order to comply with them.

Antidumping investigations.--On January 12, 1984, the Commission made a unanimous final determination that material injury to a domestic industry existed by reason of imports of potassium permanganate from China being sold in the U.S. market at less than fair value. Voting unanimously, the Commission also determined that "critical circumstances" existed, finding that injury to the domestic industry was further caused by massive imports from China of this product over a relatively short period of time. The dumping duty was therefore applied retroactively to prevent such injury from recurring. 1/

In a similar final investigation concluded on March 6, 1984, the Commission determined, again by unanimous vote, that a domestic industry was being materially injured by imports of chloropicrin from China. The finding followed a final determination by Commerce, announced on February 16, 1984, that these imports were being sold in the United States at less than fair value. In this case, however, Commerce reversed a preliminary finding that critical circumstances existed and made a negative determination in its final investigation. As a result, the Commission did not address this question in making its final determination. 2/

1/ Potassium Permanganate From the People's Republic of China: Determination of the Commission in Investigation No. 731-TA-125 (Final) . . ., USITC Publication 1480, January 1983. The petition instituting this case was filed with the Commission on Feb. 22, 1983. For more detailed information, see Potassium Permanganate From the People's Republic of China and Spain: Determinations of the Commission in Investigations Nos. 731-TA-125 and 126 (Preliminary) . . ., USITC Publication 1369, April 1983, 35th Quarterly Report . . ., pp. 39-40, and 37th Quarterly Report . . ., pp. 45-46.

2/ Chloropicrin From the People's Republic of China: Determination of the Commission in Investigation No. 731-TA-130 (Final) . . ., USITC Publication 1505, March 1984. For more detailed information on this case, see also Chloropicrin From the People's Republic of China: Determination of the Commission in Investigation No. 731-TA-130 (Preliminary) . . ., USITC Publication 1395, May 1983, 35th Quarterly Report . . ., pp. 39-40, and 37th Quarterly Report . . ., pp. 45-46.

Two antidumping investigations on imports from China of barium chloride and precipitated barium carbonate were concluded in 1984. The petition for institution of the investigations was filed by a domestic chemical company on October 23, 1983, and, having determined that barium chloride and barium carbonate are two products and two industries, the Commission returned affirmative preliminary findings, by a unanimous vote in each case, on December 2, 1983. 1/

In investigating the allegation that such imports from China were being sold in the United States at less than fair value, Commerce made affirmative determinations (preliminary and final) with respect to the imports of barium chloride but, reversing a preliminary finding, determined in its final investigation that dumping of barium carbonate from China had not occurred during the period designated for review. Having found sales at less than fair value in its investigation of barium chloride, Commerce also addressed the petitioner's allegation (made with respect to both products) that critical circumstances existed, but returned a negative determination on this question.

As a result of the findings made by Commerce, the Commission instituted a final investigation only on the question of whether a domestic industry was being materially injured by imports from China of barium chloride. An affirmative determination was made, by a unanimous vote, on September 25, 1984. 2/

Import-relief investigations.--On the basis of a petition filed by the Carus Chemical Co. on November 30, 1984, the Commission instituted an investigation (No. TA-201-54) to determine whether potassium permanganate 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 this commodity. If the Commission makes an affirmative determination, it will recommend to the President, as required under section 201 of the Trade Act of 1974, either import relief--an increase in the tariff or the imposition of another import restriction that will prevent or remedy the injury--or the provision of adjustment assistance for the domestic industry. The Commission has established an administrative deadline of April 30, 1985, for reporting its determination to the President.

In 1984, China supplied 309,434 pounds of potassium permanganate, valued at $170,508, to the U.S. market. It was the second largest foreign supplier of this product, but accounted for only 11.9 percent of the quantity and 8.6 percent of the value of such imports. Spain was the leading supplier, accounting for 74.8 percent, by quantity, and 78.8 percent, by value, of all imports of this product during 1984.

1/ Barium Chloride and Barium Carbonate (Precipitated) From the People's Republic of China: Determinations of the Commission in Investigations Nos. 731-TA-149 and 150 (Preliminary) . . ., USITC Publication 1458, December 1983. For a brief discussion of the evidence leading to the determinations that there was a reasonable indication that imports from China of these products were materially injuring, or threatening to materially injure, the U.S. industries, see 37th Quarterly Report . . ., pp. 46-47.

2/ Barium Chloride From the People's Republic of China: Determination of the Commission in Investigation No. 731-TA-149 (Final . . ., USITC Publication 1584, October 1984. See also, 40th Quarterly Report . . ., pp. 60-61.

An import-relief investigation on nonrubber footwear (No. TA-201-55) was instituted by the Commission following receipt of a resolution of the Senate Committee on Finance on December 31, 1984. The Commission's deadline for reporting its determination to the President is June 30, 1985. In 1984, 12.6 million pairs of nonrubber footwear, valued at $22.0 million, were imported from China. This level of shipments accounted for only 1.7 percent, by value, of all such imports. Four suppliers--Taiwan, the Republic of Korea, Italy, and Brazil--accounted for approximately 90 percent of the U.S. imports of this product in 1984.

New country-of-origin rules for textile imports.--Tighter regulations governing the origin of textiles and apparel entering the United States became effective September 7 for all new import orders placed on or after August 3, 1984, the date the regulations were published. 1/ The new rules, which were implemented on an interim basis until public comments can be considered, provide that textile articles of materials produced or manufactured in one country must have undergone a "substantial transformation" in another country in order to enter the United States under the second country's import quota. The regulations specifically state that:

> no article or material shall be considered to have been substantially transformed . . . by virtue of having merely undergone any of the following: (i) Simple combining or packaging operations, (ii) joining together by sewing, looping, linking or other means of attaching otherwise completed component parts, (iii) cutting or otherwise separating of articles from materials which have previously been marked with cutting lines . . . or (iv) processing, such as dyeing, printing, showerproofing, superwashing, or other finishing operations.

These criteria are designed to end the practice of transshipment, especially between countries in Asia, for the purpose of evading U.S. textile quotas. However, the consensus among analysts of textile trade is that the new rules will have their most adverse impact on the joint production of knitwear by China and Hong Kong. This arrangement was established by apparel manufacturers in Hong Kong to cut production costs by taking advantage of the relatively low wages paid textile workers in China, rather than to serve as a means of circumventing import limits.

For economic reasons, it has been a standard practice in textiles trade for yarn produced in one country to be woven into fabric in another, and cut or partially sewn garments are sometimes shipped to yet another country for final finishing. As the restrictions that both the United States and the European Community placed on imports of textile products increased, however, the textile supplying countries also increased their transshipments for the purpose of circumventing import limits. Frequently, the major apparel exporters such as Hong Kong, Taiwan, the Republic of Korea, and China fill their annual quotas early in the year. To avoid surpassing quotas, they have been shipping already-cut garments to less restricted countries such as

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1/ 49 F.R. 31248.

Indonesia or Bangladesh. The garments are sewn together in these countries, which are then designated the countries of origin for export purposes. On the other hand, under the joint ventures arranged between Hong Kong companies and the China National Textile Import and Export Corp. (CHINATEX) for the production of sweaters and other knitwear, garment panels knitted in China are shipped to Hong Kong for assembly, and the finished garments are exported to the United States carrying the "made in Hong Kong" label. The new U.S. rules of origin will eliminate fraudulent practices, but they will also affect such legitimate coproduction operations.

Under the new regulations, China will have to be designated the country of origin for sweaters made under the present production arrangement. However, U.S. imports of all types of sweaters made in and shipped from China--cotton, manmade-fiber, and wool--are already subject to quantitative restraints under the U.S.-Chinese textile agreement. The sweaters finished in Hong Kong that would be considered to be of Chinese origin under the new rules could not be accommodated unless existing U.S. quotas on Chinese sweaters were substantially increased.

In December 1984, the Textiles Surveillance Body of the General Agreement on Tariffs and Trade (GATT) ordered bilateral talks between the United States and Hong Kong to discuss the impact of the new regulations. If the negotiations do not result in a change in the rules to accommodate this coproduction arrangement, Hong Kong manufacturers are expected to shut down these operations in China, which have provided jobs for some 60,000 Chinese textile workers. 1/

1/ On Mar. 5, 1985, U.S. Customs published the new country-of-origin rules for textile products in final form (50 F.R. 8710). Although the final regulations eased the origin requirements for garments sewn together and finished in a second country from fabric cut in another country, stating that "substantial assembly by sewing and/or tailoring of all cut pieces . . . into a completed garment" will usually determine origin, they were not changed for knitted goods such as sweaters. The final rules state: "Customs . . . remains convinced that the joining together by looping, linking, sewing, or other means of knit-to-shape components produced in a single country, even when accompanied by other processes . . . normally incident to the assembly process, . . . does not cause the knit-to-shape components to be substantially transformed."

Responding to the publication of the final regulations in separate letters to U.S. Trade Representative Brock and Secretary of the Treasury Baker, China's Ambassador to the United States, Zhang Wenjin, reportedly wrote: "China wishes to avoid any disruption in our overall bilateral trade. However, a deterioration in our bilateral trade is inevitable if the United States implements country-of-origin regulations so as to restrict development of China's textile trade outside the provisions of the MFA and our Bilateral Textile Agreement." (International Trade Reporter, Mar. 6, 1985, p. 327.)

U.S. Exports

U.S. exports to China increased from $2.2 billion in 1983 to $3.0 billion in 1984. Shipments of machinery and transport equipment (SITC Section 7) increased by $318.2 million, and exports of chemicals (SITC Section 5) expanded by $290.0 million. These two groups of commodities together accounted for $1.5 billion, or 51.7 percent, of the U.S. revenue in trade with China during 1984. Exports of a few products in other major commodity groups were also notably higher. Significant gains were made in exports to China of softwood logs and synthetic fibers (SITC Section 2). Exports of analyzing and measuring instruments (SITC Section 8) continued to grow, following a sharp increase in 1983; and shipments of wheat (SITC Section 0), after declining steeply in 1983, were 52.3 percent higher in 1984. Wheat was the single largest export item, by value, in both 1983 and 1984. Nonetheless, exports of agricultural products have declined from nearly 60 percent of the total value of U.S. shipments to China in 1980 to only a 20.6-percent share in 1984.

Machinery and transport equipment

Exports of machinery and transport equipment to China increased by 54.6 percent to $901.1 million in 1984. Shipments of transport equipment amounted to $418.0 million, an increase of 61.6 percent. Another leading export in this commodity group was parts of oil and gas drilling equipment, which increased from $33.0 million in 1983 to $87.4 million in 1984. Exports to China of construction and mining machinery increased from $14.3 million in 1983 to $27.9 million in 1984, and shipments of parts for such machinery and equipment climbed from $36.5 million to $103.9 million. Shipments of several other types of industrial machinery and parts also increased, probably reflecting the emphasis of China's current (1981-85) 5-year plan on maintaining and upgrading the equipment of existing plants while giving priority to expanding transportation facilities and energy production. In addition, exports of tractors and other agricultural machinery grew, but despite the increasingly widespread use of mechanized farm equipment in China, this market remains small relative to its potential for expansion. Another noteworthy development was the increase in exports of computer equipment. However, such exports were well below the level of shipments that can be expected from the large number of orders that China has placed for this equipment.

Transport equipment.--Diesel-electric locomotives accounted for the highest value of exports in this group in 1984. The General Electric Co. shipped 182 to China in 1984, for a total value of $174.9 million; these were the first such U.S. shipments made to China. In addition, parts of locomotives amounted to another $62.2 million in 1984, up from only $121,272 in 1983. Exports of aircraft amounted to $94.9 million, consisting of 16 heliocopters valued at $62.9 million and 2 airplanes with a combined value of $32.0 million. This represents a decline in the value of such shipments compared with their level in 1983, when the Civil Aviation Administration of China (CAAC), China's national airline, imported seven airplanes amounting to a combined value of $203.2 million. However, U.S. shipments to China of road vehicles were substantially higher, increasing from $22.5 million in 1983 to $61.5 million in 1984.

Prospects for U.S. companies to continue receiving significant orders for transport equipment from China are extremely good. In 1984, China's State Council announced that the monopoly of the CAAC would be broken to permit competition in domestic operations. Regional airlines can be established with full power to buy their own planes, enter into joint ventures with foreign aircraft manufacturers, and operate new routes. The CAAC also decentralized its own administration, allowing regional airlines in leading Chinese cities to independently purchase planes. In addition, the CAAC will continue to phase out the obsolete airplanes it is using. 1/ The Boeing Co. and McDonnell Douglas Corp. have an advantage in having already entered the China market, 2/ but U.S. aircraft companies face strong competition from foreign manufacturers, including the consortium of French, West German, British, and Spanish aerospace companies, Airbus Industrie; France's Aerospatiale; and the United Kingdom's British Aerospace.

China's transport capacity remains severely overstretched. State plans call for significant expansion of the country's rail lines, and local governments and enterprises are being encouraged to build and operate their own railways. Although the Chinese have the facilities to build some railroad equipment, they will have to continue to import a large amount. 3/ In addition, China's imports of trucks, buses, and other motor vehicles are likely to continue to expand, since state plans also call for shifting short-distance freight and local passenger traffic from rail to road vehicles. The main purpose of this change in the use of carriers is to ease energy bottlenecks by freeing more rail capacity for the movement of coal from the mines to urban industrial areas.

Computer equipment.--U.S. exports to China of automatic data processing machines increased from $35.3 million to $77.6 million in 1984. New guidelines for transfer of U.S. technology to China issued in November 1983 significantly eased restrictions on the licensing of computer equipment and other dual-use goods destined for China, but the rapid increase in the number of license applications that Commerce's Office of Export Administration (OEA)

1/ Five of the 10 airplanes that the CAAC most recently ordered from Boeing were exported in 1983, but the remaining 5 had not yet been delivered at the end of 1984. Since 1972, Boeing has contracted to sell the CAAC a total of 25 planes. The five still scheduled for delivery are 737's. In February 1985, the CAAC disclosed that it was negotiating with Boeing for the purchase more 737's and 747's and some 767's (FBIS, China Report: Economic Affairs, Feb. 28, 1985).

2/ Two of the U.S.-built airplanes delivered in 1983 were MD-80's, and the two exported in 1984 were also planes built by the McDonnell Douglas Corp. In 1983, McDonnell Douglas reached agreement with China on a 25-aircraft coproduction arrangement, under which the Chinese will manufacture some of the airplane components.

3/ General Electric's 1984 exports did not complete its contract with China, which calls for delivery of a total of 220 diesel-electric locomotives. Under this agreement, China builds the truck frames, which are shipped to the United States for assembly with the remaining components. In return, General Electric is sharing some of its technology.

received in 1984 slowed their approval. Further delays were encountered when U.S.-approved applications were sent to the Coordinating Committee for Multilateral Export Controls (COCOM) 1/ for review and final approval. This process was held up in 1984 pending COCOM's completion of new guidelines for controlling the export of electronic computers and computerized telephone equipment, the first major updating of these rules since 1976. Agreement among the COCOM member-countries was reached on July 16, 1984, 2/ but the new international guidelines did not go into effect for U.S. exports until January 1, 1985. 3/ The revised U.S. rules make a distinction between exports destined for the U.S.S.R. and Soviet-bloc countries and those destined for China, placing fewer restrictions on shipments to China. At yearend 1984, however, the time required to process the large number of applications for licenses to export equipment and related technology to China, as well as the backlog of China cases in COCOM, remained a major problem.

Chemicals

U.S. exports to China of chemicals increased by 81.9 percent, from $354.2 million in 1983 to $644.2 million in 1984. The leading export items in 1984 fell into three product categories: fertilizers, plastics resins, and other chemicals for industrial and agricultural use.

Chemical fertilizers.--Exports to China of fertilizers increased by from $167.7 million in 1983 to $267.3 million in 1984. Diammonium phosphate fertilizer accounted for $230.9 million of the total value of shipments in 1984, increasing by 131.3 percent from $99.8 million in 1983. China also purchased 36.4 million dollars' worth of urea from the United States in 1984. Although one of the world's leading producers of fertilizers, with an output of approximately 14 million tons in 1983, China's growing demand in recent years since the introduction of agricultural reforms has far outstripped its supply.

Plastics resins.--U.S. shipments of plastics resins to China amounted to $232.1 million in 1984, an increase of 154.9 percent from $91.1 million in 1983. The leading exports in this category were polypropylene and polyethylene resins, which increased from $76.4 million in 1983 to $160.3 million in 1984. Other items in this product group that accounted for

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1/ The 15 members of COCOM are the OECD countries, with the exception of Iceland and Spain, plus Japan. A negative vote by any one member-country can block the sale of a dual-use item to a Communist country.

2/ For a discussion of COCOM's review of guidelines controlling the export of computers and related equipment, see 40th Quarterly Report . . ., pp. 55-57.

3/ 49 F.R. 50608. The new guidelines implemented by the Department of Commerce are a revision of OEA's Commodity Control List that includes the results of the COCOM review and whatever adjustments were required to protect U.S. national security interests. The ruling covers controlled exports of electronic computers and related equipment, software for computers, and certain stored program controlled communication switching equipment.

significant U.S. exports to China were saturated polyester resins, 1/ which increased from $99,117 in 1983 to $39.3 million in 1984, and acrylonitrile-butadiene-styrene (ABS) resins, which increased from $10.1 million to $22.2 million.

Other industrial and agricultural chemicals.--U.S. shipments to China of certain other industrial chemicals also increased substantially in 1984. The items that showed particularly large export gains were polycarboxylic acids and their derivatives, which increased from only $1.9 million in 1983 to $26.4 million and dimethyl ester of terephthalic acid, which increased from $1.9 million to $15.9 million. 2/ China also continued to import substantial amounts of insecticides and other pesticide and herbicide preparations for use in agriculture. U.S. exports to China of these products were $36.5 million in 1984, about the same as their value in 1983.

Logs and lumber

U.S. shipments to China of softwood logs and lumber continued to climb in 1984, increasing to $271.8 million from $211.9 million in 1982 and $227.9 million in 1983. Such exports have expanded from $41.4 million in 1980, the year in which the United States began shipping logs to China. Douglas-fir logs accounted for 75.2 percent of these exports in 1984; this type amounted to $204.5 million compared with $161.6 million in 1983. China also imported 56.7 million dollars' worth of western hemlock logs, 9.7 million dollars' worth of spruce logs, and 1.0 million dollars' worth of other softwood logs from the United States in 1984.

U.S. exports of lumber to China were $9.6 million in 1984, with Douglas-fir lumber accounting for $8.9 million of the total value of such shipments. In addition, China's purchases in 1984 included 5.6 million dollars' worth of railroad and mine ties.

An ambitious program of afforestation is underway in China, but much of this production will supply a growing part of its energy needs. 3/ Large imports of logs and lumber will continue to be required for use in expanding its rail transport system, in mine construction, and in building bridge trestles and port facilities.

Manmade fibers and yarns

U.S. exports to China of manmade fibers climbed from $28.8 million in 1983 to $95.4 million in 1984. Shipments of polyester fibers increased from $12.6 million in 1983 to $42.3 million in 1984; acrylic and modacrylic fibers, from $11.9 million to $37.0 million; and other group filaments and strips,

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1/ Saturated polyester resins are used in producing items such as thin films and covering sheets for use in agriculture and blow-molded items such as bottles. Unsaturated polyester resins are used in the production of polyester fibers.

2/ Polycarboxylic acids are used in making plastics and fibers, and dimethyl ester of terephthalic acid is the raw material for polyester fibers.

3/ South, October 1984, p. 240.

from $4.3 million to $16.1 million. U.S shipments to China of manmade yarns also expanded substantially. These exports were primarily textured yarns of polyester, which increased from $13.2 million in 1983 to $35.3 million in 1984.

Although several new manmade-fiber plants were completed and put into operation in China in recent years, the Chinese Government also reduced the domestic price of synthetic fabrics to make them more accessible to the general population and continued to expand the production of manmade-fiber apparel for export. By 1984, increased demand had apparently depleted the excessive inventory of manmade fibers that China had accumulated by early 1982, owing primarily to its large imports of fibers in 1980 and 1981 and in part to higher domestic output. In 1984, however, its needs could probably be met as cheaply by importing as by further expanding its own fiber production. Other countries, especially Taiwan and Malaysia, also have recently brought more manmade-fiber plants into operation; as a result, world capacity for manmade-fiber output substantially exceeds world demand.

Wheat

U.S. wheat exports to China amounted to 4.0 million metric tons or $575.3 million in 1984, compared with only 2.5 million metric tons or $377.7 million in 1983, when the Chinese stopped buying U.S. wheat for 7 months. 1/ Although 52.3 percent higher than in 1983, the value of such shipments in 1984 remained significantly below their levels during 1980-1982, when exports of U.S. wheat to China were more than $1.0 billion annually. Moreover, wheat was the only grain the United States exported to China in 1984, whereas China also imported 1.4 million metric tons or 158.1 million dollars' worth of U.S. corn in 1983. 2/

After a series of record harvests since the introduction of agricultural reforms in 1978, China's leaders have declared that domestic production of grains and other major farm commodities is sufficient to meet the country's current consumption requirements. 3/ Nevertheless, owing primarily to its inadequate transportation facilities, China is continuing to import some wheat for consumption in urban centers that are not readily accessible to the grain-producing areas.

1/ China stopped buying U.S. wheat in retaliation against the unilateral quotas the United States imposed on imports of 33 categories of Chinese apparel and fabrics in January 1983. These quotas essentially replaced import limits that had been in effect under the U.S.-Chinese textile agreement which expired on Dec. 31, 1982. The Chinese did not resume ordering U.S. wheat until early September 1983, after a new bilateral textile agreement had been concluded and put into effect.

2/ U.S. Census data show that 18,114 metric tons of corn, valued at $2.5 million, were exported to China in 1984. According to USDA analysts, however, China imported no U.S. corn in 1984, and the data are in the process of being corrected. On the other hand, estimates based on information gathered by the USDA indicate that China exported about 1.5 million metric tons of corn in 1984. These exports competed with orders for U.S. corn in Japan and other East Asian markets, and they appear to have also included shipments of approximately 400,000 metric tons of corn to the U.S.S.R.

3/ For a detailed discussion of this development, see "Expiration of U.S.-Chinese Grain Agreement" earlier in this report.

Other exports

Other significant exports to China during 1984 ranged from scientific equipment to crude materials. Shipments to China of measuring, checking, analyzing, and controlling instruments (SITC Group 874) increased from $138.3 million in 1983 to $172.6 million in 1984. The leading export item in this product group was geophysical instruments and apparatus, which increased from $34.9 million to $46.1 million. Other such U.S. shipments to China in 1984 included 26.3 million dollars' worth of chemical analysis equipment and 12.6 million dollars' worth of physical analysis equipment. On the other hand, U.S. exports to China of cattle hides climbed from $3.7 million in 1983 to $21.9 million in 1984, and shipments of leather increased from $25.8 million to $39.4 million. An export that registered an especially large increase was iron and steel waste and scrap. The United States shipped 21.2 million dollars' worth to China in 1984 compared with only 177,000 dollars' worth in 1983.

U.S. Imports

U.S. imports from China climbed from $2.2 billion in 1983 to $3.0 billion in 1984. Imports of petroleum and petroleum products (SITC Section 3) increased by $187.2 million, and U.S. purchases of Chinese apparel and clothing accessories (SITC Section 8) expanded by $162.5 million to remain by far the largest commodity group, accounting for 30.2 percent of the total value of import shipments. Imports of several other products from China also registered substantial gains. These items included oriental rugs and cotton fabrics (SITC Section 6), dolls and stuffed toy animals (SITC Section 8), handbags and luggage (SITC Section 8), and agricultural commodities (SITC Section 0).

Apparel and clothing accessories

U.S. imports from China of apparel and clothing accessories (SITC Sections 842-848) increased from $754.8 million in 1983 to $917.3 million in 1984. This 21.5-percent rate of growth was slightly less than that in 1983, when such shipments increased by 23.4 percent from $611.8 million in 1982. The value of imports increased in all product groups, however, but varied considerably among them. Men's and boys' outer garments of textile fabrics other than knitted (SITC Group 842) increased by only 5.4 percent to $172.7 million; women's, girls', and infants' outer garments other than knitted (SITC Group 843), by 17.4 percent to $354.4 million; under garments other than knitted or crocheted (SITC Group 844), by 19.1 percent to $86.2 million; knitted or crocheted outer garments (SITC Group 845), by 46.8 percent to $112.0 million; knitted or crocheted under garments (SITC Group 846), by 21.4 percent to $97.9 million; clothing accessories of textile fabrics (SITC Group 847), by 13.4 percent to $25.6 million; and apparel and accessories other than those of textile fabrics (SITC Group 848), by 84.0 percent, to $68.5 million.

