

**22D QUARTERLY REPORT TO THE CONGRESS
AND THE TRADE POLICY COMMITTEE ON TRADE
BETWEEN THE UNITED STATES AND THE
NONMARKET ECONOMY COUNTRIES
DURING JANUARY-MARCH
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Bill Alberger, Chairman
Michael J. Calhoun, Vice Chairman
George M. Moore
Catherine Bedell
Paula Stern

Kenneth R. Mason, Secretary to the Commission

Report principally prepared by:

Office of Economics

Magdolna B. Kornis
Bruce Guthrie
Cecilia L. Klein
Janet Whisler

Office of Industries

Lowell Grant

with assistance from:

U.S. Department of Commerce

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

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SUMMARY OF FIRST QUARTER DEVELOPMENTS

In January-March 1980, the Soviet Union lost its position as the leading U.S. trade partner among the nonmarket economy countries (NME's), ranking second as an NME export market for U.S. products, and fourth as a source of imports from NME's. This resulted only in part from the trade sanctions ordered by the President curtailing a major part of U.S. exports to the U.S.S.R., in response to the Soviet invasion of Afghanistan. Rapidly growing trade with China and the absence of Soviet gold exports also played an important role.

Exports, imports, and the U.S. trade surplus with the NME's all exceeded the levels reached in the corresponding quarter of 1979. The NME share of U.S. exports to the world rose to 4 percent from 3.6 percent in January-March 1979; by contrast, the NME share of U.S. imports from the world remained unchanged at 1.05 percent. The U.S. trade surplus with the NME's amounted to \$1.5 billion, in sharp relief to an overall U.S. trade deficit in January-March 1980 of \$8.8 billion.

Exports of agricultural products continued to dominate U.S. sales to the NME's during January-March 1980, accounting for about three-fourths of the total. As before, U.S. imports from the NME's centered in manufactured goods.

In 1980, U.S. trade with the Soviet Union--and consequently with the entire NME group--will be severely affected by the deterioration of U.S.-Soviet relations. In response to the invasion of Afghanistan, the President--among other measures directed against Soviet interests--suspended a significant part of U.S. exports to the U.S.S.R. Exports affected by these sanctions are agricultural commodities relating to the feed-livestock complex; phosphates; high-technology and other strategically important items; and exports intended for the 1980 summer Olympic games in Moscow.

For the first time, China became the leading U.S. trade partner among NME's, becoming both the most important NME market for U.S. products and the leading NME source of U.S. imports. U.S.-China trade relations also made land-mark progress in the quarter under review. A comprehensive trade agreement between the two countries, which included the extension of most-favored-nation (MFN) tariff treatment to China's products, was put into effect on February 1, 1980. The principal unresolved issue in U.S.-Chinese commercial relations involves a bilateral agreement under the Multifiber Arrangement limiting U.S. textile imports from China. Until such an agreement is concluded, a large part of Chinese apparel exports to the United States will continue to be subject to unilateral quotas.

INTRODUCTION

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

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

At the present time, Poland, Yugoslavia, Romania, Hungary, and China receive most-favored-nation (MFN) tariff treatment from the United States. Most of the NME's have not been accorded this treatment since the underlying tariff policy was made effective in 1951 and 1952 pursuant to section 5 of the Trade Agreements Extension Act of 1951. This act directed the President to take appropriate action to deny the benefit of trade-agreement concessions to imports from certain Communist nations or areas. In the TSUS, the unconditional MFN rates are set forth in column 1. The rates applicable to products of designated Communist nations are set forth in column 2; for the most part, these are higher rates that were enacted in 1930. The rate discrimination resulting from this policy varies considerably from item to

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

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

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

This particular report contains a summary of U.S. trade with the NME's during January-March 1980, the first such quarterly trade affected by the President's restrictions on exports to the U.S.S.R., following the Soviet invasion of Afghanistan. A special chapter in the report discusses these trade sanctions, their effect on U.S. trade with NME's, and some other implications. In addition, the extension of MFN status to China, which took effect during the period under review, prompted an examination of U.S. trade and commercial relations with that country.

FIRST-QUARTER DEVELOPMENTS IN TRADE BETWEEN THE UNITED STATES AND NONMARKET ECONOMY COUNTRIES

In January-March 1980, the Soviet Union lost its position as the leading U.S. trading partner among the nonmarket economy countries (NME's), ranking second as an NME export market for U.S. products, and fourth as a source of U.S. imports from these countries. This resulted only in part from the Presidential order on January 4, 1980 imposing trade sanctions which curtailed a major part of U.S. exports to the Soviet Union. ^{1/} Continued growth in U.S. trade with China and the absence of Soviet gold exports in this quarter also played an important role.

In spite of the trade sanctions against the Soviet Union, exports, imports, and the U.S. trade surplus with NME's during January-March 1980 all exceeded the levels reached in the corresponding quarter of 1979 (table 1). A significant but undetermined amount of these increases was accounted for by rise in price rather than by growth in volume.

In addition, U.S. exports to NME's increased in relative importance between January-March 1979 and January-March 1980; the NME share of total U.S. exports rose from 3.6 percent to 4 percent. By contrast, the NME share in U.S. imports from the world remained unchanged at 1.05 percent.

U.S. Exports to NME's

In January-March 1980, U.S. exports to NME's amounted to \$2.1 billion, accounting for three-fourths of the \$2.8 billion two-way trade with these countries. Thus, the United States continued to maintain its traditional favorable balance in this trade. The trade surplus with NME's amounted to \$1.5 billion, in sharp contrast with the \$8.8 billion trade deficit the United States experienced with the world--a contrast that has existed throughout most of the 1970's.

The distribution of U.S. exports to NME's within broad product groups remained essentially unchanged between January-March 1979 and the corresponding period of 1980, except for two categories: food, and certain manufactured products (table 2). The heavy concentration of U.S. exports to the NME's in products classified as food (SITC groups 0, 1) increased between the two periods, with food products accounting for almost half of all U.S. exports to NME's in January-March 1980. By contrast, exports to NME's of certain manufactured products, consisting largely of capital goods and high-technology items (SITC 7 through 9) continued to decline as a percentage of total U.S. exports to these countries. In January-March 1980, they accounted for only 12 percent of all U.S. exports to NME's, compared with 18 percent in the corresponding period of last year.

Both food and high-technology exports during the quarter were affected by the restrictions imposed on exports to the Soviet Union at the beginning of the year. Exports to the Soviet Union of items relating to oil and gas exploration and production, computers, etc., virtually stopped following a

^{1/} See: "Trade sanctions against the Soviet Union: Various implications", p. 19, of this report.

Table 1.--U.S. trade with the world and with the nonmarket economy countries,
by quarters, January 1979-March 1980

Item	1979				1980
	January- March	April- June	July- September	October- December	January- March
U.S. world trade:					
Exports-----million dollars--	41,080	44,452	44,681	51,588	53,017
Imports-----do-----	45,387	50,119	53,121	57,699	61,838
Balance-----do-----	-4,307	-5,667	-8,440	-6,111	-8,821
U.S. trade with nonmarket economy countries:					
Exports-----million dollars--	1,478	1,911	2,029	2,746	2,148
Imports-----do-----	478	721	757	893	652
Balance-----do-----	1,000	1,190	1,272	1,853	1,497
Trade turnover (exports plus imports) million dollars--	1,956	2,632	2,786	3,639	2,800
Share of total U.S. trade accounted for by trade with nonmarket economy countries:					
Exports-----percent--	3.60	4.30	4.54	5.32	4.05
Imports-----do-----	1.05	1.44	1.43	1.55	1.05

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

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

Table 2.—U.S. trade with the world and with the nonmarket economy countries (NME's), by SITC 1/ Nos. (Revision 2), January-March 1979 and January-March 1980

SITC commodity code No.	Description	U.S. trade with the world		U.S. trade with the NME's	
		Jan.-Mar.	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.
		1979	1980	1979	1980
Exports (million dollars)					
0, 1	Food, beverages, and tobacco-----	4,739	6,969	599	1,025
2, 4	Crude materials-----	5,391	7,165	424	603
3	Mineral fuels and lubricants-----	1,078	1,484	37	46
5	Chemicals-----	3,913	5,035	97	143
6	Manufactured goods classified by chief material-----	3,641	5,265	48	68
7, 8, 9	Other manufactured goods and mis- cellaneous-----	21,600	26,116	267	259
	Total-----	40,361	52,035	1,472	2,144
Imports (million dollars)					
0, 1	Food, beverages, and tobacco-----	4,061	4,556	90	96
2, 4	Crude materials-----	2,490	2,770	33	41
3	Mineral fuels and lubricants-----	11,606	21,643	25	40
5	Chemicals-----	1,626	2,184	35	71
6	Manufactured goods classified by chief material-----	6,865	8,679	107	184
7, 8, 9	Other manufactured goods and mis- cellaneous-----	18,565	21,818	167	213
	Total-----	45,214	61,650	457	644
Percent of total exports					
0, 1	Food, beverages, and tobacco-----	11.7	13.4	40.7	47.8
2, 4	Crude materials-----	13.4	13.8	28.8	28.1
3	Mineral fuels and lubricants-----	2.7	2.9	2.5	2.1
5	Chemicals-----	9.7	9.7	6.6	6.7
6	Manufactured goods classified by chief material-----	9.0	10.1	3.3	3.2
7, 8, 9	Other manufactured goods and mis- cellaneous-----	53.5	50.2	18.1	12.1
	Total-----	100.0	100.0	100.0	100.0
Percent of total imports					
0, 1	Food, beverages, and tobacco-----	9.0	7.4	19.7	14.9
2, 4	Crude materials-----	5.5	4.5	7.2	6.4
3	Mineral fuels and lubricants-----	25.7	35.1	5.5	6.2
5	Chemicals-----	3.6	3.5	7.7	11.0
6	Manufactured goods classified by chief material-----	15.2	14.1	23.4	28.6
7, 8, 9	Other manufactured goods and mis- cellaneous-----	41.1	35.4	36.5	33.1
	Total-----	100.0	100.0	100.0	100.0

1/ Standard International Trade Classification.

Source: Data for U.S. trade with the world are from U.S. Department of Commerce publication FT990, tables E-6 and I-4. Data on U.S. trade with the NME's are from the U.S. Department of Commerce, Bureau of East-West Trade. Imports are for consumption and valued on a customs basis. Exports are domestic merchandise only, and valued on an f.a.s. basis.

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

total ban on their sales in early January. However, the partial embargo on grain exports to the U.S.S.R., ^{1/} did not prevent significantly larger corn exports to the Soviet Union in January-March 1980 compared with those in the corresponding quarter of last year. (The impact of the grain embargo will be greater on exports to NME's in the next two quarters of 1980, since the Soviet Union will have exhausted purchases permissible for FY 1980 under the United States-U.S.S.R. grain supply agreement earlier in the year.)

In January-March 1980, NME's accounted for more than one-fifth of U.S. exports of cereals and cereal preparations to the world (table 3). Despite the partial embargo affecting such exports to the Soviet Union, the value of sales to NME's increased, compared with sales in January-March 1979. However, the Soviet Union's share declined to only 39 percent of U.S. cereal sales to NME's, compared with 46 percent during January-March 1979. China's cereal purchases also declined between these two periods, but the share of Eastern European NME's rose substantially--from 20 to 46 percent of all sales to major NME's. East Germany became the second largest market for U.S. cereals and preparations, purchasing larger amounts in the quarter than China.

With their large purchases of cereals and cereal preparations and soybean meal, Eastern European countries contributed heavily to the higher concentration of food items in U.S. exports to all NME's. This region was also largely responsible for the decline in U.S. exports of machinery and transportation equipment to NME's--the dominant group in SITC class 7 through 9. For some time, many Eastern European countries have been cutting back on their engineering imports to save hard currency for their more immediate needs--petroleum and agricultural imports. As a combined result of Eastern European import restrictions and U.S. export restrictions on high-technology exports to the Soviet Union, U.S. sales to NME's of items classified in SITC groups 7 through 9 declined in absolute terms from those in the corresponding quarter of 1979.

The suspension of soybean exports to the Soviet Union caused a drastic reduction of U.S. crude material exports to that country in January-March 1980 to \$49 million, compared with \$196 million in last year's comparable quarter. On the other hand, exports of soybeans and cotton (both crude materials) to China soared between these two periods, more than offsetting the reduced sales to the Soviet Union. The relative share of crude materials in all U.S. exports to NME's remained largely unchanged, accounting for about 28 percent (table 2).

The traditional concentration of U.S. exports to NME's in food and crude materials thus persisted in the first quarter of the year. These two groups (SITC 0, 1, 2, 4) accounted for more than three quarters of U.S. exports to NME markets--compared with only 27 percent of U.S. exports to the world--indicating the reliance of NME's on the United States for grains, soybeans and products, cotton, tallow, and cattle hides.

U.S. Imports from NME's

In January-March 1980, the value of U.S. imports from NME's increased from the value in the corresponding quarter of 1979 in all major categories (table 2). The share of food (SITC 0, 1) in these imports dropped from 20 to

^{1/} See discussion on pp. 27-28 of this report.

Table 3.--U.S. exports of cereals and cereal preparations to nonmarket economy countries and to the world, 1977-79, January-March 1979, and January-March 1980 ^{1/}

Market	1977	1978	1979	January-March--	
				1979	1980
China-----1,000 dollars--:	- :	361,902 :	482,653 :	159,046 :	128,426
U.S.S.R-----do-----:	848,629 :	1,417,438 :	2,254,036 :	220,982 :	336,886
Poland-----do-----:	197,686 :	270,474 :	399,278 :	27,827 :	97,636
Yugoslavia-----do-----:	129 :	28,575 :	162,704 :	5,702 :	34,240
Romania-----do-----:	36,840 :	32,546 :	116,747 :	27,343 :	57,530
East Germany-----do-----:	20,246 :	106,813 :	245,773 :	16,884 :	133,591
Czechoslovakia-----do-----:	8,936 :	44,643 :	167,226 :	14,355 :	41,228
Hungary-----do-----:	9,875 :	12,439 :	666 :	666 :	7,903
Bulgaria-----do-----:	175 :	25,010 :	5,515 :	2,484 :	20,191
Total-----do-----:	1,122,312 :	2,299,840 :	3,834,598 :	475,288 :	857,631
Total U.S. cereal exports to	:	:	:	:	:
the world---1,000 dollars--:	8,754,798 :	11,633,969 :	14,450,494 :	2,485,398 :	3,979,283
U.S. exports of cereals to the	:	:	:	:	:
nonmarket economy countries as	:	:	:	:	:
a share of total cereal exports	:	:	:	:	:
percent--:	12.8 :	19.8 :	26.5 :	19.1 :	21.6

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

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

Note.--Data for 1977 are based on Schedule B, Division 04. Data for 1978, 1979, and 1980 are based on new Schedule E, Division 04. There were no imports of cereals and cereal preparations to the NME's not listed in this table.

15 percent, and the largest group--certain manufactured goods (SITC groups 7 through 9)--also lost some of its relative importance. ^{1/} Product groups gaining in relative significance were manufactured goods classified by chief material, chemicals, and mineral fuels. Increased imports from China of nonferrous metals and certain textiles, from Yugoslavia of silver bullion, and from the Soviet Union of nickel and other nonferrous metals accounted for a gain of some 5 percentage points for manufactured products classified by material. Ammonia, potassium chloride, and uranium compounds from the Soviet Union, ^{2/} and ammonium molybdate from China, accounted in large measure for the growing significance of chemical imports from NME's, a trend in recent years.

Gains in the relative importance of mineral fuel imports from NME's--all from China in the quarter under review--reflected the rising price of petroleum and products. The share of mineral fuels in all NME imports--6.2 percent--was dwarfed by the 35-percent share of mineral fuels in U.S. imports from the world. The comparatively small significance of mineral fuels renders other product groups relatively more important in U.S. imports from NME's than they are in U.S. imports from the world.

U.S. Trade with Individual NME's

Tables 4 and 5 show U.S. trade with NME's, by countries and by major commodity groups, in January-March 1980. Despite the post-Afghanistan partial trade embargo against the Soviet Union, more than one-third of U.S. food and live animals sold to all NME's went to the Soviet Union; East Germany, Poland, and China are the other major markets, in that order (table 4). However, the total ban on soybean sales to the Soviet Union made China the dominant NME market for U.S. crude materials. China accounted for close to two-thirds of all crude materials the United States sold to NME's in January-March 1980. China was also the principal NME market for U.S. machinery and transportation equipment, followed by Yugoslavia; the Soviet Union's third place reflected the controls of high-technology exports to that country due to the invasion of Afghanistan.

U.S. imports from NME's of manufactured goods classified chiefly by material, the largest import commodity group, came predominantly from Yugoslavia, China, and the Soviet Union, in almost equal values (table 5). More than one-third of U.S. purchases of miscellaneous manufactured articles produced in NME's came from China, and included a wide variety of apparel and other labor-intensive products. Yugoslavia ranked second as a supplier of miscellaneous manufactured items, principally footwear.

U.S. trade with individual NME's in January-March of 1979 and 1980 is compared in tables 6 and 7. Exports to all major NME's, ^{3/} except the U.S.S.R. and Hungary, expanded considerably (table 6). Similarly, the value of U.S. imports increased from all major NME's but Romania and Bulgaria.

^{1/} Gold bullion, which in table 2, is classified in this group, was not imported from the Soviet Union in the first quarters of either 1979 or 1980. In periods when such imports do take place, the share in U.S. imports from NME's of the miscellaneous group SITC 7 through 9 is significantly larger.

^{2/} Ammonia imports from the Soviet Union are discussed on pp. 55-56 of this report.

^{3/} Not counting Albania, Cuba, Mongolia, Vietnam, and North Korea, countries with which U.S. trade is small and highly irregular.

Table 4.--U.S. exports to the nonmarket economy countries,
by SITC 1/ Nos. (Revision 2), January-March 1980

(In thousands of dollars)										
SITC commodity code No.	Description	Albania	Bulgaria	China	Cuba	Czecho- slovakia	East Germany	Hungary	Mongolia	
0	Food and live animals-----	-	28,128	128,495	-	63,758	168,864	8,458	-	-
1	Beverages and tobacco-----	-	297	53	-	3,288	-	-	-	-
2	Crude material--inedible, except fuel-----	-	607	367,164	-	3,856	741	1,748	-	-
3	Mineral fuels, lubricants, etc-----	899	-	246	-	2	434	4	-	-
4	Oils and fats--animal and vegetable---	-	-	26,890	-	-	-	11	-	-
5	Chemicals-----	-	158	84,253	2	1,743	3,328	2,114	3	-
6	Manufactured goods classified by chief material-----	-	20	46,892	1	1,493	228	3,425	-	-
7	Machinery and transport equipment-----	-	1,541	106,304	-	6,909	1,772	4,234	-	-
8	Miscellaneous manufactured articles---	1	927	13,245	19	947	426	1,390	-	-
9	Commodities and transactions not elsewhere classified-----	60	12	367	-	538	351	91	3	-
	Total-----	960	31,690	773,908	22	82,534	176,145	21,475	6	-
		North Korea	Poland	Romania	U.S.S.R.	Vietnam	Yugo- slavia	Total		
0	Food and live animals-----	-	142,692	75,663	353,009	-	48,887	1,017,954		
1	Beverages and tobacco-----	-	2,196	-	192	-	1,242	7,268		
2	Crude material--inedible, except fuel-----	-	55,972	63,606	48,990	-	22,738	565,422		
3	Mineral fuels, lubricants, etc-----	-	-	24,944	8,792	-	10,859	46,180		
4	Oils and fats--animal and vegetable---	-	2,159	-	8,481	-	-	37,541		
5	Chemicals-----	-	5,236	1,075	19,768	101	24,968	142,749		
6	Manufactured goods classified by chief material-----	-	4,209	2,585	5,271	-	3,999	68,123		
7	Machinery and transport equipment-----	-	9,498	12,982	31,846	17	42,018	217,121		
8	Miscellaneous manufactured articles---	-	3,643	2,445	10,536	11	5,021	38,611		
9	Commodities and transactions not elsewhere classified-----	-	527	100	146	72	839	3,106		
	Total-----	-	226,132	183,400	487,031	200	160,571	2,144,073		

1/ Standard International Trade Classification.

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

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

Table 5.--U.S. imports from the nonmarket economy countries,
by SITC 1/ Nos. (Revision 2), January-March 1980

(In thousands of dollars)									
SITC commodity code No.	Description	Albania	Bulgaria	China	Cuba	Czecho- slovakia	East Germany	Hungary	Mongolia
0	Food and live animals-----	16	349	10,839	-	3,103	82	7,464	-
1	Beverages and tobacco-----	-	3,895	244	-	77	14	237	-
2	Crude material--inedible, except fuel-----	2,279	21	24,448	-	117	1,455	27	429
3	Mineral fuels, lubricants, etc-----	-	-	36,355	-	-	433	-	-
4	Oils and fats--animal and vegetable---	-	-	207	-	-	-	-	-
5	Chemicals-----	7	169	23,567	-	629	2,334	1,689	-
6	Manufactured goods classified by chief material-----	-	150	47,713	-	3,581	2,867	2,770	-
7	Machinery and transport equipment----	-	511	395	-	2,997	3,391	11,436	-
8	Miscellaneous manufactured articles----	-	554	55,538	8	4,760	2,723	4,660	-
9	Commodities and transactions not elsewhere classified-----	-	14	881	-	111	78	22	-
	Total-----	2,302	5,662	200,188	8	15,374	13,375	28,306	429
		North Korea	Poland	Romania	U.S.S.R.	Vietnam	Yugo- slavia	Total	
0	Food and live animals-----	-	43,609	6,282	509	-	11,562		83,815
1	Beverages and tobacco-----	-	448	341	1,550	-	5,058		11,864
2	Crude material--inedible, except fuel-----	-	479	2,215	6,938	-	1,039		39,447
3	Mineral fuels, lubricants, etc-----	-	3,651	-	-	-	-		40,439
4	Oils and fats--animal and vegetable---	-	998	-	2/	-	-		1,205
5	Chemicals-----	-	7,391	5,059	25,820	-	4,017		70,682
6	Manufactured goods classified by chief material-----	14	18,533	14,268	45,846	-	48,077		183,819
7	Machinery and transport equipment----	12	10,025	15,001	1,172	-	8,264		53,204
8	Miscellaneous manufactured articles----	-	15,005	20,179	16,769	2	30,918		151,116
9	Commodities and transactions not elsewhere classified-----	-	208	142	1,222	-	5,504		8,182
	Total-----	26	100,346	63,489	99,827	2	114,440		643,775

1/ Standard International Trade Classification.

2/ Less than \$500.

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

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

Table 6.—U.S. exports to the individual nonmarket economy countries
1977-79, January-March 1979, and January-March 1980 ^{1/}

(In thousands of dollars)						
Market	1977	1978	1979	January-March--		
				1979	1980	
China-----	171,318	818,241	1,716,500	393,355	773,908	
U.S.S.R-----	1,623,484	2,249,020	3,603,632	596,947	487,031	
Poland-----	436,536	677,022	786,258	124,120	226,132	
Yugoslavia-----	355,436	471,298	731,784	116,064	160,571	
Romania-----	259,405	317,423	500,464	104,785	183,400	
East Germany-----	36,099	170,121	354,522	49,105	176,145	
Czechoslovakia-----	73,989	105,349	281,129	52,712	82,534	
Hungary-----	79,717	97,682	77,583	23,580	21,475	
Bulgaria-----	23,910	48,120	56,225	9,888	31,690	
Albania-----	2,209	4,469	10,054	1,236	960	
Mongolia-----	11	62	80	47	6	
Vietnam-----	46	1,879	541	43	200	
Cuba-----	588	340	299	191	22	
North Korea-----	-	1	13	-	-	
Total ^{2/} -----	3,062,747	4,961,027	8,119,089	1,472,071	2,144,082	
Total U.S. exports to all						
countries ^{2/} -----	119,005,373	141,154,185	178,413,200	40,361,315	52,034,654	

^{1/} Because of the inclusion of nonmonetary gold in the statistics effective Jan. 1, 1978, data for 1977 have been adjusted to include nonmonetary gold. Therefore, data in this table for 1977 are not comparable with data for 1977 in table 5 in the 13th Quarterly Report to the Congress and the East-West Foreign Trade Board on Trade Between the United States and the Nonmarket Economy Countries During 1977, USITC Publication 876, March 1978, hereafter 13th Quarterly Report . . . Other quarterly reports by the Commission in this series will be cited in a similar short form.

^{2/} These figures do not correspond exactly with those in table 1 because export figures in table 1 include U.S. exports of foreign merchandise and Department of Defense military assistance shipments, whereas figures in this table do not. Exports are valued on an f.a.s. basis.