The number of categories of Chinese apparel and clothing accessories subject to quantitative import limits increased from 31 in August 1983, when the United States and China signed a new bilateral agreement on trade in textiles, to 46 at the end of 1984. This tightening of controls appears to have had a decisive effect by the last half of 1984. Imports of apparel from China were $527.8 million in January-June 1984, up 43.3 percent from $368.3 million in the corresponding period of 1983. During July-December 1984, such imports were $389.5 million. This represented only a 0.8-percent decrease compared with $392.7 million in Chinese apparel imports in July-December 1983, but a 26.2-percent decline from level of shipments in the first 6 months of 1984.

During 1984, as the number of apparel categories restricted under the U.S.-Chinese textile agreement continued to increase, China's opportunities to diversify into types of clothing not yet subject to an import limit significantly declined. The bilateral agreement covers, however, only apparel and accessories of cotton, wool, and manmade-fiber fabrics. This has resulted in increased imports of apparel from China that are made of textile fabrics which are not restricted--such as silk, linen, and ramie--and that are made of nontextile materials--such as leather, fur, and plastics (SITC Group 848). 1/

Petroleum and petroleum products

U.S. imports of petroleum and petroleum products increased from $419.6 million in 1983 to $606.8 million in 1984. The largest import increase in this product group--and in any single commodity from China--was in crude petroleum. Such shipments increased by 241.7 percent in value from $68.7 million in 1983 to $234.7 million in 1984 and by 243.4 percent in quantity from 2.5 million barrels to 8.5 million barrels. 2/ On the other hand, imports of petroleum products increased by only 6.0 percent in value. Shipments from China of gasoline increased by 0.8 percent in quantity from 10.4 million barrels in 1983 to 10.5 million barrels in 1984, but they declined by 1.9 percent in value from $308.9 million to $303.1 million. Imports of naphthas derived from petroleum increased by 54.9 percent in quantity from 1.2 million barrels in 1983 to 1.9 million barrels in 1984, but by just 40.4 percent in value from $42.0 million to $59.0 million. China also exported 6.8 million dollars' worth of motor fuel and a small amount of other petroleum products to the United States in 1984.

1/ SITC Group 848 does not include either footwear or handbags.

2/ Imports of crude petroleum (TSUSA item 475.1010) increased from 2.5 million barrels or $68.7 million in 1983 to 8.2 million barrels or $225.5 million in 1984, which represented a small decline in unit value from $27.60 per barrel in 1983 to $27.54 per barrel in 1984. During 1984, China also exported 359,642 barrels of crude petroleum (TSUSA item 475.0510) to the United States valued at $9.1 million, or, in terms of unit value, $25.44 per barrel.

The large increase in petroleum imports resulted primarily from China's efforts to promote such exports following a surge in oil production. Despite its own limited supplies of energy to meet the growing requirements of its industrial sector, China also continued to build foreign-exchange reserves in anticipation of massive imports of technology. Its increases in oil output in 1983 and particularly in 1984, 1/ after virtually no change in production levels for several years, is attributed to a successful attempt to reemphasize the development of its onshore oil resources and to investment in new equipment that has improved recovery techniques. Large increases in output were reported to have occurred at Shengli, China's second biggest oilfield, where the crude produced is less waxy than that at Daqing, its largest oilfield, and therefore more attractive to foreign buyers. 2/

Other imports

Floor coverings and fabrics.--In addition to the $128.7-million increase in apparel imports made of only textile materials (SITC Groups 842-847), imports from China of textile floor coverings (SITC Group 659) increased by $26.6 million and imports of fabrics (SITC Groups 652-655) increased by $48.3 million. Shipments from China of hand-knotted or hand-inserted wool floor coverings, or oriental rugs, increased by 42.3 percent from $47.5 million in 1983 to $67.5 million in 1984. These rugs accounted for 74.6 percent of the value of all textile floor coverings from China in 1984 and were its third largest export to the U.S. market. 3/ Shipments of cotton fabrics (SITC Group 652) climbed from $79.2 million in 1983 to $110.8 million in 1984; imports of synthetic fabrics (SITC Group 653) increased from $5.3 million to $14.2 million; and those of silk, wool, and other fabrics except cotton and synthetic (SITC Group 654) increased from $20.0 million to $27.8 million. Shipments of knitted or crocheted fabrics (SITC Group 655) amounted to only $8,000; there were no imports of this type of fabric from China in 1983.

Dolls and stuffed toy animals.--Another group of products imported from China that showed a particularly significant gain in 1984 was stuffed dolls, stuffed toy animals, other dolls (not stuffed), doll clothing, and skins and other parts of dolls (pt. SITC Subgroup 8942). 4/ The combined import value of these items increased from only $10.6 million in 1983 to $82.3 million in 1984. 5/ Stuffed dolls led the surge in imports, increasing from $1.3 million in 1983 to $35.9 million in 1984, but shipments from China of stuffed toy animals increased from $5.8 million to $16.6 million and those of other dolls

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1/ See the discussion of China's economic performance in 1984 earlier in this report.

2/ Hiro Punwani, prod. ed., Asia 1985 Yearbook, Far Eastern Economic Review, Ltd., Hong Kong, 1985, p. 140.

3/ For a special report on floor coverings from China, see the 40th Quarterly Report . . ., pp. 80-87. This report also includes a discussion of U.S. imports of floor coverings from Romania.

4/ TSUSA items 7372100-7373000; these items were 82.6 percent of the value of shipments from China in SITC Subgroup 8942, Children's Toys and Indoor Games, in 1984.

5/ For a special report on dolls and stuffed toy animals from China, see 40th Quarterly Report . . ., pp. 88-95.

(not stuffed) increased from $1.6 million to $15.7 million. Yet despite the large rise in the value of such shipments from China in 1984, this increase was less than that in imports of dolls and stuffed toy animals from the three leading suppliers to the U.S. market: Taiwan, Hong Kong, and the Republic of Korea.

Other miscellaneous manufactured goods.--Imports of handbags, luggage, and other travel goods (SITC Section 8, Group 831) also increased substantially, from $41.2 million in 1983 to $90.4 million in 1984. Shipments of leather handbags from China nearly doubled, increasing from $10.7 million in 1983 to $21.2 million in 1984. Imports of handbags of textile materials increased from $6.2 million to $14.2 million, and those of luggage of textile materials were $12.8 million in 1984; there were no imports of this item from China in 1983. Two other imports in SITC Section 8 that registered substantial gains were numismatic coins, which increased from $8.8 million in 1983 to $26.5 million in 1984, and artificial flowers of manmade fibers, which increased from $4.6 million to $18.6 million.

Agricultural products.--Owing to a record farm output, China was able to substantially expand its exports of agricultural commodities in 1984. U.S. imports of tea from China almost doubled in 1984, increasing to $18.2 million from $9.9 million in 1983. Shipments from China of vegetables, roots, and tubers (SITC Group 056) increased from $39.9 million in 1983 to $54.5 million in 1984. The largest single import item in this product group was canned mushrooms, which increased from $29.1 million to $38.3 million.

U.S.S.R.

Introduction

U.S.-Soviet trade rebounded during 1984, setting a 5-year record. The value of two-way merchandise trade increased by 63.8 percent from $2.3 billion in 1983 to $3.8 billion during 1984. Nonetheless, trade turnover for 1984 did not surpass the previous record of $4.5 billion set in 1979.

U.S. exports to the Soviet Union increased by 64.0 percent from $2.0 billion in 1983 to $3.3 billion in 1984. The only year in which U.S. exports to the Soviet Union were higher was 1979, when they reached $3.6 billion dollars. All of the export gain can be traced to stepped-up Soviet purchases of grain, and ultimately, to the poor 1984 grain harvest. The increase in Soviet purchases of corn and wheat exceeded that of total Soviet imports from the United States. Several leading U.S. agricultural exports to the Soviet Union increased, although sales of soybeans decreased significantly. In contrast, U.S. nonagricultural exports to the Soviet Union lost ground in 1984.

In percentage terms, the growth of U.S. imports from the Soviet Union was only slightly lower than that of exports. Imports increased by 63.0 percent from $341.1 million in 1983 to $556.1 million in 1984. Although setting a 5-year record, U.S. imports from the Soviet Union fell considerably short of the record of $873.8 million in 1979. Although imports in six of the ten SITC product-groupings (Sections) registered gains (table 13), 55.4 percent of the increase in total imports by the United States can be attributed to a jump in imports of a single commodity, light fuel oils. Although U.S. imports from the Soviet Union increased by almost the same percentage as its exports to the Soviet Union, exports continued to exceed imports by a wide margin. The traditional U.S. surplus in merchandise trade with the Soviet Union widened from $1.7 billion in 1983 to $2.7 billion in 1984.

During the year under review, the easing of political tensions between the two countries was reflected in a number of initiatives in bilateral commercial relations. The Reagan administration lifted the ban on Soviet fishing and renewed the agreement with the Soviet Union on economic, industrial, and technical cooperation for another 10 years. After renewing the agreement, the United States and the Soviet Union scheduled a meeting for January 1985 to discuss bilateral trade.

Economic Developments

Economic performance in 1984

The Soviet economy does not appear to have performed particularly well during the year under review, the next to last year in the Eleventh Five Year Plan (1981-1985). Official Soviet statistics released in January indicate that the economy did not perform as well as was expected as of November when preliminary projections for the major economic indicators were issued. The rates of growth for most economic indicators were lowered, in some cases significantly, between November and January. In November, the Soviets

Table 13.--U.S. trade with the U.S.S.R., 1/ by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	1,642,161	1,194,970	2,585,083
1. Beverages and tobacco	2,979	874	1,264
2. Crude materials--inedible, except fuel	214,249	264,583	224,263
3. Mineral fuels, lubricants, etc	90,013	22,571	30,045
4. Oils and fats--animal and vegetable	40,565	21,507	38,872
5. Chemicals	287,846	239,398	208,219
6. Manufactured goods classified by chief material	25,961	29,755	16,573
7. Machinery and transportation equipment	225,458	149,452	110,221
8. Miscellaneous manufactured articles	59,129	76,422	65,908
9. Commodities and transactions not elsewhere classified	614	2,419	2,205
Total	2,588,975	2,001,951	3,282,652
U.S. imports:			
0. Food and live animals	5,236	17,488	17,070
1. Beverages and tobacco	9,961	11,744	9,042
2. Crude materials--inedible, except fuel	9,511	11,481	17,270
3. Mineral fuels, lubricants, etc	10,356	55,968	191,577
4. Oils and fats--animal and vegetable	5	1	9
5. Chemicals	117,307	144,417	207,819
6. Manufactured goods classified by chief material	60,555	88,031	103,801
7. Machinery and transportation equipment	1,579	3,382	2,615
8. Miscellaneous manufactured articles	9,053	6,259	4,442
9. Commodities and transactions not elsewhere classified	5,230	2,322	2,477
Total	228,792	341,093	556,122

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.

forecast that national income would be 3.1 percent higher in 1984 than in 1983, but in January, the Soviet press reported that net material product (NMP) utilized had grown by only 2.6 percent. 1/ The projected rate of growth of national income would have indicated stagnation or a slight decline in Soviet economic growth in 1984 in comparison with 1983, but the revised figure shows a significant deceleration in economic growth. 2/

Since the data for 1984 may also be revised when the official yearbook is released in the fall, any conclusions about trends in Soviet economic performance must be somewhat tentative. The current analysis of most Western economists is that Soviet economic growth--whether measured by the Soviet NMP concept of national income accounting or by the Western concept of GNP--decelerated between 1983 and 1984. Preliminary estimates of the growth of the Soviet economy in terms of GNP by Western economists range from 1.3 to 2.5 percent. 3/

The main reason for the deceleration of Soviet economic growth in comparison with 1983 was the poor performance of the agricultural sector in 1984. This sector had performed particularly well in 1983, as evidenced by the 6.1-percent increase in gross agricultural output between 1982 and 1983. In 1984, however, gross agricultural output showed no increase over the 1983 level, according to the data released in January 1985. Since about one-fifth of Soviet NMP is produced by agriculture, the sector's poor performance was a considerable drag on the economy. The relatively low rates of growth of the construction and transportation/communications sectors also contributed to the reduced growth rate of 1984. 4/ By contrast, Soviet industry performed relatively well in 1984. Gross industrial output rose by 4.2 percent--the same rate of growth reported for 1983 in the statistical handbook, but slightly higher than the 4.0 percent originally reported for 1983.

1/ Unless otherwise noted, the 1984 data cited in this section are official Soviet data published in Ekonomicheskaya gazeta, No. 5 (Jan.), 1985.

2/ In 1983, the Soviet press initially reported that NMP was 3.1 percent higher in 1983 than in 1982, but the official statistical yearbook published later that year revised the figure upwards to 3.5 percent.

3/ The low end of the range is represented by the low end of Jan Vanous's preliminary estimate of 1.3-1.6 percent and the high end by Philip Hanson's preliminary estimate of 2.0-2.5 percent GNP growth. The CIA's estimate of 2-percent growth, which was prepared before the release of data for the full year, falls in the middle of the range. (For the three estimates, see Wharton Econometric Forecasting Associates, Centrally Planned Economies Current Analysis, nos. 11-12 (Feb. 6), 1985, p. 1; Philip Hanson, "The Plan Fulfillment Report for 1984," Radio Liberty Research, RL 37/85 (Feb. 4, 1985), p. 4; and "Statement by Robert Gates, Deputy Director for Intelligence, Central Intelligence Agency, on the Allocation of Resources in the Soviet Union and China - 1984, Before the Subcommittee on International Trade, Finance, and Security Economics of the Joint Economic Committee, United States Congress, November 1984," p. 2.

4/ Vanous, op. cit., p. 3. Vanous estimates that the construction sector's net output increased by 2.2 percent and that the growth of net output in the transport/communications sector decelerated from 4.7 percent in 1983 to an estimated 3.0 percent in 1984.

Agriculture.--Unfavorable weather conditions, combined with production inefficiencies, led to shortfalls in the production of grain and industrial crops in 1984. This led to shortfalls in supplies of raw materials to industry and of certain products to retail trade. 1/ The Soviets have not officially announced annual grain production since 1980, but USDA estimates that the Soviet Union produced 170 million metric tons (MMT) of grain in 1984--considerably less than its estimate of 195 MMT in 1983, but a bit more than the disastrous harvest of 1981, which USDA estimated totaled 160 MMT. 2/ Production of raw cotton fell to 8.6 MMT in 1984, far short of the average annual production of 9.4 MMT during the first 3 years of the current plan. 3/ Production of the major animal products increased, but at fairly modest rates. Meat production (slaughter weight) increased by 1.8 percent from 16.4 MMT in 1983 to 16.7 MMT in 1984. Production of milk and eggs both rose by 1.2 percent over the same period.

Industry.--The 4.2-percent increase in the growth of industrial production in 1984 represents a continuation of the acceleration of growth in this sector beginning in 1983. 4/

The performance of the various branches of Soviet industry varied substantially. The gross output of four branches grew by 8 percent, while that of six branches grew by 2 percent or less. The fastest growing industries in 1984 were microbiological preparations (e.g., pesticides, insecticides), machinery for animal husbandry, machinery for the chemical and oil industry, and the gas industry. The only industry that failed to increase output was the oil industry. The slowest growing branches were the coal industry, the construction-materials industry, light industry, the fruit industry, the oil and petrochemical industry, and ferrous metallurgy.

Soviet oil production registered its first year-to-year decline since World War II, decreasing by 0.5 percent from 616 MMT to 613 MMT (12.2 million barrels per day). Since the rate of growth of oil production has been leveling off since the late 1970's, even a modest decrease in annual output may mean that production has peaked. The Soviets were visibly concerned about the deterioration in the oil industry's performance since exports of crude oil and petroleum products generate about 60 percent of hard currency income. Their concern was evidenced by the publication of a series of articles criticizing the Ministry of the Oil Industry for its failure to meet

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1/ "Baybakov Interviewed on 1985 Economic Tasks," Foreign Broadcast Information Service, Jan. 14, 1985, p. S2.

2/ On the basis of its standard estimate that dockage and waste account for 11 percent of the Soviet grain crop, USDA estimates that only 151 MMT of the 1984 crop is usuable.

3/ East Europe Agriculture, Jan., 1985, p. 6.

4/ Preliminary analysis by Philip Hanson, who compared the increase in the ruble value of gross industrial output with changes in the volume of production of key products, suggests that the growth of industrial output in 1984 may have been more modest than the 4.2-percent figure implies. (Hanson, op. cit., pp. 3-4.)

production goals in the Tyumen region for the third consecutive year. 1/ Increasing production in this region is critical since output in older fields in other regions has declined. Similarly, coal production declined by 0.5 percent to 712 MMT.

In contrast, the natural gas industry continued to perform well in 1984, increasing output by 9.6 percent to 587 billion cubic meters. This increase compensated for declining production of oil and coal. Total Soviet energy production grew at an estimated rate of 2.6 percent in 1984--slightly higher than the 2.4-percent increase achieved in 1983. 2/

Several other commodities registered impressive gains in 1984. Among the commodities showing the highest percentage-increases were turbines, which increased by 38.0 percent in terms of total kilowatts, numerically controlled machine tools (28.0 percent, by value), and industrial robots (25.0 percent, by volume). A number of other key commodities registered less impressive gains. Steel production grew by 1.0 percent, while output of ferrous metals and steel pipe both grew by 0.8 percent. Production of a key agricultural input, mineral fertilizers, increased by 4.0 percent.

Complaints by Soviet leaders about the quality of industrial production and the assortment of production continued. The Chairman of the State Planning Committee, N.K. Baybakov, singled out the machine-building, metallurgical, and chemical industries for particular criticism about quality. 3/ The Ministry of Light Industry was a target of criticism by General Secretary Chernenko in a speech to the Politburo on November 15, 1984. He sharply criticized the industry for not responding to consumer demand for fashionable, high-quality merchandise and for producing large quantities of goods for which there was little demand. 4/

Transportation.--The transportation sector appears to have barely held its own in 1984. Natural gas pipelines registered an impressive 16-percent increase in tons per kilometer, but railroads and oil pipelines achieved only a 1 percent-increase by this measure. The performance of other means of freight transportation deteriorated. The major development in the sector during the year was the completion of the Baikal-Amurski Mainline (BAM). Western observers note that it may be years before the line is fully operational, however. 5/

1/ The major criticisms made in these articles are summarized in "An Oil Decline Rocks the Kremlin," Business Week, May 21, 1984, pp. 51-52 and "Soviet Press Laments Tyumen Fields' Development Shortcomings," Platt's Oilgram News, Jan. 15, 1985, p. 2. Further evidence of Soviet concern was the selection in early 1985 of the head of the highly successful gas industry to be Minister of the Oil Industry.

2/ Vanous, op. cit., p. 6.

3/ "Baybakov Interviewed. . .," op. cit., p. S2.

4/ Speech at the session of the CPSU Central Committee on Nov. 15, 1984, FBIS, Nov. 16, 1985, p. R8. Chernenko died on March 10, 1985 at the age of 73. On March 11, the Central Committee of the Party elected the 54-year old Mikhail Gorbachev to succeed Chernenko as General Secretary of the Party.

5/ For details, see Andreas Tenson, "How They Built the BAM," Radio Liberty Research, RL 8/85 (Jan. 11, 1985), p. 5.

Retail trade and consumption.--Despite the slowdown in economic growth during 1984, the value of retail trade increased by 4.2 percent in 1984--a considerable improvement over the 2.7-percent increase achieved in 1983. Soviet leaders could have responded to the deceleration of economic growth by squeezing consumption, investment, or defense. It appears that they decided to sacrifice investment during 1984. 1/ Whereas the Soviets had increased total investment in fixed capital by 5.7 percent in 1983, they held down its growth to 2.0 percent in 1984. Similarly, the growth of new capital goods put into production, another measure of investment, decelerated from 6.0 percent in 1983 to 3.0 percent in 1984.

Commercial and financial relations with the West in 1984

The partial data now available on Soviet trade with the West during 1984 indicate that the Soviets pursued a policy of boosting exports and curbing nongrain imports, particularly of machinery and equipment. During the year, the Soviets were also active on the international credit market, raising about $1 billion from non-U.S. banks. These developments strongly suggest that the Soviets were anticipating and reacting to a difficult hard-currency position. The disappointing 1984 harvest meant high grain-import requirements, which USDA projects at 50 MMT during the 1984/85 crop year. This level of imports could cost as much as $8 billion. Complicating the situation for Soviet trade planners were the soft prices for oil, gold, and other major exports to the West. Factors unrelated to hard-currency balances may also have been involved, however.

Trade.--In dollar terms, Soviet exports to the Developed West amounted to $19.6 billion during the first 9 months of 1984. 2/ During the same period, Soviet imports from the area were worth $17.5 billion. Consequently, the Soviet balance of trade with the West showed a surplus of almost $2.2 billion. In comparison with the corresponding period of 1983, the Soviet Union reduced its imports from the West by 11.4 percent (in current dollar terms); increased its exports to the area by 1.8 percent (in current dollar terms); and converted a deficit of $433.7 million into a substantial surplus.

The modest increase in the value of Soviet exports to the West was primarily the result of increases in the volume of exports, especially oil.

The substantial decrease in Soviet imports from the West is attributable to the timing of the increased grain purchases necessitated by the poor harvest of 1984 and sharp cuts in nonfood imports throughout the period. Soviet grain imports did not begin to rise dramatically until late spring 1984, and the Soviets apparently were able to reduce food imports during the first half of the year. 3/ Nonfood imports declined by 17 percent in current dollar terms and by 12 to 14 percent in real terms, from January-September 1983 to January-September 1984, according to estimates prepared by Jan Vanous. Vanous attributes a significant part of this decline to decreases in

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1/ Vanous, pp. 3-4. Cf. Hanson, "Soviet Economic Growth in 1984 and the Plan for 1985," Radio Liberty Research, RL 484/84 (Dec. 19, 1984), p. 5.

2/ Wharton Econometrics Forecasting Associates, Centrally Planned Economies Current Analysis, Nos. 1-2 (Jan. 2), 1985.

3/ Quarterly Economic Report of USSR, No. 4 (1984), p. 15.

Soviet imports of machinery and equipment from the West. 1/ On the basis of detailed statistics from the European Community, he concludes that West European deliveries associated with the Urengoi pipeline peaked during January-June 1983 and then fell off as the line neared completion, and that other categories of machinery and equipment also showed small declines after mid-1983.

The decline in Soviet imports of machinery and equipment could have been motivated by financial considerations such as high grain-import requirements and declining cash receipts from hard-currency exports to Third World countries. 2/ Soviet sales of more oil and gas at declining prices suggest a financial explanation. There are other indications that the Soviets were expecting a hard-currency squeeze. Among them were the unexpected surplus in Soviet trade with nonsocialist countries during January-March 1984, 3/ reports of massive sales by the Soviets of polished diamonds at a 5-percent discount during January-June 1984, 4/ and heavy Soviet borrowing during the year.

Nonfinancial factors may have contributed to or motivated the decision to reduce machinery imports. Some observers have argued that a divided Soviet leadership may have been unable to make decisions on major investment projects that would require imports of machinery and equipment from the West. Another possible explanation is a backlash against imported technology in the the Soviet Union. 5/ These explanations are not mutually incompatible. The Soviet Union may have reduced nonagricultural imports for a combination of financial and nonfinancial reasons.

Financing.--During 1984, the Soviet Union was active on international credit markets, obtaining $926 million in credits from Western banks and raising an additional $75 million through a bond issue during the first 11 months of the year. 6/ Soviet borrowings were attributed to their need to

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1/ Wharton Econometric Forecasting Associates, Centrally Planned Economies Current Analysis, No. 76 (Oct. 8), 1984, p. 8.; and Nos. 1-2 (Jan. 2), 1985. Vanous' interpretation is supported by a compilation of Soviet machinery and equipment orders prepared by the staff of the Quarterly Economic Review of USSR. (No. 4, 1984, pp. 15-17).