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

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

Table 7.--U.S. imports for consumption from the individual nonmarket economy countries, 1977-79, January-March 1979, and January-March 1980 ^{1/}

(In thousands of dollars)						
Source	1977	1978	1979	January-March--		
				1979	1980	
China-----	197,400	316,743	548,543	93,664	200,188	
U.S.S.R-----	421,581	529,579	872,595	64,501	99,827	
Poland-----	326,508	435,947	426,090	85,547	100,346	
Yugoslavia-----	347,899	406,553	391,003	89,182	114,440	
Romania-----	231,020	344,561	329,051	68,760	63,489	
East Germany-----	16,863	35,220	35,666	7,464	13,375	
Czechoslovakia-----	36,392	57,359	49,899	12,475	15,374	
Hungary-----	46,800	69,153	112,129	22,793	28,306	
Bulgaria-----	26,043	27,909	30,145	7,392	5,662	
Albania-----	3,399	3,497	9,002	3,420	2,302	
Mongolia-----	2,076	3,679	3,753	1,181	429	
Vietnam-----	428	203	711	256	2	
Cuba-----	106	66	152	97	8	
North Korea-----	94	21	127	50	26	
Total ^{2/} -----	1,656,611	2,230,490	2,808,865	465,782	643,775	
Total U.S. imports to all countries ^{2/} -----	149,749,366	172,952,194	205,922,700	45,213,783	61,649,529	

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

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

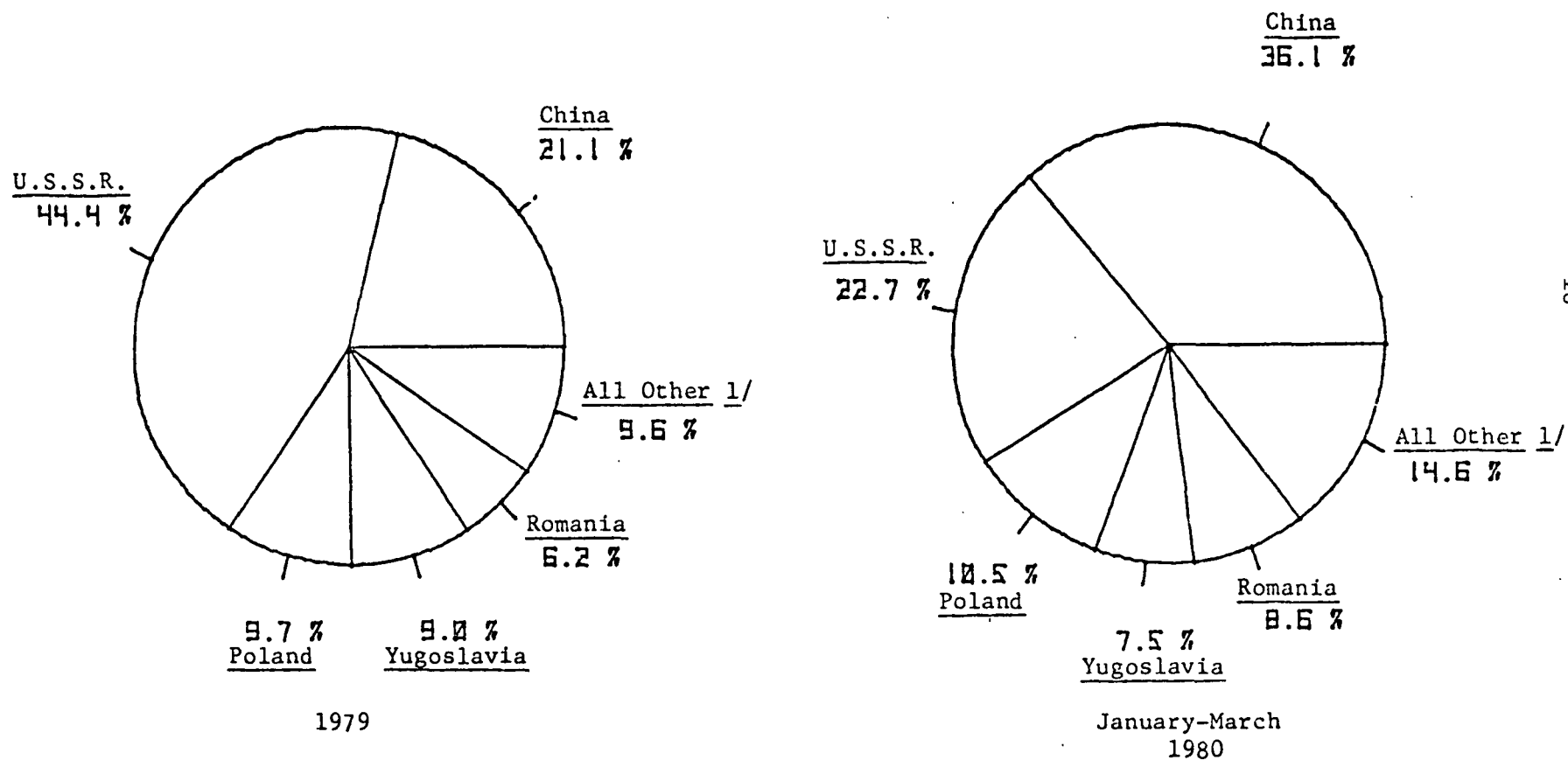
Source: U.S. Department of Commerce publication IM-146, and Bureau of East-West Trade.

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

Viewed together, tables 6 and 7 show that in January-March 1980, China was responsible for more than one-third of the U.S. trade surplus with NME's, and the Soviet Union was responsible for an additional quarter. Hungary was the only major NME with which the United States experienced a deficit in this period, repeating the experience of United States-Hungarian annual trade in 1979.

The shares of U.S. exports to and imports from the NME's in 1979 and January-March 1980 are shown in figures 1 and 2. In January-March 1980, China became the leading NME market for U.S. exports for the first time, accounting for 36 percent of all U.S. exports to NME's (fig. 1). The Soviet Union, which had dominated the NME market for U.S. exports for many years, received only 23 percent. China was also the principal source of U.S. imports from the NME's in the quarter, accounting for 31 percent, followed by Yugoslavia, then Poland and the Soviet Union (fig. 2). The absence of imports from the Soviet Union of gold bullion, which accounted for more than half of imports from the U.S.S.R. in 1979, was largely responsible for the Soviet Union's diminished importance as a source of U.S. imports in this quarter.

Figure 1.--Relative shares of U.S. exports to the nonmarket economy countries, 1979 and January-March 1980.

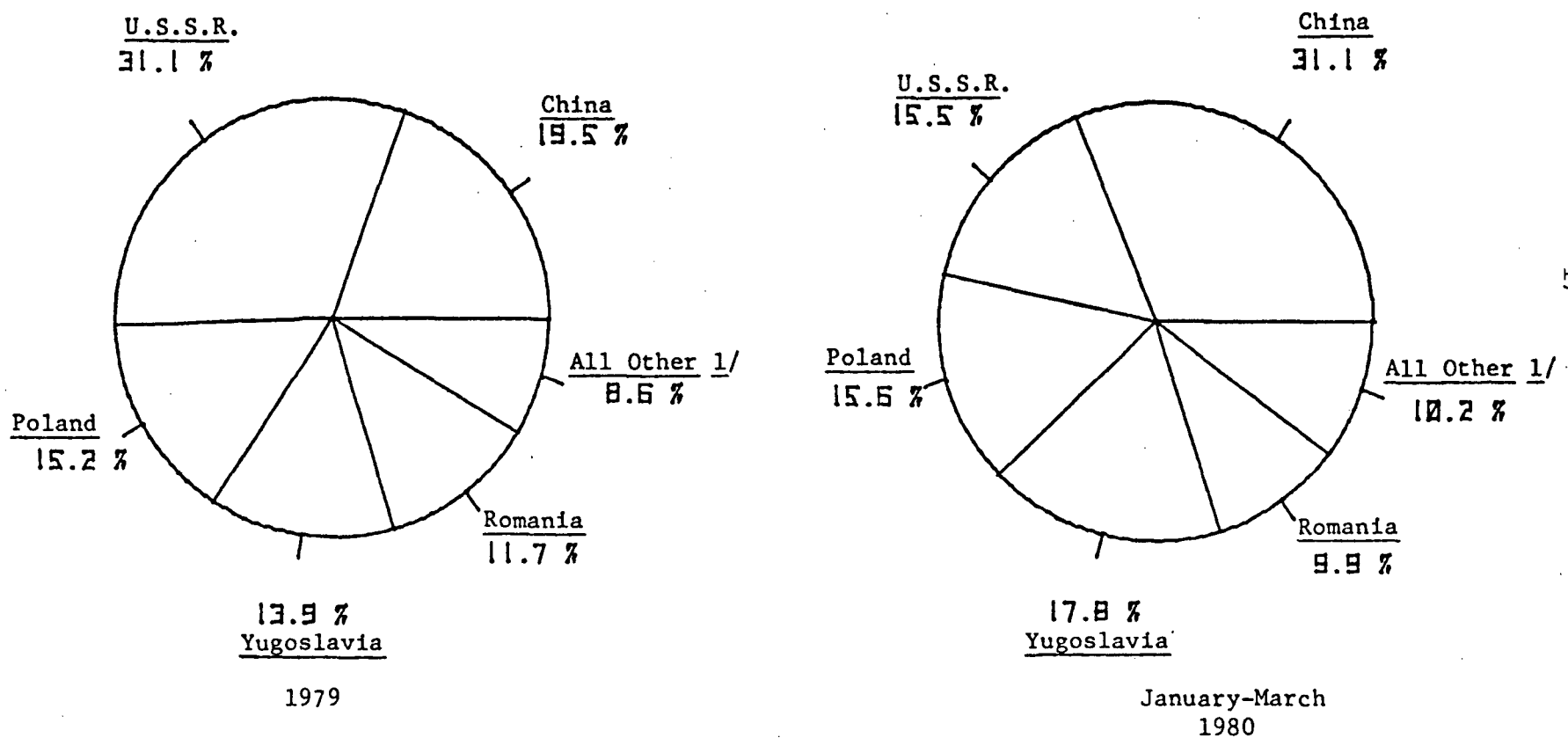


1/ East Germany, Czechoslovakia, Hungary, Bulgaria, Albania, Mongolia, Vietnam, Cuba, and North Korea.

Source: Based on data from table 5.

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

Figure 2.--Relative shares of U.S. imports from the nonmarket economy countries, 1979 and January-March 1980.



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

Source: Based on data from table 6.

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

TRADE SANCTIONS AGAINST THE SOVIET UNION: VARIOUS IMPLICATIONS

On January 4, 1980, the President of the United States announced a series of actions directed against the Soviet Union in response to its invasion of Afghanistan. His economic sanctions included the suspension of a significant part of U.S. exports to the Soviet Union. When imposing these sanctions, the President stated that "the world simply cannot stand by and permit the Soviet Union to commit this act with impunity." 1/

Subsequent measures by various arms of the U.S. Government in charge of implementing the President's sanctions made the definition of the affected trade progressively clearer. Exports that come under the new controls can currently be grouped in the following large classes: agricultural commodities if relating to the feed-livestock complex; phosphates, also relating to the same; high-technology and other items of strategic significance; and exports intended for the 1980 summer Olympic games in Moscow.

The President acted "for urgent reasons of national security and foreign policy" under the authority of the Export Administration Act of 1979, which gave him broad powers to regulate exports. Trade embargoes based on similar provisions in previous laws are still in effect against North Korea, Cuba, and Vietnam.

The President's announcement was followed by a series of actions by the U.S. Government. A range of agricultural commodities and industrial products relating to Soviet agricultural and military potential was placed under validated license controls, 2/ and their sales to the Soviet Union were suspended. Meanwhile, an interagency committee began to review U.S. policy on exports to the Soviet Union with the objective of prohibiting indefinitely those exports which contribute significantly to Soviet military potential. In the meantime, licenses previously issued for high technology and other items of strategic importance were suspended, and no new licenses were granted. However, as the President intended to honor the United States-U.S.S.R. grain supply agreement of 1975, issuance of licenses for the unshipped balance of U.S. grains committed in the fourth year of this agreement was shortly resumed.

Licensing requirements concerning agricultural exports to the Soviet Union were clarified in February, and sales not relating to the feed-livestock

1/ Presidential Address to the Nation, January 4, 1980.

2/ For items requiring validated export licenses, close examination and evaluation of each transaction is necessary before export approval can be given. All other exports are subject to general export licenses and do not require authorization before each shipment.

complex were freed from controls. Also in February, the President ordered an embargo for an indefinite period on the export and reexport of phosphate rock, phosphoric acid, and phosphate fertilizers of U.S. origin to the Soviet Union.

When the President announced his sanctions against the Soviet Union, he directed the Secretary of Agriculture to develop a program to protect U.S. farmers from the adverse impact of the embargo. Subsequently, officials of the U.S. Department of Agriculture (USDA) announced a series of actions designed to offset the potential decline in farm prices and income. This unprecedented directive to offset the impact of trade policy action on affected U.S. interests applied principally to farmers--the largest group most likely to be affected.

New, more restrictive export-licensing guidelines for high-technology and other items of strategic significance were announced in mid-March. They instituted severe export controls for items such as computers and software, equipment for oil and gas production, and major turn-key plants in industrial sectors. The announcement of new licensing criteria marked the completion of the export policy revision and the beginning of a case-by-case review of applications for export licenses. However, the actual trade to be affected would not be sharply defined until the new criteria had been applied to a large number of actual cases.

At the end of March, U.S. goods intended for the 1980 Summer Olympics in Moscow were added to the kinds of exports barred to the Soviet Union.

The development and early implementation of trade sanctions against the Soviet Union was accompanied by simultaneous efforts of the U.S. Government to gain support and cooperation from friendly foreign governments. Soon after President Carter announced the sanctions, Canada, Australia, and the European Community agreed not to replace the grains blocked from shipment to the Soviet Union. Moreover, discussion began with U.S. partners in the Coordinating Committee for Multilateral Export Controls (COCOM) ^{1/} to develop a common position on controls of high-technology exports to the Soviet Union. The United States is proposing more restrictive COCOM guidelines and the extension of controls to a larger area of trade and technology.

^{1/} COCOM is a multilateral organization through which the United States and its allies attempt to coordinate controls over the exports of strategic materials and technology to Communist countries. Membership in COCOM consists of all the members of North Atlantic Treaty Organization except Iceland, and Japan.

Other aspects of United States-Soviet commercial relations were also adversely affected by the Soviet invasion of Afghanistan and the response of the United States. A scheduled meeting of the cabinet-level Joint United States-U.S.S.R. Commercial Commission has been postponed, and other scheduled events, such as meetings and trade exhibits, have been canceled. However, the institutional structure of United States-Soviet trade relations has not been dismantled. Communications between the two nations are continuing, and, in the event of a satisfactory resolution of the Afghanistan crisis, pre-Afghanistan trade levels and contacts could be resumed. At the time of this writing, the Soviet Union has shown no intention of following the U.S. sanctions with its own trade-restrictive measures.

Barring a favorable change, however, United States-Soviet trade is expected to decline dramatically. This trade has been slowed not only by U.S. Government restrictions but also by the refusal of the International Longshoremen's Association (ILA) to load or unload Soviet ships and/or cargo, and by the resulting changes in maritime transportation arrangements to circumvent the ILA boycott. Total U.S. exports to the Soviet Union have been projected to decline to some \$1.5 billion in 1980, compared with \$3.6 billion in 1979 and the \$4.8 billion that was projected for the year 1980 before the Soviet invasion of Afghanistan (fig. 3). ^{1/} The estimated negative impact on total U.S. exports to the Soviet Union will thus amount to more than \$3 billion, and more than four-fifths of this impact will be upon agricultural exports.

Table 8 shows U.S. exports to the Soviet Union in 1975-79 of the principal commodities now affected by the trade restrictions. ^{2/} Figure 4 illustrates the overwhelming significance of agricultural exports in the trade now fully or partially embargoed, the relative share of the other affected commodity groups, and the unaffected portion, based on exports in 1979. Tables 9 and 10 show the value of the major exports now restricted to the Soviet Union, compared with similar exports to all NME's and to the world, in 1975 to 1979. They show the considerable significance of agricultural exports to the Soviet Union, and that such exports have increased as a share of comparable exports to the world, but declined as a share of U.S. exports to all NME's. High-technology exports to the Soviet Union have been negligible relative to such exports to the world, but significant in the context of U.S.-NME trade; however, both measures have declined (table 10).

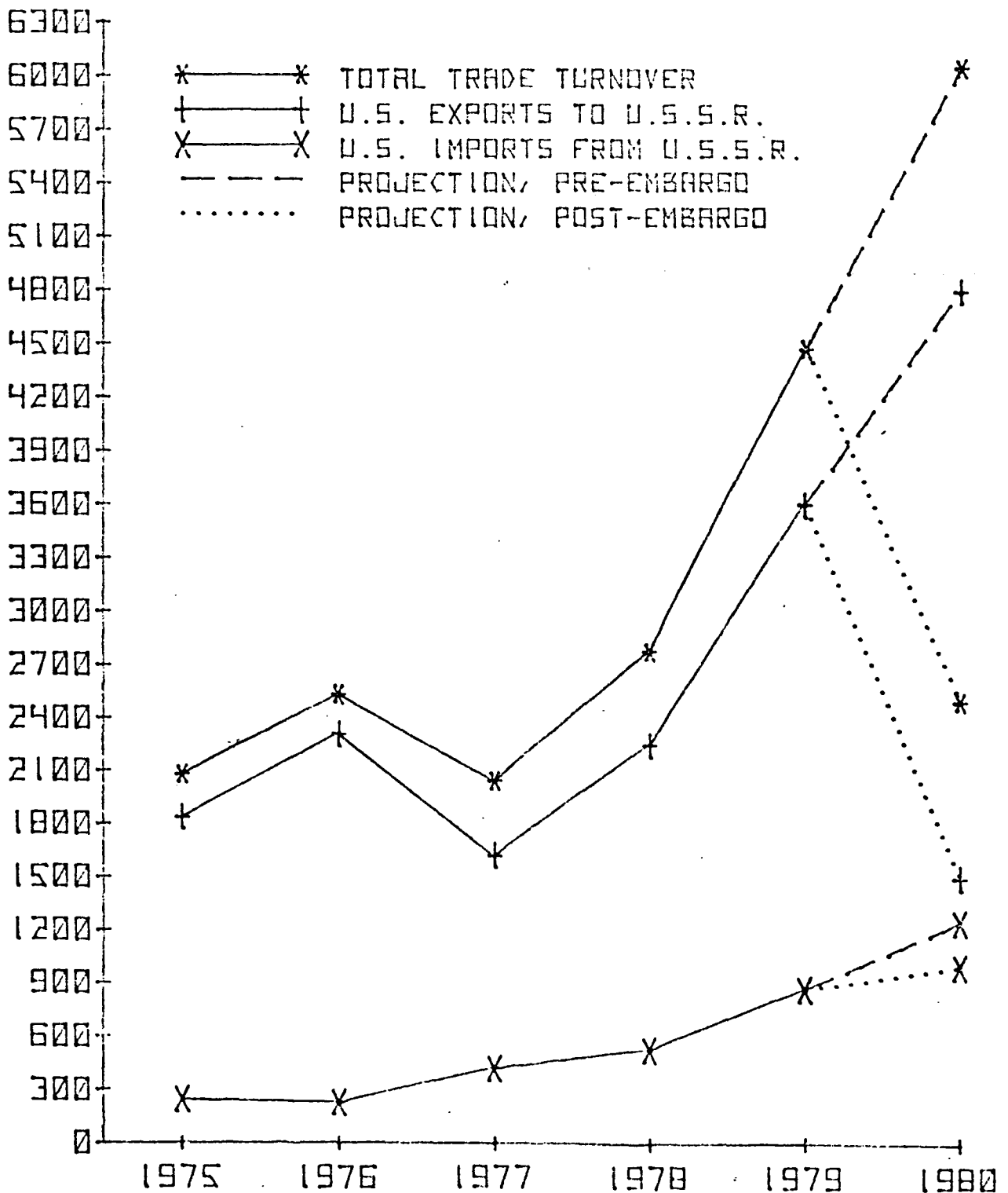
There is no reason to expect that U.S. imports from the Soviet Union, which are less than one-third of the value of U.S. exports to the Soviet Union, should also be significantly affected in the future. The price of gold may well be the principal factor in determining the level of this flow, since nonmonetary gold has accounted for at least half of all United States imports from the U.S.S.R. in recent years. With U.S. imports from the Soviet Union

^{1/} "U.S.-U.S.S.R. Trade after Afghanistan," Business America, Apr. 7, 1980, p. 7.

^{2/} All corn and wheat exports in these years are shown even though some exports--those covered by the grains agreement--are permissible under the restrictions.

Figure 3.--United States-U.S.S.R. trade: Total trade turnover, U.S. exports and imports, 1975-1979, and preembargo and postembargo projections, 1980. 1/

In millions
of dollars



1/ Projections of the U.S. Department of Commerce.

Source: Business America, Apr. 7, 1980.

Table 8.—Principal commodities affected by U.S. trade sanctions against the U.S.S.R.: 1/ U.S. exports to the U.S.S.R., 1975-79

(In millions of dollars)					
Commodity	1975	1976	1977	1978	1979
Agricultural items:					
Corn-----	424.4	1,078.4	396.6	1,055.7	1,402.1
Wheat-----	666.6	250.0	426.8	355.8	811.7
Soybeans-----	2.7	124.7	154.3	199.8	489.3
Barley-----	<u>2/</u>	-	-	-	31.0
Soybean oilcake and meal-----	-	-	1.6	.2	22.5
Tallow-----	14.0	-	-	18.7	57.6
Total-----	1,107.7	1,453.0	979.3	1,630.2	2,814.3
High-technology items:					
Oil- and gas-drilling equip- ment-----	74.9	118.3	83.7	74.6	123.0
Computers-----	9.5	17.4	5.9	18.0	22.6
Other high-technology items--	173.1	114.2	113.7	90.0	88.1
Total-----	257.5	249.8	203.3	182.7	233.7
Phosphates-----	-	-	<u>2/</u>	-	93.6
Total affected exports-----	1,365.2	1,702.8	1,182.6	1,812.9	3,141.6
Total U.S. exports to the U.S.S.R.-----	1,832.6	2,305.9	1,623.5	2,249.0	3,603.6
Affected exports as a share of total exports---percent--	74.5	73.8	72.8	80.6	87.2

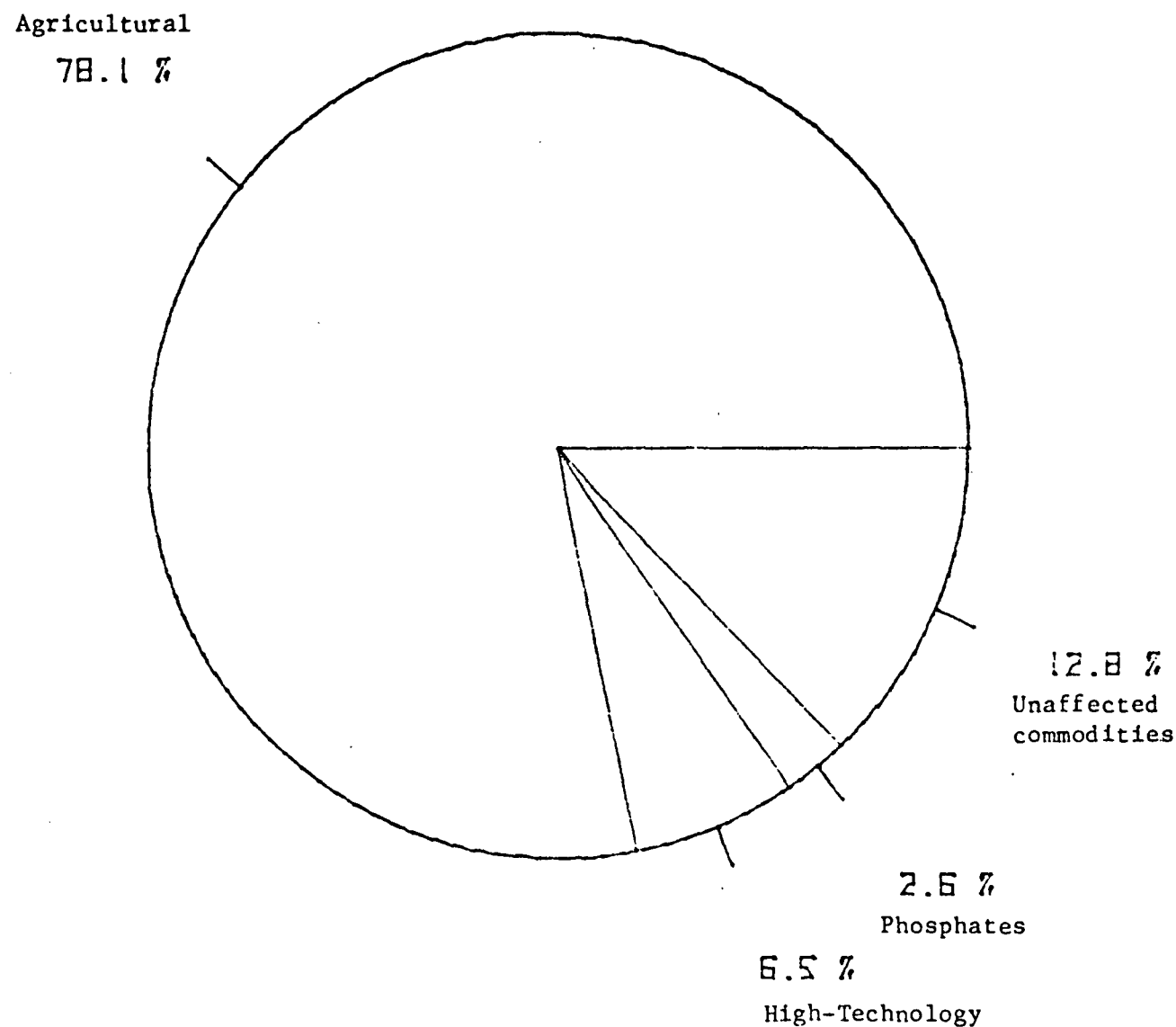
1/ The affected agricultural exports are overstated as all grain exports are shown, although some grain is still being shipped under provisions of the Grain Supply Agreement of 1975. Items of relatively minor export value, for example, those of potential strategic importance but not high-technology, have not been included. On the other hand, exports in the high-technology category are overstated for the reasons explained on p.52.

2/ Less than \$50,000.

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

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

Figure 4.--Share of total U.S. exports to the U.S.S.R. accounted for by the major affected commodity groups and by unaffected trade, 1979.



Source: Based on data in table 8.

Table 9.--Principal commodity groups affected by U.S. trade sanctions against the U.S.S.R.: U.S. exports to the U.S.S.R., to all nonmarket economy countries (NME's), 1/ and to the world, 1975-79

(In millions of dollars)						
Commodity group and market	1975	1976	1977	1978	1979	
Agricultural items:						
U.S.S.R-----	1,107.7	1,453.0	979.3	1,630.2	2,814.3	
All NME's-----	1,584.9	2,162.3	1,457.2	2,893.0	4,998.2	
World-----	13,923.6	14,214.9	13,457.3	17,406.3	21,108.9	
High-technology items:						
U.S.S.R-----	257.5	249.8	203.3	182.7	233.7	
All NME's-----	518.5	442.8	422.8	561.2	697.7	
World-----	21,457.1	23,232.7	24,094.6	31,506.3	38,244.7	
Phosphates:						
U.S.S.R-----	-	-	<u>2/</u>	-	93.6	
All NME's-----	42.3	44.7	50.4	79.5	183.0	
World-----	1,336.2	875.0	984.1	1,242.9	1,664.7	
Total:						
U.S.S.R-----	1,365.2	1,702.8	1,182.6	1,812.9	3,141.6	
All NME's-----	2,145.8	2,649.8	1,930.4	3,533.7	5,878.9	
World-----	36,716.8	38,322.6	38,536.0	50,155.6	61,018.3	

1/ Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R., Vietnam, and Yugoslavia.