2/ For a discussion of the second factor, see Wharton Econometric Forecasting Associates, Centrally Planned Economies Current Analysis, No. 57 (July 27), 1984, p. 3. .

3/ Ibid., p. 1.

4/ Michael Bartholomew, "USSR Dumping Diamonds to Gain Hard Currency," Radio Liberty Research, July 20, 1984.

5/ This explanation draws on the work of Philip Hanson. Hanson argued that the Soviet Union has retreated from a policy of development through imported technology since the late 1970's. He attributed the shift in policy to the deterioration of political relations between East and West, Soviet disappointment with economic gains from imported technology, and Soviet domestic political considerations. (See "The Role of Technology Transfer in the Soviet Economy," in Economic Relations with the USSR: Issues for the Western Alliance, Abraham S. Becker, ed. (Lexington, Mass.: Lexington Books), especially pp. 29, 31-37.)

6/ David Buchan, "Now more courted than courting," Financial Times, Jan. 28, 1985, p. 11. All of the credits included in this figure have maturities of 1 year or more. A particularly striking aspect of Soviet borrowing in 1984 was its diversification away from the dollar.

finance large grain imports during a period of weak prices for major exports such as oil and gold. Funds for refinancing debt incurred in earlier years may also have been needed. The Soviets may also have seen their reentry into the credit market as a demonstration of their creditworthiness.

The 1985 plan: The "year of catching up"?

In a speech to the Politburo on November 15, 1984, Chernenko noted that the rates of growth of key economic indicators were lower than anticipated during the first 2 years (1981-82) of the Eleventh Five-Year Plan. 1/ Indicating that 1985 would, therefore, have to be a year of catching up with the goals set in the Five-Year Plan, Chernenko noted that the planned rate of growth for most leading economic indicators was higher than the average achieved during the first 4 years of the plan. During 1985, national income utilized is to increase by 3.5 percent; 2/ gross industrial output, by 3.9 percent; gross agricultural output, by 6.7 percent; and per capita real incomes of the population, by 3.3 percent. 3/ In terms of specific sectors, the plan's priorities are the energy and agro-industrial sectors. Speeches by Soviet leaders indicate that the Soviet Union is relying on increases in labor productivity, cost cutting, and increased investment to achieve these goals. Investment is planned to increase by 5.5 percent in comparison with 1984--a higher rate of growth than during the first 4 years of the plan. Western observers are skeptical about the Soviets' chances of catching up with the Five-Year Plan's goals.

Speeches by Soviet leaders revealed little about plans for trade with the West during 1985. In a speech on November 27, 1984, Baybakov noted that trade with socialist countries would increase by 5.4 percent and that their share of Soviet trade turnover would rise to 60 percent. As for trade with the West, he noted only that "[i]n drawing up the plan for the final year of the Eleventh Five-Year Plan, long-term trade and economic agreements with capitalist countries were also taken into account." 4/ Baybakov's only other reference to trade was an indication that energy exports would be increased. In his November speech, Chernenko was also reticent about Soviet trade plans. Like Baybakov, he emphasized trade with CMEA-member countries. 5/ Although Soviet leaders downplayed trade with the West, the list of priority projects--energy development and conservation, agriculture, land reclamation, and food processing and distribution--suggests that the Soviet Union is likely to turn to the West for key equipment.

1/ Foreign Broadcast Information Service, Nov. 16, 1984, p. R3.

2/ Refers to net material product utilized.

3/ These targets, except that of gross agricultural output, are taken from the law on the plan for 1985, as translated in FBIS, Nov. 29, 1984, p. P1. The target for gross agricultural output is taken from Baybakov's speech.

4/ Speech at the joint session of the U.S.S.R. Supreme Soviet and the Soviet of the Nationalities, FBIS, Nov. 28, 1984, pp. P7, P18.

5/ FBIS, Nov. 16, 1985, p. R5.

Developments Affecting Commercial Relations with the United States

A major speech by President Reagan on January 16, 1984, laid the foundation for a dialogue with the Soviet Union. Enunciating a policy of "credible deterrence, peaceful competition, and constructive cooperation," the President proposed that the two countries work towards three major goals: reducing and eventually eliminating the threat or use of force to settle international disputes, reducing worldwide stockpiles of arms, and establishing a better working relationship. 1/ Although the President's speech focused on promoting bilateral dialogue on arms control and other political issues, the policy of dialogue was applied to commercial relations as well during the year. In accordance with its policy of "promoting a constructive dialogue with the Soviet Union and facilitating non-strategic trade exchanges," the Reagan administration agreed to renew the agreement on economic, industrial, and technical cooperation and to resume trade talks derailed following the Soviet invasion of Afghanistan; lifted the ban on Soviet fishing; and moved towards restoration of bilateral cooperation in a number of related areas.

Stepped-up purchases of U.S. grain

Faced with a grain shortfall (see section on economic developments), the Soviet Union stepped up imports of grain from the United States and other grain-producing countries during 1984. 2/

During the first year of the new grain supply agreement (October 1, 1983-September 30, 1984), 3/ the Soviet Union imported 7.6 MMT of wheat, 6.5 MMT of corn, and 0.4 MMT of soybeans. 4/ Since Soviet imports of corn and wheat exceeded the minimum-purchase requirement of 9 MMT during the agreement year, the agreement did not obligate the Soviet Union to purchase soybeans. Not counting the soybeans, Soviet imports during the agreement year were 14.1 MMT--a level only exceeded by the 15.5 MMT sold during the 1978-79 agreement year and the 14.6 MMT sold in 1977-78. 5/

1/ "Soviet-American Relations: Address to the Nation, U.S. Allies, and the Soviet Union," Weekly Compilation of Presidential Documents, vol. 20, No. 3 (Jan. 23, 1984), pp. 41-44.

2/ The increase in imports of U.S. grain was accompanied by occasional Soviet complaints about the quality of some shipments arriving at Soviet ports. For a description of Soviet complaints and responses by U.S. exporters, see East Europe Agriculture, Jan., 1985, p. 5 and "USSR Upset About State of U.S. Corn," Journal of Commerce, Dec. 7, 1984, p. 9A.

3/ Since October, 1976, when the first agreement went into effect, the Soviet Union has purchased grain from the United States under the terms of a long-term agreement. A second agreement signed in August, 1983 is now in effect. For a comparison of the two agreements, see 35th Quarterly Report. . ., pp. 37-39 and 36th Quarterly Report. . ., pp. 48-49.

4/ U.S. Department of Agriculture, Foreign Agricultural Service, U.S. Export Sales, Nov. 1, 1984, p. 33.

5/ The data for the two record years include corn and wheat only, since the first agreement did not cover soybeans.

On the basis of the crop or marketing year, which begins in July, the United States supplied roughly one-third of Soviet imports of wheat and coarse grain during 1983-84. This represents a considerable gain in comparison with the previous crop year, when the U.S. share was about 19 percent. 1/

Outlook for Soviet grain imports during 1984-85

As it became evident that the Soviets' 1984 harvest would be lower than expected, the United States offered to supply an additional 10 MMT, or a total of 22 MMT, of grain during the second agreement year (October 1, 1984 to September 30, 1985.) 2/ Less than 2 weeks into the start of the new agreement year, the Soviets had made commitments to purchases exceeding the minimum requirement. By the end of calendar year 1984, according to USDA statistics, Soviet purchasing commitments stood at 14.3 MMT. Although total Soviet commitments substantially exceeded the minimum for total purchases, the U.S.S.R. had not met the minimum-purchasing requirement for wheat by the end of the year.

Although purchase commitments do not always equal shipments, the Soviets are almost certain to import at least 12 MMT of grain from the United States during the second agreement year. How much the Soviets will purchase of the additional 10 MMT of grain offered by the President cannot be predicted yet, but they have already indicated that they will not seek authorization to buy more than that amount. 3/

U.S. grain exporters are likely to face considerable competition for sales to the Soviets and other importers during the current purchasing year. USDA estimates that the Soviets will import 26 MMT of wheat, 23 MMT of coarse grains (e.g. corn), and 1 MMT of related products, for a record total of 50 MMT of all grains during the July 1984-June 1985 crop year. According to USDA calculations, the Soviets had obtained commitments from all suppliers for approximately 37 MMT of grain, or roughly three-quarters of projected imports by the end of 1984. 4/

1/ USDA estimates that the U.S. share of Soviet imports was about 33 percent during the 1981-82 crop-year and 23-24 percent during the 1980-81 crop year. The estimate for the 1983-84 crop year is based on accumulated exports of 10.6 MMT of corn and wheat by U.S. exporters (as reported in U.S. Export Weekly) for the year and USDA's preliminary calculation that the Soviet Union imported 31.8 MMT of both commodities from all sources (i.e. excluding imports of 1.1 MMT of other grains).

2/ President Reagan made the offer on September 11. (Weekly Compilation of Presidential Documents, vol. 20, no. 37 (Sept. 17, 1984), p. 1266. Under the agreement, the Soviets must purchase a minimum of 9 MMT of wheat and corn (or 8 MMT of wheat and corn plus 500,000 tons of soybeans). They may purchase an additional 3 MMT of grain without consulting the U.S. Government.

3/ "Soviet Grain Purchases," New York Times, Nov. 22, 1984, p. D11.

4/ U.S. Department of Agriculture, Foreign Agricultural Service, "The USSR Grain Situation and Outlook," Foreign Agriculture Circular: Grains, Jan. 5, 1985, p. 1.

Agreement on economic, industrial, and technical cooperation renewed

During the year under review, the United States and the Soviet Union renewed the Long Term Agreement to Facilitate Economic, Industrial, and Technical Cooperation (EITCA) for another 10 years. The Agreement, which was originally signed in 1974 at the Moscow Summit, is the only commercial accord now in force between the two countries. Intended to serve as a broad framework for bilateral commercial relations, it lists a number of areas for cooperation; commits both governments to use their "good offices" to facilitate commercial cooperation; and includes a number of specific undertakings on "business faciliation." 1/ The Agreement also calls for periodic meetings of a working group of experts to exchange economic information and forecasts that could be useful in identifying trade prospects. The renewal was announced by the Commerce Department on June 28, 1984, the date on which the Agreement would have expired.

U.S.-Soviet trade talks scheduled

Following the renewal of the EITCA, the United States and the Soviet Union scheduled a meeting of the working group of experts referred to in the Agreement. 2/ This group had not met since December 1978. The Administration indicated that the main reason for holding the experts' meeting was to determine whether there was enough common ground between the two governments' positions to warrant a Cabinet-level meeting on bilateral trade. This would be a meeting of the Joint U.S.-U.S.S.R. Commercial Commission (JCC), which was established in accordance with the Communique of May 26, 1972, and last met in December 1978. 3/ The U.S. delegation would be headed by Secretary of Commerce Malcolm Baldrige since Commerce chairs the JCC for the United States. The Soviet delegation would be headed by the Minister of Foreign Trade, Nikolai Patolichev.

1/ For additional information on the Agreement, see 40th Quarterly Report. . ., pp. 46-47, and Hertha W. Heiss, "The Framework for US-Soviet Trade," Columbia Journal of World Business, Winter 1983, p. 26.

2/ The meeting was held in Moscow on January 8-10, 1985, as planned. A news release by the American Embassy in Moscow described the talks as frank and direct and indicated that the two sides exchanged views on the current status of bilateral trade, obstacles to expanded trade, and the areas in which trade expansion would be beneficial. Stating that the United States was interested in expanding "peaceful" trade, the U.S. delegation told the Soviets that "the U.S. interest in trade growth was only in those areas that were consistent with U.S. export control policies and with other U.S. laws concerning bilateral trade." Under Secretary Lionel H. Olmer, who headed the U.S. delegation, stated the U.S. position that "there was considerable room for an expansion of mutually-beneficial trade within the presently-delineated areas." Areas for expanded trade and joint projects by U.S. companies and Soviet organizations were discussed preliminarily and no decisions were made at the meeting. The Soviet delegation was headed by Deputy Foreign Trade Minister Vladimir Sushkov.

3/ After the experts' meeting, Under Secretary Olmer indicated that the Administration would decide whether to schedule a JCC meeting following his return to Washington.

Soviet fishing vessels resume operations in U.S. 200-mile zone

During 1984, the United States lifted the ban on Soviet fishing within the 200-mile zone, one of the sanctions imposed in January 1980 in response to the Soviet invasion of Afghanistan. On July 25, the Administration announced that the Soviet Union would be allocated 50,000 metric tons of bottom fish. 1/ The allocation was modest in comparison with the 400,000 to 500,000 metric tons of fish that the United States allocated to the Soviet Union annually during 1976 to 1979.

The announcement of the allocation stressed the advantages to the U.S. fishing industry of lifting the ban on Soviet fishing: increased employment due to the Soviet obligation to purchase an equivalent amount of fish and greater opportunities to benefit from Soviet fishing technology and techniques.

Initiatives to renew or revive cultural and scientific agreements

During 1984, the Reagan administration announced its intention to revive cooperation under 4 of the bilateral scientific agreements--agriculture, environmental protection, housing, and public health. Cooperation under the scientific agreements had been drastically reduced in response to the Soviet invasion of Afghanistan. 2/ During the year under review, the U.S. Government also began negotiations on an agreement on cultural relations to replace the one that expired in 1979. Although most of these agreements are not directly related to bilateral commercial relations, their status reflects the overall relationship between the two countries. The agreement on scientific cooperation in agriculture does contain a clause that is directly relevant to commercial relations. It provides for exchanges of information on crop production and field visits.

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

The U.S.-U.S.S.R. Trade and Economic Council, a private group composed of 220 U.S. companies and 125 Soviet Foreign Trade Organizations, held its eighth annual meeting in New York on May 23-24, 1984. The session was the group's first meeting since 1982. 3/

1/ The announcement of the allocation was preceeded by the third renewal of the U.S.-Soviet Governing International Fisheries Agreement (GIFA) since its signing in 1976. A valid GIFA is a legal requirement for foreign fishing operations in U.S. waters. For further information on this point, see 40th Quarterly Report. . ., pp. 48-49.

2/ A total of 11 agreements on scientific cooperation were signed during the early 1970's. Three of them (science and technology, space, and energy) lapsed in 1982, and one (transportation) lapsed in 1983, leaving 7 agreements in effect as of Dec., 1984.

3/ For information on the meeting, see 40th Quarterly Report. . ., pp. 47-48.

On December 3, the Council's President, James F. Giffen, and the Co-Chair for the U.S. side, Dwayne O. Andreas, met with Prime Minister Nikolai Tikhonov and Mikhail Gorbachev. The discussions, which were held in Moscow, reportedly identified 15 areas in which the participants felt trade could be expanded. 1/

Administrative actions affecting imports from the Soviet Union

During 1984, only one Soviet product--potassium chloride--was the subject of import relief petitions by a U.S. industry. Both anti-dumping and countervailing duty petitions were filed in this case. For information on the investigations of imports of the product from the Soviet Union and East Germany, see page 94.

U.S. Exports

U.S. exports to the Soviet Union increased by 64.0 percent, from $2.0 billion in 1983 to $3.3 billion in 1984. The single most important development in U.S. exports during the year under review was increased sales of corn, which exceeded 1983 sales by $998.9 million. The increase in sales of this single commodity accounted for 78.0 percent of the increase in total U.S. exports to the Soviet Union. Wheat exports also gained, increasing by $370.0 million between 1983 and 1984.

The large increases in the value of exports of corn and wheat, coupled with a significant gain in exports of almonds, pushed up the value of U.S. exports classified in SITC Section 0 from $1.2 billion in 1983 to $2.6 billion in 1984. The $1.4-billion increase in exports in this Section, which exceeded the increase in total U.S. exports to the Soviet Union, offset declining exports classified in other sections. The value of U.S. agricultural exports to the Soviet Union increased from $1.5 billion in 1983 to $2.8 billion in 1984. Export gains were registered in only three other SITC Sections--Oils and Fats (Section 4), Mineral Fuels (Section 3), and Beverages and Tobacco (Section 1). The largest absolute declines were registered by Crude Materials (SITC Section 2), which includes both agricultural and nonagricultural commodities, and two sections that contain only manufactured goods, Machinery and Transportation Equipment (SITC Section 7), and Chemicals (SITC Section 5). The two other nonagricultural sections--Manufactured Goods Classified by Chief Material (SITC Section 6) and Miscellaneous Manufactures (SITC Section 8) also showed declines. Total U.S. exports of nonagricultural commodities to the Soviet Union declined by 14.5 percent, from $544.9 million in 1983 to $465.8 million in 1984, following a decline of 25.7 percent between 1982 and 1983. The net result of the decrease in nonagricultural exports and the increase in agricultural exports was to increase the traditionally high share of agricultural commodities in total U.S. exports to the Soviet Union, from 72.8 percent in 1983 to 85.8 percent in 1984.

1/ Mark D'Anastasio and John Pearson, "Clouds over U.S.-Soviet Trade are Breaking Up," Business Week, Dec. 17, 1984, p. 44.

The pattern of Soviet imports from the United States--increased imports of foodstuffs, especially grains, and decreased nonfood imports--closely paralleled that of its imports from other Western countries (see section on commercial developments).

Corn and wheat

The chief beneficiaries of the Soviet grain shortfall were U.S. exporters of corn, the leading U.S. export to the Soviet Union in 1984. The value of U.S. sales of corn increased by 255.5 percent from $390.9 million in 1983 to $1.4 billion in 1984. The quantity increased by 245.0 percent from 2.9 MMT in 1983 to 10.1 MMT in 1984, as the unit value rose from $3.39 per bushel to $3.49. 1/ The large percentage increases in the value and volume of corn exports to the Soviet Union reflect the relatively low level of exports in 1983--a 5-year low--as well as the poor 1984 harvest. U.S. exports of wheat were also higher in 1984 than in 1983, but the increase was less dramatic. Wheat sales increased by 46.2 percent from $800.6 million in 1983 to $1.2 billion in 1984. A 7.5-percent decline in the unit value of wheat exported to the Soviet Union--from $4.51 per bushel in 1983 to $4.17 in 1984--was cancelled out by a 58.1-percent increase in the quantity exported--from 4.8 MMT in 1983 to 7.6 MMT in 1984. The share of Soviet purchases of corn and wheat in total U.S. exports of these grains, by value, rose from 9.5 percent in 1983 to 19.1 percent in 1984. 2/

Other agricultural commodities

Although several major agricultural exports to the Soviet Union registered substantial gains in 1984, nongrain agricultural exports were $9.2 million lower in 1984 than in 1983.

U.S. sales of soybeans plummeted 91.1 percent from the 1983 level of $157.2 million to $14.0 million, as the Soviets turned to Argentinean and Brazilian suppliers for the bulk of their import requirements. In addition, the Soviets reportedly purchased a small amount of soybeans from China. The decline in the value of U.S. exports was entirely the result of a reduction in the quantity imported by the Soviets since the unit value increased. 3/ U.S. exports of cattle hides to the Soviet Union declined slightly from $10.6 million in 1983 to $10.2 million in 1984.

1/ Export statistics based on the agreement and crop years may be found in the section on commercial developments.

2/ The Soviet share of U.S. exports of corn increased from 6.2 percent in 1983 to 20.0 percent in 1984, while its share of U.S. exports of wheat rose from 12.9 percent to 18.1 percent over the same period.

3/ The decrease in soybean exports was the major reason for the 15.2-percent decline in U.S. exports classified as crude materials (SITC Section 2) between 1983 and 1984.

The upward trend in U.S. exports of cotton, which had jumped from $67,000 in 1982 to $72.2 million in 1983, continued, probably due to the low Soviet cotton harvest of 1984. U.S. sales totaled $167.4 million in 1984--131.8 percent higher than those of the previous year. U.S. exports of shelled almonds, which had been abnormally low in 1983, recovered in 1984, reaching $24.5 million, a 5-year record. Industry experts attribute the record sales to the Soviet Union, which accounted for 10.3 percent of total U.S. almond exports in 1984, to aggressive marketing. U.S. exports of inedible tallow and crude linseed oil also increased to $29.7 million and $9.1 million, respectively. 1/

Phosphoric acid

U.S. sales of phosphoric acid, the leading nonagricultural export to the Soviet Union, declined by $28.4 million, or 13.2 percent, to $186.4 million in 1984. Most U.S. exports of this product are shipped by the Occidental Petroleum Co. under a 20-year countertrade agreement with the Soviet Union. 2/ The primary reason for the decline in the value of exports was an 11.9-percent decrease in unit value. The volume of exports also decreased, but by a smaller 1.5 percent. 3/

Machinery and transportation equipment

U.S. sales of machinery and transportation equipment (SITC Section 7) to the Soviet Union registered their third straight year-to-year decline, falling by 26.2 percent to $110.2 million in 1984. The reduction in Soviet imports of machinery and equipment from the United States was paralleled by similar changes in West European exports of such products to the Soviet Union between 1983 and 1984 (see section on commercial developments). More detailed statistics suggest that the reasons for the decline in imports of machinery and equipment from both areas were similar. Part, but not all, of the decline in imports can be attributed to the completion of the Urengoi pipeline.

1/ Inedible tallow is traditionally a major U.S. agricultural export to the Soviet Union. During the past 5 years, sales of tallow have ranged from a low of $17.9 million in 1982 to a high of $48.5 million in 1981. During the same period, the only other sales of linseed oil to the Soviet Union occurred in 1981, when exports were valued at $6.1 million. Increased sales of these two products resulted in an increase of 80.7 percent in U.S. exports to the Soviet Union classified in SITC Section 4 (Oils and Fats).

2/ For details on this arrangement, see 33d Quarterly Report. . ., pp. 66-67.

3/ These data are for phosphoric acid with 65 percent or more acid content. Sales of this product accounted for over 89.0 percent of all U.S. exports of chemicals (SITC Section 5) to the Soviet Union in 1983 and 1984. The decrease in exports of this product accounted for 91.1 percent of the change in Section 5-exports to the Soviet Union, which declined from $239.4 million in 1983 to $208.2 million in 1984. In 1983, the Soviet Union purchased 2.9 million dollars' worth of phosphoric acid with less than 65 percent acid content and 2.9 million dollars' worth of a related fertilizer, concentrated superphosphate. In 1984, the Soviet Union did not import either of these fertilizers from the United States.

U.S. exports in seven of nine broad product groupings within the machinery and equipment section--power generating machinery (Division 71), machinery specialized for particular industries (Division 72), metalworking machinery (Division 73), general industrial machinery (Division 74), telecommunications and sound equipment (Division 76), electrical machinery (Division 77), and road vehicles (Division 78)--registered declines. Declining exports of parts and equipment related to pipeline construction seem to have affected two, or possibly three, of these sections. The largest absolute decrease occurred in the power-generating-machinery division, which includes parts, not specifically provided for, of industrial gas turbines used on the pipeline. Sales of these parts declined from $17.1 million in 1983 to $8.8 million in 1984, which accounted for 73.0 percent of the decrease in U.S. exports classified in this division. The next highest decline was registered by the general-industrial-machinery division. It includes machinery for lifting, handling, loading, or unloading (SITC Subgroup 7442), products that Vanous identified as associated with pipeline construction. Exports of this type of machinery decreased from $5.1 million in 1983 to $1.5 million in 1984 and accounted for 38.1 percent of the division's decline. But, a decline in exports of industrial and laboratory furnaces and parts thereof (Subgroup 7413) from $6.9 million in 1983 to $841,000 explains a higher percentage of the decline in exports classified in this division. A U.S. export clearly identified with the pipeline is parts, not specifically provided for, of tracklaying tractors, which are included in the road-vehicles division. Declining exports of these parts--from $16.2 million in 1983 to $12.9 million in 1984--explain 61.2 percent of the decline in exports classified in this division.

Large tracklaying tractors (over 345 horsepower), which are classified as machinery specialized for particular industries, were a minor exception to the trend towards reduced European and American deliveries of pipeline-related equipment and parts to the Soviet Union. U.S. sales of these tractors, which were used in the construction of the pipeline, increased from 15 units in 1983 to 27 in 1984, or from $3.6 million to $5.3 million over the same period. When the increased sales of 1984 are compared with average annual sales of 290 units during 1980-1982, a downward trend becomes evident for this product as well. The increase in sales of large tracklaying tractors did not compensate for declining sales of smaller tracklaying tractors (Schedule B No. 692.3150) not used in pipeline construction. Sales of these smaller tractors, which are rated at least 260 horsepower but less than 345 horsepower, declined from $2.8 million in 1983 to 0 in 1984. 1/

The two product groupings showing increases, office and automatic data processing machines (Division 75) and other transportation equipment (Division 79), accounted for only a fraction of U.S. exports of machinery and transportation equipment in 1983 or 1984.

1/ U.S. sales of all types of tracklaying tractors decreased from 34 units in 1983 to 27 in 1984, or from $6.4 million to $5.3 million over the same period.

Other products

U.S. exports of insulating and transformer oils increased by 18.1 percent to $16.4 million in 1984. Exports of calcined petroleum coke more than doubled between 1983 and 1984, reaching $8.2 million. 1/ Exports of synthetic rubber also advanced, increasing by 75.3 percent from $8.2 million in 1983 to $14.4 million in 1984.

U.S. Imports

The upward trend in U.S. imports from the Soviet Union, which had sunk to a 5-year low of $228.8 million in 1982, continued during the year under review. Imports from the Soviet Union increased by 63.0 percent, from $341.1 million in 1983 to $556.1 million in 1984, following a 49.1-percent increase between 1982 and 1983.

U.S. imports increased in all but four of the ten broad product groupings of the SITC. Food and Live Animals (Section 0), Beverages and Tobacco (Section 1), Machinery and Transportation Equipment (Section 7), and Miscellaneous Manufactures (Section 8) showed declines, but none of them slipped by more than $3.0 million. The largest absolute increases were registered by Mineral Fuels (SITC Section 3), Chemicals (SITC Section 5), and Manufactured Goods Classified by Chief Material (SITC Section 6). A single commodity, light fuel oils, accounted for 55.4 percent of the increase in total U.S. imports.

Petroleum products

Light fuel oils displaced anhydrous ammonia as the leading U.S. import from the Soviet Union in 1984. Imports of this petroleum product, which is used for home heating, increased by 243.5 percent from $48.9 million in 1983 to $168.0 million in 1984. The growth in imports was entirely the result of an increase in the volume of imports, which rose from 1.5 million barrels in 1983 to 5.3 million barrels in 1984. The unit value slipped from $32.45 per barrel in 1983 to $31.75 in 1984. Over the past 5 years, U.S. imports of this and other petroleum products from the Soviet Union have been highly variable. The United States did not import any light fuel oil from the Soviet Union in 1980 or 1982, but bought 80.7 million dollars' worth in 1981.

The United States imported several other petroleum products from the Soviet Union in 1984: heavy fuel oils, valued at $15.1 million, kerosene ($5.4 million), and gasoline ($3.0 million). None of these products were imported from the Soviet Union in 1983. In 1983, the United States imported 7.1 million dollars' worth of No. 4-type fuel oil, another type of light fuel oil, but did not import this product in 1984.

1/ Higher exports of these and other petroleum products led to an increase of 33.1 percent in the value of U.S. exports classified in SITC Section 3.

At $191.6 million, imports of all petroleum products (SITC Division 33) from the Soviet Union in 1984 reached a record high since trade monitoring began, significantly exceeding the previous record of $106.8 million set in 1981. This was also the second consecutive year-to-year increase in petroleum-product imports, which rose by 440.4 percent to $56.0 million in 1983 and by 242.3 percent between 1983 and 1984. The upward trend in Soviet sales of petroleum products to the United States may be a reflection of efforts to increase the share of refined petroleum products, which have a higher value-added content, in total petroleum exports.

Chemicals

Since 1982, chemicals (SITC Section 5) have been the most important product group among U.S. imports from the Soviet Union. Imports of chemicals increased by 43.9 percent from $144.4 million in 1983 to $207.8 million in 1984 and accounted for 37.4 percent of all U.S. imports from the Soviet Union during the year under review.

Chemicals under the Occidental countertrade arrangement.--Increased imports of anhydrous ammonia, one of the chemicals traded under the Occidental-Soviet agreement, accounted for 85.0 percent of the increase in chemical imports between 1983 and 1984. 1/ U.S. imports of the product increased 62.9 percent, by value, and 331,571 tons, by volume, over 1983. Imports of urea and potassium chloride, the other two products under the countertrade arrangement, were also higher in 1984 than in 1983. Imports of urea increased in value by 14.9 percent to $44.7 million, or in volume by 7.9 percent to 417,551 tons. Imports of potassium chloride (potash) increased in value by 117.6 percent to $9.0 million, or in volume by 103.6 percent to 138,046 tons. As the differences between the increases in value and volume indicate, the unit value of all three products was higher in 1984 than in 1983. Occidental's contract with the Soviet Union sets maximums for imports of the three products. Exact quantities and prices are periodically negotiated. For 1984, Occidental may have sought to increase import volumes to take advantage of increased domestic demand for fertilizers following the end of the Payment-In-Kind (PIK) program, which had reduced plantings.

Other chemicals.--During 1984, the United States imported a number of basic chemicals from the Soviet Union that were not imported during the previous 4 years. The most important were ortho-xylene and benzene, which ranked in the top 20 imports. Since these chemicals are derived from petroleum or coal, their export may be part of the Soviet strategy of exporting products that embody energy.

1/ For an analysis of Occidental's agreement with the Soviet Union on chemical imports and the share of imports of nitrogenous fertilizers in domestic consumption, see 40th Quarterly Report. . ., pp. 65-73.

Metals

U.S. imports of nonferrous metals (SITC Division 68) increased by 18.1 percent from $78.9 million in 1983 to $93.1 million in 1984. The 1984 value of nonferrous-metals imports from the Soviet Union was exceeded only by the $118.4 million imported in 1980. 1/ Imports of metals in the platinum group increased by 47.8 percent to $85.3 million in 1984. This group, which includes palladium, rhodium, and ruthenium, traditionally accounts for the largest share of nonferrous metal imports. Among other members of the nonferrous metals group, unwrought alloys of aluminum sold particularly well in the United States during 1984. Sales increased from $137,000 in 1983 to $7.2 million, making unwrought aluminum alloys the tenth ranking import from the Soviet Union during the year under review. In 1984, the United States also imported 4.7 million dollars' worth of aluminum waste and scrap. 2/

Increasing imports of platinum-group metals and aluminum more than compensated for declining imports of nickel and nickel alloys, which were banned effective December 22, 1983 because there was reason to believe that they contained Cuban nickel. Nickel imports plunged from $19.3 million in 1983 to a negligible value in 1984.

Other U.S. metals imports from the Soviet Union include ferroalloys, which are grouped with other iron and steel products in Division 67. 3/ U.S. imports of ferrosilicon with content over 30 percent (TSUSA item 606.3546), which were the subject of an import relief investigation under Section 406 of the Trade Act of 1974 during 1983, decreased by $1.5 million in 1984. This decline was offset by $1.8 million in sales of ferrosilicon with content under 30 percent (TSUSA item 606.3542), which was not imported previously.

Food, beverages, and consumer goods

Rounding out the list of major U.S. imports from the Soviet Union are a number of consumer goods. The most important of them is fresh, chilled, or frozen crabs, the fifth ranked import in 1984. Imports of this product increased from $12.8 million in 1983 to $15.2 million in 1984. 4/ Imports of raw sable furskins increased by 25.5 percent to $9.8 million, a 5-year record.

1/ The percentage increase in imports of nonferrous metals was slightly higher than that of the SITC Section in which they are included (Manufactures Classified by Chief Material). In 1984, nonferrous metals accounted for 89.7 percent of the value of imports classified in this section.

2/ The SITC classifies aluminum waste and scrap as a crude material (i. e., in Section 2 rather than Section 6). Increased imports of this product accounted for 81.2 percent of the increase in imports of all Section 2 products.

3/ U.S. imports classified in this division consisted entirely of ferroalloys in 1983 and 1984.

4/ The large increase in U.S. imports of crabs, which were the only food import valued at more than $2.5 million in 1983 or 1984, did not compensate for decreasing imports of other food products, especially shrimp. Thus, the value of U.S. imports of Food and Live Animals (SITC Section 0) was slightly lower in 1984 than in 1983.

In contrast, imports of all types of vodka, which had increased by 19.2 percent between 1982 and 1983, declined by 21.9 percent to $8.7 million in 1984. Soviet vodka sold in the United States is clearly identified as a product of the Soviet Union. Hence, a correlation between sales and political relations might be expected, but it seems weak at best. Following the Korean Air Lines incident in late August 1983, many state-liquor boards and individuals boycotted Soviet vodka. Imports of vodka in its most popular form declined in the fourth quarter of 1983 from the level of the corresponding quarter of the previous year, but sales for the whole year were higher. In fact, Stolichnaya accounted for half of all imported vodka sold in the United States during 1983. 1/ In 1984, the climate of bilateral political relations improved and many states started to sell Soviet vodka again--in some cases by special order only--but imports of the Soviet product declined. 2/

1/ "Russia Leads Import Race," New York Post, Oct. 25, 1984.

2/ "Boycotting of Russian Vodka Ended or Eased by Most States," Wall Street Journal, Sept. 18, 1984, p. 33.

EASTERN EUROPE

Introduction

Eastern Europe's economic recovery continued in 1984. The region had a record grain harvest and its industrial output increased. Continued austerity and Western economic recovery, which increased the import absorbing capacity of industrialized nations, brought about further improvements in the region's external finances. The favorable outlook for renewed growth in the region's demand for Western goods and the recent revival of U.S.-Soviet commercial contacts 1/ contributed to an improvement in U.S.-East European commercial relations during the year under review.

Trade turnover between the United States and Eastern Europe increased by 31.4 percent from 1983 to 1984 (table 14). The 58.0-percent increase in U.S. imports from the region over the period accounted for most of this increase. U.S. exports to Eastern Europe edged up only 0.9 percent from 1983 to 1984. Among U.S. exports to the region, oilseeds and products, grains (particularly corn), fertilizers, and cattle hides remained the most important commodities. Among U.S. imports from the region, refined petroleum, iron and steel products, canned hams, yarns, fabrics, clothing, fertilizers, road vehicles, footwear, glassware, and non-ferrous metals stood out as East Europe's top dollar earners during the year under review.

The U.S. deficit in merchandise trade with the region deteriorated more than four-fold from $133.8 million in 1983 to $712.0 million in 1984. At $194.9 million, the deficit during October-December 1984 was higher than the quarterly average of deficits in 1984.

Regional economic developments

Romania

The acceleration in Romanian economic growth since the country's payments malaise in 1981 continued during the year under review. 2/ Western analysts estimate that the real growth of the Romanian economy was 4.5 percent in 1984. 3/ According to statistics from Bucharest, Romania's national income in current prices increased by 7.7 percent, the value of its industrial production by 7.0 percent and the volume of investments in its national economy by 6.1 percent during the year under review. The country recorded its largest ever grain harvest in 1984, and a rise in livestock production was

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1/ See appropriate section earlier in this report.

2/ The growth rate of national income was 2.2 percent in 1981, 2.6 percent in 1982 and 3.4 percent in 1983.

3/ Wharton calculations showed a 4.54 percent growth in Romania's net material product at constant prices in 1984. See Wharton Econometric Forecasting Associates, Centrally Planned Economies, October 1984, p. 112. Business International Corporation put the 1984 increase in Romania's national income at a maximum of 5.0 percent. See Business Eastern Europe, Nov. 30, 1984, p. 380.

Table 14.--U.S. trade with Eastern Europe, 1/ by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	474,670	321,173	277,073
1. Beverages and tobacco	11,245	21,763	10,929
2. Crude materials--inedible, except fuel	206,588	254,519	323,471
3. Mineral fuels, lubricants, etc	17,399	16,201	32,415
4. Oils and fats--animal and vegetable	16,465	13,482	10,307
5. Chemicals	79,194	67,351	67,942
6. Manufactured goods classified by chief material	23,060	25,080	22,192
7. Machinery and transportation equipment	107,529	84,964	75,342
8. Miscellaneous manufactured articles	35,935	27,638	22,794
9. Commodities and transactions not elsewhere classified	24,301	44,525	41,731
Total	996,387	876,695	884,198
U.S. imports:			
0. Food and live animals	134,417	162,492	161,406
1. Beverages and tobacco	23,849	34,951	26,693
2. Crude materials--inedible, except fuel	9,329	9,584	7,992
3. Mineral fuels, lubricants, etc	99,431	281,786	508,940
4. Oils and fats--animal and vegetable	430	-	3
5. Chemicals	33,327	53,305	116,722
6. Manufactured goods classified by chief material	148,040	154,109	377,073
7. Machinery and transportation equipment	144,951	107,919	149,027
8. Miscellaneous manufactured articles	222,641	202,014	243,203
9. Commodities and transactions not elsewhere classified	7,275	4,318	5,090
Total	823,691	1,010,479	1,596,150

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.

also reported. 1/ But oil extraction and production of a number of vital chemical products suffered setbacks in 1984. 2/ Instead of the projected 13 million metric tons (MMT), actual crude oil production in 1984 reached only 11 MMT--a slight decline compared with 1983. This and other shortfalls in the extractive and energy industry led to higher than anticipated imports in 1984 and handicapped efforts to increase utilization of the country's oversized refining and petroleum chemical industry capacity. 3/

Severe austerity to redress Romania's external payments balance helped the country to achieve a robust $1.8 billion trade surplus and a record current account surplus in 1984 (table 16). 4/ Official Romanian statistics claimed a 13.6-percent increase in the volume of Romanian trade turnover during the year under review. Exports increased by 16.5 percent and imports by 9.6 percent. It appears that the share of the NME's in total Romanian trade further increased in 1984. 5/ With deliveries of fuels and raw materials from the U.S.S.R. figuring prominently in Romania's trade, the Soviets accounted for at least 20.0 percent of the country's 1984 total trade turnover. Romania concluded a number of state-to-state bilateral trade agreements with developing countries in 1984. Under these agreements Romania often supplies credit to developing countries and accepts their countertrade demands. 6/

The development of the domestic energy base and economic rationalization remained the leading domestic economic concerns in 1984. But beyond moving some decisionmaking power from the branch ministries to foreign trade organizations, no significant change in Romania's highly centralized economic system occurred.

1/ East Europe Agriculture, No. 28, Jan. 28, 1985, p. 21.

2/ For official Romanian data on 1984 economic performance, see FBIS, Eastern Europe Daily Report, Feb. 8, 1985, pp. H1-H12.

3/ The country's refining and petroleum chemical capacity is estimated at 30 million tons per year. Financial Times, Jan. 28, 1985, p. 10.

4/ Wharton Econometric Forecasting Associates, Centrally Planned Economies, Balance of Payments and Debt Forecast, Romania, Dec. 21, 1984, p. 2.

5/ The share of the West in total Romanian trade declined from 36.5 percent in 1975 to approximately 24.0 percent in 1983. The share of Third World countries rose from 18.5 percent to 23.0 percent, and that of the NME's from 45.0 percent to 53.0 percent over the same period. Wharton estimates that Romania's non-NME trade increased by 6.3 percent from 1983 to 1984. Considering the above mentioned 13.6 percent as a weighted average of NME and non-NME trade growth (with the respective shares in total trade as weights), the rate of growth in NME trade had to exceed the growth of non-NME trade since the growth of non-NME trade was smaller than the average. This means that the share of the NME's in total Romanian trade also had to increase during the year under review.

6/ EIU, Quarterly Economic Review of Romania, Bulgaria, Albania, 1984, No. 4, p. 19.

In the years ahead, the authorities plan to increase domestic consumption and reduce the external debt by further accelerating overall economic growth. Guidelines for the 1986-1990 five-year plan call for an average annual increase of 7.6-8.3 percent in the country's net material product and a 6.0-6.5 percent increase in its gross industrial output. 1/

Poland

In quantitative terms, the performance of the Polish economy was reasonably good in 1984. Poland's national income grew about 5.1 percent and its industrial output by 4.8 percent in real terms during the year under review. Advances were registered in most industrial branches. The fastest growing branches were electrical engineering and electronics (11.6 percent), electric power generation (9.5 percent) and small-scale manufacturing (9.1 percent). 2/ According to official Polish sources, labor productivity in industry exceeded its 1979, precrisis level. 3/ Favorable weather conditions helped Poland to achieve an impressive 5.7 percent growth in its gross agricultural output, with crop production increasing by 7.6 percent and animal products by 3.4 percent.

Poland's hard-currency exports increased by 5.3 percent while its imports increased by 8.2 percent in current dollar terms from 1983 to the year under review. The country's hard-currency merchandise trade surplus declined slightly from $1.55 billion in 1983 to $1.50 billion in 1984. Polish exports to other NME's increased by 11.0 percent and imports by 12.0 percent, widening the country's ruble trade deficit from 523 million rubles in 1983 to 666 million rubles in 1984. 4/

The following factors cast a shadow on the Polish economy's quantitative successes in 1984: (1) Continued austerity measures severely limited imports from the West, causing difficulties in several industrial branches, particularly in food processing, the chemical industry and in some manufacturing branches. 5/ Moreover, with the priority still set at keeping the industry functioning, the bulk of the country's hard-currency revenues were spent on raw materials and components, 6/ rather than on Western capital equipment, badly needed to improve the international competitiveness of industrial products. (Although gross real investment in the Polish economy increased by an estimated 6.5 percent during the year under review, the level of gross investment in fixed capital was 40 percent of the peak reached in 1978. 7/) (2) Despite the large merchandise trade surplus, Poland's

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1/ Some Western and Romanian analysts find these growth rates unrealistically high. For a critique by Romanian economists of the country's extensive growth model, see Radio Free Europe Research, Romanian Situation Report, No. 14, Oct. 5, 1984.

2/ For a detailed report on Polish economic performance in 1984, see Jan Vanous, Polish Economic Performance in 1984--Continued Modest Recovery, Wharton, Volume V, Numbers 17-18, Feb. 27, 1985.

3/ FBIS, Daily Report, Eastern Europe, Dec. 26, 1984, G4.

4/ See PlanEcon, ibid.

5/ For details see EIU Quarterly Report of Poland, No. 4, 1984, pp. 3-6.

6/ Financial Times, Jan. 28, 1985, p. 11.

7/ See PlanEcon, ibid.

hard-currency current account balance deficit increased from 1983 to the year under review (table 16). If the interest arrears are taken into account, the country's debts also increased in such a comparison. The relative control achieved over hard-currency external balances coincided with a buildup of debts to other NME's, particularly to the Soviet Union. (3) Some experts believe that the critical role Polish coal exports played in the country's high hard-currency merchandise trade surplus in 1984 is unsustainable. (Polish coal exports reached 43 MMT in 1984.) 1/

Implementation of Poland's market economic reform program continued in 1984, but assessments of its success vary greatly. Western analysts generally agree that the overall level of state control in the Polish economy did not substantially change in 1984. 2/ Some particular moves, however, indicate that efforts were made to overhaul Poland's economic institutions. The independence of firms in international trade was broadened, and Polish firms were encouraged to enter into direct contact with firms from other NME's in 1984. 3/ The traditional system of Foreign Trade Organizations (FTO's) was further altered by tightening links between them and the producing firms. Reliance on international market forces to shape economic decisions also increased through a closer alignment of domestic prices with world market prices. The authorities attempted to simulate the likely effect of the market on the domestic currency's international value through an active exchange rate policy. 4/

Hungary

Achieving its best growth performance in the 1980's, Hungary's national income increased by slightly more than 2.0 percent and its industrial output by 3.0 percent in 1984. Food processing, aluminum, electrical machinery were among the most rapidly expanding sectors of industry in 1984. The country's agricultural output increased 4.0-5.0 percent in 1984. Grain production reportedly exceeded 15 MMT--the country's best-ever harvest. The livestock sector did also well with an increase of over 5.0 percent in comparison with 1983 output. 5/

1/ EIU, Ibid.

2/ A Radio Free Europe research paper defines the current, post-reform Polish economic system as "indirect command planning." (See Jacek Rostowski, The Reformed Economic System in Poland, 1983-1984, Radio Free Europe Research, Sep. 17, 1984, pp. 1-10.) I.e., there has been an incomplete transformation of a command planning system into the indirect control of the economy that NME decentralization efforts through reform programs generally set out to accomplish.

3/ FBIS, East Europe Report, Economic and Industrial Affairs, Jan 18, 1985, p. 2.

4/ The planners' ultimate goal is the zloty's international convertibility. See EIU Quarterly Economic Report of Poland, 1984, p. 6.

5/ In 1983, Hungary's gross agricultural output declined by 3.2 percent. For details on Hungary's agricultural performance in 1984, see FBIS, Daily Report Eastern Europe, Feb. 22, 1985, F-2.

Hungary's hard currency merchandise trade surplus was $600 million in 1984, according to official sources. 1/ In trade with the industrialized West, the deficit shrank from over $1 billion in 1983 to $200 million in 1984. Thus the overall positive balance was the result of a large surplus in trade with the Third World, but to some extent also with other NME's. Accounting for 30-40 percent of the country's hard currency export revenues, the food sector continued to play a crucial role in assuring Hungary a positive hard currency merchandise trade balance.

Since 1979-1980, Hungary has been decentralizing its industries, decontrolling its domestic prices and introducing innovations into its domestic financial life. Overall good Hungarian economic performance in 1984 may well be the first indication that the reform and the accompanying austerity measures introduced in order to deal with the country's external imbalance and to modernize its economic structure have begun to pay off. 2/

East Germany

East Germany posted a 5.5-percent increase in its national income, and a 8.5-percent increase in its net industrial output for 1984. 3/ Its labor productivity, according to official East German statistics, increased 5.0 percent in 1984 and it had a record grain harvest of 11.5 million metric tons. 4/ The country led the region in reducing net hard currency debts (table 15) and it has significantly improved its creditworthiness among Western commercial bankers during the year under review. 5/

The country's overall foreign trade turnover increased by 8.0 percent in 1984. Trade with non-NME's increased by 6.0 percent, according to official claims--by 4.0-5.0 percent, according to Wharton estimates. 6/ The authorities

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1/ FBIS, Daily Report Eastern Europe, Feb. 13, 1985, F-18.

2/ For a concise assessment of Hungary's 17-year old economic reform movement, see Radio Free Europe Research, Background Report, Eastern Europe in 1984, Jan. 11, 1985, pp. 26-28.

3/ According to estimates by PlanEcon, the real growth of net East German industrial output was 5.8 percent in 1984. See Wharton Econometric Forecasting Associates, Centrally Planned Economies Current Analysis, East Germany, Feb. 13, 1985.

4/ FBIS, Daily Report, Eastern Europe, Jan. 28, 1985, p. E1.

5/ A good indication of East Germany's improved creditworthiness was the favorable market reaction to the country's request for a $150 million Euroloan syndication towards the end of 1984. Despite the relatively low margin of 1 percent over Libor, subscriptions were quickly raised to $400 million. The special relationship with West Germany, of course, played a key role in East Germany's success in re-establishing itself as a sound risk. According to some press reports, East Germany can improve its external accounts by reselling products imported from West Germany under the inter-German clearing agreement on other Western markets. For more on the rehabilitation of GDR's creditworthiness in 1984, see Wharton Econometric Forecasting Associates, Centrally Planned Economies Balance of Payments Report, Section 1, Dec. 21, 1984 p. 1; and Financial Times, Jan. 28, 1985, p. 10.

6/ For a detailed analysis of East Germany's 1984 trade performance, see Wharton, ibid.

have apparently decided in 1984 that an increase in hard currency imports is a better strategy than import austerity in ensuring economic growth and reducing the country's external debts. According to Wharton estimates, East Germany's hard-currency imports in 1984 were 9-11 percent higher in real terms than in 1983. Trade between the two German states in 1984 is likely to have exceeded the record $4.6 billion of 1983. Among its other Western trading partners, France, Austria, Finland and Italy have increased trade with East Germany during the year under review. 1/ East German trade with the NME's increased by 9.0 percent and with the Soviet Union--the country's largest trade partner--by 10.0 percent.

Rationalization efforts by the authorities aimed at raising consumer goods production did not result in any appreciable change in the country's highly centralized economic mechanism in 1984.