2/ Less than \$50,000.

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

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

Table 10.--Commodity groups affected by U.S. trade sanctions against the U.S.S.R.:
 Ratios of U.S. exports to the U.S.S.R. to comparable U.S. exports to the world
 and to all nonmarket economy countries (NME's), 1975-79
 (In percent)

Commodity groups	1975	1976	1977	1978	1979
	Ratio of affected U.S. exports to the U.S.S.R. to comparable U.S. exports to world				
Agricultural-----	8.0	10.5	7.6	9.5	13.5
High-technology-----	1.2	1.1	.8	.6	.6
Phosphates-----	-	-	1/	-	5.6
Total-----	3.9	4.6	3.2	3.8	5.2
	Ratio of affected U.S. exports to the U.S.S.R. to comparable U.S. exports to all NME's				
Agricultural-----	69.8	67.3	67.5	56.4	55.9
High-technology-----	49.7	56.4	48.1	32.6	33.5
Phosphates-----	-	-	1/	-	51.1
Total-----	63.6	64.3	61.3	51.3	53.5

1/ Less than 0.05 percent.

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

projected at some \$1 billion in 1980, 1/ the total United States-Soviet trade turnover should be \$2.5 billion, compared with \$4.5 billion in 1979 (fig. 3).

As intended, the trade sanctions will have a damaging impact on the Soviet Union. In so far as the sanctions are effective, they will interfere with the Soviet Government's attainment of its economic objectives, including the objective of improving the Soviet citizens' diet. However, the United States also pays certain costs for the trade sanctions, costs to be shared by the taxpayer, and various business interests. The measures instituted by the USDA to alleviate the farmers' loss are designed to minimize these costs and redistribute them among the taxpayers.

Moreover, the U.S. trade sanctions have far-reaching implications, since they significantly affect the global trade of some items involved. Affected are the major third-country purchasers of the kinds of products embargoed and the major third-country suppliers of these commodities. Third countries which are net importers will tend to benefit from the sanctions, since supplies available to them may increase and the prices they pay may be lower than would have prevailed in the absence of the sanctions. By the same logic, third countries which are net exporters will tend to suffer economic loss if they do not export to the Soviet Union, while those which do export to the Soviet Union may experience some economic gain.

The following discussion will concentrate on the trade implications of the embargo, showing the affected trade flows in the context of their preembargo patterns. Some further implications of the expected changes in postembargo trade, especially their likely impact on U.S. and Soviet interests, will also be briefly discussed. 2/

Agriculture

Restrictions on feed-livestock-related exports to the Soviet Union will be discussed from the standpoint of the various trade flows they will affect. While the impact is primarily upon U.S. exports to the Soviet Union and Soviet imports from the world, reference will also be made to the effect on U.S. exports to NME's as a group. Moreover, third-country trade which will be indirectly affected by the redirection of U.S. exports by destination, and of Soviet imports, by sources, will also be briefly discussed.

Exports to the Soviet Union

As of this writing, prohibited agricultural exports include all livestock products and commodities needed by the Soviet Union for livestock feed, with the exception of the wheat and corn the United States is committed to sell in

1/ "U.S.-U.S.S.R. Trade After Afghanistan," p. 7.

2/ For a discussion of the actual immediate impact of the trade sanctions in January-March 1980, see the previous section: "First Quarter Developments in Trade between the United States and the Nonmarket Economy Countries."

the fourth and fifth years of the United States-U.S.S.R. grains agreement (Oct. 1, 1979-Sept. 30, 1981). The affected items include wheat, feedgrains, seeds, soybeans, animal feeds; meat, poultry, dairy products, and other possible replacements for Soviet livestock products are also barred from export. Some other items, which might also be used as feed or meat substitutes--live animals, fish, etc.--are subject to case-by-case licensing. All other agricultural products, such as fruits, nuts, textile fibers, and tobacco, which do not relate to livestock and substitutes, may be exported to the Soviet Union.

The bilateral Grains Supply Agreement of 1975 was signed with the objective of smoothing out the wide yearly fluctuations of Soviet grains purchases from the United States. Under its terms, the Soviets agreed to purchase and the United States to sell from 6 million to 8 million tons of U.S. wheat and corn combined per year in each 12-month period from Oct. 1, 1976, to Sept. 30, 1981. The agreement permits the Soviet Union to purchase more than 8 million tons per year with special authorization by the U.S. Government. It also permits the United States to sell less than 6 million tons, provided U.S. grain supplies are below a specified level.

In 1979, an unusually poor harvest compelled the Soviet Union to import unprecedentedly large quantities of U.S. grains and ask the U.S. Government to authorize even larger imports for the fourth year of the grain agreement in 1979/80. The United States authorized the Soviet Union to purchase 25 million tons of wheat and corn combined, 17 million in excess of the 8 million specified in the 1975 agreement.

At the time the post-Afghanistan trade restrictions became effective early in 1980, of the authorized 25 million tons of grains, some 22 million tons were under contract, of which 5.5 million tons (1.9 million tons of wheat and 3.6 million tons of corn) had already been shipped. The new controls allowed only 2.5 million more tons of grains to be delivered through September 30, 1980--the balance of the original U.S. commitment of 8 million tons under the grain agreement. The rest of the outstanding contracts were canceled. According to an announcement of the USDA on April 29, 1980, shipments of up to another 8 million tons may resume in October-December 1980, in fulfillment of U.S. obligations in the last agreement year, namely 1980/81.

Table 8 shows the level of U.S. exports in the last 5 years of the leading agricultural items now under severe export controls to the Soviet Union. The value of these exports has generally increased, and in 1979 they soared, amounting to some \$2.8 billion, more than three-fourths of all U.S. exports to the Soviet Union. This indicates that the retaliatory measures are concentrated on those U.S. agricultural exports on which the Soviet Union has grown increasingly reliant in recent years. By the same token, the same measures deprived the U.S. growers of these commodities of an important and expanding market.

For 1980, the Department of Commerce projected U.S. agricultural exports to the Soviet Union at only \$1.1 billion. ^{1/} This includes agricultural

^{1/} "U.S.-U.S.S.R. Trade after Afghanistan", p. 6. This forecast by the U.S. Department of Commerce for calendar year 1980 appears consistent with the May forecast by the USDA for FY 1979/80 of \$1.5 billion.

exports which are not affected by the restrictions and the corn and wheat exports permissible under the bilateral grains agreement. On the basis of projected data for FY 1980, the latest (May) USDA forecast is \$1.5 billion. The presanction (November 1979) USDA forecast of agricultural exports to the Soviet Union in FY 1980 was \$4 billion. The \$2.5 billion reduction between the presanction forecast and the latest postsanction forecast can be considered as the impact of the export restrictions.

Exports to NME's

In 1975-79, the Soviet Union accounted for a declining share of U.S. exports to NME's of the principal agricultural items it is now to be denied (table 10). In 1975, some 70 percent of comparable exports to NME's went to the Soviet Union, but, with the Chinese market opening up rapidly for U.S. grains, and Eastern Europe increasing substantially its purchases of U.S. grains and soybean products, the Soviet share declined to only 56 percent in 1979.

The Soviet dominance in the NME market for U.S. grains and soybean products would probably have been challenged even without the post-Afghanistan developments. Observers expect that China will continue to increase its purchases of U.S. grains rapidly, eventually becoming a major market, even if loading, unloading, and distributing imports presents a problem in the short run. Eastern European countries are also projected to remain among the fastest growing markets for U.S. grains and soybeans. Nonetheless, the severe curtailment of sales to the Soviet Union will drastically reduce total U.S. agricultural exports to NME's, even if sales to China and Eastern Europe continue to expand as before.

There is no reason why the trade sanctions which are directed against the Soviet Union alone should reduce U.S. exports to Eastern Europe as well. On the contrary, some observers have expressed concern that these exports might increase much faster, as Eastern European countries might import amounts to be diverted to the Soviet Union. However, reexports require U.S. approval, and, according to the USDA, violations on a massive scale are now considered unlikely.

Exports to the world

The United States is the world's leading exporter of all three agricultural items--wheat, coarse grains, and soybeans--which account for most U.S. agricultural exports to the Soviet Union. In the 1978/79 July-June marketing year, ^{1/} the United States supplied almost half of the world's trade in wheat and wheat flour, close to two-thirds of its coarse grains, and over four-fifths of its soybeans (table 11). The Soviet Union is only one of several major outlets for U.S. grain and soybean exports; by contrast, for the last 2 years, the Soviet Union has relied predominantly on the United States for its foreign grain and soybean supplies (table 12, fig. 5).

^{1/} This section is based on data which are based on either the July 1-June 30 "marketing year," or based on the Oct. 1-Sept. 30 FY or "agreement year." At the risk of creating some confusion, both types had to be used, in addition to data in tables 8-10, which were stated on a calendar-year basis.

Table 11.—Wheat and wheat flour, coarse grains, and soybeans: Exports to the world, by principal sources, marketing years 1977/78, 1978/79, and 1979/80

Source	Wheat and wheat flour ^{1/}			Course grains ^{1/}			Soybeans ^{3/}		
	1977/78	1978/79	1979/80 ^{2/}	1977/78	1978/79	1979/80 ^{2/}	1977/78	1978/79 ^{4/}	1979/80 ^{5/}
Quantity (million metric tons)									
United States-----	31.5	32.4	36.1	52.1	57.1	72.4	19.1	20.5	22.3
Canada-----	15.9	13.5	14.2	3.7	3.9	4.6	6/	6/	6/
Australia-----	11.1	6.7	14.5	1.9	2.5	3.5	6/	6/	6/
Argentina-----	2.6	3.3	3.9	11.0	11.5	8.0	2.0	2.8	2.9
Brazil-----	0	0	0	.9	0	0	7/ .7	7/ .6	7/ 1.5
South Africa-----	0	0	0	2.9	2.5	2.4	6/	6/	6/
Thailand-----	0	0	0	1.3	2.2	2.3	6/	6/	6/
Subtotal-----	61.0	55.9	68.7	73.9	79.7	93.2	21.8	23.9	26.7
All other-----	11.9	15.4	12.8	9.6	9.8	7.5	.5	1.1	1.3
World total-----	72.9	71.3	81.5	83.5	89.5	100.7	22.3	25.0	28.0
Percent of total									
United States-----	43.2	45.4	44.3	62.4	63.8	71.9	85.7	82.0	79.6
Canada-----	21.8	18.9	17.4	4.4	4.4	4.6	8/	8/	8/
Australia-----	15.2	9.4	17.8	2.3	2.8	3.5	8/	8/	8/
Argentina-----	3.6	4.6	4.8	13.2	12.8	7.9	.9	11.2	10.4
Brazil-----	-	-	-	1.1	-	-	7/	7/	7/
South Africa-----	-	-	-	3.5	2.8	2.4	.3	.2	.5
Thailand-----	-	-	-	1.6	2.4	2.3	8/	8/	8/
Subtotal-----	83.8	78.4	84.3	88.4	89.1	92.6	86.9	93.4	90.5
All other-----	16.2	21.6	15.7	11.6	10.9	7.4	13.1	6.6	9.5
World total-----	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^{1/} Marketing year is July-June.

^{2/} Forecast as of Apr. 14, 1980.

^{3/} Marketing years vary for major soybean-exporting countries.

^{4/} Preliminary data subject to revision.

^{5/} Current forecast as of April 1980.

^{6/} Less than 50,000 tons.

^{7/} Brazil is the world's second largest exporter of soybean meal. The statistics presented here do not include processed soybeans, i.e., soybean meal.

^{8/} Less than 0.05 percent.

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

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

Table 12.—Imports of grain by the U.S.S.R, by types and by principal sources, fiscal years
1972/73 to 1978/79 ^{1/}

(In millions of metric tons)								
Type and source	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	Total
Total:								
United States ^{2/} -----	14.1	4.5	3.2	14.9	6.1	14.6	15.3	72.7
Canada-----	4.7	.5	1.1	4.2	1.2	2.7	1.7	16.1
Australia-----	.9	.1	1.0	2.1	.4	.2	.2	4.9
Argentina-----	.2	.4	1.7	1.4	.2	3.2	1.6	8.7
European Community----	1.6	.1	^{3/}	.8	^{3/}	.2	.2	2.9
All other-----	1.0	.1	.7	2.2	.5	1.6	.6	6.7
Total-----	22.5	5.7	7.7	25.6	8.4	22.5	19.6	112.0
Wheat:								
United States ^{2/} -----	10.1	1.3	2.2	3.0	3.0	3.5	3.8	26.9
Canada-----	4.1	.4	.9	2.8	1.2	2.5	1.2	13.1
Australia-----	.9	.1	.9	1.2	.4	.2	.2	3.9
Argentina-----	^{3/}	.1	.7	1.1	.1	1.1	.1	3.2
European Community----	.5	^{3/}	^{3/}	^{3/}	^{3/}	^{3/}	^{3/}	.5
All other-----	.2	-	-	-	.4	1.0	.2	1.8
Total-----	15.8	1.9	4.6	8.2	5.1	8.4	5.8	49.8
Coarse grains:								
United States ^{2/} -----	4.0	3.2	1.0	11.9	3.1	11.1	11.5	45.8
Canada-----	.6	.1	.1	1.4	^{3/}	.2	.5	2.9
Australia-----	^{3/}	^{3/}	.1	.8	^{3/}	^{3/}	^{3/}	.9
Argentina-----	.2	.3	1.0	.3	.1	2.1	1.6	5.6
European Community----	1.1	.1	^{3/}	.8	^{3/}	.2	.2	2.4
All other-----	.6	.1	.9	2.2	^{3/}	.5	^{3/}	4.3
Total-----	6.7	3.8	3.1	17.4	3.3	14.1	13.8	62.2

^{1/} Oct. 1-Sept. 30.

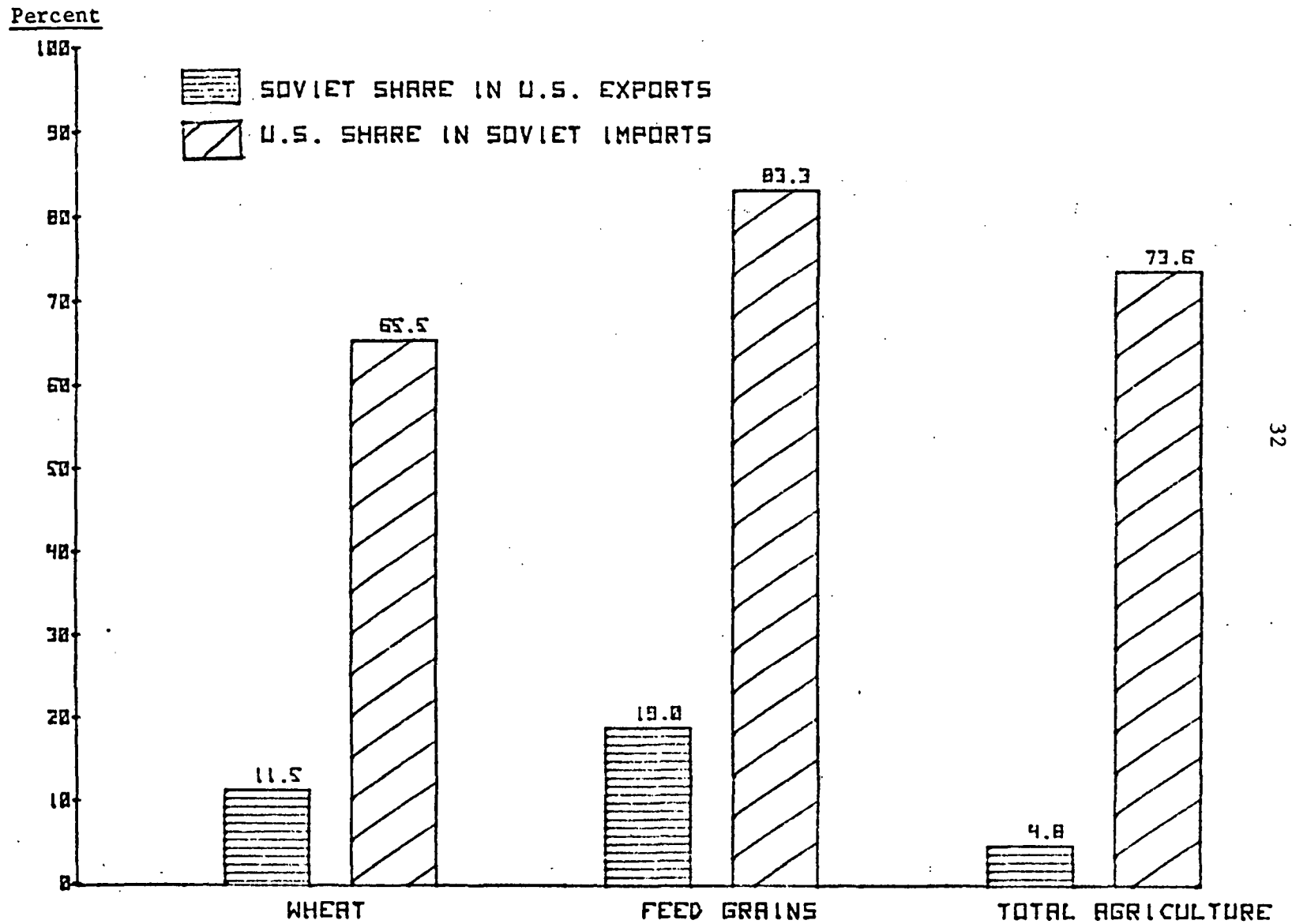
^{2/} Includes transshipments.

^{3/} Less than 50,000 tons.

Source: U.S. Department of Agriculture, Foreign Agricultural Circular, FG-12-80, Apr. 10, 1980.

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

Figure 5.--U.S. agricultural exports to the Soviet Union, FY 1979/80.



Source: Based on data from tables 12 and 13.

Nonetheless, the Soviet Union became an important market for U.S. agricultural exports, accounting for almost 7 percent in FY 1978 and 1979 (table 13). The Soviet Union was the leading nation-market in FY 1979 for U.S. wheat and wheat flour, and coarse grains. In view of the importance of these items for U.S. exports, the severe curtailment of this trade flow affects the total U.S. trade and financial picture.

To see the trade sanctions in proper perspective, it is important to remember the year-to-year volatility of the Soviet market for agricultural products from all countries, as well as from the United States (table 12). Although in 1980 the disruption of United States-Soviet agricultural trade came from the supply side in the form of restrictions by the U.S. Government, this trade had previously been highly variable, owing generally to factors on the Soviet demand side.

In general, according to the USDA, world demand for agricultural products is growing rapidly, allowing for continued expanding U.S. farm exports to the world, despite the partial embargo to the Soviet Union. In May, the USDA forecasted total U.S. agricultural exports for FY 1979/1980 at \$38 billion, compared with \$32 billion in FY 1978/1979 (table 13). USDA also forecasts a further widening of the U.S. agricultural trade surplus in FY 1979/1980 to \$19 billion, from \$16 billion in FY 1979. 1/ In November 1979, before the trade sanctions were imposed, the forecast of U.S. agricultural exports in FY 1979/80 was also \$38 billion. 2/ This implies that, since November, developments in global supply and demand have offset any immediate impact of the restrictions on total U.S. agricultural exports. 3/ Comparison of the same forecasts suggest that the loss of exports to the Soviet market will be offset by larger than previously foreseen purchases by regions such as the European Community and Latin America (by \$1.1 billion each), China (by \$0.6 billion), and Eastern Europe (by \$0.3 billion).

U.S. exports to the world of grains in particular are also forecast favorably, although grains are especially affected by the trade sanctions against the Soviet Union. For marketing year 1979/80, USDA expects U.S. sales to the world of some 108 million tons. This is 21 percent more than in marketing year 1978/79, despite the partial loss of the Soviet market (table 11). The Soviet Union was the leading export-market in FY 1978/79, when it received 16 percent of U.S. grain sales to the world (table 13). USDA believes that most of the embargoed U.S. grains can be sold to other growth markets, such as Western and Eastern European countries, Japan, and the

1/ USDA, Outlook for U.S. Agricultural Exports, May 1980. USDA expects unit values to average higher for most products than in FY 1978/79, except for soybeans and other oilseed products.

2/ USDA, op. cit., November 1979.

3/ Since the restrictions were imposed, there has been a reduction of \$2.5 billion in the forecast for agricultural exports to the Soviet Union. The latest (May 1980) USDA forecast of U.S. agricultural exports to the Soviet Union in FY 1979/80 is \$1.5 billion. The presanction forecast in November was \$4 billion.

Table 13.—U.S. exports of agricultural items, by total and selected items currently restricted and by areas, fiscal years 1/ 1977/78, 1978/79, and 1979/80

Market <u>2/</u>	1977/78		1978/79		1979/80 <u>3/</u>	
	Value	Percent of:	Value	Percent of:	Value	Percent of:
	: Billion dollars	: total	: Billion dollars	: total	: Billion dollars	: total
All agriculture:						
European Community----	6.1	22.3	7.4	23.2	8.8	23.2
Japan-----	4.2	15.4	5.1	15.9	5.6	14.7
Southeast and East						
Asia <u>4/</u> -----	2.9	10.7	3.5	11.1	4.3	11.3
Latin America-----	2.8	10.1	3.4	10.5	4.6	12.1
U.S.S.R-----	1.9	6.8	2.2	6.9	1.5	3.9
Eastern Europe-----	1.2	4.3	1.5	4.8	2.5	6.6
China-----	.4	1.3	.9	2.9	1.5	3.9
All other-----	7.9	28.8	7.9	24.6	9.2	24.2
Total-----	27.3	100.0	32.0	100.0	38.0	100.0
Wheat and flour:						
Latin America-----	.8	20.8	.9	19.5	<u>5/</u>	<u>5/</u>
Southeast and East						
Asia <u>4/</u> -----	.5	11.4	.6	12.5	<u>5/</u>	<u>5/</u>
U.S.S.R-----	.4	10.2	.5	11.5	<u>5/</u>	<u>5/</u>
Japan-----	.4	9.8	.5	10.6	<u>5/</u>	<u>5/</u>
European Community----	.3	7.3	.3	6.1	<u>5/</u>	<u>5/</u>
China-----	.1	3.3	.4	7.5	<u>5/</u>	<u>5/</u>
Eastern Europe-----	.1	2.7	.1	2.9	<u>5/</u>	<u>5/</u>
All other-----	1.4	34.5	1.4	29.6	<u>5/</u>	<u>5/</u>
Total-----	4.1	100.0	4.8	100.0	<u>5/</u>	<u>5/</u>
Feed grains:						
U.S.S.R-----	1.1	20.2	1.3	19.0	<u>5/</u>	<u>5/</u>
Japan-----	1.1	20.2	1.2	18.5	<u>5/</u>	<u>5/</u>
European Community----	1.1	19.2	1.0	15.2	<u>5/</u>	<u>5/</u>
Eastern Europe-----	.4	7.9	.7	9.8	<u>5/</u>	<u>5/</u>
Southeast and East						
Asia <u>4/</u> -----	.4	6.7	.6	8.7	<u>5/</u>	<u>5/</u>
Latin America-----	.4	7.4	.5	7.6	<u>5/</u>	<u>5/</u>
China-----	-	-	.3	4.4	<u>5/</u>	<u>5/</u>
All other-----	1.1	18.4	1.1	16.4	<u>5/</u>	<u>5/</u>
Total-----	5.7	100.0	6.7	100.0	<u>5/</u>	<u>5/</u>
Soybeans:						
European Community----	2.1	44.5	2.3	42.0	<u>5/</u>	<u>5/</u>
Japan-----	1.0	20.4	1.1	20.5	<u>5/</u>	<u>5/</u>
Other Western Europe--	.6	11.9	.6	11.4	<u>5/</u>	<u>5/</u>
Southeast and East						
Asia <u>4/</u> -----	.3	7.0	.5	8.5	<u>5/</u>	<u>5/</u>
U.S.S.R-----	.2	4.6	.3	6.0	<u>5/</u>	<u>5/</u>
Latin America-----	.2	3.9	.2	3.9	<u>5/</u>	<u>5/</u>
China-----	-	-	-	-	<u>5/</u>	<u>5/</u>
All other-----	.4	7.6	.4	7.8	<u>5/</u>	<u>5/</u>
Total-----	4.7	100.0	5.4	100.0	<u>5/</u>	<u>5/</u>

1/ Oct. 1-Sept. 30.2/ Data are adjusted for transshipments through Canada and Western Europe.3/ Forecasted.4/ Mongolia, Burma, Thailand, Vietnam, Laos, Malaysia, Singapore, Indonesia, Burma, Philippines, Macao, South Korea, North Korea, Hong Kong, Taiwan, and Cambodia.5/ Forecast not available.

Source: Compiled from official statistics of the U.S. Department of Agriculture. Forecasted figures from U.S. Department of Agriculture publication Outlook for U.S. Agricultural Exports, May 15, 1980.

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

advanced developing countries, mostly in Latin America. Less developed countries in general are seen as growth markets for grains as their populations grow and diets improve.

The volume of U.S. soybean exports to the world is projected to increase by 10 percent in FY 1979/80, 1/ despite the loss of the Soviet market, which is comparatively less significant for U.S. soybean exports than grain exports. The Soviet Union accounted in FY 1978/79 for 19 percent of U.S. feedgrain exports, 11.5 percent of U.S. wheat and wheat flour exports, but only 6 percent of U.S. soybean exports by value (table 13). On the other hand, considerable expected gains in the world's soybean production make the United States more vulnerable to the loss of any market. For U.S. soybeans and products, as for other agricultural exports, Western and Eastern Europe, South East and East Asia (especially South Korea), China, and Latin America (especially Mexico) are seen as the principal growth markets, capable of offsetting the impact of otherwise heavy competition from increasing Brazilian and Argentine supplies.

According to the USDA and other experts, U.S. restrictions on trade with the Soviet Union may trigger changes in global agricultural trade patterns, especially for grains. As Argentina and Brazil channel more of their exports to replace embargoed U.S. sales to the Soviet Union (see discussion in the next section), they may not be able to satisfy some of their smaller, traditional export markets--such as Italy, Spain, Chile, and Peru--some of which, in turn, would open up to U.S. exports.