Czechoslovakia

The economic recovery that started in 1983 continued in 1984. The Czechoslovak national income may have grown 3.2 percent in 1984, compared with a 2.7-percent increase in 1983. Industrial production grew 3.9 percent in 1984 (as opposed to 2.7 percent in 1983) 2/, and the GDP by 1.8 percent (1.5 percent in 1983), according to preliminary estimates. 3/ Agricultural output in 1984 exceeded the planned volume of output by 6.5 percent. The country had a record grain harvest of 12 MMT. 4/ A small improvement in satisfying consumer needs may have also occurred during the year under review. But some of the familiar failings of accelerated growth, coupled with strong central planning were also observed in Czechoslovakia during the year under review. Overplan production created excess stocks and led to wasteful and unintended uses of the country's relatively scarce energy and raw material inputs. 5/

In foreign trade, Czechoslovakia registered a considerable $900 million surplus in its hard-currency merchandise trade. 6/ The country's exports to hard-currency markets increased by 3.9 percent in 1984, while its hard currency imports rose by 3.0 percent. Czechoslovak exports to other NME's

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1/ For details, see FBIS, East Europe Report, Economic and Industrial Affairs, Jan. 17, 1985, pp. 10-15.

2/ See FBIS, Eastern Europe, Daily Report, Dec. 5, 1984, p. D1. The 2.7-percent growth in 1983 is an official revision of the initially announced 2.2-percent growth reported on page 88 of the 37th Quarterly Report . . ., p. 88. For more on this subject, see EIU Quarterly Economic Review of Czechoslovakia, No. 3, 1984, p. 3.

3/ See Wharton Econometric Forecasting Associates, Centrally Planned Economies Current Analysis, Czechoslovakia, Feb. 20, 1985, and Centrally Planned Economies Outlook, October 1984, p. 89.

4/ FBIS, Eastern Europe, Daily Report, Jan. 29, 1985, p. D10.

5/ See EIU, Quarterly Review of Czechoslovakia, No. 1, 1985, pp. 8-11.

6/ Wharton Econometric Forecasting Associates, Centrally Planned Economies Balance of Payments and Debt Report, Section 1, Dec. 21, 1984.

increased by 12.1 percent and imports from the NME's by 12.7 percent, during the year under review. Trade with the Soviet Union was particularly strong. Czechoslovakia's deficit in bilateral trade with the Soviets further increased mainly as a result of Soviet crude oil deliveries on credit. In 1984, trade with the NME's accounted for 78.3 percent of Czechoslovakia's foreign trade, and the share of the Soviets in the country's NME trade was 61.0 percent. 1/

In order to minimize Czechoslovakia's economic dependence on the West, the authorities have apparently decided to eliminate the country's hard-currency net debts by the end of 1985. 2/ This move appears to be politically motivated, considering the relatively small stock of net obligations ($1.9 billion at the end of 1984) and the country's dire need to rebuild its aging capital stock by importing Western technology. 3/

In 1984, the Government continued its efforts to spread the use of world market prices in domestic transactions. A limited admission of the need to reform Czechoslovakia's economic institutions persisted, but there was no clear indication whether the country made progress in this during the year under review.

Bulgaria

Bulgaria's national income grew by 4.6 percent, its industrial production by 4.5 percent and its agricultural output by 6.8 percent in 1984. 4/ The country's labor productivity has increased by 4.0 percent and its real per capita income by 2.5 percent during the year under review.

Bulgaria's exports to non-NME's increased by 10 percent in current dollar terms in 1984. The 4-percent decline in exports to the developed West was offset by a 21-percent increase in exports to Third World countries during the year under review. Bulgaria's 1984 trade surplus is estimated at $480 million ($378 million in 1983). 5/ Weak agricultural export performance, caused by depressed prices for some of the country's main agricultural exports, was the main reason behind Bulgaria's loss of export revenues from the West in 1984. According to Wharton, the share of energy exports in the country's total exports to the West increased from 58 percent in 1980 to 90 percent during the year under review. About 90 percent of Bulgarian energy exports to the West are estimated to be re-exports of Soviet and Middle Eastern oil in crude or refined form.

1/ FBIS, Eastern Europe, Daily Report, Dec. 5, 1984, p. D2.

2/ See Bank for International Settlements, BIS, Press Review Jan. 25, 1985, p. 2.

3/ The domestic press complained about discrimination by the West against Czechoslovakia's exports, particularly restrictions by the EC. These restrictions reportedly include quotas on textiles, footwear, metallurgical products, electric motors, and on a variety of other commodity groups. See FBIS, Eastern Europe, Daily Report, Dec. 31, 1984, p. D3. It appears that the regime has stepped up research and development efforts in order to obviate the need for Western technology imports. The country spent 4 percent of its national income on research and development. (FBIS, JPRS, East Europe Report, Economic and Industrial Affairs, Dec. 5, 1984, p. 101.)

4/ Telephone interview with PlanEcon.

5/ Wharton, Centrally Planned Economies Balance of Payments and Debt Report, Bulgaria, Jan. 15, 1985.

Preliminary estimates indicate that the growth of Soviet-Bulgarian trade in 1984 was higher than the average growth of Bulgarian trade with other NME's. 1/ Thus, an increase in the role of developing countries in Bulgaria's non-NME trade, and an increase in the role of the Soviet Union in its NME trade characterized changes in Bulgaria's regional structure of trade in 1984. (Currently NME's account for about 80 percent of Bulgaria's total trade.)

The implementation of the country's economic reform program, "the new economic mechanism," continued in 1984. 2/ In order to improve the quality of production, the Government's efforts to arrest the trend towards industrial concentration through the creation of small- and medium-sized enterprises made some progress during the year under review. 3/

Developments affecting commercial relations with Eastern Europe

Steps to improve U.S.-Polish commercial relations

Of the U.S. sanctions on economic and scientific cooperation with Poland, prompted by the imposition of martial law in December 1981, the following four remained in effect at the end of 1984: The ban on extending any new U.S. Government credit to Poland; the suspension of Export-Import Bank export credit insurance for Poland; the implementation of a "no-exceptions" policy restricting the licensing of high-technology items for export to Poland, and suspension of the country's "most-favored-nation" tariff status. 4/

The following sanctions were removed during 1984: refusal to negotiate the rescheduling of Polish payment obligations on existing Government loans; curtailment of Polish fishing rights in U.S. waters; suspension of Polish civil aviation privileges in U.S. airspace; suspension of travel under the Maria Sklodowska Curie Fund's scientific exchange program, and opposition to Poland's membership in the International Monetary Fund. 5/

1/ Wharton Econometric Forecasting Associates, Centrally Planned Economies Current Analysis, Bulgaria, Dec. 10, 1984, pp. 1-10.

2/ For a summary of the main features of Bulgaria's economic reform, see Wharton Econometric Forecasting Associates, Centrally Planned Economies Current Analysis, "Introduction of the 'Economic Approach' to Management and Planning in Bulgaria," May 30, 1984.

3/ See Radio Free Europe Research, Bulgarian Situation Report, Jan. 16, 1985, pp. 9-11.

4/ For a complete list of the 1981 U.S. sanctions on economic and scientific cooperation with Poland, and the easing of these sanctions in 1983, see 37th Quarterly Report. . ., pp. 90-92.

5/ For a detailed description of developments in normalizing U.S.-Polish commercial relations during the first three quarters of 1984, see 40th Quarterly Report. . ., pp. 49, 50.

Renewal of most-favored-nation status for Hungary and Romania

The MFN status of Hungary and Romania was extended for another year on July 2, 1984. A hearing before the Senate Finance Committee on the extension took place on August 8, 1984. For the first time since 1975 when Congressional scrutiny of the MFN status of NME's started, the renewal process in 1984 did not include hearings before the House Ways and Means Committee. 1/

The effect of the Supreme Court's June 23, 1983, so-called Chadha decision, 2/ on the ways Congress could eventually suspend the MFN status of an NME despite Presidential recommendation for renewal remained unclear in 1984. The language of the opinion accompanying the Chadha decision indicated that all two-House or one-House legislative vetos would be unconstitutional. This means a Congressional resolution of disapproval presented in the form of concurrent resolution (the legislative route Congress could have followed according to the Trade Act of 1974 in case of disagreement with Presidential determination) would be unconstitutional. Therefore, it is considered likely, that only a joint resolution of disapproval or the passage of a bill to the same effect, could assure the constitutionality of a disapproving move by Congress. 3/

The East European debt situation

As a result of continued import restraints and efforts to increase hard currency earnings, both the gross and net hard currency debts of Eastern Europe as a region declined from yearend 1983 to yearend 1984 (see table 15). According to PlanEcon, if interest arrears are included, Poland's hard currency debts increased from $26.4 billion at the end of 1983 to $26.8 billion at the end of 1984. 4/

1/ Congress had until Sept. 1, 1984 to adopt disapproving legislation suspending the MFN treatment of these countries. For details of the 1984 renewal, see 40th Quarterly Report. . . , pp. 51-53. For descriptions of the legislative mechanism involved in renewing the most-favored-nation treatment of the NME's under the so-called Jackson-Vanik Amendment of the Trade Act of 1974, see ibid., and 35th Quarterly Report . . ., pp. 36, 37.

2/ See 35th Quarterly Report . . ., p. 36.

3/ In connection with Section 330 of the Tariff Act of 1930 (concerning import relief), the Trade and Tariff Act of 1984 provided a precedent for the use of joint resolution as a way for Congressional disapproval of Presidential determinations in lieu of a concurrent resolution. (See Trade and Tariff Act of 1984, Section 248.)

4/ See "PlanEcon, Inc.," Polish Economic Performance in 1984, Volume V, Numbers 17-18, Feb. 27, 1985.

Table 15.--East European gross and net debts yearend, 1983 and 1984

(In billions of dollars)

Countries	Gross debt			Net debt		
	Yearend 1983	Yearend 1984	Differences	Yearend 1983	Yearend 1984	Differences
Bulgaria	2.4	2.2	-0.2	1.3	1.0	-0.3
Czechoslovakia	3.4	3.3	-0.1	2.5	1.9	-0.6
East Germany	11.9	12.0	0.1	8.5	7.5	-1.0
Hungary	8.8	8.3	-0.5	7.5	7.1	-0.4
Poland	26.7	25.8	-0.9	25.5	24.9	-0.6
Romania	8.8	8.3	-0.5	8.3	7.8	-0.5
Total	62.0	59.9	-2.1	53.6	50.2	-3.4

Source: Unofficial OECD estimates.

Showing a spectacular improvement over the 1981 crisis year, the region's overall hard currency current account balance further improved from 1983 to 1984 (table 16).

Table 16.--East European current account balances, 1981-84

(In millions of dollars)

Countries	1981	1982	1983	1984
Bulgaria	183	399	301	432
Czechoslovakia	-304	55	517	765
East Germany	-942	831	1,172	893
Hungary	-727	-63	297	299
Poland	-3,024	-2,263	-1,210	-1,285
Romania	-818	655	922	1,202
Total	-5,632	-386	1,999	2,306

Source: Data published by Wharton Econometric Forecasting Associates in Centrally Planned Economies, Balance of Payments and Debt Forecast, Jan. 15, 1985.

Poland

In July 1984, Poland successfully rescheduled $1.6 billion of its debts to private commercial banks. The country's accumulated 1984 payment obligations to official Western creditors were estimated at $11 billion. Slow and difficult negotiations between the Western creditor and the Polish Governments did not result in a final agreement by the end of the year. 1/

It is generally believed that Polish accession to the IMF would increase the efficiency of joint Western-Polish efforts to deal with the country's unresolved debt problem. 2/ Beyond the many possibilities of direct assistance by IMF in finding interim, operative solutions to the country's external debt problem, Poland's potential fund membership also improves prospects for a successful implementation of its economic reform program. 3/

Romania

There was no rescheduling of Romanian debts in 1984. In January 1984, the IMF's 285 million SDR loan to Romania was cancelled as a result of disagreement between the fund and Romania over conditions attending the loan. This loan would have been the last portion of the 1.1 billion SDR standby agreement, negotiated between the fund and Romania for June 1981-June 1983. The agreement stipulated a drawing of conditional fund resources up to 210 percent of the country's quota. 4/

The last rescheduling of Romanian debts to official Western creditors occurred in May 1983 when Romania and the Western official lenders rescheduled 60 percent of the country's 1983 obligations, amounting to $148 million.

1/ The agreement was initialed in early January 1985.

2/ Poland, one of the founding members of IMF from 1945 until it withdrew in 1950, applied for fund membership in November 1981. Poland may be available for Fund assistance in 1986 at the earliest.

3/ Some analysts warned, however, that even under the most favorable assumptions about IMF financial assistance and Polish efforts to redeem its obligations, Poland might not be in a better position to repay its debts in 1990 than it was at the beginning of the 1980's. (See International Monetary Fund, Intereconomics, March/April 1984, pp. 68-70.) The Polish Deputy Minister of Finance Witold Bien estimated that under the favorable circumstances of growing hard currency trade surplus Polish debts (with interest arrears included) could grow to $32-33 billion in 1987-88. EIU The Economist Intelligence Unit, Quarterly Review of Poland, No. 4, 1984, p. 21.

4/ It appears that IMF conditions accompanying fund assistance were at the core of the disagreement. Towards the end of 1983, Romania began to resist some of the economic measures that the fund demanded from the country's Government. In October 1983 Nicolae Ceausescu rejected a further increase in energy prices demanded by the IMF. (See International Monetary Fund, Intereconomics, ibid., p. 67.) Romania's 20 percent revaluation of the lei against Western currencies and reductions in interest rates in November 1984 were the exact reverse of policies urged by the IMF. (See Financial Times, Jan. 28, 1985, p. 10.)

The last rescheduling of the country's debts to commercial creditors occurred in June 1983. This also involved 60 percent, about $600 million, of the country's 1983 obligations. 1/

U.S. Administrative actions affecting imports from Eastern Europe

During 1984, the Commission concluded a dumping case involving imports of carbon steel wire rod from Poland. It also completed preliminary investigations of imports of carbon steel wire rod and muriate of potash from East Germany. The Commission instituted 12 cases involving certain carbon steel products from Czechoslovakia, East Germany, Hungary, Poland and Romania.

ITA determination on the inapplicability of U.S. CVD law to NME's.--On May 7, 1984, the Commerce Department's International Trade Administration determined that subsidies within the meaning of U.S. countervailing duty law could not be found in NME's. 2/ The determination was made in connection with allegations that the Governments of Poland and Czechoslovakia were subsidizing exports of carbon steel wire rod. 3/

The Commission did not make injury determinations in these CVD cases. Injury determinations in CVD cases are made only when the affected country is a signatory of GATT's Subsidies Code, or it has incurred similar obligations, or the article entered the United States free of duty. Czechoslovakia and Poland are not signatories of this code, nor have they incurred similar obligations. Moreover, wire rod is dutiable.

The petitioners in the carbon steel wire rod case joined with the petitioners in the muriate of potash case 4/ in appealing this determination to the U.S. Court of International Trade.

1/ For the terms of the 1983 rescheduling agreements, see 37th Quarterly Report . . ., pp. 93-94.

2/ For details of the determination, see 49 F.R. 19370 and 19374, and 40th Quarterly Report . . ., pp. 58,59.

3/ The petitions of five steel producers (Atlantic Steel Co., Continental Steel Corp., Georgetown Steel Corp., North Star Co.-Texas, and Raritan River Steel Co.) also alleged that Polish carbon steel wire rod was being sold at less than fair value in the United States. On August 28, 1984, the Commission determined that these imports from Poland sold at LTFV were not causing, or threatening to cause, material injury to a U.S. industry. On September 26, 1984, the same producers filed further petitions alleging that LTFV sales of carbon steel wire rod from East Germany injured U.S. producers. On Nov. 6, 1984, the Commission determined that there was a reasonable indication that an industry in the United States is materially injured by reason of these imports from East Germany. (For further information on these two cases, see 40th Quarterly Report . . ., pp. 58-59.)

4/ See under muriate of potash from East Germany and the Soviet Union in this section.

Carbon steel wire rod from East Germany.--On September 26, 1984, the petitioners in the Czechoslovak and Polish wire rod cases alleged that wire rod imports from East Germany were being sold at LTFV and were injuring U.S. producers. On November 6, 1984, the Commission determined that there was a reasonable indication that an industry in the United States is materially injured by reason of imports of East German carbon steel wire rod. 1/

Muriate of potash (potassium chloride) from East Germany and the Soviet Union.--On March 30, 1984, AMAX Chemical, Inc., and Kerr-McGee Chemical Corp. filed petitions with the Commission and the U.S. Department of Commerce alleging that potash imported from East Germany, Israel, Spain and the Soviet Union was being subsidized and/or sold at less than fair value (LTFV) and that such imports were causing the requisite injury to U.S. potash producers. Since East Germany and the Soviet Union are not signatories to the GATT Subsidies Code, the Commission did not investigate injury from subsidies allegedly paid by these two governments. The Commerce Department initiated countervailing duty investigations of potash imports from these two NME's, but it subsequently rescinded its investigations and dismissed the petitions in light of its May 7, 1984 determination that subsidies cannot be found in NME's.

On May 14, 1984, the Commission made an affirmative preliminary determination in each of the four dumping and two countervailing duty cases. 2/ The Commerce Department's preliminary determinations in the dumping investigations were also affirmative in five out of the six cases i.e., not for Israel. 3/

On September 12, 1984, the Commission instituted its final antidumping investigations under section 735(b) of the Tariff Act of 1930 on potash imports from East Germany, Spain and the U.S.S.R. The Commission subsequently terminated the antidumping investigation of Spanish imports, leaving only imports from the two NME's on the agenda.

1/ Commissioners Susan W. Liebeler and Seeley G. Lodwick determined that that there was reasonable indication that a U.S. industry was threatened with material injury by reason of these imports. See 40th Quarterly Report . . ., p. 59.

2/ For the voting record in this determination, see 40th Quarterly Report . . ., p. 60, note 1.

3/ 49 F.R. 35845. The Commerce Department made affirmative preliminary determinations in its countervailing duty cases involving imports of muriate of potash from Israel and Spain. (See 49 F.R. 23428, June 6, 1984.) The Commission's determination, however, was negative in both of these countervailing duty cases. Potassium Chloride From Israel and Spain, Determinations of the Commission in Investigation Nos. 303-TA-15 and 701-TA-213 (Final), USITC Publication 1596, Nov. 1984.

On November 8, 1984, the Commerce Department notified the Commission that it will make its final determinations in the investigations concerning imports of this product from East Germany and the Soviet Union by January 25, 1985. 1/

Certain carbon steel products from Czechoslovakia, East Germany, Hungary, Poland and Romania.--On December 19, 1984, U.S. Steel Corp. and Chapparal Steel Co., and on December 20, 1984, Bethlehem Steel Corp. filed petitions alleging that imports of certain carbon steel products from Austria, Czechoslovakia, East Germany, Finland, Hungary, Norway, Poland, Romania, Sweden, and Venezuela are being subsidized by the respective foreign governments and/or being sold in the United States at (LTFV). The petitions also alleged that industries in the United States are materially injured or threatened with material injury by reason of such imports. Since countervailing duty investigations are not conducted on imports from the NME's (see "Carbon steel wire rod from Czechoslovakia and Poland" earlier in this section), the Commission instituted only antidumping investigations on certain carbon steel product imports from the NME's. The antidumping investigations involve the following steel products and NME's: Carbon steel plates: Czechoslovakia, East Germany, Hungary, and Poland; hot-rolled carbon steel sheets: Hungary and Romania; cold-rolled carbon steel plates and sheets: Czechoslovakia, East Germany and Romania; galvanized carbon steel sheets: East Germany and Romania; carbon steel structurals: Poland 2/

U.S. Exports

Eastern Europe was the destination of 12.3 percent of U.S. exports to the NME's in 1984. Although U.S. sales to the region increased by a slight 0.9 percent from 1983 to 1984, they remained at a lower level than in any year during 1980-82. (The increase in U.S. exports to the NME's was 41.8 percent over the same period.) The shares of the six countries in 1984 U.S. exports

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1/ On Jan. 25, 1985, the Commerce Department determined that imports from East Germany had a zero margin of dumping, and those from the Soviet Union, a 1.77 percent margin. However, the Commission unanimously determined on March 4, 1985, that the domestic industry is not materially injured, or threatened with material injury, by reason of imports of potassium chloride from the U.S.S.R. See Potassium Chloride From the U.S.S.R. (investigation No. 731-Ta-187 (Final), USITC Publication 1656, Feb. 25, 1985.

2/ On January 28, 1985, the Commission voted on these cases. In the cases involving carbon steel plates and hot-rolled carbon steel sheets the votes were 4 to 1, with Chairwoman Paula Stern, Commissioners Alfred E. Eckes, Seeley G. Lodwick and David B. Rohr voting affirmatively, and Commissioner Susan W. Liebeler voting negative. In the cases involving cold-rolled carbon steel plates and sheets, and carbon steel structurals, the vote was 3 to 2, with Commissioners Alfred E. Eckes, Seeley G. Lodwick and David B. Rohr voting affirmatively, and Chairwoman Paula Stern and Commissioner Susan W. Liebeler voting negative. In the cases involving galvanized carbon steel sheets, the votes were unanimously negative. For an explanation of the re-emergence of East European sales of iron and steel products to the United States in 1984, see under U.S. administrative actions affecting imports from Eastern Europe, earlier in this report.

to the region were as follows: Poland (35.6 percent), Romania (27.8 percent), East Germany (15.4 percent), Hungary (9.6 percent), Czechoslovakia (6.6 percent) and Bulgaria (5.0 percent).

Oilseeds and products

Soybeans remained the leading U.S. export to Eastern Europe during the year under review (table B-7). The value of these shipments to Eastern Europe increased by 14.8 percent from $125.0 million in 1983 to $143.5 million in 1984. But reflecting a 19.6-percent increase in the average unit value of soybeans between the two periods, the quantity of U.S. soybean exports to Eastern Europe decreased by 4.0 percent from 498,430 metric tons to 478,335 metric tons from 1983 to 1984. Romania and Poland were the most significant East European purchasers of this product both in 1983 and 1984. Whereas U.S. soybeans sales to Eastern Europe were more than halved from 1983 to 1984, sales to Romania increased from $76.4 million to $112.5 million, in a similar comparison. 1/ In 1984, NME purchases represented 2.9 percent of total U.S. exports of soybeans, with Eastern Europe accounting for 91.1 percent of these purchases. In 1984, soybeans were by far the leading item among U.S. exports to Romania (table B-27), the leading trading partner of the United States in Eastern Europe.

U.S. sales of soybean oil cake dropped by 31.6 percent from 512,177 metric tons to 350,473 metric tons from 1983 to the year under review. Exceeding the decline in quantity terms, the value of shipments declined by 37.1 percent from $121.5 million in 1983 to $76.5 million in 1984. The unit value of these transactions decreased by 8.0 percent over the period. Nearly half of this decline was the result of a reduction in shipments to Hungary from $50.8 million in 1983 to $30.5 million in 1984. Further declines in shipments to East Germany and Bulgaria were more than outweighed by an increase in Polish purchases of this product from 1983 to 1984. East European purchases of U.S. soybeans oilcake, accounting for 100 percent of NME purchases, represented 7.5 percent of worldwide U.S. exports of this product in 1984. This product remained the leading U.S. export to Hungary and Poland during the year under review (tables B-19 and B-25.)

Among other oilseed products sold by the United States on East European markets during the year under review, sunflower seeds and fully refined soybean oil were relatively significant (table B-7).

1/ Poland's overall imports of soybeans also declined from 1983 to 1984. The country's perennial foreign exchange shortage and its bumper 1984 rapeseed crop, in addition to scaling back expectations for livestock production, provide the explanation. Romania's oilseed output as well as its total soybean imports increased in 1984. But according to the USDA, the country did suffer oilseed and oilseed product shortages during the year under review.

Grains

U.S. corn exports to the region, representing 7.2 percent of total U.S. corn sales to the NME's in 1984, declined by 9.0 percent in value from $118.2 million (0.9 million metric tons, MMT) in 1983 to $107.6 million (0.8 MMT) during the year under review. U.S. corn sales to East Europeans amounted to $296.9 million (2.6 MMT) in 1982. The decline from 1983 to 1984 was 14.9 percent in quantity terms. This reflected, among other things, a 7.0 percent increase in the yearly average unit value of corn sold to East Europeans from 1983 to the year under review. During the fourth quarter of 1984, however, corn prices declined precipitously. As a result, the 19.8 percent increase in the value of U.S. corn shipments to the region from October-December 1983 to October-December 1984 represented a 40.8 percent increase in quantity terms.

Eastern Europe's acute external imbalance in the early 1980's forced the region's governments to stress crop production and to adjust their feed-livestock economies to the realities of their diminished import capacity. 1/

Shipments of U.S. corn to East Germany declined from $159.5 million in 1982 to $82.9 million in 1983 and to $75.7 million during the year under review. East Germany, purchasing 70.3 percent of U.S. corn shipments to Eastern Europe, remained the region's largest buyer of U.S. corn in 1984. U.S. corn deliveries to Poland, the region's second largest corn buyer, dropped from $45.3 million in 1982 to $21.6 million in 1983, but increased slightly to $25.5 million in 1984. Shipments to Bulgaria declined from $32.0 million in 1982 to $13.8 million in 1983 and to $6.4 million during the year under review. U.S. corn exports increased by 19.8 percent in value and by 40.8 percent in quantity terms from October-December 1983 to October-December 1984.

Among other grain products, East German purchases of grain sorghum were significant. These purchases, nonexistent in 1983, increased to $15.1 million in 1984. U.S. wheat deliveries to Poland, the region's only buyer of U.S. wheat, increased from $6.1 million (38,255 metric tons) in 1983 to $10.4 million (61,946 metric tons) in 1984. 2/

1/ For further details on the declining East European demand for U.S. grain, see 36th Quarterly Report . . ., p. 18; 37th Quarterly Report . . ., p. 98; and 40th Quarterly Report . . ., pp. 20,21.

2/ Despite much effort to achieve self-sufficiency in grains, Poland's wheat imports amounted to 2.4 million metric tons in 1984. Therefore, Polish demand for U.S. wheat may increase in the future as the country's financial situation stabilizes and U.S.-Polish commercial relations further improve.

Fertilizers

Reaching their highest level since 1981, U.S. crude fertilizer (SITC Group 271) exports to Eastern Europe increased by 27.6 percent from $33.7 million in 1983 to $43.0 million during the year under review. Natural calcium phosphates, with Poland and Romania as almost exclusive East European buyers, accounted for 92.7 percent of U.S. crude fertilizer exports to the region in 1984. 1/

The declining trend in U.S. sales of manufactured fertilizers (SITC Group 56) to the region that began in 1981 continued in 1984, as sales dropped by 17.3 percent from $29.0 million in 1983 to $23.9 million during the year under review. Concentrated superphosphate made up the bulk of these shipments in both 1983 and 1984. Although purchases by Bulgaria--the region's largest buyer--increased slightly, declining shipments to Czechoslovakia and Hungary brought exports to 27.9 percent below their 1983 level during the year under review.

Other exports

The value of U.S. cattlehide exports to Eastern Europe increased by 35.6 percent from $65.4 million in 1983 to $88.7 million during the year under review. In quantity terms, however, the increase was only 1.4 percent, reflecting an increase of more than one-third in the unit value of U.S. cattlehide exports to Eastern Europe. Both increases in the price and volume of U.S. cattlehide exports to the region were relatively sharp from October-December 1983 to October-December 1984. Romania, Czechoslovakia and Poland were the most significant East European buyers of this U.S. commodity in 1984. Romania accounted for 46.8 percent of U.S. sales in 1984, and for 62.4 percent in 1983. Romania and Czechoslovakia import U.S. cattlehides largely as raw material for their hard-currency-earning footwear industries.

Exports of low volatile bituminous coal to Romania increased from $16.1 million in 1983 to $32.2 million during the year under review. 2/

U.S. donations to Poland in 1984 remained at roughly the same $45-million level as in 1983. 3/ Polish imports of U.S. butter increased from $16.5 million in 1983 to $23.5 million during the year under review.

1/ Natural calcium phosphate is used primarily for manufacturing phosphoric acid, which may be used directly as a fertilizer, or as an input for the manufacture of other phosphatic fertilizers. Poland's annual capacity for manufacturing phosphoric acid is estimated at 598,000 metric tons, and that of Romania at 75,000 metric tons.

2/ Overall Romanian primary energy imports were higher in 1984 than in 1983 as a result of shortfalls in the country's primary energy carrier production. See under economic developments in Romania, earlier in this report.

3/ Commodities not specified, donated (Schedule B. 818.3900) decreased by roughly $8 million from 1983 to 1984, while food products not specified, donated (Schedule B. 818.3100) increased by roughly the same amount over this period.

U.S. Imports

U.S. imports from Eastern Europe increased by 58.0 percent from $1.0 billion in 1983 to a record high $1.6 billion during the year under review. (The increase of U.S. imports from all NME's was 45.4 percent over the same period.) Eastern Europe accounted for 30.7 percent of total U.S. imports from the NME's in 1984. The shares of the six countries in 1984 U.S. imports from the region during 1984 were as follows: Romania (56.2 percent), Hungary (13.8 percent), Poland (13.5 percent), East Germany (9.3 percent), Czechoslovakia (5.3 percent) and Bulgaria (1.9 percent).

Refined petroleum products

U.S. imports of East European refined petroleum products (SITC Group 334) increased from $280.5 million in 1983 to $503.8 million during the year under review. Romania was the source of all U.S. purchases of East European refined products in 1983. But in 1984, East Germany moved back to the U.S. market with a $16.5 million sale of light fuel oils. Romanian sales of a variety of refined products to U.S. customers 1/ surged to $487.3 million and Romanian sales of naphtas to U.S. customers increased by more than $200 million from $24.0 million in 1983 to $226.2 million in 1984. This commodity became the top-ranking U.S. import product in 1984, displacing another Romanian product, gasoline which held the first place in 1983. Sales of Romanian gasoline to the United States decreased by 39.4 percent from $207.7 million in 1983 to $136.3 million in 1984. 2/ Romanian sales of hydrocarbon mixtures (TSUSA 475.6530) increased from no such sales in 1983 to $100.2 million in during the year under review.

Iron and steel products

East European sales of iron and steel products (SITC Division 67) on U.S. markets increased from $20.6 million in 1983 to $192.6 million during the year under review. Romania supplied $73.2 million of these products to U.S. customers in 1984, East Germany, $70.3 million, Poland, $24.2 million and Hungary, $9.9 million. U.S. purchases of iron and steel plates and sheets (SITC Group 674) from Eastern Europe increased from $6.0 million in 1983 to a record $125.7 million in 1984. (The previous record for East European sales

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1/ Romanian sales of refined petroleum products on other Western markets also increased sharply from 1983 to 1984. With a sizable refining capacity developed in the post-oil crisis period, Romania imports oil for hard currency (or through countertrade deals) to produce refined products for export. Romania's largest suppliers of oil are Iran, Lybia, Saudi Arabia, the Soviet Union and China. Its traditional markets for refined products are Austria, Greece and Turkey. (Telephone interview with PlanEcon, Inc.)

2/ In quantity terms, Romanian gasoline shipments to the United States declined by 29.0 percent from 6.4 million barrels in 1983 to 4.5 million barrels during the year under review. Following world market trends, the unit value of Romanian gasoline sold in the United States declined by almost $4 dollars per barrel from 1983 to 1984.

in this product category--$124.8 million--was in 1981.) Of total U.S. steel plate and sheet purchases from the region in 1984, East Germany accounted for $50.6 million, Romania for $48.2 million, Poland for $12.3 million, Czechoslovakia for $8.0 million and Hungary for $6.7 million. East European sales to U.S. customers of iron and steel bars (SITC Group 673) increased from $11.5 million in 1983 to a record high of $35.9 million in 1984. East Germany accounted for $19.2 million of these sales and Poland for $10.2 million. U.S. imports of East European tubes, pipes and fittings (SITC Group 678) increased from $2.9 million in 1983 to $23.5 million during the year under review. Romanian sales in this product category amounted to $20.7 million. 1/

Industrial recovery in Eastern Europe led to an increase in the region's steel production. 2/ World economic and trade expansion and the strong dollar, reducing the competitiveness of U.S. steel exports, also allowed for an overall increase of East European steel exports in 1984. At the same time, the expansion in U.S. industries (including construction) increased U.S. demand for steel imports in 1984, 3/ while voluntary export restraints in the EC, Brazil and Korea have created a vacuum in U.S. steel markets.

Yarns, fabrics, clothing

East European sales of apparel and clothing accessories (SITC Division 84) to U.S. customers registered a remarkable 45.2 percent increase from $92.3 million in 1983 to $133.9 million in 1984. With record sales of $76.3 million, Romania ranked first among East European suppliers of apparel and clothing accessories to the U.S. market in 1984. Romanian sales were $48.6 million in 1983. Also with record sales, Hungary was second in 1984 with $27.6 million and Poland third with $22.5 million. Men's and boys' outer garments (SITC Group 842) was the largest category for all three countries.

1/ Prior to the year under review, East European sales of iron and steel products on U.S. markets peaked in 1981, when Romania, Poland and Czechoslovakia realized record sales. For example, Romanian plate and sheet (SITC Group 674) sales amounted to $87.8 million and those of those of Poland to $36.9 million in that year. (For a description of U.S. action taken in consequence of increased Romanian steel exports to the United States in 1981, see 29th Quarterly Report . . ., p. 76, and 33d Quarterly Report . . ., pp. 84 and 85.) In 1983, U.S. purchases of East European iron and steel products indicated an 8-fold decline compared with 1981 levels. East Germany emerged as a major East European supplier of iron and steel products to the United States only in 1984. For a note on the complaints by U.S. producers taken in consequence of the re-emergence of relatively large value of East European iron and steel sales to the United States during the year under review, see "U.S. administrative actions affecting imports from the NME's," earlier in this report.

2/ For example, East German refined rolled steel output increased by almost 20 percent from 1983 to the year under review. See Foreign Broadcast and Information Service, FBIS, Daily Report, Eastern Europe, Jan. 28, E-9.

3/ See U.S. Trade Shifts in Selected Commodity Areas, Second Quarter 1984 p. 102.

Wool suits (with sales amounting to $10.8 million) and manmade fiber suits (with sales amounting to $10.3 million) were the largest selling East European apparel and clothing commodities during the year under review. 1/

U.S. imports of East European yarns and fabrics (SITC Division 65) increased by 52.6 percent from $25.7 million in 1983 to $39.3 percent in 1984. Romania was the largest supplier, followed by Poland, Czechoslovakia and Hungary.

Other imports

After increasing from 1982 to 1983, U.S. imports of East European meat and meat preparations (SITC Division 01) declined from $131.1 million in 1983 to $120.0 million during the year under review. U.S. purchases of East European pork hams, the largest single import in this product division, declined from $120.0 million to $110.8 million during that period. These purchases edged up slightly from the fourth quarter of 1983 to the corresponding period of 1984. In both 1983 and 1984, Poland remained the dominant East European supplier of this product, followed by Hungary.

U.S. imports of East European manufactured fertilizers (SITC Division 56) increased precipitously from $25.0 million in 1983 to $76.4 million during the year under review. Imports of nitrogenous fertilizers (SITC Subgroup 5621) amounted to $69.2 million in 1984 and potassic fertilizers (SITC Subgroup 5623) to $7.2 million. Among nitrogenous manufactured fertilizers, urea was the most significant import. Urea shipments from the region amounted to $48.4 million in 1984, up sharply from $10.9 million in 1983. Romania supplied 40.5 million and East Germany 7.9 million dollars' worth of urea to the United States in 1984. 2/

Hungarian sales of road vehicles (SITC Division 78) to U.S. customers more than doubled from $24.2 million in 1983 to $54.0 million during the year under review. Motor vehicle parts were Hungary's leading dollar earner in this category. Although the number of Hungarian motor buses sold in the United States increased from 25 in 1983 to 36 in 1984, Hungary's revenues from these sales dropped as a result of a decrease in the average unit value of almost 55 percent.

1/ Romania, Hungary and Poland agreed to quantitative limitations on their textile and apparel product exports to the United States. For information on the volume of U.S. cotton and manmade fiber textile imports from these countries, see U.S. Imports of Textile and Apparel Products Under the Multifiber Arrangement, January-June 1984, USITC Publication 1635, Jan. 1985.

2/ Both Romania and East Germany manufacture relatively large quantities of ammonia from natural gas, the basic ingredient for the manufacture of urea. Thus these countries can export urea while importing a variety of other, primarily phosphatic fertilizers.

U.S. imports of East European footwear, with Romania the leading supplier followed by Czechoslovakia and Poland, were down from $56.0 million in 1983 to $45.8 million in 1984. U.S. imports of non-metallic mineral manufactures (SITC Division 66) from Eastern Europe increased to $45.8 million in 1984 from $37.2 million in 1983. With sales from the region amounting to $37.6 million, glassware (SITC Group 665) was the largest import within this product category. Romania and Czechoslovakia were the dominant East European suppliers to the U.S. glassware market in 1984. The amount of sales of nonferrous metal from Eastern Europe was $40.5 million in 1984 compared with $17.9 million in 1983. Among these, aluminium (SITC Group 684), with Romania and Hungary as major suppliers, was the most significant U.S. import product from the region.

APPENDIX A

U.S. TRADE WITH NONMARKET ECONOMY COUNTRIES, BY SITC SECTIONS, 1982-1984

Table A-1.--U.S. trade with all nonmarket economy countries, 1/ by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	3,355,099	2,057,104	3,441,642
1. Beverages and tobacco	14,503	23,117	13,460
2. Crude materials--inedible, except fuel	1,009,198	817,602	1,006,751
3. Mineral fuels, lubricants, etc	125,544	42,730	72,259
4. Oils and fats--animal and vegetable	63,555	34,990	56,637
5. Chemicals	865,899	661,371	921,121
6. Manufactured goods classified by chief material	323,957	271,684	227,052
7. Machinery and transportation equipment	549,989	817,551	1,086,770
8. Miscellaneous manufactured articles	173,472	268,648	286,196
9. Commodities and transactions not elsewhere classified	58,469	72,828	76,019
Total	6,539,686	5,067,626	7,187,906
U.S. imports:			
0. Food and live animals	258,627	287,051	317,556
1. Beverages and tobacco	36,316	50,551	40,150
2. Crude materials--inedible, except fuel	143,917	121,165	141,801
3. Mineral fuels, lubricants, etc	689,959	757,400	1,307,322
4. Oils and fats--animal and vegetable	1,086	1,552	2,761
5. Chemicals	283,947	330,848	479,454
6. Manufactured goods classified by chief material	585,548	638,285	1,024,707
7. Machinery and transportation equipment	189,526	153,443	218,394
8. Miscellaneous manufactured articles	1,067,590	1,216,717	1,634,955
9. Commodities and transactions not elsewhere classified	19,842	17,066	30,782
Total	3,276,356	3,574,079	5,197,882

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 Albania, by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	-	-	-
1. Beverages and tobacco	-	62	-
2. Crude materials--inedible, except fuel	1,251	588	99
3. Mineral fuels, lubricants, etc	15,023	3,463	9,068
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	13	1	-
6. Manufactured goods classified by chief material	-	-	-
7. Machinery and transportation equipment	96	86	26
8. Miscellaneous manufactured articles	17	5	155
9. Commodities and transactions not elsewhere classified	1	-	-
Total	16,400	4,205	9,349
U.S. imports:			
0. Food and live animals	2	-	27
1. Beverages and tobacco	-	-	8
2. Crude materials--inedible, except fuel	2,464	2,018	2,107
3. Mineral fuels, lubricants, etc	-	2	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	21	21	-
6. Manufactured goods classified by chief material	263	1,451	22
7. Machinery and transportation equipment	2	-	-
8. Miscellaneous manufactured articles	8	6	55
9. Commodities and transactions not elsewhere classified	-	-	-
Total	2,760	3,498	2,219

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 Bulgaria, by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	56,992	22,889	6,494
1. Beverages and tobacco	6,987	13,435	719
2. Crude materials--inedible, except fuel	6,984	4,801	11,861
3. Mineral fuels, lubricants, etc	-	2	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	13,861	13,344	16,168
6. Manufactured goods classified by chief material	794	604	635
7. Machinery and transportation equipment	16,017	5,777	5,505
8. Miscellaneous manufactured articles	4,725	4,470	2,410
9. Commodities and transactions not elsewhere classified	93	66	295
Total	106,453	65,389	44,087
U.S. imports:			
0. Food and live animals	1,907	2,362	1,852
1. Beverages and tobacco	18,682	27,264	20,180
2. Crude materials--inedible, except fuel	99	80	317
3. Mineral fuels, lubricants, etc	-	-	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	1,464	1,184	3,542
6. Manufactured goods classified by chief material	25	141	771
7. Machinery and transportation equipment	2,612	366	1,276
8. Miscellaneous manufactured articles	277	1,033	2,252
9. Commodities and transactions not elsewhere classified	58	335	151
Total	25,124	32,765	30,340

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 Cuba, by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	-	-	1
1. Beverages and tobacco	-	-	-
2. Crude materials--inedible, except fuel	-	2	3
3. Mineral fuels, lubricants, etc	-	-	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	744	435	365
6. Manufactured goods classified by chief material	-	5	-
7. Machinery and transportation equipment	130	38	3
8. Miscellaneous manufactured articles	31	122	100
9. Commodities and transactions not elsewhere classified	46	84	400
Total	951	688	871
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	1,614	-	-
6. Manufactured goods classified by chief material	-	-	-
7. Machinery and transportation equipment	-	-	-
8. Miscellaneous manufactured articles	5	1/	2
9. Commodities and transactions not elsewhere classified	2	-	1/
Total	1,621	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-5.--U.S. trade with Czechoslovakia, by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	48,148	7,107	168
1. Beverages and tobacco	34	42	1,987
2. Crude materials--inedible, except fuel	14,370	14,292	26,387
3. Mineral fuels, lubricants, etc	1	5	6
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	2,108	17,749	16,501
6. Manufactured goods classified by chief material	2,912	3,372	3,194
7. Machinery and transportation equipment	11,651	9,793	5,859
8. Miscellaneous manufactured articles	3,826	4,061	3,320
9. Commodities and transactions not elsewhere classified	548	659	677
Total	83,598	57,079	58,098
U.S. imports:			
0. Food and live animals	11,237	5,491	8,398
1. Beverages and tobacco	840	1,206	1,398
2. Crude materials--inedible, except fuel	1,558	1,060	576
3. Mineral fuels, lubricants, etc	359	-	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	4,083	3,022	1,363
6. Manufactured goods classified by chief material	19,532	24,205	38,200
7. Machinery and transportation equipment	7,532	7,861	13,670
8. Miscellaneous manufactured articles	16,049	19,267	19,720
9. Commodities and transactions not elsewhere classified	358	709	867
Total	61,548	62,821	84,192

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 East Germany, by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	203,011	111,147	99,324
1. Beverages and tobacco	369	957	-
2. Crude materials--inedible, except fuel	4,788	5,105	25,113
3. Mineral fuels, lubricants, etc	-	9	-
4. Oils and fats--animal and vegetable	-	235	-
5. Chemicals	1,080	1,516	3,181
6. Manufactured goods classified by chief material	1,434	1,282	4,065
7. Machinery and transportation equipment	8,420	16,160	3,576
8. Miscellaneous manufactured articles	2,991	2,206	413
9. Commodities and transactions not elsewhere classified	565	299	157
Total	222,657	138,915	135,830
U.S. imports:			
0. Food and live animals	530	986	741
1. Beverages and tobacco	366	374	112
2. Crude materials--inedible, except fuel	1,830	976	405
3. Mineral fuels, lubricants, etc	9,439	1,308	17,654
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	6,141	9,772	17,432
6. Manufactured goods classified by chief material	15,331	21,732	90,702
7. Machinery and transportation equipment	12,693	16,503	14,434
8. Miscellaneous manufactured articles	4,673	5,098	6,685
9. Commodities and transactions not elsewhere classified	768	190	964
Total	51,773	56,937	149,129

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 Hungary, by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	1,596	51,585	31,702
1. Beverages and tobacco	653	1,121	399
2. Crude materials--inedible, except fuel	5,567	4,791	9,663
3. Mineral fuels, lubricants, etc	23	28	4
4. Oils and fats--animal and vegetable	6	3	1
5. Chemicals	15,030	10,768	13,586
6. Manufactured goods classified by chief material	10,447	8,068	5,084
7. Machinery and transportation equipment	27,361	27,607	20,978
8. Miscellaneous manufactured articles	6,034	4,615	2,820
9. Commodities and transactions not elsewhere classified	1,125	1,194	940
Total	67,842	109,781	85,177
U.S. imports:			
0. Food and live animals	29,642	37,262	41,401
1. Beverages and tobacco	1,592	2,122	1,843
2. Crude materials--inedible, except fuel	2,002	3,602	2,903
3. Mineral fuels, lubricants, etc	-	-	228
4. Oils and fats--animal and vegetable	-	-	3
5. Chemicals	6,058	10,683	11,674
6. Manufactured goods classified by chief material	15,265	19,390	41,278
7. Machinery and transportation equipment	44,357	40,655	75,294
8. Miscellaneous manufactured articles	33,376	39,993	44,656
9. Commodities and transactions not elsewhere classified	944	785	812
Total	133,238	154,493	220,094

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 Mongolia, by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	-	-	-
1. Beverages and tobacco	-	-	-
2. Crude materials--inedible, except fuel	175	-	-
3. Mineral fuels, lubricants, etc	-	-	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	-	1	-
6. Manufactured goods classified by chief material	12	2	2
7. Machinery and transportation equipment	37	82	70
8. Miscellaneous manufactured articles	103	28	30
9. Commodities and transactions not elsewhere classified	17	9	15
Total	344	123	116
U.S. imports:			
0. Food and live animals	-	-	-
1. Beverages and tobacco	-	-	-
2. Crude materials--inedible, except fuel	3,595	1,472	2,863
3. Mineral fuels, lubricants, etc	-	-	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	-	-	-
6. Manufactured goods classified by chief material	23	1	-
7. Machinery and transportation equipment	-	-	-
8. Miscellaneous manufactured articles	-	1	39
9. Commodities and transactions not elsewhere classified	10	9	-
Total	3,628	1,483	2,903

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 North Korea, by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	-	-	-
1. Beverages and tobacco	-	-	-
2. Crude materials--inedible, except fuel	69	-	-
3. Mineral fuels, lubricants, etc	-	-	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	-	-	-
6. Manufactured goods classified by chief material	-	-	-
7. Machinery and transportation equipment	30	1	-
8. Miscellaneous manufactured articles	-	-	-
9. Commodities and transactions not elsewhere classified	-	-	-
Total	100	1	-
U.S. imports:			
0. Food and live animals	8	-	-
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	-	-	13
8. Miscellaneous manufactured articles	-	-	1/
9. Commodities and transactions not elsewhere classified	-	-	-
Total	8	-	14

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-10.--U.S. trade with Poland, by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	120,328	127,717	138,008
1. Beverages and tobacco	2,098	3,405	6,151
2. Crude materials--inedible, except fuel	66,551	88,102	73,272
3. Mineral fuels, lubricants, etc	7	9	55
4. Oils and fats--animal and vegetable	16,459	13,244	10,306
5. Chemicals	32,180	10,086	7,579
6. Manufactured goods classified by chief material	3,653	7,573	7,776
7. Machinery and transportation equipment	21,144	18,372	22,168
8. Miscellaneous manufactured articles	8,408	9,267	10,505
9. Commodities and transactions not elsewhere classified	21,779	42,097	39,005
Total	292,606	319,872	314,825
U.S. imports:			
0. Food and live animals	75,634	100,680	91,879
1. Beverages and tobacco	633	1,616	1,694
2. Crude materials--inedible, except fuel	899	1,413	1,069
3. Mineral fuels, lubricants, etc	1/	-	3,732
4. Oils and fats--animal and vegetable	430	-	-
5. Chemicals	9,337	6,015	4,686
6. Manufactured goods classified by chief material	42,364	36,046	59,423
7. Machinery and transportation equipment	30,123	14,358	17,854
8. Miscellaneous manufactured articles	49,045	29,201	33,919
9. Commodities and transactions not elsewhere classified	4,421	1,312	1,444
Total	212,888	190,641	215,700