However, changes in the direction of trade are expected to cause some problems for the United States in the short term. These are to be alleviated by U.S. Government programs, designed to hold temporary surpluses off the market, and to assist in their disposal. 2/

According to the official trade forecasts discussed herein for FY 1979/1980, the adverse impact of the anti-Soviet measures on U.S. exports to the world should be comparatively small. Critics of the embargo contend, however, that even a small adverse trade effect means substantial hardship for the U.S. farmer, as the abundant harvest of 1979 made the United States dependent on every possible outlet to support prices.

Adversely affected U.S. interests are also concerned about the possible long-range effects of the restrictions on U.S. exports to the world, such as a growing conviction that the United States is an unreliable supplier. The current embargo was preceded by one in 1973, involving grains and oilseeds, and was invoked for reasons of short U.S. supplies. The previous embargo applied to all countries and is presently blamed by some experts for giving Brazil an opportunity to penetrate the global soybean product market. Also for a short period in 1975, a moratorium was in effect on new sales of grains and soybeans to the Soviet Union and Poland.

1/ USDA, op. cit., May, 1980. For the 1979/1980 July-June marketing year the forecast is a 9-percent increase (table 11).

2/ See: "Impact of agricultural sanctions on U.S. interests", p. 38.

U.S. agricultural interests are also concerned that the Soviet market could be permanently undermined. If Soviet livestock numbers decline, as intended, future Soviet demand for U.S. feedgrains and oilseeds will also be curtailed. This would not be beneficial to the United States, they claim, if and when trade relations resume their preembargo status. Also, the Soviets may now increase their efforts to attain self-sufficiency--another threat to possible future U.S. exports to them.

Critics also fear that the new receptiveness of the Soviet market for the products of U.S. competitors on the world market would encourage these competitors to increase their supplies in the long term. Observers expect that both Argentina and Brazil may boost their production, if induced by the prospect of comparatively high prices and recurrent demand. They believe that the absence in the Soviet market of the highly competitive U.S. producers could provide impetus for these South American countries to develop their resources. 1/

Soviet imports from the world

Soviet reliance on U.S. grain and oilseed supplies provided the grounds for the United States to use trade sanctions against the Soviet Union. That such a reliance could develop at all is noteworthy, considering that, historically, Russia was the breadbasket of Europe. The Soviet Union remained a large net exporter of grains and oilseeds throughout the thirties, and then its balance of trade in these items started to deteriorate. Finally in the seventies, the Soviet Union became a large net importer of grains and soybeans, revealing for the first time a considerable deficiency in food and animal feed.

Purchasing substantial quantities of foreign agricultural products while cutting back on exports reflected an abrupt change of Soviet agricultural policy. The Ninth Five Year Plan (1971-76) stressed dietary improvements for the Soviet citizen. Since this was to be achieved by increasing livestock numbers, feed rations had to be considerably improved. The deficit between domestic supplies and perceived requirements triggered Soviet purchases of foreign grains in the early seventies, putting an end to the carefully cultivated illusion of self-sufficiency. Current Soviet economic plans call for a substantial expansion in domestic grain and soybean production in order to attain actual self-sufficiency, but most Western experts believe that the achievement of this goal remains far in the future.

After their first major purchase in 1972, 2/ the Soviet Union generally remained large grain importer through the seventies. In some years the country was virtually self-sufficient, especially in wheat, but in other years, with poor harvests, it was heavily dependent on imports. The Soviets have been careful to maintain their cattle herds even in years of bad harvests, allowing hog and poultry numbers to absorb the effect of grain shortfalls. Soviet meat production rose by about one-fourth during the decade, reaching a total of about 15 million tons in 1979.

1/ Latin American Weekly Report, Feb. 9, 1980.

2/ Prior Soviet purchases of U.S. grains were significantly smaller.

Table 12 shows Soviet grain imports in the seventies by sources. It shows the United States as the Soviet Union's principal supplier, accounting in FY 1972/73 through 1978/79 for some two-thirds of its grain imports--54 percent of wheat and 74 percent of coarse grains. Canada ranked a distant second with 14 percent of all Soviet grain imports, mostly wheat. But Argentina was the Soviet Union's second-ranking supplier of coarse grains, providing 9 percent of all Soviet imports. Argentina is now emerging as the most important source from which the Soviet Union can replace denied U.S. wheat and corn.

Soviet grain imports in the seventies averaged 16 million tons per year, but with great annual variations, ranging from less than 6 million tons in 1973/74 to 25.6 million tons in 1975/76 (table 12). In April 1980, the USDA estimated that for FY 1979/80, Soviet grain imports would have reached 36 million metric tons without the restraint actions taken by the United States and cooperating countries. Under the restraint conditions, the import volume was expected to reach only some 25 million tons, representing a grain deficit of 11 million tons for the Soviet Union. ^{1/} In other words, the USDA forecasted that in FY 1979/80, 6 million of the 17 million tons of embargoed U.S. grains would be replaced by other sources.

Soviet imports of soybeans became significant in 1976, when they amounted to some 1.8 million tons, 1.2 million of which originated in Brazil. U.S. sales of soybeans to the Soviet Union increased from 0.5 million tons in that year to 1.8 million tons in 1979, and accounted for most of the estimated Soviet imports in 1978 and 1979. ^{2/} As a result of the trade sanctions, the delivery of 1.3 million tons of soybeans and 400,000 tons of soybean meal, already under contract, was halted.

The Soviet Union is reported to be offering premium prices to replace the embargoed U.S. agricultural items. Replacements will come predominantly from Argentina and Brazil, which declined to join Australia, Canada, and the European Community in pledging not to increase sales to the Soviet Union beyond traditional levels. Both Argentina and Brazil are willing, however, to disclose the amount of their new sales to the Soviet Union.

Since the curtailment of U.S. exports, Argentina has reported 4.5 million tons of corn and sorghum sales to the Soviet Union--a considerable increase from its exports in the seventies (table 12). Moreover, in April, an agreement was concluded whereby Argentina will continue to sell the Soviet Union large quantities of grains and soybeans, and the Soviet Union will give priority to Argentina in Soviet beef imports. Brazil, South Africa, India, and Thailand are seen as other possible sources for Soviet grain purchases.

^{1/} USDA, Foreign Agricultural Circular, FG-12-80, Apr. 10, 1980.

^{2/} U.S. exports of soybeans and soybean products to the Soviet Union were discussed in the 20th Quarterly Report . . ., USITC Publication 1026, December 1979.

The effectiveness of the embargo stands to be weakened by diversion to the Soviet Union of supplies which originate in the United States or another country and which are initially destined for some country other than the Soviet Union. It has been reported, for example, that Italian traders have sold to the Soviet Union 1 million tons of Argentine corn destined for Western Europe. 1/ Reexports of supplies originating in the United States are illegal without proper licensing, and the USDA monitors trade closely in order to detect any violations, including those by U.S. companies.

Brazil and Argentina are expected to replace most of the soybeans and soybean meal the United States would have supplied to the Soviet Union. As stated earlier, USDA officials foresee a big expansion of soybean crops in the Southern Hemisphere. 2/

Even if replacement from other sources will be possible to some extent, the Soviet Union stands to suffer substantial disruptions by having to replace U.S. grains with an unpredictable variety of supplies from other sources, arriving on an irregular schedule. Earlier predictions indicated that the first wave of the embargo's impact on the Soviet Union would be felt through the beginning of July of this year. According to an April report of the USDA, the embargo has already produced feed shortages, which are manifest in a decline of hog numbers, slower than usual growth in cattle and poultry inventories, and declining milk output per cow. 3/ The effectiveness of the U.S. measures is reflected also in the higher prices the Soviet Government has to pay for alternate supplies--a premium reported to range from 15 to 20 percent.

The long-term effect of the U.S. trade sanctions will largely depend on some unknown variables, such as the current size of the Soviet grain reserves and the quality of the next Soviet harvest. The trade sanctions do not threaten the Soviet consumer with shortages of bread, as the Soviet Union is virtually self-sufficient in producing wheat for human consumption. Insufficient feed supplies will, however, exacerbate the chronic meat shortages Soviet citizens have long had to endure, in stark contrast with the improvement promised by the Soviet Government.

Impact of agricultural sanctions on U.S. interests

At the time of the suspension of agricultural sales to the Soviet Union, the President announced that measures would be taken to ensure that the burden would not fall unfairly on farmers. To offset the depressing effect of the suspension on agricultural product prices, several actions were undertaken, including removal from the market of grain that would have been shipped to the Soviet Union. The purpose was to insure that the position of farmers would not be significantly worsened by the suspension.

1/ Business Week, Mar. 3, 1980, p. 24.

2/ USDA, Foreign Agricultural Circular, FOP 8-80, April 1980, p. 19.

3/ USDA, Foreign Agricultural Circular, FG-12-80, Apr. 10, 1980.

Cost to the Government.--The USDA announcements regarding the actions to be taken estimated that the increase in the U.S. Government budget outlays for the entire package for fiscal years 1980 and 1981 would be between \$2.5 billion and \$3.0 billion. 1/ Many of the actions taken are long term, and total costs can be only imprecisely estimated. In addition, eventual disposition of the commodities acquired by the Government will reduce initial Government expenditures.

Among the first actions taken was the offer by the USDA to assume the contractual obligations for wheat, corn, and soybeans previously committed for shipment to the Soviet Union. In response, exporters signed contracts to sell their contractual obligations covering some 16 million metric tons, including 10.8 million tons of corn, 4.5 million tons of wheat and 0.7 million tons of soybeans. The USDA also made efforts to take additional grain off the market and get more money into farmers' hands by making several changes to encourage greater participation in the farmer-owned reserve program. 2/ In addition, the USDA made direct purchases of wheat (4.2 million tons) and corn (1.5 million tons).

The USDA also announced that it would purchase, by competitive bids, frozen chickens for use in various Federal food programs. 3/ The stated reason for the purchases was to remove from domestic markets surpluses created by the suspension of agricultural exports to the Soviet Union. Reportedly, domestic poultry processors had contracts to deliver 65,000 metric tons of frozen chicken to the Soviet Union for use at the Olympics.

In addition to these direct costs, the Government incurred expenses in negotiating the purchase of grain traders' contractual obligations, in negotiations with some foreign Governments in attempts to convince them not to make up Soviet "shortfalls" resulting from the U.S. sales suspension, in negotiations with other Governments to try to find alternative markets, and in tracing ultimate destinations of exports (checking for transshipments and "leakage") in the sales embargo.

The duration of the embargo will have a major impact on the ultimate cost to the Government. If the suspension is long term and results in the ultimate loss of the Soviet Union as a market for U.S. agricultural products, the costs of U.S. agricultural price-support operations may be affected to a significant, but unknown, degree.

1/ USDA News Release, "USDA announces program changes to offset suspension action," Jan. 8, 1980.

2/ The changes increase the loan rates, the reserve call prices, the reserve release prices, and the reserve storage rates for wheat and feed grains. Certain interest charges were also waived for additional corn entering the reserve.

3/ The purchases would be made with funds from sec. 32, Public Law 320, which provides that 30 percent of the gross receipts from all collected import duties can be used to divert agricultural products to export markets or to encourage domestic consumption. Specific provision is made for the purchase of perishable commodities that cannot be sold by producers at reasonable prices.

Cost to producers and traders.--The Department of Agriculture estimated in January that 1980 domestic farm income would be reduced by about \$3 billion by the agricultural export restrictions unless actions were taken to offset the decline in exports and the associated decline in commodity prices. 1/ Since then, some agricultural exports to the Soviet Union have been released from the embargo, and the measures discussed herein to alleviate the farmers' burden have been instituted.

The effectiveness of these efforts is reflected, in part, in the prices of the items involved. Figure 6 shows the course of U.S. agricultural and export prices for wheat and corn from December 10, 1979-April 11, 1980. The declines in these prices since December do not indicate the impact of the trade restrictions alone, as the declines result from all the factors that enter into demand and supply. However, without the efforts of the U.S. Government to alleviate the farmers' loss, more pronounced declines of the prices would surely have taken place.

The USDA purchase of grain traders' contract obligations did result in less income for the traders than if the shipments had been made. 2/ The purchases were negotiated over several weeks, with reductions from the obligations for several types of transactions and price changes, including any profits made on related futures-market transactions. In announcing the purchase program on January 7, Vice President Mondale stated, "Our purpose is to protect against losses; not guarantee profits." 3/ The amount of these lost profits is not known.

High Technology

In March the President announced that stricter criteria would be applied in granting the validated export licenses necessary to sell high-technology items to the Soviet Union. Moreover, roughly 700 outstanding or pending export licenses would be reviewed in light of the new restrictions. The new criteria impose tight controls on exports to the U.S.S.R. of computers, computer technology, sophisticated electronic components and equipment, and materials critical to the manufacture of high-technology defense goods. Process technology or technical data that could be used in the design or manufacture of multilaterally controlled commodities 4/ or for militarily relevant industries is also severely restricted. In addition, the administration reaffirmed restrictions that had been announced in January on exports of oil- and gas-drilling and exploration equipment and on equipment for producing oil- and gas-extractive machinery. 5/

1/ USDA News Release, "U.S. suspends shipments of agricultural commodities to the Soviet Union, Jan. 5, 1980."

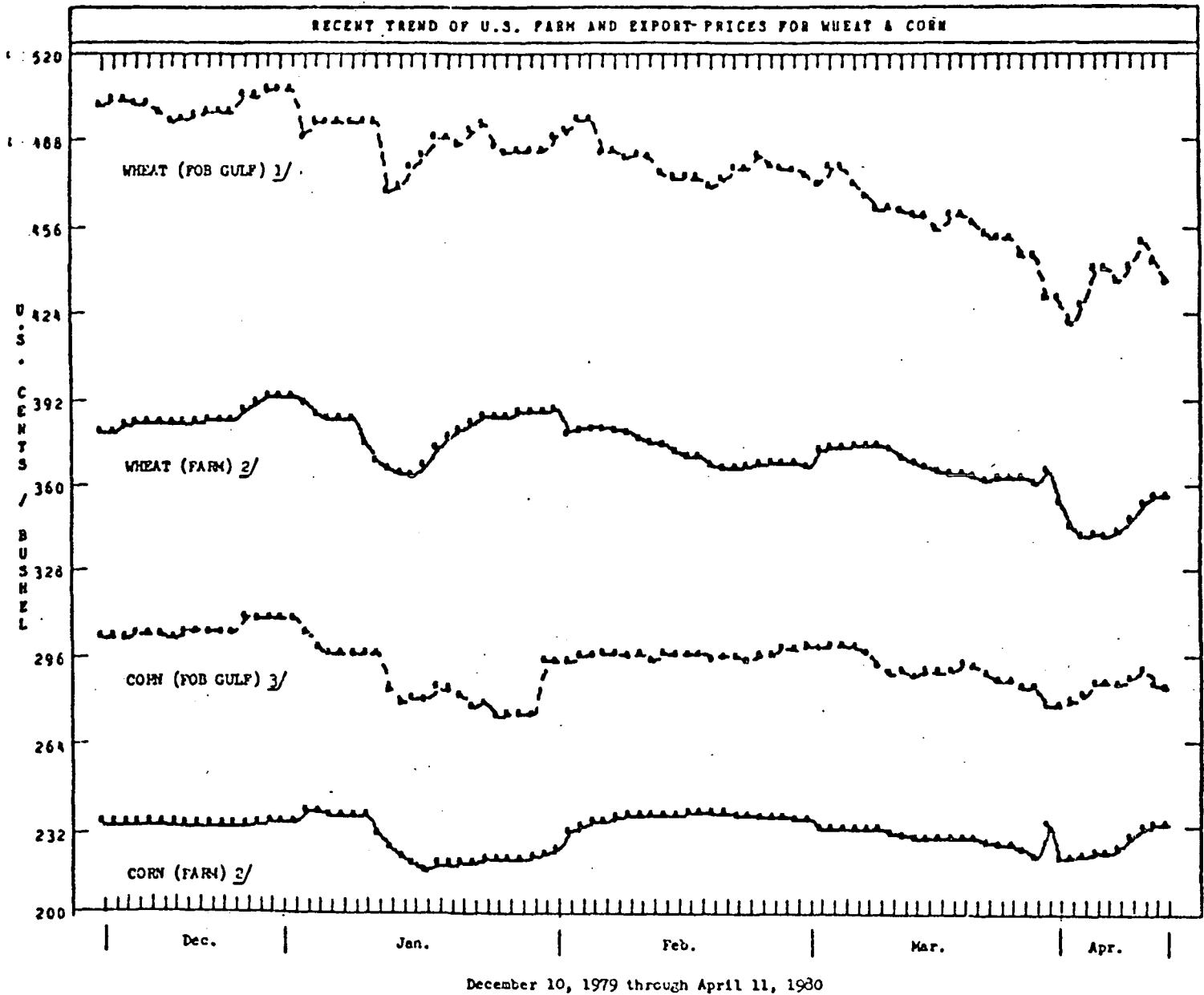
2/ Mondale announces future action to offset Soviet sales' suspension, USDA Press Release 51-80, Jan. 7, 1980.

3/ Ibid.

4/ Commodities controlled through COCOM (see p. 20).

5/ On May 7, 1980, export of an oil-drilling rig to the U.S.S.R. in connection with a joint U.S.-Japanese project was approved (See pp. 46-47).

Figure 6.--Wheat and corn: U.S. farm and export prices, Dec. 10, 1979-Apr. 11, 1980.



1/ No. 2 Hard Winter Ordinary

2/ Five day moving average of representative farm locations as reported by ASCS field offices.

3/ No. 3 Yellow

Source: U.S. Department of Agriculture, Foreign Agricultural Service, Washington, D.C.
Foreign Agriculture Circular FG-13-80, Apr. 14, 1980.

The President's authority to restrict high-technology exports to the U.S.S.R. derives from the Export Control act of 1979, a 4-year extension of the nation's basic export control law. This act is the framework within which all U.S. export licenses are granted. Only 5 to 10 percent of U.S. exports require validated licenses, i.e., prior approval of the particular shipment. These exports undergo a rigorous application process involving close scrutiny and evaluation before shipment is permitted. Validated licenses are necessary for most high-technology exports to Communist countries (not including Yugoslavia) and for strategic materials and products to all countries except Canada. U.S. Government approval is also required for the reexport of these items from foreign countries, or for the export from foreign countries of items containing U.S.-produced parts or technology subject to validated licenses.

Export items subject to validated licenses are specified on a list maintained by the U.S. Department of Commerce called the Commodity Control List (CCL). These items generally have military or strategic value, are related to weaponry and explosive devices or crime control and detection, are products or commodities in short supply domestically, or are, by agreement, controlled multilaterally with other technically advanced non-Communist countries through COCOM. The main purpose of subjecting the items on the CCL to examination and evaluation prior to export is to insure that the national security interests of the United States are not damaged by their sale. The 1979 act placed particular emphasis on goods and technologies that are not otherwise available to potential adversaries or that would be helpful militarily.

Most items listed on the CCL also fall under the COCOM strategic control system. COCOM maintains lists of those items that member nations agree not to sell to Communist nations (including China but not Yugoslavia) unless permission is granted unanimously after a request for an exception has been made. During the 1970's the United States was the chief source of requests for exceptions from COCOM controls and accounted for over 60 percent of such requests in 1978.

As part of the effort to restrict high-technology exports to the U.S.S.R., the United States has declared that it will no longer seek exceptions to the COCOM lists for items intended for export to that country. Since about 70 percent of the value of high-technology exports to the U.S.S.R. in 1979 required exemption from COCOM controls, the new policy is expected to reduce significantly the volume of such sales in 1980. 1/ Some exceptions to this policy will be made and will be decided on a case-by-case basis. These will include spare parts for some goods already shipped, items essential for public health and safety (such as spare parts for aircraft and intensive-care medical equipment), and items whose export serves Western security or economic interests.

As a result of these measures, U.S. exports of high-technology items to the U.S.S.R. will undoubtedly decline in 1980. In order to illustrate the possible effects of the sanctions on United States-Soviet trade in the future,

1/ Statements by U.S. Government officials; Washington Post, March 18, 1980, p. A-1, and Washington Star, March 18, 1980, p. A-8.

data for U.S. high-technology exports during 1975-79 will be examined. These data will indicate the magnitude, composition, and relative significance of these U.S. exports accounted for by Soviet purchases over that period. In addition, data on Soviet high-technology imports from other Western countries will show the relative U.S. position in the Soviet market for high-technology items.

Exports to the Soviet Union

In order to present statistics on past U.S. exports to the U.S.S.R. of high-technology items that now may be significantly affected by the new restrictions, export data applicable to such trade were organized into three groups: computers and computer parts; oil- and gas-drilling equipment, pumps, and centrifuges; and other high-technology items (table 14). 1/

U.S. exports of high-technology goods to the U.S.S.R. grew rapidly in the early 1970's as detente and the signing of the United States-U.S.S.R. trade agreement in 1972 encouraged the expansion of bilateral trade. From less than \$50 million in 1972, 2/ Soviet purchases of these items grew to \$258 million in 1975 (table 14). However, as the Trade Act of 1974 forbade the extension of most-favored-nation (MFN) status and U.S. Export-Import Bank (Eximbank) credit to countries with restrictive emigration policies, the 1972 trade

1/ The export classifications used in this report are based on a list of high-technology products developed in the Office of East-West Policy and Planning (OEWPP) of the U.S. Department of Commerce in consultation with commodity specialists in the Office of Export Administration. The list has been published in 1980 in a paper by John Martins (OEWPP) entitled, Quantification of Western Exports of High Technology Products to Communist Countries; this paper is updated annually. An earlier version quoted later in this chapter is by John Young (OEWPP). The export classifications selected as comprising high-technology exports for this report include products that reflect "best practice" in critical technology sectors, and such exports could be expected to add to the "state-of-the-art" in recipient countries. Therefore, the data displayed in this report on U.S. exports of high-technology items should serve as an approximation of the trade likely to be affected by the U.S. sanctions against the U.S.S.R. These figures should be used with some discretion, however. Trade data classifications do not have the detail necessary to capture accurately only high-technology exports, and the classifications selected for this report therefore include some items that do not embody advanced technology. In addition, a number of items incorporating advanced technology or used for military purposes may be classified in trade groupings that are not generally considered "high technology" or "strategic" and are not included in this analysis. Only a "case-by-case" approach, such as the one followed by the Office of Export Administration in granting validated export licenses, can fairly clearly distinguish what constitutes critical or high-technology items.

2/ John Young, Quantification of Western Exports of High Technology Products to Communist Countries, U.S. Department of Commerce, 1979, p. 15. The data have been adjusted for the inclusion of the classifications used in the updated paper by John Martins, op. cit.

Table 14.—High-technology items: U.S. exports to the world, to all nonmarket economy countries (NME's), 1/ and to the U.S.S.R., by types, 1975-79

(In millions of dollars)						
Type and market	1975	1976	1977	1978	1979	
High-technology items, total:						
U.S.S.R.-----	257.5	249.8	203.3	182.7	233.7	
All NME's-----	518.5	442.8	422.8	561.2	697.6	
World-----	21,457.1	23,232.7	24,094.6	31,506.3	38,244.7	
Computers and computer parts:						
U.S.S.R.-----	9.5	17.4	5.9	18.0	22.6	
All NME's-----	40.8	38.3	36.7	59.6	69.7	
World-----	2,568.0	2,873.9	3,565.7	4,734.7	6,086.4	
Oil- and gas-drilling machinery, pumps, and centrifuges:						
U.S.S.R.-----	74.9	118.3	83.7	74.6	123.0	
All NME's-----	150.3	165.1	122.8	167.3	280.6	
World-----	4,152.8	4,463.0	4,271.1	5,650.3	6,672.5	
Other high-technology items:						
U.S.S.R.-----	173.1	114.2	113.7	90.0	88.1	
All NME's-----	327.4	239.4	263.3	334.3	347.3	
World-----	14,736.2	15,895.8	16,257.8	21,121.4	25,485.8	

1/ Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, U.S.S.R., Vietnam, and Yugoslavia.

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

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

agreement was never implemented. The lack of MFN treatment and access to Eximbank credits dampened Soviet enthusiasm for U.S. high-technology goods, and U.S. exports to the U.S.S.R. steadily declined in value during 1975-78 (table 14). Indeed, the U.S.S.R. announced in early 1977 that nonagricultural imports from the United States would be restricted in response to the refusal by the United States to offer trade treatment or officially supported export credits on a nondiscriminatory basis. Soviet efforts in this period to reduce their large external debt, and their chronic trade deficit with the United States owing to large grain purchases, may also have encouraged the cutback in high-technology imports from the United States. Yet, in 1979, U.S. exports to the U.S.S.R. of these goods rose again to \$234 million, principally as a result of soaring sales of oil- and gas-drilling machinery. However, high-technology exports in 1979 failed to exceed the 1975 peak, and the real level of sales was undoubtedly lower than in 1975 in view of the substantial inflation during the intervening years.

The share of total U.S. exports to the Soviet Union consisting of high-technology items has contracted significantly in the last 5 years. U.S. exports of these items as a share of U.S. exports to the U.S.S.R. fell from over 14 percent in 1975 to less than 7 percent in 1979. At the same time, the share of the high technology items in total U.S. exports grew modestly from 20 percent to over 21 percent, as shown in the following tabulation (in percent):

Year	U.S. exports of high-technology items--	
	As a share of U.S. exports	As a share of total
	to the U.S.S.R.	U.S. exports
1975-----	14.1	20.1
1976-----	10.8	20.4
1977-----	12.5	20.2
1978-----	8.1	22.3
1979-----	6.5	21.4

High-technology sales to the U.S.S.R. constitute a small portion of such U.S. trade. U.S. high-technology exports to the world grew steadily during 1975-79, from \$21 billion to \$38 billion (table 14). U.S. exports of similar items to the U.S.S.R. declined in this period, reducing the Soviet share of total U.S. high-technology exports from 1.2 percent in 1975 to only 0.6 percent in 1979 (table 10).