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-11.--U.S. trade with Romania, by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	44,595	727	1,378
1. Beverages and tobacco	1,105	2,803	1,673
2. Crude materials--inedible, except fuel	108,330	137,428	177,175
3. Mineral fuels, lubricants, etc	17,368	16,148	32,351
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	14,934	13,888	10,927
6. Manufactured goods classified by chief material	3,818	4,180	1,438
7. Machinery and transportation equipment	22,937	7,255	17,255
8. Miscellaneous manufactured articles	9,952	3,019	3,326
9. Commodities and transactions not elsewhere classified	191	211	657
Total	223,231	185,658	246,181
U.S. imports:			
0. Food and live animals	15,466	15,711	17,135
1. Beverages and tobacco	1,736	2,369	1,467
2. Crude materials--inedible, except fuel	2,941	2,454	2,722
3. Mineral fuels, lubricants, etc	89,633	280,478	487,327
4. Oils and fats--animal and vegetable	1/	-	-
5. Chemicals	6,243	22,629	78,025
6. Manufactured goods classified by chief material	55,522	52,595	146,699
7. Machinery and transportation equipment	47,634	28,177	26,498
8. Miscellaneous manufactured articles	119,221	107,423	135,970
9. Commodities and transactions not elsewhere classified	726	987	853
Total	339,121	512,821	896,696

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 Vietnam, by SITC Sections, 1982-1984

(In thousands of dollars)

SITC Section	1982	1983	1984
U.S. exports:			
0. Food and live animals	5	232	340
1. Beverages and tobacco	-	-	-
2. Crude materials--inedible, except fuel	4	137	184
3. Mineral fuels, lubricants, etc	-	-	-
4. Oils and fats--animal and vegetable	-	-	-
5. Chemicals	1,072	9	404
6. Manufactured goods classified by chief material	67	-	1
7. Machinery and transportation equipment	12	1	6
8. Miscellaneous manufactured articles	137	75	51
9. Commodities and transactions not elsewhere classified	30,698	20,293	21,254
Total	31,995	20,745	22,240
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
9. Commodities and transactions not elsewhere classified	-	-	-
Total	-	-	71

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 U.S. IMPORTS AND EXPORTS IN TRADE WITH THE NONMARKET ECONOMY COUNTRIES, 1983, 1984, OCTOBER-DECEMBER 1984

Table B-1.--Leading items exported to nonmarket economy countries, 1/ by Schedule B Nos., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
130.6540	Wheat, unmilled, not donated for relief or charity	$1,184,409	$1,756,288	$392,004
130.3465	Yellow corn, not donated for relief or charity	667,284	1,499,960	732,157
480.8005	Diammonium phosphate fertilizers and fertilizer materials	99,820	230,928	67,183
200.3510	Douglas-fir logs and timber, rough	161,616	204,464	62,213
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	214,810	188,983	44,298
690.0510	Locomotives and tenders, diesel-electric, rail-service type	-	174,911	116,608
175.4100	Soybeans, other than seed for planting	282,218	157,582	12,923
300.1060	Cotton, not carded, not combed, staple length 1 to 1-1/8 inches	62,802	153,658	1,325
120.1400	Cattle hides, whole	79,919	119,759	35,344
664.0584	Parts, n.e.s., of oil and gas field drilling machines	37,535	90,330	37,784
444.1700	Polypropylene resins, excluding amorphous or atactic polymers and copolymers	29,443	85,769	34,254
184.5260	Soybean oil cake and oil-cake meal	121,520	76,462	27,835
694.4034	Nonmilitary airplanes, rotary wing, new, 2,200 pounds empty weight and over	11,608	62,912	55,641
690.3310	Parts designed for locomotives, n.s.p.f., other than airbrake equipment	230	62,749	11,324
200.3514	Western hemlock logs and timber, rough	53,027	56,709	21,341
790.5510	Pressure-sensitive tape having a plastic backing	59,568	55,968	19,413
444.1610	Polyethylene resins, low and medium density	16,902	55,672	12,621
818.3900	Products, n.e.s., donated for relief or charity	57,813	51,275	13,972
710.2820	Electrical (including electronic) geophysical instruments and apparatus, and parts thereof	36,781	47,628	7,294
309.4242	Polyester fibers (in noncontinuous form)	14,671	44,934	28,125
	Total	3,191,975	5,176,943	1,733,660
	Total, U.S. exports to NME's	5,067,626	7,187,906	2,348,569

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 B-2.--Leading items imported from nonmarket economy countries, 1/ by TSUSA items, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
475.2520	Gasoline	$516,603	$442,396	$98,356
475.3500	Naphthas, derived from petroleum, etc., n.e.s	66,048	285,245	63,809
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more	68,682	225,505	101,775
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	85,159	197,938	93,752
480.6540	Anhydrous ammonia	85,722	139,604	39,784
107.3525	Canned hams and shoulders, 3 pounds and over	120,055	110,845	30,219
475.6530	Mixtures of hydrocarbons n.s.p.f, in liquid form, other than condensate derived wholly from natural gas	-	100,202	15,203
480.3000	Urea, n.e.s	49,798	93,086	27,610
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	51,374	72,965	15,066
607.6625	Plates not pickled and not cold rolled other than alloy iron or steel over 6 inches in thickness	2/	71,356	42,189
605.0260	Palladium	42,031	59,511	12,966
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	27,762	48,041	10,498
692.3288	Parts for motor vehicles, n.e.s	19,440	40,631	9,098
737.2300	Dolls (with or without clothing), stuffed	1,302	35,857	12,943
607.8360	Sheets, not clad, pickled or cold rolled, not annealed and having a minimum yield point of 40,000 psi	561	31,512	7,679
755.1500	Fireworks	29,024	30,522	7,925
472.1000	Barytes ore, crude	26,200	30,254	11,514
618.2563	Sheets and strip, not clad, other than alloyed aluminum in coils, unpainted, over .008 but not .017 inch in thickness	3/	29,578	4,203
653.2200	Metal coins, n.e.s	9,658	27,078	8,183
144.2053	Mushrooms, otherwise prepared or preserved, in containers each holding more than 9 ounces, other than whole sliced	4/ 18,651	26,130	2,813
	Total	1,218,071	2,098,257	615,585
	Total, U.S. imports from NME's	3,574,079	5,197,882	1,288,562

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 607.6625, along with TSUSA item 607.6620 were created on Jan. 1, 1984, from former TSUSA item 607.6615.
3/ TSUSA item 618.2563, along with TSUSA item 618.2560 were created on Jan. 1, 1984, from former TSUSA item 618.2565.
4/ Includes imports entered under TSUSA item 922.5653 as well as those entered under TSUSA item 144.2053. Item 922.5653 was created on April 9, 1982, as a temporary tariff provision modification for selected items which formerly entered under item 144.2053. For comparability throughout the time periods presented, the figures in the table represent aggregated data for imports entering under the two numbers. During 1983, $3,334,534 entered under item 144.2053 and $15,316,863 entered under item 922.5653. All 1984 imports entered under item 144.2053.

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., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
130.6540	Wheat, unmilled, not donated for relief or charity	$377,686	$575,319	$96,520
480.8005	Diammonium phosphate fertilizers and fertilizer materials	99,820	230,928	67,183
200.3510	Douglas-fir logs and timber, rough	161,616	204,464	62,213
690.0510	Locomotives and tenders, diesel-electric, rail-service type	-	174,911	116,608
664.0584	Parts, n.e.s., of oil and gas field drilling machines	32,963	87,398	36,998
444.1700	Polypropylene resins, excluding amorphous or atactic polymers and copolymers	29,443	85,769	34,254
694.4034	Nonmilitary airplanes, rotary wing, new, 2,200 pounds empty weight and over	11,608	62,912	55,641
690.3310	Parts designed for locomotives, n.s.p.f., other than airbrake equipment	121	62,218	11,137
200.3514	Western hemlock logs and timber, rough	53,027	56,709	21,341
444.1610	Polyethylene resins, low and medium density	16,893	55,659	12,619
710.2820	Electrical (including electronic) geophysical instruments and apparatus, and parts thereof	34,904	46,145	6,280
309.4242	Polyester fibers (in noncontinuous form)	12,551	42,270	27,472
692.1680	Special-purpose motor vehicles, nonmilitary, n.s.p.f	4,560	41,987	5,096
444.1500	Polyester resins, saturated	99	39,257	17,305
309.4245	Acrylic and modacrylic fibers (in noncontinuous form)	11,932	37,035	10,404
480.3000	Urea	32,706	36,366	-
310.0010	Textured yarns, of polyester	13,230	35,317	11,643
121.0515	Bovine leather, rough, russet, and crust, wet blue, not split	23,487	32,603	17,015
676.2820	Digital central processing units consisting of arithmetical, logical and control elements	10,816	32,494	10,097
694.4062	Nonmilitary airplanes, new, multiple engine, over 33,000 pounds empty weight, passenger transports, n.s.p.f	80,182	32,000	-
	Total	1,007,645	1,971,765	619,827
	Total, U.S. exports to China	2,163,219	2,988,480	983,051

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, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
475.2520	Gasoline	$308,895	$303,072	$66,404
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more	68,682	225,505	101,775
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	47,451	67,526	13,861
475.3500	Naphthas, derived from petroleum, etc., n.e.s	42,031	59,006	-
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	27,762	47,940	10,397
737.2300	Dolls (with or without clothing), stuffed	1,263	35,857	12,943
755.1500	Fireworks	29,024	30,522	7,925
472.1000	Barytes ore, crude	26,200	30,254	11,514
653.2200	Metal coins, n.e.s	8,824	26,476	8,021
144.2053	Mushrooms, otherwise prepared or preserved, in containers each holding more than 9 ounces, other than whole sliced	1/ 18,651	26,130	2,813
383.4753	Women's corduroy trousers and slacks, cotton	16,904	23,794	281
379.4050	Men's shirts, n.e.s., knit, cotton	18,233	22,707	2,083
383.9015	Women's blouses and shirts, n.e.s., man-made fibers, not knit	25,749	21,725	67
706.0700	Handbags of leather valued not over $20 each	10,660	21,234	6,911
622.0200	Tin, other than alloyed, unwrought	23,617	20,596	5,285
766.2560	Antiques, n.s.p.f	13,503	20,553	1,796
379.9575	Men's trousers and slacks of man-made fibers, not knit	16,331	19,511	1,352
389.6100	Artificial flowers, of silk, not ornamented	4,569	18,616	6,270
160.5000	Tea, crude or prepared	9,935	18,238	5,053
222.4000	Baskets and bags of bamboo	16,242	17,592	4,518
	Total	734,526	1,056,853	269,268
	Total, U.S. imports from China	2,217,526	3,040,401	683,576

1/ Includes imports entered under TSUSA item 922.5653 as well as those entered under TSUSA item 144.2053. Item 922.5653 was created on April 9, 1982, as a temporary tariff provision modification for selected items which formerly entered under item 144.2053. For comparability throughout the time periods presented, the figures in the table represent aggregated data for imports entering under the two numbers. During 1983, $3,334,534 entered under item 144.2053 and $15,316,863 entered under item 922.5653. All 1984 imports entered under item 144.2053.

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., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
130.3465	Yellow corn, not donated for relief or charity	$390,915	$1,389,842	$700,642
130.6540	Wheat, unmilled, not donated for relief or charity	800,584	1,170,572	292,925
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	214,810	186,400	44,298
300.1060	Cotton, not carded, not combed, staple length 1 to 1-1/8 inches	61,338	148,668	-
790.5510	Pressure-sensitive tape having a plastic backing	58,650	54,920	19,358
177.5640	Tallow, inedible	21,505	29,745	-
145.4300	Shelled almonds, not blanched	2,341	24,501	17,109
300.1550	Cotton, not carded, not combed, staple length 1-1/8 inches or more, n.e.s	10,885	18,739	-
475.4555	Insulating or transformer oils	13,923	16,449	3,345
446.1561	Synthetic rubber, not containing fillers, pigments, or rubber-processing chemicals, n.s.p.f	8,191	14,357	4,417
175.4100	Soybeans, other than seed for planting	157,162	14,039	-
692.3820	Parts of tracklaying tractors	16,220	12,863	1,749
692.3840	Parts of tractors, other than tracklaying tractors	14,628	11,887	2,088
120.1400	Cattle hides, whole	10,575	10,184	-
664.0586	Parts, n.e.s., of boring and drilling machines	12,978	9,166	858
176.2520	Linseed oil, crude	-	9,127	-
660.5460	Parts of industrial gas turbines	17,144	8,799	3,560
517.5120	Petroleum coke, calcined	3,125	8,178	3,228
309.4222	Fibers of rayon (in noncontinuous form)	6,176	6,563	-
692.3160	Tracklaying tractors, new, with a net engine horsepower rating of 345 horsepower and over	3,628	5,325	2,009
	Total	1,824,778	3,150,326	1,095,587
	Total, U.S. exports to the U.S.S.R	2,001,951	3,282,652	1,128,568

1/ Includes Estonia, Latvia, and Lithuania.

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

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

Table B-6.--Leading items imported from the U.S.S.R., 1/ by TSUSA items, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal viscosity at 100 degrees F of less than 45 seconds	$48,913	$168,040	$77,246
480.6540	Anhydrous ammonia	85,722	139,604	39,784
605.0260	Palladium	41,849	59,267	12,944
480.3000	Urea, n.e.s	38,913	44,694	7,694
114.3000	Crabs, n.e.s	12,790	15,248	9,605
605.0750	Palladium bars, plates, etc	4,343	15,154	4,325
124.1045	Sable furskins, whole, undressed	7,803	9,789	1,791
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)	-	9,082	-
480.5000	Potassium chloride, crude	4,134	8,996	-
618.0650	Aluminum, other than uniform circular cross-section throughout its length, not in coil	137	7,211	2,230
169.3800	Vodka, in containers holding not over 1 gallon, valued over $7.75 per gallon	9,883	7,036	2,364
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	-	6,029	-
475.3000	Kerosene derived from petroleum, shale oil, or both (except motor fuel)	-	5,449	5,449
618.1000	Aluminum waste and scrap	-	4,703	913
605.0270	Rhodium	2,105	3,674	678
401.7415	Ortho-xylene	-	3,578	1,024
605.0710	Platinum bars, plates, etc	2,356	3,331	-
401.1000	Benzene	-	2,985	-
475.2520	Gasoline	-	2,977	2,977
605.0220	Platinum sponge	3,003	2,955	1,581
	Total	261,953	519,805	170,606
	Total, U.S. imports from the U.S.S.R	341,093	556,122	179,201

1/ Includes Estonia, Latvia, and Lithuania.

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

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

Table B-7.--Leading items exported to Eastern Europe, 1/ by Schedule B Nos., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
175.4100	Soybeans, other than seed for planting	$125,056	$143,543	$12,923
130.3465	Yellow corn, not donated for relief or charity	118,231	107,629	31,515
120.1400	Cattle hides, whole	65,428	88,707	24,392
184.5260	Soybean oil cake and oil-cake meal	121,520	76,462	27,835
480.9500	Fertilizers and fertilizer materials, n.s.p.f	32	43,045	6,255
818.3900	Products, n.e.s., donated for relief or charity	40,648	32,769	9,356
521.3110	Low volatile bituminous coal	16,145	32,211	18,830
116.0100	Butter	16,453	23,545	7,065
480.7050	Concentrated superphosphates	28,961	20,695	-
175.5140	Sunflower seed, other than confectionery	2/	18,868	7,195
130.4040	Grain sorghum, other than seed for planting purposes	-	15,135	-
818.3100	Food products, n.s.p.f., donated for relief or charity	4,876	12,980	7,863
130.6540	Wheat, unmilled, not donated for relief or charity	6,139	10,397	2,560
692.3840	Parts of tractors, other than tracklaying tractors	3,879	9,866	4,094
433.1035	Compound catalyst preparations, other than of nickel	2,370	8,994	6,129
131.4030	Wheat flour, n.e.s., donated for relief or charity	7,382	8,601	1,412
660.3040	Parts, n.s.p.f., of steam turbines	6	7,815	3,846
176.5260	Soybean oil, n.e.s., donated for relief or charity	7,672	7,617	1,285
130.1040	Barley, other than for malting purposes	7,002	7,045	-
664.0588	Parts, n.e.s., of excavating machinery, n.e.s	3,646	6,569	1,849
	Total	575,445	682,494	174,404
	Total, U.S. exports to Eastern Europe	876,695	884,198	229,249

1/ Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania.
2/ Schedule B No. 175.5140 was created along with No. 175.5120 from former No. 175.5100 on Jan. 1, 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-8.--Leading items imported from Eastern Europe, 1/ by TSUSA items, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
475.3500	Naphthas, derived from petroleum, etc., n.e.s	$24,017	$226,239	$63,809
475.2520	Gasoline	207,709	136,346	28,975
107.3525	Canned hams and shoulders, 3 pounds and over	119,996	110,845	30,219
475.6530	Mixtures of hydrocarbons n.s.p.f, in liquid form, other than condensate derived wholly from natural gas	-	100,202	15,203
607.6625	Plates not pickled and not cold rolled other than alloy iron or steel over 6 inches in thickness	2/	71,356	42,189
480.3000	Urea, n.e.s	10,885	48,393	19,917
692.3288	Parts for motor vehicles, n.e.s	18,740	40,480	9,055
607.8360	Sheets, not clad, pickled or cold rolled, not annealed and having a minimum yield point of 40,000 psi	561	31,512	7,679
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	36,246	29,898	16,506
618.2563	Sheets and strip, not clad, other than alloyed aluminum in coils, unpainted, over .008 but not .017 inch in thickness	3/	29,439	4,203
607.1700	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound	8,763	24,623	12,137
170.2800	Cigarette leaf, not stemmed, oriental or turkish type, not over 8.5 inches	25,835	18,549	4,688
686.9030	Lamps n.e.s., including standard household	10,707	14,275	2,783
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	21,439	14,235	2,782
608.1330	Sheets of iron or steel, valued over 10 cents per lb, zinc coated, other than a minimum 40,000 lbs psi	1,355	13,461	5,217
335.9500	Woven fabrics, n.s.p.f., of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	6,063	13,197	3,672
692.3460	Parts for agricultural tractors	3,094	11,994	3,506
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)	10,052	11,147	-
379.8355	Men's wool suits, not knit, not ornamented	9,470	10,795	1,973
379.9565	Men's suits, n.e.s., man-made fibers	3,314	10,344	295
	Total	518,247	967,331	274,807
	Total, U.S. imports from Eastern Europe	1,010,479	1,596,150	424,185

1/ Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania.
2/ TSUSA item 607.6625, along with TSUSA item 607.6620 were created on Jan. 1, 1984, from former TSUSA item 607.6615.
3/ TSUSA item 618.2563, along with TSUSA item 618.2560 were created on Jan. 1, 1984, from former TSUSA item 618.2565.

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., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
521.3110	Low volatile bituminous coal	$1,339	$9,068	$1,505
120.1740	Kip skins, whole	-	99	99
710.2820	Electrical (including electronic) geophysical instruments and apparatus, and parts thereof	-	89	-
712.5055	Nonrecording instruments and apparatus for measuring or checking electrical quantities, n.s.p.f., and parts thereof	-	66	66
685.4075	Tape recorders and dictation recording and transcribing machines, n.s.p.f., and parts of such machines	-	25	-
685.2007	Television receivers, monochrome	-	1	-
	Total	1,339	9,349	1,670
	Total, U.S. exports to Albania	4,205	9,349	1,670

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, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
161.9400	Sage, unground	$1,547	$2,107	$950
653.2200	Metal coins, n.e.s	6	55	-
161.6300	Nutmegs, not ground	-	27	-
256.9010	Toilet and facial tissues, towels, napkins, or similar household or sanitary products	-	8	8
167.3015	White wine not over 14 percent alcohol, valued not over $4 per gallon, in containers not over 1 gallon	-	8	-
252.7900	Papers, not impregnated, weighing over 9 but not over 18 pounds per ream, n.s.p.f	-	7	7
252.9020	Papers, not impregnated, weighing over 18 pounds per ream, corrugating medium not less than 75 percent wood	-	6	6
654.2500	Articles, wares and parts of brass	1/	1	-
	Total	1,552	2,219	971
	Total, U.S. imports from Albania	3,498	2,219	971

1/ TSUSA item 654.2500 was created on April 9, 1984, from former TSUSA item 654.0300. There were no imports from Albania under item 654.0300 during 1983.

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., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
480.7050	Concentrated superphosphates	$10,612	$11,781	-
175.4100	Soybeans, other than seed for planting	-	6,939	-
130.3465	Yellow corn, not donated for relief or charity	13,784	6,438	-
120.1400	Cattle hides, whole	788	2,799	-
601.6100	Zinc ore	3,900	1,801	-
678.5065	Machines n.s.p.f. for production and assembly of semiconductor devices, diodes, transistors, and circuits, and parts	617	1,327	553
486.2900	Insecticides, unmixed, n.e.s	211	1,015	-
711.8750	Electrical (including electronic) physical analysis equipment, n.s.p.f., and parts thereof	827	850	352
661.9880	Parts, n.s.p.f., of filtering and purifying machinery and apparatus for liquids or gases	496	813	268
170.4300	Leaf tobacco, n.e.s	1,639	651	651
404.0560	Styrene (monomer)	-	604	-
486.8900	Herbicide preparations, n.e.s	89	572	-
442.2500	Pharmaceutical preparations acting on the blood or on the cardiovascular system, for human use	158	563	403
674.2005	Hot rolling mills, except tube rolling, for nonferrous metals, and parts thereof	15	470	-
273.4000	Plans and drawings for industrial, architectural, engineering, commercial or similar purposes; manuscripts and copies of data	110	460	-
687.6047	Mos (metal oxide silicon) monolithic integrated circuits, other than linear, n.s.p.f	263	364	-
435.8500	Anticonvulsants, hypnotics, and sedatives	379	288	180
674.4252	Machine tools n.s.p.f	72	252	252
661.9875	Filtering and purifying machinery and apparatus n.s.p.f., for liquids or gases	50	252	216
446.1521	Polychloroprene (neoprene) synthetic rubber	56	239	-
	Total	34,066	38,477	2,875
	Total, U.S. exports to Bulgaria	65,389	44,087	4,996

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, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
170.2800	Cigarette leaf, not stemmed, oriental or turkish type, not over 8.5 inches	$25,835	$18,549	$4,688
117.6700	Pecorino cheese, not for grating	2,194	1,731	322
401.1000	Benzene	-	1,574	-
401.7200	Toluene	-	1,008	-
167.3005	Red wine not over 14 percent alcohol, valued not over $4 per gallon, in containers not over 1 gallon	610	735	100
452.6000	Rose oil or attar of roses	856	658	358
676.0560	Typewriters, nonelectric, nonautomatic	81	649	237
167.3015	White wine not over 14 percent alcohol, valued not over $4 per gallon, in containers not over 1 gallon	503	583	86
676.0530	Typewriters, nonelectric, nonautomatic, portable	-	443	-
383.6520	Women's, girls' or infants' coats of wool, not knit, valued not over $4 per pound	25	375	291
383.7205	Women's, girls' or infants' coats, 3/4 length or longer, of wool, not knit, valued over $4 per pound	37	300	155
700.3550	Men's footwear, of leather, n.e.s., cement soles	193	293	113
514.6500	Marble, breccia, and onyx slabs rubbed or polished in whole or in part	110	289	-
379.8315	Men's and boys' overcoats, topcoats and car coats of wool, not knit, valued over $4 per pound	174	249	79
383.7220	Women's, girls', or infants' coats of wool, not knit, other than suit-type coats and jackets	1/	176	107
124.1025	Mink furskins, except "Japanese mink," undressed	-	174	-
310.6038	Yarns, other than those of continuous or noncontinuous man-made fibers, not textured or polyester containing cotton	-	169	169
439.1090	Natural drugs, n.e.s., crude	257	166	68
167.3045	Still wine produced from grapes, not over 14% alcohol, in one gallon containers valued over $4 per gallon, white	84	159	52
167.3030	Red wine over 14 percent alcohol valued over $4 per gallon, in containers not over 1 gallon	182	153	55
	Total	31,142	28,434	6,880
	Total, U.S. imports from Bulgaria	32,765	30,340	7,162

1/ TSUSA item 383.7220, along with TSUSA item 383.7215, were created on Jan. 1, 1984, from former TSUSA item 383.7210.