The U.S. Department of Commerce expects that the restrictions imposed in March and the review of outstanding licenses and pending license applications will reduce these U.S. exports to the U.S.S.R. to about \$50 million in 1980, less than a quarter of the total in 1979. The impact on overall U.S. high-technology exports--let alone total U.S. foreign trade and balance of payments--will be barely measurable, however, owing to the comparatively small value of U.S. high-technology sales to the Soviet market. ^{1/} The potential Soviet market for U.S. sales of these items may be much larger. U.S. business interests involved in trade with the Soviet Union have estimated that lost sales contracts due to U.S. export controls and the trade sanctions will come to between \$5 billion and \$15 billion over the period of the next Soviet 5-year plan, 1981-85. ^{2/}

^{1/} "U.S.-U.S.S.R. Trade After Afghanistan," p. 6.

^{2/} Journal of Commerce, Apr. 9, 1980, p. 13.

Computers and computer parts--U.S. exports of computers and peripheral equipment to the Soviet Union rose irregularly in the period 1975-79, reaching \$23 million in 1979 (table 14). In addition to these direct sales, a high percentage of European computer exports to the U.S.S.R. actually involve sales from U.S. subsidiaries or of machines containing a large quantity of U.S.-made parts. Direct exports of these products from the United States to the Soviet Union, however, have not accounted for more than 10 percent of U.S. high-technology sales to that country during 1975-79.

Scrutiny of computer exports to the Communist countries has always been intense, and under the new restrictions, computer exports to the Soviet Union stand to be the most severely affected among the high-technology items. Actions taken even before the completion of the U.S. Government's review of export control policy foreshadowed the stricter restrictions. Shortly after the first trade sanctions were announced in January, the administration revoked all validated licenses for the export of spare parts for a large IBM computer installed at the Kama River truck plant, as it became known that trucks produced at the plant were being used by the Soviet military. The new criteria now applied to U.S. computer exports to the U.S.S.R are expected to reduce the level of sophistication of permissible exports in this category. Combined with the U.S. "no-exceptions" policy vis-a-vis the COCOM embargo list, this should materially reduce the volume of U.S. computer sales to the U.S.S.R. Exports to the Soviet Union of European computers that contain U.S.-produced computer parts or embody embargoed U.S. technology will also be affected.

In terms of U.S. computer exports to the world, loss of accustomed sales to the Soviet market will not be meaningful. Computer-related sales to the Soviet Union in 1979 accounted for barely 0.3 percent of total U.S. exports of these products. Even the major U.S. computer firms doing business with the U.S.S.R. emphasized the trivial proportion of their total sales represented by Soviet purchases when the sanctions were imposed. 1/

Oil- and gas-drilling machinery, pumps, and centrifuges--Oil and gas extractive machinery makes up the largest portion of U.S. high-technology exports to the Soviet Union, representing roughly half of these sales during 1975-79. 2/ Nonetheless, U.S. exports of these items to the U.S.S.R. have been somewhat suppressed by lack of Eximbank financing and by the delays and uncertainties that have accompanied the granting of the necessary export licenses. During 1975-79, exports have fluctuated, rising from \$75 million in 1975 to \$118 million in 1976, then declining steadily through 1978 before rebounding sharply to a high of \$123 million in 1979 (table 14).

Prospects for expanding U.S. exports to the Soviet market were considered good before the trade sanctions were imposed, as Soviet spokesman have announced plans for increased oil and gas exploration through 1989. But the suspension of all validated licensing for exports to the U.S.S.R. in January brought shipments to a halt. Since that time, the

1/ Electronic News, Jan. 14, 1980, p. 16.

2/ For a more detailed discussion of U.S. exports of this machinery to the NME's, see the 20th Report to the Congress . . . , USITC Publication 1026, December 1979, "Oil and gas well machinery," pp. 22-45.

embargo on such exports has been confirmed (on Mar. 18, 1980), then partially rescinded. On May 7, 1980, a validated license that had been pending before the embargo was granted to Armco, Inc., for the export of an oil-drilling rig to the U.S.S.R. in connection with a joint U.S.-Japanese project. At this time the U.S. Government indicated that validated licenses would be granted for the export to the U.S.S.R. of oil and gas exploration and extractive equipment. The sale of equipment to produce these items in the U.S.S.R. remains under embargo, however. The question of acquiring sophisticated production machinery is an important one for the Soviet Union. Some observers believe that lack of adequate equipment is by far the most serious constraint on Soviet oil exploration and development.

The level of future U.S. exports of oil and gas extractive equipment to be exported to the Soviet Union is uncertain, and will depend to a large extent on the Soviet response to the temporary suspension of sales in the first 5 months of 1980, and on the continuing U.S. controls on equipment production machinery. Exports to the rest of the world will not be significantly affected, however. Despite the U.S.S.R.'s position as a major consumer of such equipment, it is not a major U.S. export market, accounting for less than 2 percent of total U.S. exports of these products during 1974-79.

Other high-technology items--Other product groups comprising high-technology items that could require validated export licenses include jet engines, certain parts for nuclear power plants, certain metal-working machine tools, telecommunications equipment, sophisticated electronic components, electronic sensing, measuring, and controlling devices, aircraft, certain types of submersible vessels, and advanced optical apparatus and elements. Spare parts for this equipment would also be included. In addition, this group of products contains some of the specialized machinery that would be used to make the other items listed. Metal-working and metal-processing equipment, particularly automated metal-cutting machine tools, were a major component of U.S. high-technology exports to the Soviet Union in the 1970's, partly because this equipment was included in turnkey plant sales based on the transfer of process technology. 1/

Much closer scrutiny is also being given to proposed exports of manufacturing technology that could be used to produce controlled items or to increase output in militarily relevant sectors, such as chemicals and metals. By extension, machinery that embodies this technology is also to be closely examined. In this context, validated license requirements were established in early May 1980 for truck engine assembly lines for the Kama River Truck Complex and for certain lasers, silicon materials, and other equipment used in the manufacture of semiconductors.

1/ Remarks by J. Mishell George, Acting Deputy Assistant Secretary for East-West Trade, Harvard Russian Research Institute, Apr., 28, 1980.

U.S. exports to the U.S.S.R. of high-technology items other than computers and oil- and gas-drilling and pumping equipment have consistently declined in value during 1975-79 (table 14). From \$173 million in 1975, exports were halved and totaled only \$88 million in 1979, an insignificant portion of such U.S. exports to the world.

Exports to the world

Most U.S. sales of goods that embody high technology are made to other advanced non-Communist countries. Western Europe has been the destination of roughly one-third of these exports during 1975-79 (table 15). Indeed, the largest single market for these products has been the European Community, which imported nearly 13 billion dollars worth in 1979, or 34 percent. Canada was the second largest buyer, accounting for 12 percent (over 4 billion dollars' worth) of total U.S. exports in 1979. Japan imported nearly 3 billion dollars' worth of high-technology equipment in 1979, 7 percent of U.S. foreign sales.

Growth of high technology exports to certain underdeveloped markets was very strong, exceeding the overall rate of increase during 1975-79. The five members of the Association of Southeast Asian Nations and Mexico became major markets for these U.S. goods in the period, accounting for a combined 13 percent of the total in 1979. In contrast, total U.S. high-technology exports to all the NME's amounted to less than \$700 million in 1979 (table 14), not even 2 percent of U.S. exports to all countries; the share of the U.S.S.R. was 0.6 percent.

Soviet imports from the industrialized West

The U.S.S.R. lacks the ability to produce many high-technology items necessary to maintain its economic growth objectives. Although the United States is a natural supplier for much of the advanced equipment needed, the U.S. share of the Soviet market for these items is relatively small. Other countries with advanced technological capabilities had established good trade relations with the Soviets before detente temporarily loosened U.S. restrictions on high-technology exports in the early 1970's. Moreover, discriminatory trade treatment by the United States has encouraged the Soviet Union to divert as much commerce as possible toward countries with which it enjoys more favorable trade relations.

Total Soviet imports of high-technology items from the industrialized West were valued at approximately \$700 million in 1972. ^{1/} These purchases increased to \$1.7 billion in 1975 and to \$2.2 billion in 1978 (table 16). The largest Western supplier of these goods to the U.S.S.R. during 1975-78 was West Germany, followed by Japan and France. The United States ranked fourth, accounting for an average of 12 percent of such Soviet imports during this time.

^{1/} John P. Young, op. cit., p. 8. The data have been adjusted for the inclusion of the classifications used in the updated paper by John Martins, op. cit.

Table 15.—High-technology items: U.S. exports,
by selected markets, 1975-79

(In millions of dollars)						
Area and market	1975	1976	1977	1978	1979	
Europe:						
European Community <u>1/</u> —	5,412.4	5,659.6	6,147.9	8,417.1	10,787.5	
Other-----	1,662.3	1,664.9	1,543.9	1,691.7	2,198.7	
Subtotal-----	7,074.7	7,324.5	7,691.8	10,108.8	12,986.2	
Asia:						
Japan-----	1,272.0	1,327.3	1,243.0	1,785.1	2,706.6	
ASEAN <u>2/</u> -----	1,106.4	1,332.6	1,402.9	1,697.4	3,009.7	
Other-----	2,878.0	3,876.2	3,834.1	4,427.1	4,858.6	
Subtotal-----	5,256.4	6,536.1	6,480.0	7,909.6	10,574.9	
Canada-----	2,560.3	2,604.1	2,839.6	3,725.6	4,539.2	
Mexico-----	835.2	952.2	874.7	1,398.2	2,034.5	
Australia-----	559.8	573.8	694.3	899.0	1,091.3	
All other <u>3/</u> -----	5,170.7	5,242.0	5,514.2	7,465.1	7,018.6	
Total-----	21,457.1	23,232.7	24,094.6	31,506.3	38,244.7	

1/ Belgium, Denmark, France, Ireland, Italy, Luxembourg, Netherlands, United Kingdom, and West Germany.

2/ Association of Southeast Asian Nations. Membership comprises Indonesia, Malaysia, Philippines, Singapore, and Thailand.

3/ Includes nonmarket economy countries.

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 16.—High-technology items: Exports to the U.S.S.R. from selected industrialized Western countries, 1/ by types, 1975-79

(In millions of dollars)									
Item	West Germany	Japan	Italy	France	United States	United Kingdom	Switzer- land	Other	Total
High-technology, total:									
1975-----	523.8	216.3	155.7	241.6	275.5	52.5	83.0	157.0	1,702.1
1976-----	563.0	274.3	134.4	205.0	251.2	60.3	101.2	175.5	1,777.0
1977-----	699.9	367.0	223.6	241.8	203.3	47.7	101.2	211.2	2,107.5
1978-----	649.5	623.8	285.2	282.9	182.6	114.8	92.7	161.4	2,224.3
1979-----	2/	2/	2/	2/	233.7	2/	2/	2/	2/
Computers and computer parts:									
1975-----	8.5	10.8	3.8	7.5	9.5	6.5	.3	4.1	51.3
1976-----	11.4	6.0	4.0	15.6	17.4	3.5	.5	3.0	62.4
1977-----	13.0	4.8	2.6	12.9	5.9	5.3	.1	3.4	48.0
1978-----	16.7	6.6	2.3	14.1	18.0	14.7	.7	3.2	58.4
1979-----	2/	2/	2/	2/	22.6	2/	2/	2/	2/
Oil- and gas-drilling machinery, pumps, and centrifuges:									
1975-----	54.1	58.3	13.1	49.6	74.9	9.5	3.4	23.2	290.7
1976-----	53.5	78.4	14.0	68.3	118.3	9.0	6.8	28.2	380.1
1977-----	70.4	119.5	46.0	70.0	83.7	7.9	5.5	22.2	431.1
1978-----	107.8	194.9	56.2	85.6	74.6	44.5	3.6	40.3	541.7
1979-----	2/	2/	2/	2/	123.0	2/	2/	2/	2/
Other high-technology:									
1975-----	461.1	147.1	138.7	184.5	173.1	36.6	79.3	129.6	1,360.3
1976-----	498.1	189.9	116.4	121.1	115.5	47.8	93.9	144.2	1,334.6
1977-----	616.5	242.57	175.1	158.8	113.7	34.4	95.6	185.6	1,628.4
1978-----	524.9	422.3	226.7	183.2	90.0	55.6	88.4	118.0	1,624.2
1979-----	2/	2/	2/	2/	88.1	2/	2/	2/	2/

1/ The industrialized West comprises Austria, Belgium, Canada, Denmark, France, Italy, Japan, Luxembourg, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States, and West Germany.

2/ Not available.

Source: Compiled from United Nations trade data supplied by the U.S. Department of Commerce.

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

High-technology items other than computers and oil- and gas-drilling machinery accounted for over three-quarters of Soviet high-technology goods imports from the West during 1975-78. Most of the imports consisted of metal-cutting machine tools, their parts and accessories, other specialized electrical machinery, measuring, controlling and scientific instruments, and telecommunications equipment. Nearly 60 percent of Soviet imports of these products were sourced in West Germany and Japan in 1978; the U.S. share of the Soviet market in that year was only 6 percent.

By contrast, the United States was the largest Western supplier of oil- and gas-drilling machinery, pumps, and centrifuges in 1975 and 1976, but was surpassed by Japan in 1977 and by West Germany and France in 1978. These imports from the West grew steadily during 1975-78, from \$291 million to \$542 million (table 16).

The U.S.S.R. is the world's largest crude oil producer, but the rate of growth of output has declined in recent years. The planned crude petroleum output goal of 11.9 million barrels per day was not met in 1979, and the 1980 goal of at least 12.4 million per day seems also to be unreachable. In late 1977, Soviet Government projections that established fields would soon reach peak production, then decline, sparked a renewed commitment to exploration and exploitation of new oil fields. Despite major investments of material and manpower, the quality and design of Soviet drilling and pumping equipment is inferior to that found in the West and is inadequate to the task of further developing their oil resources. If crude oil production is to be maintained, the Soviet Union will have to import technology from the West.

Only in the category of computers and computer parts and accessories did the United States rank as the chief Soviet supplier during 1974-78, receiving strong competition, however, from West Germany and France in certain years (table 16). U.S. technology in computers has been the best in the world, so that the adverse effect on the Soviet Union of the embargo on this equipment could be significant. However, European and Japanese computer products are in many cases acceptable substitutes for unavailable U.S. equipment. Moreover, the U.S. corporate presence in the European computer industry is quite large, greatly increasing the amount of U.S. technology available in European computers.

The Soviet computer industry is not as advanced as its Western counterparts. Indeed, output lags behind production in the West in quantity and variety as well as in technological sophistication. U.S.S.R. imports of computers from Western nations (including the United States) typically occur owing to the unavailability of such equipment domestically or in Eastern Europe.

Although the U.S.S.R. imported computer equipment in small quantities in the later 1950's and the 1960's, strict adherence to COCOM prohibitions by major vendors restricted such sales to the smaller and less advanced equipment available at that time. The COCOM embargo was liberalized in 1969, and with the initiation of detente in 1972, Soviet imports of computers from the West rose sharply. In recent years, well over half the value³ of restricted high-technology exports granted COCOM exceptions has been accounted for by computers.

Since the U.S.S.R. receives the overwhelming share of its high-technology imports from sources other than the United States, trade sanctions in this area cannot be fully effective without the support of other major suppliers. The U.S. Government has requested that the other COCOM members join in restricting exports to the U.S.S.R. of goods that embody advanced technology. In the case of computers, this would be accomplished by strict adherence to the COCOM list of restricted high-technology exports developed in 1976 until a new common policy can be developed. This list is somewhat out of date technologically, and has been revised extensively through precedent-setting policy decisions and administrative notes during 1976-79. Adherence to the 1976 list with respect to computers by all COCOM members would severely cut back the level of technical sophistication of such exports to the Soviet Union. An updated list will be published this year and will become the basis for the U.S. "no-exceptions" policy designed to restrict all Western exports of the listed items from the U.S.S.R. The United States has also proposed that new COCOM limitations be placed on the transfer of design, manufacturing, and process technology, and that stricter criteria be imposed for a handful of items on the updated list.

Phosphates

U.S.-Soviet fertilizer trade

After the agricultural trade sanctions were imposed against the U.S.S.R. on January 7, 1980, there was some concern in the United States over the continued exportation of phosphatic fertilizer materials to the U.S.S.R. It was argued in Congress that the United States was in effect assisting the Soviet Union to grow for itself the grain it could no longer get from the United States. Consequently, on February 4 the Department of Commerce placed all exports of phosphates--i.e marketable phosphate rock, phosphoric acid, and phosphatic fertilizers of all concentrations--under validated licensing requirements. Commerce announced at the same time that no licenses would be granted until an interagency review of the matter could be completed. Three weeks later, on February 21, the Department announced that the President had ordered an embargo for an indefinite period on phosphate shipments to the Soviet Union.

U.S. phosphate exports to the Soviet Union were virtually nonexistent before 1979. No phosphates were shipped in 1975, 1976, and 1978, and only 1,800 dollars worth was shipped in 1977 (table 17). In 1979, however, phosphate valued at almost \$94 million was delivered to the Soviet Union, and the total was expected to rise to \$400 million in 1980. In 1979, the Soviet Union was the sixth largest buyer of U.S. phosphate, accounting for 5.6 percent of total U.S. phosphate exports (table 17). In the phosphoric acid market, however, the U.S.S.R. was the second largest purchaser, accounting for 22.4 percent of exports (table 18). If sales to other countries remained anywhere near their 1979 levels, the Soviet Union would have become the largest single purchaser of U.S. phosphates in 1980, accounting for perhaps 25 percent of total phosphate sales and more than half of phosphoric acid sales.

The recent significance of the Soviet market for U.S. phosphate exports can be wholly attributed to a 20-year \$20 billion countertrade agreement concluded between Occidental Petroleum Corp. (Occidental) of California and

Table 17.—Phosphates: U.S. exports, by principal markets, 1975-79

(In millions of dollars)						
Market	1975	1976	1977	1978	1979	
Belgium-Luxembourg---	36.1	51.4	59.2	83.9	95.0	
Brazil-----	187.9	153.2	150.0	147.5	212.4	
Canada-----	122.7	98.2	97.2	118.0	161.6	
France-----	57.0	62.2	57.7	61.2	66.9	
India-----	186.9	29.4	89.6	101.5	143.3	
Italy-----	67.0	55.3	49.5	105.8	176.8	
Japan-----	95.7	76.2	73.0	76.7	88.4	
South Korea-----	16.8	1/	1/	46.2	57.1	
West Germany-----	26.7	29.4	39.6	50.4	33.1	
U.S.S.R-----	-	-	1/	-	93.6	
Other nonmarket						
economy countries---	42.3	44.7	50.4	79.5	89.4	
All other-----	497.1	244.9	281.5	195.1	245.4	
Total-----	1,336.2	875.0	984.1	1,242.9	1,664.7	

1/ Less than \$50,000.

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 18.--Principal types of U.S. phosphate exports,
by principal markets, 1979 ^{1/}

Market	: Ammonium : : phosphates :	: Crude : :	: Phosphoric : : Acid :	: Other : :	: Total : :
Value (in thousands of dollars)					
Belgium-	:	:	:	:	:
Luxembourg-----	52,695 :	25,394 :	- :	16,942 :	95,031
Brazil-----	83,812 :	13,259 :	65,818 :	49,482 :	212,371
Canada-----	40,576 :	89,837 :	2,852 :	28,367 :	161,632
India-----	101,081 :	8,658 :	33,521 :	- :	143,259
Italy-----	165,287 :	9,259 :	- :	2,246 :	176,791
U.S.S.R-----	- :	- :	93,650 :	- :	93,650
Other nonmarket	:	:	:	:	:
economy	:	:	:	:	:
countries-----	9,646 :	43,208 :	949 :	35,557 :	89,360
All other-----	346,174 :	267,760 :	29,823 :	126,907 :	787,607
Total-----	746,576 :	431,981 :	226,613 :	259,501 :	1,664,670
Percent of total					
Belgium-	:	:	:	:	:
Luxembourg-----	7.1 :	5.9 :	0 :	6.5 :	5.7
Brazil-----	11.2 :	3.1 :	29.0 :	19.1 :	12.8
Canada-----	5.4 :	20.8 :	1.3 :	10.9 :	9.7
India-----	13.5 :	2.0 :	14.8 :	0 :	8.6
Italy-----	22.1 :	2.1 :	0 :	.9 :	10.6
U.S.S.R-----	0 :	0 :	41.3 :	0 :	5.6
Other nonmarket	:	:	:	:	:
economy	:	:	:	:	:
countries-----	1.3 :	10.0 :	.4 :	13.7 :	5.4
All other-----	46.4 :	72.0 :	13.2 :	48.9 :	47.3
Total-----	100.0 :	100.0 :	100.0 :	100.0 :	100.0

^{1/} Figures for ammonium phosphates are based on Schedule B Nos. 480.8005, 480.8010, and 480.8018. Figures for crude phosphatic materials are based on Schedule B No. 480.45. Figures for phosphoric acids are based on Schedule B Nos. 480.701 and 480.702. Figures for the remaining phosphatic materials are based on Schedule B Nos. 416.30, 480.703, 480.705, 480.707, 480.8027, and 480.8065.

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 Soviets on April 12, 1973. 1/ Occidental was to receive from the Soviet Union anhydrous ammonia, urea, and potash, 2/ and in exchange the Soviets were to be provided with superphosphoric acid (SPA) of roughly equal value minus a margin reflecting distribution costs in the United States. Additional clauses committed Occidental to purchase some of the ammonia in hard currency, allowing the Soviet Union to use the money to help finance the construction of the ammonia facilities. 3/ Occidental was also to serve as the main contractor in the building of a 1,600-mile ammonia pipeline connecting the ammonia complex at Togliatti with Odessa on the Black Sea. 4/

This type of agreement is not atypical for the Soviet Union. Similar countertrade agreements on ammonia were also worked out by the U.S.S.R. with Italy and France as well as other countries. 5/

When the phosphate embargo was first discussed in the United States, it was recognized that the Soviet Union could refuse to send ammonia to the United States if Occidental were not allowed to send SPA to the Soviet Union. As a result, concerns about the effect of the phosphate sanctions extended to a possible cutoff of Soviet ammonia, an important source of nitrogen for plants. By 1979, the U.S.S.R. had become the largest single foreign supplier of ammonia to the United States, accounting for 4 percent of the domestic market. Before the embargo, the value of ammonia imports from the Soviet Union was expected to amount to \$100 million in 1980. 6/

While the phosphate sanctions may have provided U.S. farmers with cheaper access to one type of fertilizer (phosphates), the cutoff of Soviet ammonia would probably have brought about some increase in the price paid by the farmers for some nitrogenous fertilizers. 7/ At the same time, a Soviet ammonia embargo would not have been unwelcome to U.S. ammonia producers, who

1/ A countertrade agreement is one in which a seller provides a buyer with deliveries and contractually agrees to purchase goods from the buyer equal to an agreed-upon percentage of the original sales contract value.

2/ Ammonia is the only Soviet commodity that Occidental has, to date, marketed extensively in the United States. Potash is a potassium source which is currently imported primarily from Canada; less than 1 percent of U.S. imports between 1978 and February 1980 were from the U.S.S.R. Urea is produced from ammonia and is currently being imported from a number of countries. In 1979, the principal sources of urea imports were Canada and the Netherlands.

3/ U.S. Central Intelligence Agency, Soviet Chemical Equipment Purchases from the west: Impact on Production and Foreign Trade, October 1978. The Ninth Five-Year Plan (1971-75) committed the Soviet Union to build 40 large ammonia plants by 1982. Most of these plants are being financed through countertrade agreements similar to the type, if not the scale, worked out with Occidental.

4/ The pipeline was to be completed in 1978 but is still unfinished.

5/ See 16th Quarterly Report . . . , USITC Publication 934, December 1979, pp. 26-32.

6/ "U.S.-U.S.S.R. Trade after Afghanistan," p. 7.

7/ Presently, most of the ammonia from the U.S.S.R. is sold under long-term contract to 10 large industrial consumers of ammonia. These companies use the ammonia primarily to produce other fertilizers and chemicals such as ammonium nitrate and ammonium phosphate, substantial quantities of which are exported.

in the summer of 1979 petitioned the U.S. Government for relief against Soviet ammonia penetration into the U.S. market. On October 11, 1979, the U.S. International Trade Commission, acting under section 406 of the Trade Act of 1974, determined by a 3-to-2 vote that Soviet ammonia was disrupting or threatening to disrupt the domestic ammonia market in the United States and recommended that the President impose a quota of 1 million short tons for 1980 and somewhat higher quotas for each of the 2 subsequent years. 1/ However, on December 11, 1979, the President decided against restricting ammonia imports on the grounds that quotas were "not in the national economic interest," in part because "it is critical that farmers have access to sufficient fertilizer supplies at reasonable prices."

Following the Soviet aggression against Afghanistan, the President took emergency action under section 406(c) of the Trade Act of 1974 and announced on January 18, 1980, that ammonia imports from the Soviet Union would be limited to 1 million short tons in 1980, rather than the 1.4 million short tons which had been expected. The President also requested that the U.S. International Trade Commission begin another investigation into the issue of market disruption. By a 3-to-2 vote on March 20, 1980, the Commission announced that market disruption did not exist, nullifying the quota previously imposed by the President. 2/

As stated previously, ammonia exports to the United States are a source of hard currency for the Soviet Union. Moreover, the Soviet Union is anxious to maintain a reputation as a stable trading partner with the West. But whatever the reasons, the Soviet Union continues to honor its share of the contract with Occidental, shipping ammonia even though shipments to it of the promised phosphates have been suspended. 3/

In addition to the interruption of trade in phosphates, the U.S.-Soviet bilateral fertilizer trade was threatened by the refusal of the International Longshoremen's Association (ILA) to load or unload Soviet vessels or goods. 4/ Three-quarters of the ammonia imported from the Soviet Union and most of the U.S. phosphate exports were based on the Eastern and Southern ports where the ILA is active. 5/

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

2/ Voting against a finding of market disruption were then Vice Chairman Bill Alberger, Commissioner Paula Stern, and Commissioner Michael Calhoun. Voting affirmatively were then Chairman Catherine Bedell and Commissioner George M. Moore.

3/ The Soviet Union has only infrequently imposed restrictions on its own exports, and even these were largely to China and Romania, both other NME's.

4/ As a result of the boycott, Soviet shipping lines lost considerable business, and some trade was rerouted through Montreal or to third-flag vessels.

5/ On March 4, the National Labor Relations Board obtained an injunction against the ILA boycott in Savannah, Georgia, thus allowing Soviet ammonia to be unloaded at ports there. Since the injunction was granted, all Soviet ammonia has been unloaded at non-ILA ports or in Savannah and Occidental considers this shipping pattern to be a return to normal. The ILA has appealed the injunction ruling. A similar injunction was granted on February 1 in Jacksonville, Florida, forcing the ILA to load Soviet-bound SPA but the Presidential sanctions have made this ruling moot.

Trade in phosphates

The United States accounted for 41 percent of the world's phosphate production in 1978. 1/ About 40 percent of U.S. production is typically exported overseas, constituting about half the phosphatic fertilizers traded in world markets. 2/

U.S. phosphate producers experienced a very good year in 1979. Until February 1980, domestic producers were operating at peak capacity. On the basis of the strength of demand, Occidental stated that the embargoed phosphate would be easily absorbed in the international market.

Since March, however, factors have combined to depress the phosphate market. Rapidly increasing costs of materials--energy, phosphate rock, and sulfuric acid--have considerably raised the cost of producing phosphatic fertilizers. Meanwhile, high credit rates and poor weather in the United States reduced farm demand for phosphates. Decreased domestic demand stimulated U.S. phosphate producers to seek to increase their exports. However, since the United States already supplies such a large portion of the world phosphate market, it became difficult to place additional volumes at the going prices. As this condition continued, the prices of some types of phosphatic fertilizers dropped after February, often by substantial amounts. 3/

Occidental had been providing the Soviet Union with SPA, a concentrated form of phosphoric acid and had expanded capacity to provide it. SPA is used exclusively to produce liquid phosphatic fertilizers, while merchant grade phosphoric acid can be used as a feedstock to produce solid phosphatic fertilizers, such as diammonium phosphate. Few countries other than the United States have the capacity to produce SPA, and, owing to problems involved in transporting the commodity, the United States was until recently the only country which exports it. 4/ Since the SPA contracted for by the U.S.S.R. accounted for almost 60 percent of world capacity, Occidental will need to sell its phosphoric acid in a less concentrated form.

1/ U.S. General Accounting Office, Phosphates: A Case Study of a Valuable, Depleting Mineral in America, Nov. 30, 1979, p. 5.

2/ Statement by Howard Hjort, Director of Economics, Policy Analysis, and Budget, USDA, before the Senate Committee on Commerce, Science and Transportation, Feb. 19, 1980.

3/ Wholesale price series as reported by the U.S. Department of Labor, Bureau of Labor Statistics. The price declines caused the volume of sales of some types of phosphatic fertilizers, particularly diammonium phosphate, to increase in April. As of May, however, phosphoric acid is still in a state of oversupply.

4/ British Sulphur Corp., Ltd., Phosphoric Acid: Outline of the Industry, London, England, 1980. The United States accounts for perhaps 90 percent of total world SPA capacity. The plants based in other countries produce the material almost entirely for internal consumption only. Recently, it was reported by the British Sulphur Corp., Ltd., that Prayon Corp. of Belgium agreed to sell some amounts of SPA to the U.S.S.R. The quantity of the sale though it accounts for the majority of Prayon's SPA capacity, is about 5 percent of the quantity promised to the Soviet Union by Occidental.

The U.S. phosphate embargo will cause some changes in the pattern of global phosphate trade. Occidental hopes to sell phosphate to Brazil, India, and Indonesia if it cannot sell it to the Soviet Union. These countries are currently supplied by Morocco and Tunisia. Occidental is also continuing to negotiate with Poland an agreement which involves 1 million tons of phosphate rock a year for 20 years. 1/ The Soviet Union already has a long-term agreement with Morocco, which has about two-thirds of the world's reserves of phosphate rock, to receive some phosphatic materials in exchange for technical help in improving the Moroccan phosphate sector. Tunisia is also supplying the U.S.S.R. 2/

The United States is the world's only major exporter of SPA, and the Soviet phosphate plants were specifically built to handle SPA. While parts of the plants could be used to produce some phosphatic fertilizers, much of the capacity would remain idle. The Soviets would need about 2 years to convert the plants to handle regular sulfuric acid. 3/

Unlike nitrogen and potassium, phosphates are retained for a longer period of time by the soil, and applications can be reduced periodically without severely damaging the harvest. Therefore, the embargo is not expected to have an immediate effect on Soviet crop production but is likely to interfere with long-range Soviet crop and fertilizer production plans.

Olympics-related Exports

By the time the prohibition against exporting goods for the summer Olympic games in Moscow was announced (Mar. 28, 1980), between 10 and 20 U.S. corporations had planned \$20 million in such exports. Levi Strauss & Co. was to outfit the U.S. Olympic team and supply 23,000 Olympic workers with jeans. Other items included track and field surfaces and landing pits, swimming pool accessories, soft drink concentrate and distribution equipment, and 65,000 tons of frozen chicken.

In addition, the National Broadcasting Company (NBC) had agreed to pay \$35 million for the rights to broadcast the games and \$50 million for Soviet production services. As part of this agreement, the U.S.S.R. was to provide NBC with some of the necessary broadcasting equipment, but NBC was also to

1/ Occidental is a member of Phoschem, which is a 9-member phosphate producer's association. Phoschem has sold Occidental material to Brazil, Indonesia, and Mexico since the embargo. In June, Occidental resigned from Phoschem and is attempting to market its phosphoric acid in international markets by itself.

2/ Fertilizer Economic Studies Ltd., Fertilizer Monthly Report, London, England, June 1980.

3/ Statement by Howard Hjort, Director of Economics, Policy Analysis, and Budget, USDA, before the Senate Committee on Commerce, Science and Transportation, Feb. 19, 1980.

provide some of its own. Much of the equipment for covering the games had already been shipped when the embargo was announced, and \$70 million of the contracted \$85 million had already been paid for the rights. 1/

The Olympic boycott's economic effects also include expenditures by the estimated 10,000 U.S. tourists who would have gone to the games, the losses by firms which purchased the right to use the Olympic logo in the U.S., and the loss of revenue that had been anticipated from the broadcast of the games in the United States.

Conclusion

United States-U.S.S.R trade in January-March 1980, discussed in the previous chapter, and the trade projections for the rest of the year point to a significant curtailment of mutual trade in the foreseeable short term. This trade is difficult to assess even for the medium term, as post-Afghanistan U.S. policy concerning trade with the Soviet Union has not been fully developed, and the Soviet response to this new policy is also unknown.

The economic base for mutual trade--a strong Soviet demand for U.S. agricultural supplies and items that incorporate unique U.S. technology--continues to exist. To a much smaller extent, U.S. interest in Soviet gold and other materials also constitute part of this economic base for trade. However, as in the past, political relations will principally determine the level of future trade.

1/ While insurance covered 90 percent of this amount, according to Edgar H. Griffiths, the chairman of the board of RCA, which owns NBC, NBC's losses also include about \$15 million in preliminary work done for the Olympics.

UNITED STATES-CHINA TRADE AGREEMENT

The trade agreement granting the People's Republic of China (China) most-favored-nation (MFN) tariff status was put into effect on February 1, 1980. This action, following more than a year of bilateral negotiations and debate in the U.S. Congress since the United States extended diplomatic recognition to China on January 1, 1979, has removed the last major barrier to the full normalization of United States-China trade relations. U.S. Export-Import Bank (Eximbank) financing, without which U.S. exporters still remain at a disadvantage in competing in the China market against Japanese and European firms, is expected to be available within the foreseeable future. The outcome of further negotiations on restraint levels for imports of Chinese textile goods into the United States is less certain.

The trade agreement will be effective for 3 years and may be renewed for successive periods of 3 years, but the extension of MFN treatment to China's products is subject to annual reviews. The President must recommend and the Congress approve a waiver of section 402(a) and (b) of the Trade Act of 1974. These provisions of the act (the Jackson-Vanik amendment) prohibit the granting of nondiscriminatory tariff treatment to the products of nonmarket countries if any such country denies its citizens free emigration, but section 402(c) authorizes the President to waive the prohibition if he has determined that doing so will substantially promote less restrictive emigration practices. In the case of China, the initial waiver was based upon emigration statistics, public statements by senior Chinese officials, and confidential diplomatic exchanges which reportedly led the administration to conclude that China was in the process of liberalizing its emigration rules. Because of the provisions of the Jackson-Vanik amendment, these assurances were a prerequisite to the passage of the trade agreement by the U.S. Congress. Similarly, Congress can effectively terminate the entire agreement by rejecting the President's waiver during an annual review. The first review will take place this summer.

Most important, the agreement provides that the United States and China will reciprocate in applying the MFN duty rates in their respective tariff schedules to the other country's products. Other provisions cover the stationing of commercial representatives or the establishment of business offices by each country's firms, corporations, and trading organizations in the territory of the other country and the facilities and related services needed for the favorable conduct of their activities; the support of the government trade office operating in the other country's territory; and the facilities necessary for financial, currency, and banking transactions. In addition, the agreement provides for the reciprocal protection of the patents, trademarks, and copyrights of the other country. Under the agreement, both countries are committed to hold consultations on bilateral trade problems, including market disruptions due to rapidly rising imports. If a mutually satisfactory solution does not result within a reasonable period of time, either party may take whatever actions it deems appropriate. This last provision is of particular significance to import-sensitive U.S. industries.

Trade-related issues still pending

Once the trade agreement became effective, the required steps could be initiated to extend Eximbank financing to China. Efforts to reach a bilateral agreement on U.S. imports of textiles from China were resumed, and the question of whether China will be designated a beneficiary country under the U.S. Generalized System of Preferences (GSP) program will be considered.

Eximbank financing.--The trade agreement states that both countries will facilitate the availability of official export credits for transactions in support of approved projects and products, and steps were taken toward this end. The Eximbank has agreed to "set aside" the issue of its claims against China for unpaid loans dating back to 1946-47. 1/ The President's order waiving section 402(a) and (b) of the Trade Act of 1974 permitted the extension of official credits to China, and the President has determined that providing Eximbank financing to China would be in the national interest. 2/

The extent of lending to China is, however, still in doubt. The Bank did not ask Congress for an increase in its overall lending authority for the fiscal year ending September 30, 1980, to take account of credits to China. Eximbank officials do not anticipate completing any loan contracts in behalf of China before fiscal year 1981, when again the amount of credit available will depend on the size of the Bank's overall budget. Another issue remaining is which projects are to be given precedence in extending credit, and the Chinese have been requested to indicate their priorities. Credit will be extended only on a project basis, i.e., will be available only for U.S. exports of equipment and technical services destined for specific projects. China has not requested a general-purpose line of credit.

Textile negotiations.--U.S. textile imports from China increased sharply in 1978, and bilateral negotiations to reach an agreement limiting their volume were initiated early in 1979, 3/ following the renewal of diplomatic ties. In 1978, fabrics, apparel, and other textile products from China represented 3.5 percent of the total U.S. imports of textile manufactures, up from 1.8 percent in 1977. 4/ Cotton manufactures, which were 93 percent of all U.S. textile purchases from China, accounted for most of the increase. Larger shipments of almost every item in this group were reported, but it was the rise in imports of certain types of cotton apparel that particularly concerned American producers. Imports of a few items of manmade-fiber clothing also increased substantially.

1/ The United States considers the People's Republic of China responsible for these loans made to the Republic of China under Chiang Kai-shek, but the Government of the People's Republic of China does not. Eximbank claims against China are valued at \$26.4 million.

2/ The official declaration of the determination was signed on Apr. 3, 1980. See Weekly Compilation of Presidential Documents, vol. 16, No. 14, Apr. 7, 1980, p. 607.

3/ Some efforts to reach a bilateral textile accord were reportedly made by the United States as early as the summer of 1978, when the first steps toward establishing diplomatic relations with China were taken.

4/ According to official statistics of the U.S. Department of Commerce, which are reported by quantity in equivalent square yards and apply to general imports. General imports include both items that enter the U.S. consumer market during the year imported and those that remain in bond in U.S. Customs warehouses.

When a second round of United States-China negotiations in May 1979 failed to produce an agreement, the United States unilaterally imposed quantitative restrictions on seven items of apparel: cotton gloves, 1/ women's cotton knit shirts, men's woven cotton shirts, men's and women's cotton trousers, and men's and women's manmade-fiber sweaters. Apparel imports from China continued to increase in 1979, and following the breakdown of further consultations in October, quotas were applied to two additional items: women's woven cotton blouses and women's manmade-fiber coats.

The difficulties confronted by negotiators in reaching a United States-China textile agreement under the Multifiber Arrangement (MFA) stem from several factors. The Government of China has designated the textile industry as one of the major components of its modernization program, and China is counting on the growth of this sector to provide a substantial portion of the foreign-exchange earnings that are needed to support its projected import programs. The efforts of the U.S. negotiators to work out an accord with China have assumed additional urgency because of the changing product mix of the Chinese exports. A shift from fabrics to more and higher value apparel poses an increasing threat to the U.S. industry, which is based largely upon high-quality, high-fashion products. 2/

Another factor the United States must take into consideration is the bilateral agreements already concluded with China by the European Communities (EC) and Canada. China has gained substantially increased access to the EC market under an agreement that became effective as of August 23, 1979. This agreement permits the entry of about double the volume of certain import-sensitive textile items as was previously the case under unilateral quantitative limitations that preceded it. 3/ The Chinese are pressing the United States for a comparable concession. Taking a somewhat different

1/ The U.S. International Trade Commission conducted an investigation with respect to imports of cotton work gloves from China under sec. 406 of the Trade Act of 1974. On March 7, 1978, the Commission determined by a 4-2 vote that such imports were not causing market disruption in the United States. Finding in the negative were then Vice Chairman Joseph O. Parker and Commissioners George M. Moore, Catherine Bedell, and Bill Alberger. Voting in the affirmative were then Chairman Daniel Minchew and Commissioner Italo H. Ablondi.

2/ The other developing countries with which the United States now has textile agreements also have been shifting more of their production into this area. The quantitative limits placed on textile imports by the United States and other countries appear to be a major factor in promoting the trend to higher priced items. This shift enables the exporting countries to substantially increase their foreign-exchange earnings within the restrained categories.

3/ A more detailed explanation of this agreement is given in U.S. International Trade Commission, Extending Most-Favored-Nation Tariff Treatment to the People's Republic of China: Including Analysis of the Trade and Revenue Effects, 1980-1984, October 1979, p. 65.

approach, Canada renegotiated a 1978 agreement last year because it quickly became evident that imports from China were going to exceed their 1979 quota levels. The new 2-year agreement raises the limits to allow for some growth in textile imports during the second year. 1/

The Canadian experience has caused U.S. officials to be concerned about whether China has the internal mechanisms to allocate and limit its textile exports under either an agreement or unilaterally imposed quotas. The volume of textiles, particularly apparel, entering the United States from China has heightened this concern. Nevertheless, unlike the unilateral quota arrangement now in effect, an agreement might provide a better basis for a continuing dialogue between U.S. officials and the Chinese concerning the control of imports.

Although the volume of U.S. imports of textiles from all countries declined by 19 percent in 1979, or by more than 1 billion equivalent square yards, imports from China rose by 15 percent. 2/ China's share of the U.S. total increased to 5 percent, compared with 3.5 percent in 1978 and 1.8 percent in 1977. The most important aspect of this increase was the surge in imports of apparel items, while U.S. purchases of fabrics from China declined substantially.

The imposition of quantitative restraints on seven items of apparel, effective June 1, 1979, significantly restricted the amount of Chinese apparel allowed entrance into the U.S. market. However, it had little, if any, effect upon China's exports of apparel to the United States. The quota for one item--men's woven cotton shirts--was filled by September 1979, and with one exception (cotton gloves), quota levels for the remaining restrained items were reached by February 1980. 3/ As a result, 806,000 dozen pieces of cotton apparel from China were being held in bond in U.S. Customs warehouses at the end of February, pending resolution of this problem before they could be released to importers. Negotiations were scheduled to resume on April 28, for the first time since the United States-China trade agreement became effective, in an effort to reach a textile accord. 4/

1/ Ibid., pp. 65-66.

2/ Based on general imports. See p. 62, footnote 4.

3/ The restraint levels for the 1979 quota year ending May 31, 1980, were as follows: cotton gloves, 2,946,006 doz. prs.; women's cotton knit shirts, 535,659 doz.; men's woven cotton shirts, 354,613 doz.; men's and women's cotton trousers, 1,088,632 doz.; and men's and women's manmade-fiber sweaters, 334,834 doz.

4/ The negotiations which began on Apr. 28 were broken off on May 14, and no date was set for further talks. While both the United States and China made concessions, all of the differences could not be bridged. On May 20, the United States announced that it would renew for 12 more months, effective May 31, the unilateral quotas initially imposed a year ago on seven items of apparel imported from China. In the case of six of the items, a portion of the quota limit allowed through May 31, 1981, was met by the release of the apparel in bond as the new quota year began; in the case of men's woven cotton shirts, the entire 1980 quota was filled in this way. Restrictions on imports of two additional items of apparel from China--women's woven cotton blouses and women's manmade-fiber coats--are still in effect.

GSP eligibility.--The bilateral trade agreement itself does not grant duty-free treatment to China under the Generalized System of Preferences (GSP), but it notes that due consideration will be given to the fact that China is a developing country. The GSP program is designed to increase the export earnings and accelerate the economic growth of beneficiary developing countries through the application of a preferential system of tariffs. As operated by the United States, duty-free treatment applies to a number of products--primarily semimanufactures and manufactures--from designated countries, subject to certain provisions to safeguard U.S. industry. 1/

Under title V of the Trade Act of 1974, the United States requires membership in the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade for GSP eligibility, and China has not qualified on these grounds. 2/ However, GSP status is not automatically granted even if these requirements are fulfilled. Extending GSP treatment to products from China may meet opposition in the U.S. Congress, where there is growing concern about the effect of the program as a whole on employment in this country. Since the U.S. program is scheduled to expire on January 1, 1984, and will require Congressional approval for renewal, the granting of benefits of GSP to China--the most populous country in the world--would be likely to compound the issue. Another factor the United States must consider, however, is that Canada, Japan, and the EC extended preferential tariff treatment to imports from China under their respective GSP programs effective January 1, 1980.

U.S.-Chinese trade in the seventies

Trade between the two countries began in 1972, following the lifting of the U.S. embargo in 1971. Throughout the seventies it soared from \$92.5 million in 1972 to \$2.3 billion in 1979. Growth was not steady, however, but fluctuated sharply with the level of U.S. agricultural exports to China, the dominant component of bilateral trade.

1/ The competitive-need limits provide that annual imports of any one GSP item from a beneficiary country cannot exceed a specified dollar or percentage limit. If either limit is exceeded, duty-free treatment of that item is suspended for at least 1 year.

2/ On Apr. 17, 1980, China fulfilled one of these requirements when the Executive Board of the IMF expelled Taiwan and recognized the Government of the People's Republic of China as the official representative of China. The aspect of IMF membership that appears to be of particular interest to China is that only IMF members can join the World Bank and its affiliates, the International Finance Corporation (IFC) and the International Development Association (IDA). The World Bank supplies funds to developing countries at near-commercial rates for long-term basic development, such as the building of roads, dams, and irrigation projects, while the bank-affiliated agencies aid developing countries through joint-equity investments (IFC) and fixed-rate concessionary loans (IDA). On May 15, the World Bank, in an action similar to that taken by the IMF, recognized the People's Republic of China as the official representative of China.

In the years when China made large agricultural purchases from the United States--1973, 1974, 1978 and 1979--the level of bilateral trade was significant, and resulted in considerable U.S. trade surpluses (tables 19 and 20 and fig. 7). U.S. exports of food and live animals and of crude materials--the categories making up most of agricultural trade--accounted for some 75 percent of total U.S. trade with China in 1973 and 1974 and still amounted to about 50 percent of the total in 1978 and 1979. In 1975-77, when U.S. agricultural exports had declined to low levels, the U.S. surplus was much smaller or the trade balance was in China's favor.

In 1978, U.S. exports to China increased to almost five times the level recorded in the previous year, reflecting a dramatic expansion of both agricultural and nonagricultural exports (table 20). Exports continued to expand vigorously in 1979 in both categories. The principal agricultural exports are grains, soybean oil, soybeans, and cotton (table A-1). Aircraft, aircraft parts, oil-processing equipment, synthetic fibers and yarns, and chemical fertilizers are among the principal nonagricultural exports.

U.S. imports from China increased steadily throughout the seventies, including fabrics, apparel products, antiques, basket work, and fireworks (tables 21 and A-2). In 1978 and 1979 the growth of such imports fell significantly behind the soaring U.S. exports to China, and the U.S. trade surplus exceeded \$1 billion in 1979. Even the considerable sales of textiles and apparel items to the United States, discussed earlier, and the first sales of Chinese petroleum to the United States in 1979 were not sufficient to significantly reduce the imbalance of mutual trade.

As China remains committed to large purchases of U.S. capital goods, while continuing to need a significant volume of U.S. farm products, it is not likely that this imbalance will change in the short term. China's chances for a better trade balance may well depend largely on that country's apparently substantial oil reserves, which will take some years to develop. Even then, Chinese petroleum exports will have to be allocated among China's major trading partners, of which the United States ranks only third. 1/

1/ Based on two-way trade.

Table 19.—U.S. trade with China: Exports, imports, total trade, and balance of trade, 1972-79, January-March 1979, and January-March 1980 1/

(In thousands of dollars)					
Period	U.S. exports to China	U.S. imports from China	Total trade	U.S. balance of trade	
1972-----	60,205	<u>2/</u> 32,320	92,525	27,885	
1973-----	689,104	<u>2/</u> 63,952	753,056	625,152	
1974-----	820,480	<u>3/</u> 105,736	926,236	714,724	
1975-----	303,631	<u>3/</u> 156,271	459,902	147,360	
1976-----	135,388	<u>3/</u> 194,649	330,037	-59,261	
1977-----	171,318	<u>3/</u> 197,400	368,718	-26,082	
1978-----	818,241	<u>3/</u> 316,743	1,134,984	501,498	
1979-----	1,716,500	<u>3/</u> 548,577	2,265,077	1,167,923	
January-March—					
1979-----	393,355	<u>3/</u> 93,664	487,019	299,691	
1980-----	773,908	<u>3/</u> 200,188	974,096	573,720	

1/ Because of the inclusion of nonmonetary gold in the statistics effective Jan. 1, 1978, data for 1972-77 have been adjusted to include nonmonetary gold.

2/ U.S. general imports.

3/ U.S. imports for consumption.

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

Table 20.--U.S. exports to China, by SITC Nos. (Revision 1 and 2), 1/ 1972-79

(In thousands of dollars)											
SITC : commodity: code No.:	Description	1972	1973	1974	1975	1976	1977	1978	1979		
0	Food and live animals-----	55,990	410,084	329,699	15	-	27	362,253	488,271		
1	Beverages and tobacco-----	-	1,359	2,718	-	1	5	-	95		
2	Crude materials--inedible, except fuel--	-	171,903	341,432	100,133	13,020	52,349	223,905	531,809		
3	Mineral fuels, lubricants, etc-----	-	4	230	200	108	64	1,765	673		
4	Oils and fats--animal and vegetable-----	2,200	19,207	7,539	7	-	31,987	37,775	42,036		
5	Chemicals-----	-	7,850	10,475	5,278	10,443	19,595	60,494	125,170		
6	Manufactured goods classified by chief										
	material-----	-	9,078	18,587	73,751	43,300	10,837	25,296	243,927		
7	Machinery and transport equipment-----	2,015	68,756	106,754	118,803	65,118	51,881	93,007	228,716		
8	Miscellaneous manufactured articles-----	1	863	2,706	4,974	3,380	4,541	13,706	55,198		
9	Commodities and transactions not else-										
	where classified-----	-	-	349	471	17	32	40	605		
	Total-----	60,205	689,104	820,480	303,631	135,388	171,318	818,241	1,716,500		

1/ Data for 1972-77 are based on the Standard International Trade Classification (SITC), Revised, but have been adjusted by the inclusion of nonmonetary gold. Data for 1978 and 1979 are based on the SITC, Revision 2. Because of changes in classifications between the 2 revisions, data for 1978 and 1979 on a 1-digit basis are not comparable with data for earlier periods.

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

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

Table 21.—U.S. imports from China, by SITC Nos. (Revision 1 and 2), 1/ 1972-79

		(In thousands of dollars)							
SITC : commodity: code No.:	Description	: 1972 <u>2/</u> :	1973 <u>2/</u> :	1974 <u>3/</u> :	1975 <u>3/</u> :	1976 <u>3/</u> :	1977 <u>3/</u> :	1978 <u>3/</u> :	1979 <u>3/</u> :
0 :	Food and live animals-----	4,244 :	5,973 :	13,465 :	14,233 :	23,505 :	25,514 :	26,057 :	51,272
1 :	Beverages and tobacco-----	31 :	653 :	576 :	1,240 :	245 :	200 :	643 :	682
2 :	Crude materials--inedible, except fuel--	12,265 :	14,622 :	16,194 :	17,709 :	37,603 :	43,970 :	57,375 :	65,077
3 :	Mineral fuels, lubricants, etc-----	<u>4/</u> :	419 :	11 :	- :	1 :	950 :	<u>4/</u> :	96,436
4 :	Oils and fats--animal and vegetable-----	5 :	734 :	373 :	1,905 :	2,429 :	55 :	3,262 :	3,432
5 :	Chemicals-----	2,145 :	8,227 :	16,975 :	15,166 :	17,701 :	21,369 :	32,795 :	53,299
6 :	Manufactured goods classified by chief : : material-----	: 7,360 :	: 21,008 :	: 38,993 :	: 79,741 :	: 63,972 :	: 47,868 :	: 93,082 :	: 82,301
7 :	Machinery and transport equipment-----	67 :	373 :	91 :	297 :	906 :	750 :	565 :	1,060
8 :	Miscellaneous manufactured articles-----	6,059 :	11,157 :	17,966 :	24,416 :	46,646 :	55,041 :	101,993 :	190,512
9 :	Commodities and transactions not else- : : where classified-----	: 144 :	: 786 :	: 1,109 :	: 1,563 :	: 1,641 :	: 1,684 :	: 972 :	: 4,472
:	Total-----	32,320 :	63,952 :	105,756 :	156,271 :	194,649 :	197,400 :	316,743 :	548,577

1/ Data for 1972-77 are based on the Standard International Trade Classification (SITC), Revised, but have been adjusted by the inclusion of nonmonetary gold. Data for 1978 and 1979 are based on the SITC, Revision 2. Because of changes in classifications between the 2 revisions, data for 1978 and 1979 on a 1-digit basis are not comparable with data for earlier periods.