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., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
818.3300	Medicinal and pharmaceutical products donated for relief or charity	$435	$365	$82
818.3900	Products, n.e.s., donated for relief or charity	84	301	54
818.3400	Wearing apparel donated for relief or charity	117	65	13
818.9000	General merchandise, valued not over $500	-	51	11
818.8000	Shipments valued $10,000 and under, not identified by kind	1/	47	14
270.4040	Books, n.s.p.f	-	32	-
818.4000	Used wearing apparel and other used articles, of textile materials, exported in bulk	2	3	-
722.9540	Equipment specially designed for photofinishing (still pictures), other than microfilm and microfiche equipment	-	3	-
660.5252	Parts of aircraft engines designed for use in civil aircraft	-	3	-
818.3100	Food products, n.s.p.f., donated for relief or charity	-	1	-
	Total	639	871	175
	Total, U.S. exports to Cuba	688	871	175

1/ Schedule B No. 818.8000 did not exist prior to Jan. 1, 1984. Shipments valued $10,000 and under, not identified by kind, were previously evaluated and assigned to appropriate numbers within the first 7 schedules.

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, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
653.2200	Metal coins, n.e.s	1/	$2	-
800.0035	Products of the United States, returned after being exported	-	1/	-
	Total	1/	3	-
	Total, U.S. imports from Cuba	1/	3	-

1/ 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-15.--Leading items exported to Czechoslovakia, by Schedule B Nos., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
120.1400	Cattle hides, whole	$13,451	$25,466	$5,865
480.7050	Concentrated superphosphates	15,645	7,176	-
480.7015	Phosphoric acid, less than 65 percent available phosphorus pentoxide equivalents	-	3,786	2,704
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	-	2,582	-
207.0035	Wooden pencil slats	1,210	1,263	243
170.4300	Leaf tobacco, n.e.s	-	1,206	387
486.2900	Insecticides, unmixed, n.e.s	645	898	-
674.3045	Metalworking machine tools, for cutting or hobbing gears, new, n.s.p.f	-	789	-
170.3340	Burley cigarette leaf filler tobacco, stemmed	-	736	-
711.8750	Electrical (including electronic) physical analysis equipment, n.s.p.f., and parts thereof	381	725	331
790.5510	Pressure-sensitive tape having a plastic backing	771	675	6
309.0170	Monofilaments (in continuous form), n.e.s	587	644	188
124.1527	Muskrat furskins, whole, not dressed	466	585	-
540.4200	Glass rods, tubes, and tubing	604	514	211
678.5090	Other machines n.s.p.f., and parts thereof	248	474	294
660.9490	Parts and attachments, n.s.p.f., for pumps for liquids	13	417	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines	104	398	320
404.3940	Nitrogen function compounds n.s.p.f., and their derivatives	-	395	-
682.9520	Primary cells and primary batteries	346	373	98
273.4000	Plans and drawings for industrial, architectural, engineering, commercial or similar purposes; manuscripts and copies of data	506	271	-
	Total	34,975	49,374	10,646
	Total, U.S. exports to Czechoslovakia	57,079	58,098	12,726

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, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
607.6625	Plates not pickled and not cold rolled other than alloy iron or steel over 6 inches in thickness	1/	$6,144	$2,163
192.2520	Hops, not in pellets	2,931	6,108	-
700.2940	Welt work footwear, of leather, valued over $6.80 per pair	5,103	5,669	1,403
607.1700	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound	3,781	5,499	2,773
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	1,186	3,388	20
772.5138	Truck and bus tires, other than radial	2,809	2,999	841
607.8360	Sheets, not clad, pickled or cold rolled, not annealed and having a minimum yield point of 40,000 psi	-	1,846	383
741.3000	Beads, bugles, and spangles, n.e.s	1,114	1,837	492
107.3525	Canned hams and shoulders, 3 pounds and over	1,964	1,809	552
335.9500	Woven fabrics, n.s.p.f., of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	1,004	1,802	351
741.3500	Imitation gemstones, except imitation gemstone beads	1,163	1,721	653
772.5112	Passenger car tires other than radial	732	1,703	237
546.6020	Glass tumblers, etc., valued over $0.30 but not over $3 each	2,263	1,621	454
692.3415	Riding tractors suitable for agricultural use, wheel type	2/	1,476	1,333
772.5129	Tires for light trucks, other than radials	1,191	1,445	244
167.0515	Ale, porter, stout, and beer, glass containers, not over 1 gallon	1,147	1,318	297
740.3800	Jewelry, valued over 20 cents per dozen pieces or parts, other than watch bracelets	459	1,287	464
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	983	1,274	240
772.5109	Passenger car tires, radial	1,860	1,248	273
727.1500	Furniture and parts, of bentwood	947	1,102	312
	Total	30,636	51,295	13,487
	Total, U.S. imports from Czechoslovakia	62,821	84,192	21,548

1/ TSUSA item 607.6625, along with TSUSA item 607.6620, were created on Jan. 1, 1984, from former TSUSA item 607.6615.
2/ TSUSA item 692.3415, along with TSUSA items 692.3420 and 692.3425, were created on Jan. 1, 1984, from former TSUSA item 692.3413.

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., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
130.3465	Yellow corn, not donated for relief or charity	$82,864	$75,689	$28,904
175.5140	Sunflower seed, other than confectionery	1/	18,866	7,195
130.4040	Grain sorghum, other than seed for planting purposes	-	15,135	-
130.1040	Barley, other than for malting purposes	7,002	7,045	-
175.4100	Soybeans, other than seed for planting	-	3,607	-
433.1035	Compound catalyst preparations, other than of nickel	-	2,730	-
605.5660	Platinum products n.s.p.f., not rolled, including alloys of platinum and gold- or silver-plated platinum	-	2,208	-
106.9200	Swine livers	1,624	1,414	1,084
692.3150	Tracklaying tractors, new, with a net engine horsepower rating of at least 260 horsepower, but less than 345 horsepower	-	1,350	-
300.1060	Cotton, not carded, not combed, staple length 1 to 1-1/8 inches	-	1,246	1,246
300.3021	Cotton linters, n.e.s	526	857	490
692.3135	Tracklaying tractors, new, with a net engine horsepower rating of at least 125 horsepower, but less than 160 horsepower	-	799	-
540.4200	Glass rods, tubes, and tubing	95	767	172
355.0740	Textile webs, batting, and non-woven fabrics, of manmade fibers, n.e.s	276	603	-
544.1000	Flat glass (including cast, rolled, drawn, or blown glass, and float glass) n.e.s., subjected to cutting or processing	-	354	-
668.2047	Printing presses, n.s.p.f	-	225	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines	-	197	-
692.2936	Transmissions for passenger automobiles	-	170	170
124.1527	Muskrat furskins, whole, not dressed	-	131	32
472.5000	Titanium dioxide pigments	-	128	-
	Total	92,386	133,520	39,293
	Total, U.S. exports to East Germany	138,915	135,830	39,708

1/ Schedule B No. 175.5140 was created along with No. 175.5120 from former No. 175.5100 on Jan. 1, 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-18.--Leading items imported from East Germany, by TSUSA items, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
607.8360	Sheets, not clad, pickled or cold rolled, not annealed and having a minimum yield point of 40,000 psi	$447	$26,484	$6,206
607.1700	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound	224	18,415	8,655
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	-	16,506	16,506
607.6625	Plates not pickled and not cold rolled other than alloy iron or steel over 6 inches in thickness	1/	14,431	6,254
608.1330	Sheets of iron or steel, valued over 10 cents per lb, zinc coated, other than a minimum 40,000 lbs psi	839	8,977	3,478
480.3000	Urea, n.e.s	-	7,920	4,919
480.5000	Potassium chloride, crude	8,557	7,149	-
772.5109	Passenger car tires, radial	5,565	5,023	872
668.2345	Printing presses, not letter or offset	2,288	3,916	1,352
772.5112	Passenger car tires other than radial	2,356	2,008	382
668.5060	Parts of printing presses	1,260	1,979	280
668.2100	Offset printing presses, weighing 3,500 pounds or more, sheet-fed type	3,125	1,743	287
121.5000	Pig and hog leather	698	1,529	406
772.5127	Radial tires for light trucks	1,107	1,524	291
772.5136	Truck and bus tires, radial	2,427	1,285	118
494.2000	Montan wax	1,295	1,148	394
772.5129	Tires for light trucks, other than radials	1,151	967	255
725.0320	Grand pianos	110	804	197
708.7600	Compound optical microscopes, other	633	757	108
640.3050	Containers of base metal used in the packing, transporting, or marketing of goods, other than steel drums or pails	-	727	432
	Total	32,083	123,292	51,394
	Total, U.S. imports from East Germany	56,937	149,129	57,863

1/ TSUSA item 607.6625, along with TSUSA item 607.6620, were created on Jan. 1, 1984, from former TSUSA item 607.6615.

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., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
184.5260	Soybean oil cake and oil-cake meal	$50,795	$30,518	$21,663
692.3840	Parts of tractors, other than tracklaying tractors	3,549	8,697	3,934
120.1400	Cattle hides, whole	2,849	6,626	2,124
480.8010	Monoammonium phosphate fertilizers and fertilizer materials	-	3,252	-
540.4200	Glass rods, tubes, and tubing	2,280	2,298	837
435.3300	Corticosteroids, n.s.p.f. (bulk)	685	2,071	285
480.7050	Concentrated superphosphates	2,704	1,739	-
660.4872	Gasoline engines, not aircraft, automobile, or marine, under 6 brake horsepower	-	1,392	-
666.0059	Agricultural and horticultural machinery and implements, n.s.p.f	245	961	10
674.3598	Other new (including container making) metal-forming machine tools valued at least $2,500 each, n.e.s	-	877	-
191.1520	Bull semen (bovine)	532	874	382
182.9752	Vegetable protein isolates derived from oil seeds	1,014	756	-
423.1090	Inorganic chemical compounds, n.s.p.f	30	695	175
123.0000	Whole skins of sheep and lamb, not dressed, if suitable for use as furs	359	672	155
431.0800	Hydrocarbon derivatives, other than halogenated hydrocarbons	-	626	-
431.4890	Polyamines and their salts and derivatives, n.s.p.f	300	591	118
100.0220	Chickens, breeder stock, live	461	590	-
404.3000	Amines and their derivatives	652	504	-
692.2985	Parts, n.s.p.f., of motor vehicles	317	501	23
444.1210	Polyamide resins, nylon type	315	482	210
	Total	67,086	64,721	29,917
	Total, U.S. exports to Hungary	109,781	85,177	35,380

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, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
692.3288	Parts for motor vehicles, n.e.s	$18,442	$39,912	$8,854
107.3525	Canned hams and shoulders, 3 pounds and over	27,522	28,598	7,884
618.2563	Sheets and strip, not clad, other than alloyed aluminum in coils, unpainted, over .008 but not .017 inch in thickness	1/	12,690	2,246
686.9030	Lamps n.e.s., including standard household	8,971	11,324	2,160
692.3460	Parts for agricultural tractors	2,185	11,151	3,389
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	10,842	6,467	915
772.5136	Truck and bus tires, radial	3,124	3,203	788
607.6610	Plates, not pickled or cold rolled, other than alloy iron or steel in coils	-	3,189	1,242
107.3040	Bacon, not boned and cooked	3,172	2,823	503
379.8315	Men's and boys' overcoats, topcoats and car coats of wool, not knit, valued over $4 per pound	632	2,712	1,239
692.0440	Motor buses, n.s.p.f., (including diesel)	3,367	2,664	118
165.1500	Apple and pear juice, not containing over 1 percent alcohol	2,168	2,598	342
379.8355	Men's wool suits, not knit, not ornamented	2,009	2,486	584
607.6730	Sheets, not pickled or cold rolled, other than alloy iron or steel, in coils with trimmed edges	-	2,373	968
661.9500	Centrifuges, filtering and purifying machinery, except cast iron parts	1,508	2,340	473
412.1000	Products suitable for medicinal use and drugs provided for in the chemical appendix to tariff schedules	-	2,091	2,091
765.0300	Paintings, pastels, drawings, and sketches, executed by hand	158	2,057	66
612.3982	Brass strips under 1/16 inch in thickness	1,727	2,054	735
379.9565	Men's suits, n.e.s., man-made fibers	951	2,023	295
644.1200	Aluminum foil, not backed or cut to shape, over .00035 inch in thickness valued over 55 cents per pound	1,549	1,889	349
	Total	88,327	144,644	35,241
	Total, U.S. imports from Hungary	154,493	220,094	51,626

1/ TSUSA item 618.2563, along with TSUSA item 618.2560, were created on Jan. 1, 1984, from former TSUSA item 618.2565.

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., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
683.9525	Industrial and laboratory electric furnaces and ovens	-	$31	-
674.5460	Parts, n.s.p.f., of machine tools n.s.p.f	-	21	-
270.3020	Bibles, testaments, and other religious books	-	17	-
818.9000	General merchandise, valued not over $500	-	14	1
661.7640	Parts of centrifuges	-	7	-
274.9540	Printed matter, n.s.p.f	-	6	-
709.1690	Parts of electro-medical apparatus	-	6	-
676.5560	Parts of automatic data processing machines and units thereof, n.s.p.f	-	5	-
709.3000	Medical, dental, surgical, and veterinary instruments and apparatus, n.s.p.f., and parts thereof	-	3	1
710.1820	Electrical (including electronic) meteorological and hydrological instruments, and parts thereof	-	3	3
774.5020	Articles n.s.p.f., of rubber or plastics	2	1	-
712.1520	Instruments and apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiations	8	1	-
818.3900	Products, n.e.s., donated for relief or charity	9	1	-
649.2800	Saw blades n.s.p.f. for mechanical or non-mechanical saws	-	1	-
	Total	19	116	4
	Total, U.S. exports to Mongolia	123	116	4

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, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
306.4293	Camel hair, sorted, etc	$706	$1,071	$241
306.6200	Cashmere goat hair, sorted, etc	113	1,055	234
306.4192	Camel hair, not sorted, etc	642	694	110
307.0600	Noils, not advanced	-	43	43
383.6371	Women's sweaters, wool, knit, other than cashmere	-	39	-
653.2200	Metal coins, n.e.s	-	1	1
	Total	1,461	2,903	629
	Total, U.S. imports from Mongolia	1,483	2,903	629

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., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
687.6068	Mounted piezoelectric crystals	$1	-	-
	Total	1	-	-
	Total, U.S. exports to North Korea	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-24.--Leading items imported from North Korea, by TSUSA items, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
535.1435	Ceramic insulators used in sparks plugs for internal combustion engines, n.s.p.f	-	$13	-
706.0700	Handbags of leather valued not over $20 each	-	1/	-
	Total	-	14	-
	Total, U.S. imports from North Korea	-	14	-

1/ 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., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
184.5260	Soybean oil cake and oil-cake meal	$37,858	$45,944	$6,172
818.3900	Products, n.e.s., donated for relief or charity	40,640	32,767	9,354
480.9500	Fertilizers and fertilizer materials, n.s.p.f	-	25,610	2,685
130.3465	Yellow corn, not donated for relief or charity	21,582	25,502	2,611
116.0100	Butter	16,453	23,545	7,065
175.4100	Soybeans, other than seed for planting	48,700	20,451	6,912
818.3100	Food products, n.s.p.f., donated for relief or charity	4,876	12,415	7,676
120.1400	Cattle hides, whole	7,286	12,303	1,465
130.6540	Wheat, unmilled, not donated for relief or charity	6,139	10,397	2,560
131.4030	Wheat flour, n.e.s., donated for relief or charity	7,382	8,601	1,412
176.5260	Soybean oil, n.e.s., donated for relief or charity	7,672	7,617	1,285
664.0588	Parts, n.e.s., of excavating machinery, n.e.s	3,432	6,368	1,740
818.3400	Wearing apparel donated for relief or charity	5,486	6,227	889
818.8000	Shipments valued $10,000 and under, not identified by kind	1/	5,277	1,646
115.5020	Nonfat dry milk, donated for relief or charity	10,123	5,201	393
309.4245	Acrylic and modacrylic fibers (in noncontinuous form)	400	4,439	1,888
170.6500	Cigarettes	3,371	3,938	1,133
818.4000	Used wearing apparel and other used articles, of textile materials, exported in bulk	3,530	3,297	618
309.4242	Polyester fibers (in noncontinuous form)	1,972	2,589	652
177.7390	Animal oils, fats, and greases, n.s.p.f	1,603	2,555	-
	Total	228,507	265,043	58,156
	Total, U.S. exports to Poland	319,872	314,825	74,040

1/ Schedule B No. 818.8000 did not exist prior to Jan. 1, 1984. Shipments valued $10,000 and under, not identified by kind, were previously evaluated and assigned to appropriate numbers within the first 7 schedules.

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, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
107.3525	Canned hams and shoulders, 3 pounds and over	$83,311	$75,715	$20,307
607.6625	Plates not pickled and not cold rolled other than alloy iron or steel over 6 inches in thickness	1/	9,976	6,928
609.8041	Channels, other than alloy iron or steel, maximum cross-sectional dimension of 3 inches or more	1,946	8,479	1,888
335.9500	Woven fabrics, n.s.p.f., of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	3,418	6,541	1,860
379.8355	Men's wool suits, not knit, not ornamented	4,593	4,307	722
646.2622	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or more in length, uncoated	3,764	3,958	815
646.2626	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or more in length, coated	2,921	3,607	833
493.1200	Casein	3,596	3,089	589
727.1500	Furniture and parts, of bentwood	2,580	2,982	744
100.0110	Horses, male, for breeding	1,752	2,946	2,946
686.9030	Lamps n.e.s., including standard household	1,692	2,592	482
383.7550	Women's suits, n.e.s., not knit, wool	1,256	2,462	339
383.3415	Women's cotton raincoats, n.e.s., 3/4 length or longer	2,214	2,157	94
379.4620	Men's and boys' suit-type sport coats and jackets made of corduroy	2,430	2,113	174
686.9020	Decorative lamps, 150 watts and under	83	1,962	398
383.8073	Women's and girls' sweaters, knit, of man-made fibers	1,248	1,942	474
146.7630	Strawberries in containers holding more than 40 ounces	2,600	1,938	342
521.3180	Coal, n.e.s., including lignite, but not including peat	-	1,902	6
692.1090	Automobile trucks, valued under $1,000	1,852	1,897	444
379.4615	Men's and boys' raincoats, 3/4 length or longer, other than corduroy, valued over $4 each	1,068	1,849	542
	Total	122,324	142,414	40,928
	Total, U.S. imports from Poland	190,641	215,700	59,611

1/ TSUSA item 607.6625, along with TSUSA item 607.6620, were created on Jan. 1, 1984, from former TSUSA item 607.6615.

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., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
175.4100	Soybeans, other than seed for planting	$76,356	$112,544	$6,011
120.1400	Cattle hides, whole	40,806	41,477	14,902
521.3110	Low volatile bituminous coal	16,145	32,211	18,830
480.9500	Fertilizers and fertilizer materials, n.s.p.f	-	17,435	3,569
660.3040	Parts, n.s.p.f., of steam turbines	-	7,815	3,846
433.1035	Compound catalyst preparations, other than of nickel	720	6,064	6,064
676.5560	Parts of automatic data processing machines and units thereof, n.s.p.f	3,613	4,842	1,063
415.4500	Sulfur, native elemental or recovered, in any physical form	3,819	2,400	2,400
404.0580	Hydrocarbons, except derivatives, n.e.s	657	1,822	-
170.6500	Cigarettes	2,798	1,671	-
120.1755	Cattle hides cut into croupons, crops, dossets, sides, butts, or butt bends	-	1,269	500
459.6000	Aromatic and odoriferous substances, mixed, n.s.p.f	534	1,219	688
130.3440	Corn seed, except sweet, not donated for relief or charity	714	782	-
688.4060	Electrical articles and electrical parts of articles, n.s.p.f	81	713	651
250.0284	Wood pulp, special alpha and dissolving grades	262	645	-
431.1070	Methyl alcohol	-	611	-
520.2410	Powder or dust of industrial diamonds, natural or synthetic, not set or suitable for use in the manufacture of jewelry	681	604	237
446.1521	Polychloroprene (neoprene) synthetic rubber	3,588	591	253
818.3100	Food products, n.s.p.f., donated for relief or charity	-	564	187
273.4000	Plans and drawings for industrial, architectural, engineering, commercial or similar purposes; manuscripts and copies of data	94	509	85
	Total	150,865	235,789	59,285
	Total, U.S. exports to Romania	185,658	246,181	62,398

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, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
475.3500	Naphthas, derived from petroleum, etc., n.e.s	$24,017	$226,239	$63,809
475.2520	Gasoline	207,709	136,346	28,975
475.6530	Mixtures of hydrocarbons n.s.p.f, in liquid form, other than condensate derived wholly from natural gas	-	100,202	15,203
480.3000	Urea, n.e.s	10,885	40,473	14,997
607.6625	Plates not pickled and not cold rolled other than alloy iron or steel over 6 inches in thickness	1/	39,273	26,365
618.2563	Sheets and strip, not clad, other than alloyed aluminum in coils, unpainted, over .008 but not .017 inch in thickness	2/	16,588	1,957
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	36,246	13,392	-
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)	10,052	11,147	-
480.6510	Ammonium nitrate	849	9,435	698
379.9565	Men's suits, n.e.s., man-made fibers	2,334	8,320	-
610.4225	Oil well casing, other than alloy steel, seamless	274	8,303	820
480.6550	Nitrogen solution	4,654	7,030	693
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	9,719	7,029	1,773
546.6020	Glass tumblers, etc., valued over $0.30 but not over $3 each	5,572	5,961	1,498
546.6640	Glass tableware (other than tumblers and stemware), kitchen and cookware valued over $3 but not over $5	2,513	5,812	1,163
706.1310	Brief cases, school bags, photographic equipment bag, camera cases of leather	3/	5,693	1,057
700.3550	Men's footwear, of leather, n.e.s., cement soles	6,897	5,620	2,124
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	3,773	5,368	1,199
727.1500	Furniture and parts, of bentwood	3,429	5,169	1,349
130.3000	Seed corn or maize, certified	-	4,829	-
	Total	328,922	662,231	163,680
	Total, U.S. imports from Romania	512,821	896,696	226,374

1/ TSUSA item 607.6625, along with TSUSA item 607.6620, were created on Jan. 1, 1984, from former TSUSA item 607.6615.
2/ TSUSA item 618.2563, along with TSUSA item 618.2560, were created on Jan. 1, 1984, from former TSUSA item 618.2565.
3/ TSUSA item 706.1310, along with TSUSA item 706.1305, were created on Jan. 1, 1984, from former TSUSA items 706.1320 and 706.1340.

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., 1983, 1984, and October-December 1984

Schedule B No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
818.3900	Products, n.e.s., donated for relief or charity	$16,381	$17,272	$4,317
818.9000	General merchandise, valued not over $500	3,905	3,960	1,117
818.3300	Medicinal and pharmaceutical products donated for relief or charity	9	403	397
818.3100	Food products, n.s.p.f., donated for relief or charity	112	340	-
818.4000	Used wearing apparel and other used articles, of textile materials, exported in bulk	137	184	-
772.0400	Household articles n.s.p.f., of rubber or plastics	61	47	-
795.0000	Nonenumerated products	7	12	12
818.8000	Shipments valued $10,000 and under, not identified by kind	1/	11	8
709.1690	Parts of electro-medical apparatus	-	6	-
270.4040	Books, n.s.p.f	-	3	-
320.1330	Broadwoven sheeting (including osnaburgs) of cotton, not bleached and not colored	-	1	-
442.7900	Vitamin, nutrient, and hematinic preparations, for human use, n.e.s	-	1	-
818.3400	Wearing apparel donated for relief or charity	-	1	-
	Total	20,611	22,240	5,852
	Total, U.S. exports to Vietnam	20,745	22,240	5,852

1/ Schedule B No. 818.8000 did not exist prior to Jan. 1, 1984. Shipments valued $10,000 and under, not identified by ind, were previously evaluated and assigned to appropriate numbers within the first 7 schedules.

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, 1983, 1984, and October-December 1984

TSUSA item No.	Description	1983	1984	Oct.-Dec. 1984
		1,000 dollars	1,000 dollars	1,000 dollars
766.2560	Antiques, n.s.p.f	-	$62	-
200.9300	Wood dowel rods and pins, plain hardwood	-	6	-
383.6371	Women's sweaters, wool, knit, other than cashmere	-	2	-
	Total	-	71	-
	Total, U.S. imports from Vietnam	-	71	-

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

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

GLOSSARY

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

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

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

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

(3) a series of appendix tables describing the leading items traded by the United States with each of the NME countries covered, disaggregated to the 7-digit level of the respective export and import schedules, through the end of that calendar quarter.

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