2/ U.S. general imports.

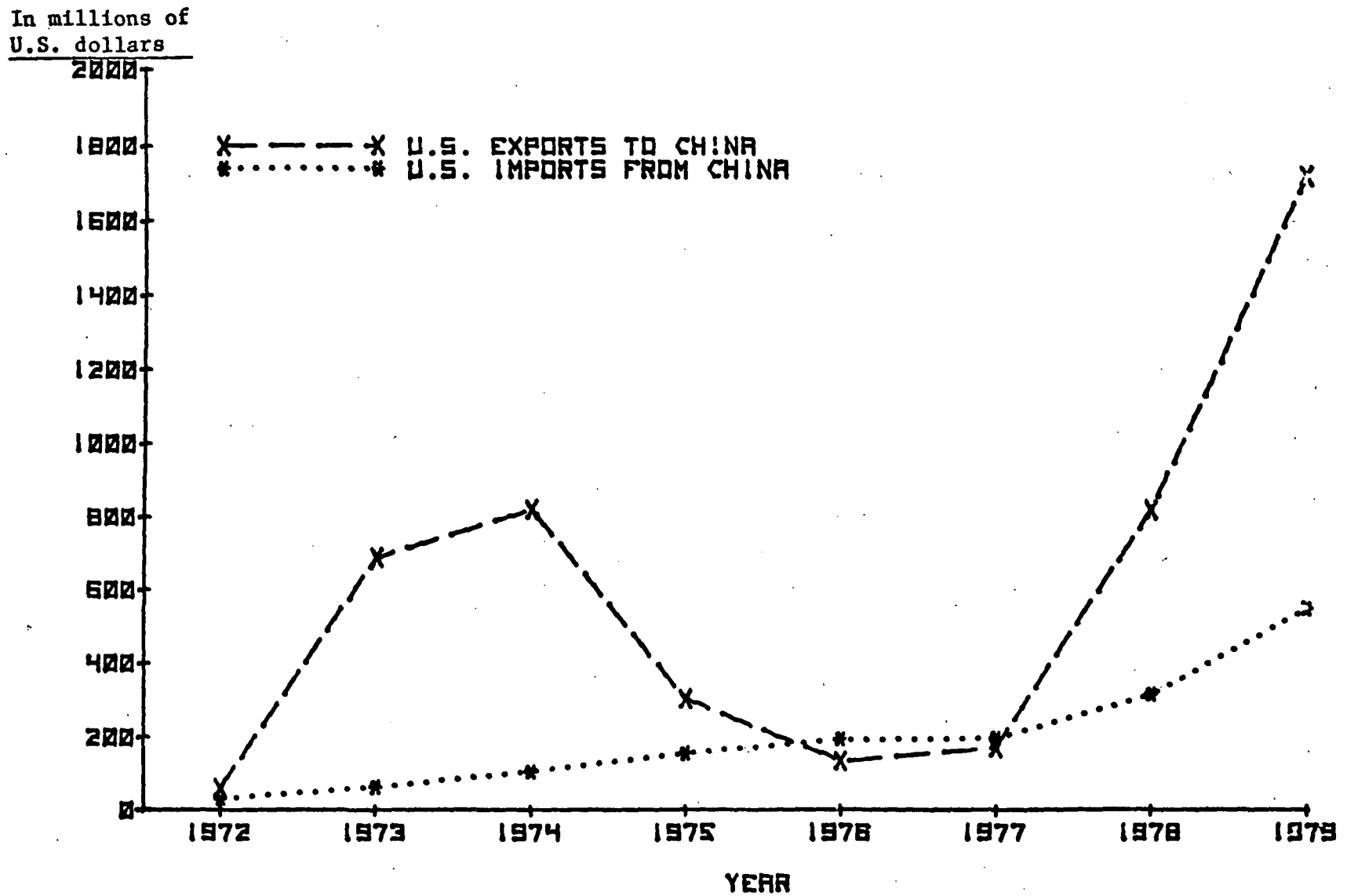
3/ U.S. imports for consumption.

4/ Less than \$500.

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

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

Figure 7.--U.S. Trade with China, 1972-79.



Source: Based on data in table 19.

APPENDIX

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

Table A-1.--Leading items exported to China, by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches-----	\$215,959,939	\$67,849,561	\$294,398,625
130.3465	Yellow corn, not donated for relief-----	73,373,740	109,709,187	268,547,073
175.4100	Soybeans, n.e.s-----	61,104,615	15,884,596	106,722,343
300.1550	Other cotton, staple length 1-1/8 inches or more-----	56,391,845	398,254	62,364,391
130.6540	Wheat, unmilled, not donated for relief-----	55,024,214	49,336,387	214,105,583
694.4062	Airplanes, multiple engine, passenger transport, nonmilitary, : over 33,000 pounds-----	46,169,751	-	-
176.5220	Soybean oil, crude, including degummed-----	23,899,034	12,159,624	35,894,335
309.4242	Polyester fibers, noncontinuous-----	23,649,991	15,782,090	56,777,062
486.2900	Insecticides, unmixed, n.e.s-----	16,904,187	3,616,307	3,616,307
480.8005	Diammonium phosphate fertilizer-----	14,872,945	3,723,182	3,723,182
664.0584	Parts, n.e.s., of oil and gas field drilling machines-----	11,550,654	15,872,651	54,157,663
310.0010	Textured yarns, of polyester-----	9,937,973	195,954	22,416,073
630.3540	Magnesium, unwrought-----	8,688,582	2,201,931	8,281,953
664.0508	Oil and gas field drilling machines, rotary-----	8,634,555	-	17,800,320
480.7050	Concentrated superphosphates-----	7,555,000	-	13,705,459
647.1240	Hardware used with caskets, saddlery and other miscellaneous : hardware n.s.p.f-----	5,839,919	7,267	14,000
710.2820	Geophysical instruments and parts, electrical-----	5,655,578	2,292,785	17,698,865
694.4034	Nonmilitary airplanes, rotary wing, new, 2,200 pounds empty : weight and over-----	5,330,000	-	5,690,000
444.2320	Polyvinyl chloride (pvc) and corolymer resins, compounded-----	4,231,519	-	826,211
446.1596	Synthetic rubber, other, other than masterbatches, n.s.p.f-----	4,160,000	-	-
	Total-----	658,934,041	299,029,776	1,186,739,445
	Total U.S. exports to China-----	773,908,455	393,354,928	1,716,499,905

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

Table A-2.--Leading items imported from China, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more-----	\$18,808,941	\$10,613,835	\$71,788,895
475.2520	Gasoline-----	11,398,994	-	21,614,894
417.2800	Ammonium molybdate-----	8,989,474	-	13,136,891
360.1515	Floor coverings of wool, valued over 66 2/3 cents per square foot-----	7,582,158	-	-
475.3500	Naphthas, derived from petroleum, etc., n.e.s-----	6,146,953	-	3,017,671
629.1420	Titanium sponge, unwrought-----	5,240,451	1/	1/ 753,908
186.1560	Feathers, not meeting Federal standards-----	5,207,417	547,818	7,392,638
320.2032	Printcloth shirting, wholly of cotton, n.e.s., (average yarn number 20)-----	4,482,622	3,176,213	13,930,945
766.2560	Antiques, n.s.p.f-----	4,420,356	3,123,846	12,261,184
755.1500	Fireworks-----	3,902,642	3,808,781	15,623,799
622.0200	Tin, other than alloyed, unwrought-----	3,602,273	478,934	2,686,262
160.5000	Tea, crude or prepared-----	3,478,918	1,485,718	7,659,630
186.3000	Bristles, crude or processed-----	3,471,691	2,209,345	9,635,783
601.5400	Tungsten ore-----	2,790,653	1,740,708	9,314,857
192.4000	Licorice root-----	2,760,000	1,795,712	7,272,630
382.3309	Women's wearing apparel, of cotton, not knit, n.e.s-----	2,514,721	556,708	5,458,216
222.4000	Baskets and bags of bamboo-----	2,432,521	2,192,616	8,817,994
704.4010	Gloves, of cotton, without fourchettes-----	2,227,911	1,888,781	8,293,065
222.5700	Floor coverings of unspun vegetable materials, n.e.s-----	2,150,805	1,166,967	3,977,303
417.5000	Antimony oxide-----	2,055,191	730,028	4,350,646
	Total-----	103,664,692	35,516,010	226,987,211
	Total U.S. imports from China-----	200,188,228	93,664,385	548,543,395

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 629.1520.

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

Table A-3.--Leading items exported to the U.S.S.R., by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
130.3465	: Yellow corn, not donated for relief-----	\$247,904,513	\$120,430,817	\$1,402,146,365
130.6540	: Wheat, unmilled, not donated for relief-----	88,981,012	100,549,489	811,674,467
175.4100	: Soybeans, n.e.s-----	45,321,774	185,486,588	489,278,229
480.7025	: Phosphoric acid-----	17,440,329	7,562,200	92,698,920
145.4300	: Shelled almonds, not blanched-----	11,797,769	-	7,707,255
517.5120	: Petroleum coke, calcined-----	8,790,109	6,055,241	14,265,063
177.5640	: Tallow, inedible-----	8,480,659	19,038,686	57,611,650
192.2500	: Hops-----	4,050,019	4,080,128	5,123,192
790.5510	: Pressure-sensitive tape, with plastic backing-----	3,783,765	11,534,552	50,239,107
692.3820	: Parts, of tracklaying tractors, n.s.p.f-----	2,985,436	6,171,282	27,856,259
664.1092	: Parts, n.e.s., for conveyors, n.s.p.f-----	2,330,864	16,000	123,247
692.2985	: Parts, n.s.p.f., of motor vehicle chassis, bodies, etc-----	2,055,290	1,691,525	3,995,328
664.0225	: Integral tractor shovel loaders, rear engine mounted, 4-wheel : drive, bucket capacity of 5 to 6.5 cu yards-----	1,782,550	1/	1/
309.4245	: Acrylic and modacrylic fibers (in noncontinuous form)-----	1,695,543	1,565,192	6,413,092
338.2600	: Woven fabrics of glass-----	1,585,172	702,908	9,755,262
773.3860	: Belting and belts for machinery of rubber or plastics, not for : conveyor, elevator, or motor vehicle, n.s.p.f-----	1,483,209	729,855	1,600,398
674.3528	: Machine tools for deburring, grinding, etc., with numerical : controls or facings-----	1,420,000	2/	2/
345.5030	: Knit fabrics, of cellulosic fibers, circular knit-----	1,347,697	90,528	477,802
678.5065	: Machines, for production and assembly of semiconductor devices, : etc., n.s.p.f-----	1,146,653	3,218,671	3,462,701
661.3050	: Parts, nonelectric, for metal-processing furnaces, : n.s.p.f-----	1,075,400	1,274	255,608
	: Total 3/-----	455,457,763	468,924,936	2,984,683,945
	: Total U.S. exports to the U.S.S.R-----	487,030,686	596,946,602	3,603,632,345

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 664.0522.

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 674.3535.

3/ Because of changes in the Schedule B trade classifications from 1979 to 1980, comparisons are not possible.

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

Table A-4.--Leading items imported from the U.S.S.R., by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
653.2200	: Metal coins, n.e.s-----	\$15,972,916	\$3,994,988	\$25,181,419
620.0300	: Nickel, unwrought-----	13,679,475	1,488,512	28,581,176
480.6540	: Anhydrous ammonia-----	11,162,831	9,512,811	56,465,576
605.0260	: Palladium-----	10,507,117	13,696,049	62,093,304
422.5240	: Uranium compounds, n.e.s-----	9,000,000	-	-
605.0750	: Palladium bars, plates, etc-----	5,639,841	589,642	2,285,035
605.0710	: Platinum bars, plates, etc-----	4,249,650	530,847	3,527,849
629.1420	: Titanium sponge, unwrought-----	2,740,871	1/ 260,767	1/ 2,257,799
520.3300	: Diamonds, over 1/2 carat, cut, not set-----	2,402,358	126,855	1,931,921
124.1045	: Sable furskins, whole, undressed-----	2,282,432	4,245,364	8,763,876
605.0220	: Platinum sponge-----	2,038,288	1,575,545	5,225,965
422.5220	: Uranium compounds, flourides-----	2,000,000	-	-
601.1540	: Chrome ore, chromium content 41 to 46 percent chromic oxide-----	1,898,745	1,137,001	1,137,001
601.1560	: Chrome ore, 46 percent or more chromic oxide-----	1,718,535	-	-
480.5000	: Potassium chloride, crude-----	1,505,823	-	605,380
605.0290	: Platinum group metals and combinations, n.e.s-----	1,251,766	2,033,741	16,010,340
605.0270	: Rhodium-----	1,240,899	3,920,531	9,939,439
605.2060	: Gold ore and gold parcupitates, not bullion-----	988,358	126,802	492,637
168.8300	: Vodka, in containers holding not over 1 gallon valued : over \$7.75 per gallon-----	770,856	2/	2/
629.1200	: Titanium waste and scrap, unwrought-----	752,230	3/ 775,213	3/ 8,040,855
	: Total 4/-----	91,802,991	44,014,688	232,539,572
	: Total U.S. imports from the U.S.S.R-----	99,827,474	64,500,936	872,594,811

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 629.1520.

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 168.5200.

3/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 629.1580.

4/ Because of changes in the TSUSA trade classifications from 1979 to 1980, comparisons are not possible.

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

Table A-5.--Leading items exported to Poland, by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
130.3465	: Yellow corn, not donated for relief-----	\$76,045,241	\$25,004,135	\$249,593,822
184.5260	: Soybean oil cake and meal-----	43,409,094	38,016,070	76,317,476
175.4100	: Soybeans, n.e.s-----	27,824,492	-	54,585,441
130.6540	: Wheat, unmilled, not donated for relief-----	21,590,633	-	107,564,163
120.1400	: Cattle hides, whole-----	12,167,574	7,261,101	19,573,586
480.4500	: Phosphates, crude, and apatite-----	7,630,294	4,869,429	21,382,304
300.1060	: Cotton, not carded, staple length 1 to 1-1/8 inches-----	3,056,056	5,219,035	19,985,767
120.2022	: Sheep and lamb skins without wool on the skin-----	1,350,514	552,884	2,847,891
170.3320	: Flue-cured cigarette filler tobacco, stemmed-----	1,348,266	6,665,303	10,955,543
176.5220	: Soybean oil, crude, including degummed-----	1,202,100	1,241,954	14,907,308
182.9742	: Flours and grits, defatted, derived from oil seeds-----	1,137,244	843,578	4,079,065
300.1530	: American Pima Cotton and Sea Island Cotton-----	1,135,000	288,706	2,267,018
790.5510	: Pressure-sensitive tape, with plastic backing-----	959,158	4,024	692,630
177.5640	: Tallow, inedible-----	957,321	907,813	5,488,110
310.0027	: Nylon yarns, high tenacity-----	921,245	-	354,587
709.6320	: X-ray apparatus, and parts of, for medical or dental use-----	842,715	1,336	38,813
674.3529	: Metalworking, geartooth grinding and finishing machines, : valued at least \$2,500 each-----	811,726	1/	1/
170.6500	: Cigarettes-----	799,226	638,703	1,698,365
692.3840	: Parts, n.e.s., of tractors, n.s.p.f-----	675,552	1,321,571	3,583,041
692.3820	: Parts, of tracklaying tractors, n.s.p.f-----	603,654	538,797	4,302,373
:	: Total 2/-----	204,467,105	93,374,439	600,217,303
:	: Total U.S. exports to Poland-----	226,132,470	124,120,443	786,257,941

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 674.3517.

2/ Because of changes in the Schedule B trade classifications from 1979 to 1980, comparisons are not possible.

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

Table A-6.--Leading items imported from Poland, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
107.3525	Canned hams, shoulders, over 3 pounds-----	\$33,652,444	\$30,094,246	\$139,425,407
110.4740	Pollock blocks, frozen over 10 pounds-----	4,116,338	-	1,269,182
521.3180	Coal, n.e.s., including lignite, but not including peat-----	2,716,914	4,128,620	17,371,377
700.3550	Men's footwear, of leather, n.e.s., cement soles-----	2,230,359	1,934,093	7,941,437
607.6615	Sheets, of iron or steel, not shaped, not pickled or cold : rolled, n.e.s-----	1,932,882	1/ 2,745,085	1/ 13,732,164
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing : over 4 ounces per square yard-----	1,919,447	1,564,948	6,861,755
407.8521	Sulfathiazole-----	1,875,788	655,785	5,213,821
110.4755	Whiting blocks, frozen over 10 pounds-----	1,429,992	-	2,645,637
653.2200	Metal coins, n.e.s-----	1,402,204	22,852	401,553
612.6200	Brass rods, wrought-----	1,368,074	565,727	3,928,456
336.6049	Woven fabrics, of wool, worsteds, valued over \$2 per pound-----	1,315,196	1,087,476	2,398,420
727.1500	Furniture and parts of bentwood-----	1,292,284	1,358,522	5,727,746
380.6653	Men's suits, of wool, valued over \$4 per pound-----	1,259,582	1,422,294	4,830,582
646.2622	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or : more in length, uncoated-----	1,058,212	498,998	3,620,281
646.6320	Cap screws, of iron or steel, having shanks or threads over : 0.24 inch in diameter-----	1,001,619	543,689	3,899,686
366.2460	Terry towels of cotton, pile or tufted construction, : valued over \$1.45 per pound-----	992,020	390,063	2,445,477
521.3120	Bituminous coal-----	933,951	-	3,466,750
646.2626	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or : more in length, coated-----	926,455	208,744	1,634,201
674.3522	Machine tools, metal cutting, n.e.s-----	925,635	-	-
493.1200	Casein-----	877,500	2/ 69,362	2/ 1,263,355
	Total-----	63,226,896	47,290,504	228,077,287
	Total U.S. imports from Poland-----	100,346,445	85,547,318	426,089,899

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 608.8415.

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 493.1500.

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

Table A-7.--Leading items exported to Yugoslavia, by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
130.6540	Wheat, unmilled, not donated for relief-----	\$34,216,764	-	\$55,792,217
184.5260	Soybean oil cake and meal-----	12,755,484	\$10,611,316	18,978,559
175.4100	Soybeans, n.e.s.-----	12,080,268	11,182,817	72,243,966
521.3110	Low volatile bituminous coal-----	10,072,083	8,489,414	52,795,237
404.0560	Styrene (monomer)-----	8,640,426	3,483,795	3,483,795
120.1400	Cattle hides, whole-----	5,863,952	3,228,197	14,639,477
444.1610	Polyethylene resins, low and medium density-----	5,619,470	36,960	2,229,217
690.0510	Locomotives and tenders, diesel-electric, rail-service type----	3,588,000	-	13,156,000
431.3280	Vinyl acetate, monomer-----	3,030,705	1,106,263	2,261,692
431.0480	Vinyl chloride, monomer-----	2,966,209	7,060,497	23,073,881
676.5560	Parts for automatic data-processing machines and units			
	n.s.p.f.-----	2,919,520	408,903	6,134,114
692.0562	Trucks, nonmilitary, off-highway, rear dump, 45-70 ton			
	capacity-----	2,511,236	1/	1/
692.3340	Tractors, wheel type, agricultural, 120-140 horsepower-----	2,295,085	40,728	1,557,799
664.0584	Parts, n.e.s., of oil and gas field drilling machines-----	2,171,289	830,784	4,041,047
676.2700	Digital data-processing machines, n.s.p.f.-----	2,143,390	539,124	2,834,746
694.6506	Parts, n.e.s., for aircraft and spacecraft-----	2,064,197	3,419,096	9,533,047
692.2985	Parts, n.s.p.f., of motor vehicle chassis, bodies, etc-----	1,252,316	798,508	3,600,220
170.3320	Flue-cured cigarette filler tobacco, stemmed-----	1,240,679	1,160,046	3,150,620
106.4060	Swine (pork) meat, other than carcasses, ham, or shoulders			
	n.s.p.f.-----	1,023,096	-	-
664.0586	Parts, n.e.s., of boring and drilling machines-----	822,355	1,265,643	4,707,706
	Total 2/-----	117,276,524	53,662,091	294,213,340
	Total U.S. exports to Yugoslavia-----	160,570,795	116,064,239	731,783,522

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 692.0560.

2/ Because of changes in the Schedule B trade classifications from 1979 to 1980, comparisons are not possible.

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

Table A-8.--Leading items imported from Yugoslavia, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
605.2040	Silver bullion, refined-----	\$19,792,765	\$2,231,608	\$14,540,454
727.2900	Chairs of wood, not folding, not teak, n.e.s-----	9,907,467	1/	1/
700.3515	Men's and boys' athletic footwear, of leather, n.e.s-----	9,897,763	7,762,227	21,592,396
107.3525	Canned hams, shoulders, over 3 pounds-----	7,697,500	11,603,280	47,603,441
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches-----	4,753,966	5,756,030	21,759,682
605.2020	Gold bullion, refined-----	4,511,414	3,977,029	11,682,655
606.2400	Ferrochrome, over 3 percent carbon-----	3,945,144	2/ 1,450,961	2/ 16,306,508
605.0240	Osmium-----	3,715,000	-	-
727.3540	Furniture, of wood, n.s.p.f-----	3,407,701	2,804,516	14,126,105
688.0465	Insulated electrical conductors, power cable designed for 601 : volts or less-----	2,399,386	3,502,059	12,810,908
192.2500	Hops-----	2,268,879	2,806,807	2,926,741
612.0640	Copper unwrought, not alloyed, n.e.s-----	1,694,521	864,558	5,401,055
606.4400	Ferrosilicon manganese-----	1,641,451	3/ 339,100	3/ 6,543,670
727.4040	Wood furniture parts, n.s.p.f-----	1,581,018	2,409,937	7,056,367
606.3000	Ferromanganese, over 4 percent carbon-----	1,431,964	4/ 903,700	4/ 903,700
618.2565	Aluminum sheets and strip, not clad, wrought-----	1,184,162	2,379,355	9,516,357
618.1540	Aluminum rods, wrought, 0.375 inch or more in diameter-----	1,064,547	1,397,496	5,298,264
680.1745	Gate valves, of iron or steel, hand-operated-----	955,865	5/ 966,785	5/ 4,533,864
661.3505	Refrigerators and combination refrigerator freezers, : refrigerated volume under 6.5 cubic feet-----	860,609	77,000	1,518,699
649.4340	Twist drills with cutting part containing over 0.2 percent : chromium, molybdenum, or tungsten or over 0.1 percent vanadium:	857,787	259,750	1,116,553
	: Total 6/-----	83,568,909	50,692,198	205,237,419
	: Total U.S. imports from Yugoslavia-----	114,439,575	89,181,789	391,002,720

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 727.3300.

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 607.3100.

3/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 607.5700.

4/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 607.3500.

5/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 680.2245.

6/ Because of changes in the TSUSA trade classifications from 1979 to 1980, comparisons are not possible.

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

Table A-9.--Leading items exported to Romania, by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
130.3465	: Yellow corn, not donated for relief-----	\$41,340,248	\$27,299,100	\$104,189,153
300.1060	: Cotton, not carded, staple length 1 to 1-1/8 inches-----	28,351,505	-	16,046,495
521.3110	: Low volatile bituminous coal-----	18,321,702	10,792,438	29,060,523
184.5260	: Soybean oil cake and meal-----	18,024,694	4,398,177	57,016,083
130.6540	: Wheat, unmilled, not donated for relief-----	15,856,404	-	12,510,118
175.4100	: Soybeans, n.e.s-----	13,353,427	21,161,695	73,947,278
120.1400	: Cattle hides, whole-----	9,600,987	10,834,555	59,671,971
664.0513	: Drilling and boring machines, n.e.s-----	3,989,000	-	324,500
521.3120	: Bituminous coal, n.e.s-----	3,873,535	-	-
300.1550	: Other cotton, staple length 1-1/8 inches or more-----	2,942,711	-	7,943,473
521.3148	: Coal coke, commercially suitable for use as a fuel-----	2,690,886	-	-
250.0284	: Wood pulp, special alpha and dissolving grades-----	2,025,021	2,361,002	6,729,289
480.4500	: Phosphates, crude, and apatite-----	1,973,084	3,053,631	21,824,452
415.4500	: Sulfur, native elemental, or recovered-----	1,860,520	2,722,345	2,722,345
692.1640	: Mobile cranes, hydraulic operated, truck mounted-----	1,634,125	-	6,890,805
607.0825	: Carbon steel and iron scrap, No. 2 bundles-----	1,158,313	-	463,540
607.0810	: Carbon steel and iron waste and scrap, No. 1 heavy melting-----	1,147,071	-	-
711.2420	: Machines and appliances for determining the strength of			
	: articles under compression, tension, etc., electrical-----	933,242	279,913	287,260
678.3512	: Tire building machines, including vulcanizing presses-----	738,740	-	3,656,458
252.8350	: Absorbent paper, filter paper, etc., not wet machine board or			
	: construction paper, weighing not over 18 pounds per ream-----	711,753	77,289	701,459
	: Total-----	170,526,968	82,980,145	403,985,202
	: Total U.S. exports to Romania-----	183,399,853	104,784,636	500,464,174

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

Table A-10.--Leading items imported from Romania, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
690.1500	: Passenger, baggage, etc., railroad cars, not self-propelled----	\$5,258,904	\$1,247,020	\$12,135,030
360.1515	: Floor coverings of wool, valued over 66 2/3 cents per			
	: square foot-----	3,695,050	-	-
107.3525	: Canned hams, shoulders, over 3 pounds-----	3,191,713	3,049,225	19,040,238
480.3000	: Urea, n.e.s-----	2,828,584	-	-
700.3550	: Men's footwear, of leather, n.e.s., cement soles-----	2,762,363	1,076,538	5,937,562
692.3406	: Agricultural tractor, power takeoff, horsepower of 40 to 80----	2,345,816	1/ 949,819	1/ 6,263,533
700.2940	: Welt work footwear, of leather, valued over \$6.80. per pair-----	1,989,323	2,235,996	11,784,021
382.1206	: Women's raincoats, n.e.s., 3/4 length or longer, valued over \$4 :			
	: each-----	1,836,381	2,646,665	4,150,073
446.1531	: Polyisoprene rubber-----	1,791,070	2,647,703	8,486,841
727.3540	: Furniture, of wood, n.s.p.f-----	1,452,944	894,634	6,202,705
117.6700	: Pecorino cheese, not for grating-----	1,173,976	898,869	3,098,200
680.3532	: Tapered roller bearings, cup and cone assemblies-----	1,154,587	398,499	3,677,958
700.4540	: Women's footwear, of leather, cement soles, valued over \$2.50 :			
	: per pair-----	1,094,555	1,784,445	12,515,769
380.8452	: Men's and boys' suits, n.e.c., of man-made fibers, not knit----	1,084,753	1,812,495	2,119,699
546.6020	: Glass tumblers, etc., valued \$0.30-\$3 each-----	998,402	2/ 740,668	2/ 3,507,852
380.2787	: Men's sport shirts, n.s.p.f., of cotton, not knit-----	985,388	511,571	1,687,390
618.2565	: Aluminum sheets and strip, not clad, wrought-----	957,621	1,711,072	8,831,554
727.1500	: Furniture and parts of bentwood-----	862,330	688,776	3,283,422
546.6040	: Tableware etc valued \$.10 to \$3.00-----	829,036	-	-
607.6615	: Sheets, of iron or steel, not shaped, not pickled or cold			
	: rolled, n.e.s-----	827,973	-	-
	: Total-----	40,597,729	25,693,843	124,836,823
	: Total U.S. imports from Romania-----	63,488,555	68,760,452	329,050,888

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 692.3006.

2/ On Jan. 1, 1980, item 546.6020 was redesignated to include items 546.5420 and 546.5620. Totals for 1979 are the aggregation of the 2 numbers.

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

Table A-11.--Leading items exported to East Germany, by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
130.3465	: Yellow corn, not donated for relief-----	\$106,334,743	\$16,883,697	\$185,567,453
184.5260	: Soybean oil cake and meal-----	35,273,091	20,856,435	72,835,167
130.6540	: Wheat, unmilled, not donated for relief-----	27,255,856	-	35,262,239
419.6000	: Molybdenum compounds-----	1,941,600	-	-
680.2265	: Taps, etc., of iron or steel, not containing over 2.5 percent : carbon, other n.e.s-----	924,028	-	-
444.6000	: Polyester resins, unsaturated, etc-----	747,078	-	1,693,213
435.2300	: Antibiotics, n.e.s., (bulk)-----	487,500	-	-
521.3120	: Bituminous coal, n.e.s-----	434,395	2,392,324	2,392,324
120.1400	: Cattle hides, whole-----	353,440	97,000	1,109,300
818.9000	: General merchandise, valued not over \$500-----	351,012	27,372	567,190
660.3040	: Parts, n.s.p.f., of steam turbines-----	318,000	-	-
722.9540	: Photofinishing equipment, n.e.s-----	289,498	-	1,752,871
624.0400	: Lead waste and scrap-----	217,330	-	-
309.0170	: Monofilaments, n.e.s-----	182,783	106,798	692,010
680.1330	: Molds, for rubber and plastics, n.s.p.f-----	129,769	58,390	1,390,931
678.5065	: Machines, for production and assembly of semiconductor devices, : etc., n.s.p.f-----	105,586	-	602,970
668.3540	: Print blocks, n.s.p.f-----	92,300	29,052	689,685
444.2520	: Polymerization- and Copolymerization-type resins-----	88,800	948,500	3,933,583
300.3021	: Cotton linters, n.e.s-----	78,254	150,163	472,689
709.1670	: Electro-medical therapeutic devices, n.s.p.f-----	67,301	-	-
	: Total-----	175,672,364	41,549,731	308,961,625
	: Total U.S. exports to East Germany-----	176,144,711	49,104,500	354,522,026

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

Table A-12.--Leading items imported from East Germany, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
480.5000	Potassium chloride, crude-----	\$2,203,343	\$741,960	\$3,190,853
124.1025	Mink furskins, except "Japanese mink", undressed-----	1,314,858	208,347	1,768,724
668.2100	Offset printing presses, weighing 3,500 pounds or more, roll-fed type-----	1,059,437	1/	1/ 32,758
772.5105	Passenger car tires, new-----	1,036,206	78,614	549,486
766.2560	Antiques, n.s.p.f-----	835,000	-	2,106
688.4040	Electrical articles and parts n.s.p.f., not ferrite core memories, n.e.s-----	467,332	-	1,693
494.2000	Montan wax-----	433,172	263,840	977,983
380.0645	Men's and boys' sweatshirts, of cotton, knit-----	315,765	64,448	906,883
772.5115	Pneumatic truck and bus tires, new-----	308,598	256,520	1,183,239
765.0300	Painting, etc., by hand-----	284,600	-	400
121.5000	Pig and hog leather-----	270,000	303,030	1,125,300
676.0530	Typewriters, nonelectric, nonautomatic, portable-----	256,511	104,623	904,177
676.0560	Typewriters, nonelectric, nonautomatic-----	202,027	-	78,273
674.3283	Boring machines, including vertical turret latches, n.e.s-----	188,631	2/	2/
668.5060	Parts, of printing presses-----	183,118	103,322	550,248
670.2000	Knitting machines, other than circular knitting machines, n.e.s-	182,550	45,357	318,103
727.5600	Furniture, except of leather, if certified for use in civil aircraft-----	165,382	-	-
748.2100	Artificial flowers, etc., n.e.s-----	156,315	112,913	296,433
120.2075	Wild pig and hog hides and skins-----	139,208	-	-
380.0609	Jogging, warm-up and similar-type athletic jackets-----	125,104	-	-
	Total 3/-----	10,127,157	2,235,732	11,886,659
	Total U.S. imports from East Germany-----	13,375,392	7,463,918	35,665,966

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 668.2040.

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 727.4800.

3/ Because of changes in the TSUSA trade classifications from 1979 to 1980, comparisons are not possible.

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

Table A-13.--Leading items exported to Czechoslovakia, by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
130.3465	: Yellow corn, not donated for relief-----	\$25,960,482	\$14,322,246	\$88,470,208
184.5260	: Soybean oil cake and meal-----	22,523,999	17,578,360	42,836,400
130.6540	: Wheat, unmilled, not donated for relief-----	15,179,354	-	78,689,367
120.1400	: Cattle hides, whole-----	3,537,220	6,403,216	28,508,577
683.9540	: Parts, of industrial and laboratory furnaces and ovens-----	3,352,558	-	-
170.3310	: Flue-cured cigarette filler tobacco, unstemmed-----	2,148,300	1,062,500	1,062,500
170.4300	: Leaf tobacco, n.e.s-----	1,140,039	446,987	572,102
480.7015	: Phosphoric acid-----	1,050,834	-	948,949
678.5019	: Machines for weaving and other wire-fabricating and : wiredrawing machines and draw benches-----	789,322	-	-
207.0035	: Wooden pencil slats-----	540,565	98,838	594,540
818.9000	: General merchandise, valued not over \$500-----	501,769	178,554	1,228,981
540.4200	: Glass rods, tubes, and tubing-----	434,868	238,040	702,240
381.1520	: Men's and boys' denim slacks, of cotton, not knit-----	363,946	-	439,082
685.4050	: Tape recorders and parts, video, color-----	346,147	-	-
660.9490	: Parts, n.s.p.f., of pumps for liquids-----	326,263	2,997	24,395
676.2600	: Analog and hybrid data-processing machines, n.s.p.f-----	304,000	-	-
309.0170	: Monofilaments, n.e.s-----	292,535	91,395	858,863
680.2741	: Pneumatic control valves, etc-----	244,858	90,773	177,698
676.5560	: Parts for automatic data-processing machines and units : n.s.p.f-----	228,441	289,074	924,993
486.2900	: Insecticides, unmixed, n.e.s-----	169,400	105,763	275,653
	: Total-----	79,434,900	40,908,743	246,314,548
	: Total U.S. exports to Czechoslovakia-----	82,533,573	52,712,120	281,129,452

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

Table A-14.--Leading items imported from Czechoslovakia, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
192.2500	: Hops-----	\$1,757,866	\$193,424	\$1,858,220
700.2940	: Welt work footwear, of leather, valued over \$6.80. per pair----	1,471,796	1,073,353	4,225,379
107.3525	: Canned hams, shoulders, over 3 pounds-----	1,243,344	1,222,450	4,383,773
670.1436	: Weaving machines, jet type-----	842,653	1,272,193	3,407,499
700.3550	: Men's footwear, of leather, n.e.s., cement soles-----	754,120	249,988	555,447
700.2960	: Men's welt footwear, of leather, n.e.s., valued over \$6.80 per : pair-----	619,414	353,017	1,311,871
546.6020	: Glass tumblers, etc., valued \$0.30-\$3 each-----	517,884	<u>1/</u> 477,099	<u>1/</u> 1,871,490
437.3000	: Antibiotics, natural and not artificially mixed-----	373,870	105,876	687,840
765.1500	: Original sculptures and statuary-----	343,345	20,871	44,510
668.2100	: Offset printing presses, weighing 3,500 pounds or more, : sheet-fed type-----	326,617	<u>2/</u> 174,965	<u>2/</u> 1,012,098
607.1700	: Wire rods, of iron or steel, not tempered or treated, valued : over 4 cents per pound-----	315,885	<u>3/</u> 644,841	<u>3/</u> 2,473,332
674.3512	: Machine tools, metal cutting, engine or toolroom-----	241,463	-	-
741.3500	: Imitation gemstones, except imitation gemstone beads-----	240,022	339,545	1,306,172
270.2580	: Books, n.s.p.f., by foreign author-----	237,953	185,860	1,066,752
610.3920	: Oil well casing, other than alloy steel, not advanced-----	232,242	-	659,651
674.3277	: Boring machines, including vertical turret latches, n.e.s-----	231,125	-	-
727.1500	: Furniture and parts of bentwood-----	224,189	263,745	1,163,958
335.9500	: Woven fabrics, other, of vegetable fibers, n.e.s., weighing : over 4 ounces per square yard-----	212,770	209,352	596,990
545.5700	: Glass prisms for chandeliers, etc-----	203,970	200,253	796,144
674.5340	: Parts, for other metalworking machine tools-----	176,804	73,230	427,089
	: Total-----	10,567,332	7,060,062	27,848,215
	: Total U.S. imports from Czechoslovakia-----	15,373,984	12,475,337	49,898,739

1/ On Jan. 1, 1980, item 546.6020 was redesignated to include items 546.5420 and 546.5620. Totals for 1979 are the aggregation of the 2 numbers.

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 668.2035.

3/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 608.7100.

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

Table A-15.--Leading items exported to Hungary, by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
184.5260	Soybean oil cake and meal-----	\$7,773,446	\$1,893,207	\$13,333,559
435.3300	Corticosteroids, n.s.p.f., (bulk)-----	1,190,000	778,000	988,000
692.3840	Parts, n.e.s., of tractors, n.s.p.f-----	1,145,367	839,576	3,209,200
540.4200	Glass rods, tubes, and tubing-----	1,108,211	443,645	2,242,407
120.1400	Cattle hides, whole-----	949,886	1,202,634	5,373,967
692.2926	Brake linings and disc brake pads for automobiles and trucks----	688,909	-	43,319
121.7060	Leather, n.e.s-----	587,019	-	871,741
666.0063	Parts for harrows, roller stalk cutters and soil pulverizers, : n.s.p.f-----	476,887	213,448	1,395,244
692.2985	Parts, n.s.p.f., of motor vehicle chassis, bodies, etc-----	454,468	3,374	437,562
710.2820	Geophysical instruments and parts, electrical-----	384,873	402,989	553,746
123.0000	Sheep, etc., furskins, whole, undressed-----	341,603	168,105	443,868
130.4020	Grain sorghum, seed-----	310,828	239,691	239,691
321.2908	Cotton denims-----	297,364	-	620,529
664.0225	Integral tractor shovel loaders, rear-engine mounted, 4-wheel : drive, bucket capacity of 5 to 6.5 cu yards-----	294,920	1/	1/
124.1527	Muskrat furskins, whole, undressed-----	264,738	-	275,288
182.9752	Vegetable protein isolates-----	220,374	-	-
401.0500	Nitrogen containing compounds including: Acridine, Carbazole, : Collidines, Indole, Lutidinnes, Picolines, and Pyridinc-----	213,300	2,960	327,650
121.0540	Bovine leather, rough, russet, and crus, not blue or split, : other-----	193,772	-	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines-----	190,548	59,502	689,300
709.6320	X-ray apparatus, and parts of, for medical or dental use-----	189,015	-	196,143
	Total 2/-----	17,275,528	6,247,131	31,241,214
	Total U.S. exports to Hungary-----	21,475,337	23,579,806	77,588,284

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 664.0522.

2/ Because of changes in the Schedule B trade classifications from 1979 to 1980, comparisons are not possible.

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

Table A-16.--Leading items imported from Hungary, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
107.3525	: Canned hams, shoulders, over 3 pounds-----	\$5,821,532	\$4,660,513	\$22,823,498
692.3288	: Parts, for motor vehicles, n.e.s-----	4,266,894	1/	1/
692.3460	: Parts, for agricultural tractors-----	3,563,158	2/ 2,253,861	2/ 12,346,353
700.4540	: Women's footwear, of leather, cement soles, valued over \$2.50			
	: per pair-----	1,632,715	835,166	4,650,425
686.9030	: Other lamps, including standard household-----	1,355,266	1,259,606	8,065,413
161.7100	: Paprika, ground or unground-----	898,921	951,098	2,002,756
676.0560	: Typewriters, nonelectric, nonautomatic-----	726,241	678,341	3,035,250
772.5115	: Pneumatic truck and bus tires, new-----	686,008	1,331,059	3,983,233
107.3040	: Bacon, not cooked or boned-----	517,273	765,716	2,602,650
692.3207	: Axle spindles-----	461,592	1/	1/
542.3120	: Ordinary glass, weighing 16-18.5 ounces per square foot, not			
	: over 40 united inches-----	419,189	88,484	722,596
338.1530	: Woven fabrics, of polyester, n.s.p.f-----	327,044	4,628	228,747
708.4520	: Sunglasses and sunglasses, valued over \$2.50 per dozen-----	314,760	-	140,160
437.2080	: Alkaloids and compounds, synthetic, n.s.p.f-----	301,334	211,129	840,203
692.3272	: Brakes and parts thereof-----	300,386	3/	3/ 359,130
325.1072	: Woven fabrics, wholly of cotton, fancy or figured, colored-----	266,450	-	180,515
791.7620	: Men's and boys' coats and jackets, of leather, n.s.p.f-----	265,806	26,215	941,868
425.5290	: Nitrogenous compounds, n.s.p.f-----	237,257	2,072	745,802
167.3040	: Wine, not over 14 percent alcohol, valued over \$4 per gallon,			
	: in containers not over 1 gallon-----	236,209	231,207	958,817
439.5095	: Synthetic drugs, n.e.s-----	208,847	-	98,028
	: Total 4/-----	22,806,882	13,299,095	64,725,444
	: Total U.S. imports from Hungary-----	28,305,775	22,793,094	112,128,967

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 692.2785.

2/ On Jan. 1, 1980, item 692.3272 was redesignated to include items 692.2772 and 692.2872. Total for 1979 is the aggregation of the 2 numbers.

3/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 692.2772.

4/ Because of changes in the TSUSA trade classifications from 1979 to 1980, comparisons are not possible.

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

Table A-17.--Leading items exported to Bulgaria, by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
130.3465	: Yellow corn, not donated for relief-----	\$20,180,905	\$2,358,000	\$5,389,496
184.5260	: Soybean oil cake and meal-----	7,936,900	3,655,581	23,314,008
381.1520	: Men's and boys' denim slacks, of cotton, not knit-----	633,905	1,060,716	2,788,181
120.1400	: Cattle hides, whole-----	551,866	738,757	1,880,242
678.3520	: Injection-molding machines-----	328,300	-	-
170.3320	: Flue-cured cigarette filler tobacco, stemmed-----	296,980	105,620	432,538
664.1092	: Parts, n.e.s., for conveyors, n.s.p.f-----	258,955	-	-
678.2018	: Mineral crushing, pulverizing, and grinding machines, : stationary-----	194,639	-	-
692.0590	: Used automobile trucks, not gasoline fueled, n.s.p.f-----	168,329	-	-
678.5055	: Metal treating machines and parts thereof, n.s.p.f-----	165,000	2,010	2,010
709.3000	: Medical, dental surgical, and veterinary instruments, n.s.p.f---	134,719	78,280	152,361
676.5560	: Parts for automatic data-processing machines and units : n.s.p.f-----	109,986	379,250	612,710
687.6043	: Metal oxide silicon integrated circuits, not linear or bipolar--	71,427	-	120,947
191.2000	: Marine animal products, n.s.p.f-----	51,000	62,000	62,000
433.1035	: Compound catalysts, n.e.s-----	46,200	-	39,404
711.8750	: Chemical or physical analysis equipment and parts, electrical, : n.s.p.f-----	44,913	55,906	228,799
711.8710	: Chemical analysis equipment and parts, electrical, n.s.p.f-----	42,597	3,004	115,980
682.9520	: Primary cells and primary batteries-----	39,900	-	1,900
660.4872	: Gasoline engines, not automobile or marine, under 6 brake hp---	34,489	-	-
674.5430	: Parts, n.e.s., of metal-cutting machine tools-----	31,875	-	-
	: Total-----	31,322,885	8,499,124	35,140,576
	: Total U.S. exports to Bulgaria-----	31,689,698	9,887,967	56,224,949

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

Table A-18.--Leading items imported from Bulgaria, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
170.2800	: Cigarette leaf, not stemmed, not over 8.5 inches-----	\$3,853,978	\$5,175,937	\$20,779,603
676.0530	: Typewriters, nonelectric, nonautomatic, portable-----	424,083	370,056	1,256,705
700.3550	: Men's footwear, of leather, n.e.s., cement soles-----	330,133	180,246	517,973
117.6700	: Pecorino cheese, not for grating-----	305,723	282,205	1,245,329
546.6020	: Glass tumblers, etc., valued \$0.30-\$3 each-----	93,763	<u>1/</u> 86,313	<u>1/</u> 320,999
452.3200	: Lavender and spike lavender oil-----	85,636	14,091	84,211
674.3512	: Machine tools, metal cutting, engine or toolroom-----	77,945	-	-
653.2200	: Metal coins, n.e.s-----	60,046	8,520	35,120
700.4540	: Women's footwear, of leather, cement soles, valued over \$2.50	:	:	:
	: per pair-----	57,324	70,980	268,463
452.6000	: Rose oil or attar of roses-----	54,630	61,879	703,821
700.3529	: Youth's and boys' work footwear, of leather, n.e.s-----	52,813	-	-
700.3515	: Men's and boys' athletic footwear, of leather, n.e.s-----	46,200	-	-
117.6500	: Cheeses made from sheep's milk, in original loaves	:	:	:
	: and suitable for grating-----	43,740	-	10,975
167.3020	: Wine, not over 14 percent alcohol, valued over \$4 per gallon,	:	:	:
	: in containers not over 1 gallon-----	40,829	-	-
439.1090	: Natural drugs, n.e.s., crude-----	23,204	82,800	239,292
654.0525	: Cooking and kitchen ware, of copper, not brass-----	18,715	-	-
161.5500	: Mint leaves, crude or not manufactured-----	16,560	39,508	81,016
546.6060	: Glassware, not tumblers or tableware, valued \$.30 to \$3.00,	:	:	:
	: n.e.s-----	15,978	<u>2/</u> 11,649	<u>2/</u> 18,825
546.6040	: Tableware etc valued \$.10 to \$3.00-----	9,325	<u>3/</u> 9,819	<u>3/</u> 13,946
360.1515	: Floor coverings of wool, valued over 66-2/3 cents per	:	:	:
	: square foot-----	9,205	-	-
	: Total-----	5,619,830	6,394,003	25,576,278
	: Total U.S. imports from Bulgaria-----	5,662,238	7,391,763	30,144,799

1/ On Jan. 1, 1980, item 546.6020 was redesignated to include items 546.5420 and 546.5620. Totals for 1979 are the aggregation of the 2 numbers.

2/ On Jan. 1, 1980, item 546.6060 was redesignated to include items 546.5460 and 546.5660. Totals for 1979 are the aggregation of the 2 numbers.

3/ On Jan. 1, 1980, item 546.6040 was redesignated to include items 546.5440 and 546.5640. Totals for 1979 are the aggregation of the 2 numbers.

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

Table A-19.--Leading items exported to Albania, by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
521.3110	Low volatile bituminous coal-----	\$899,088	\$1,196,694	\$9,458,908
270.8240	Periodicals, paper covered or unbound, not business or professional, n.s.p.f-----	1,140	-	-
	Total-----	900,228	1,196,694	9,458,908
	Total U.S. exports to Albania-----	960,131	1,235,845	10,053,908

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

Table A-20.--Leading items imported from Albania, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
601.1540	: Chrome ore, chromium content 41 to 46 percent chromic oxide-----	\$1,672,000	\$3,033,412	\$5,787,178
161.9400	: Sage, unground-----	593,431	346,869	2,256,456
162.0100	: Savory, crude or not manufactured-----	16,019	-	25,682
748.3000	: Dried or bleached plants, not flowers, for bouquets, or other			
	: ornamental use-----	7,818	-	-
439.1090	: Natural drugs, n.e.s., crude-----	6,907	-	-
161.9000	: Rosemary, crude or not manufactured-----	6,113	-	23,784
	: Total-----	2,302,288	3,380,281	8,093,100
	: Total U.S. imports from Albania-----	2,302,288	3,419,849	9,002,210

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

Table A-21.--Leading items exported to Mongolia, by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
818.3900	Products, n.e.s., donated for relief-----	\$2,809	\$14,359	\$32,460
433.1079	Prepared culture media-----	1,394	-	-
438.6000	Diagnostic reagents, n.e.s-----	1,394	-	1,982
	Total-----	5,597	14,359	34,442
	Total U.S. exports to Mongolia-----	5,597	46,615	80,247

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

Table A-22.--Leading items imported from Mongolia, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
306.4293	: Camel hair, sorted, etc-----	\$403,201	\$577,464	\$3,001,404
124.1025	: Mink furskins, except "Japanese mink", undressed-----	25,928	-	-
	: Total-----	429,129	577,464	3,001,404
	: Total U.S. imports from Mongolia-----	429,129	1,180,941	3,752,785

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

Table A-23.--Leading items exported to Vietnam, by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
818.3300	: Medicine, etc., donated for relief-----	\$97,767	\$17,057	\$37,710
818.3900	: Products, n.e.s., donated for relief-----	61,760	21,955	45,250
661.7015	: Sterilizers and autoclaves and parts-----	16,685	-	-
711.8710	: Chemical analysis equipment and parts, electrical, n.s.p.f-----	10,545	-	-
818.9000	: General merchandise, valued not over \$500-----	10,026	-	34,082
433.1079	: Prepared culture media-----	2,174	2,152	12,033
433.1056	: Laboratory reagent preparations, organic and inorganic-----	1,186	-	-
	: Total-----	200,143	41,164	129,075
	: Total U.S. exports to Vietnam-----	200,143	43,011	540,537

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

Table A-24.--Leading items imported from Vietnam, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
653.2200	Metal coins, n.e.s-----	\$1,995		
	Total-----	1,995		
	Total U.S. imports from Vietnam-----	1,995	\$256,093	\$711,244

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

Table A-25.--Leading items exported to Cuba, by Schedule B Nos., January-March 1980, January-March 1979, and 1979

Schedule B No.	Description	January-March--		1979
		1980	1979	
709.2540	Dental instruments, n.s.p.f., and parts, n.s.p.f-----	\$12,782	-	-
709.3000	Medical, dental surgical, and veterinary instruments, n.s.p.f---	5,852	-	-
433.1056	Laboratory reagent preparations, organic and inorganic-----	1,674	-	-
252.6700	Writing, printing, or other graphic paper containing over			
	10 percent by weight mechanical wood pulp-----	1,400	-	-
	Total-----	21,708	-	-
	Total U.S. exports to Cuba-----	21,708	\$190,580	\$298,823

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

Table A-26.--Leading items imported from Cuba, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
724.1025	: Feature film, 35mm and over, n.e.s-----	\$7,500	-	\$1,070
653.2200	: Metal coins, n.e.s-----	773	\$690	1,975
	: Total-----	8,273	690	3,045
	: Total U.S. imports from Cuba-----	8,273	96,513	152,338

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

Table A-27.--Leading items exported to North Korea, by Schedule B Nos., January-March 1980, January-March 1979, and 1979 ^{1/}

Schedule B No.	Description	January-March--		1979
		1980	1979	
	Total U.S. exports to North Korea-----	-	-	\$12,680

^{1/} There were no exports to North Korea in the first quarter of 1980.

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

Table A-28.--Leading items imported from North Korea, by TSUSA items, January-March 1980, January-March 1979, and 1979

TSUSA item No.	Description	January-March--		1979
		1980	1979	
338.3057	Woven fabrics, of polyester, n.s.p.f-----	\$12,500	-	\$560
750.6000	Artists' brushes and hair pencils, valued over \$0.10 each-----	7,500	-	-
774.5500	Articles, of rubber or plastic, n.s.p.f., n.e.s-----	3,400	-	-
360.1515	Floor coverings of wool, valued over 66 2/3 cents per square foot-----	1,891	-	-
750.4500	Toilet brushes, valued not over 40 cents each-----	600	\$1,731	1,731
	Total-----	25,891	1,731	2,291
	Total U.S. imports from North Korea-----	25,891	49,867	126,535

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

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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) seven summary tables and two figures describing the value, direction, composition, and individual country trade shares of U.S.-NME trade in that calendar quarter;
- (3) a series of appendix tables describing the leading items traded by the United States with each of the 14 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.

Albania: U.S. exports and imports, annual; No. 1, pp. 42-43 (incl. table); No. 5, p. 57; No. 9, p. 72; No. 13, pp. 52-53; No. 17, pp. 70-71; No. 21, p. 80

Aluminum: U.S. exports and imports; No. 8, pp. 34-37 (incl. table)

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