

**24TH QUARTERLY REPORT TO THE CONGRESS  
AND THE TRADE POLICY COMMITTEE ON TRADE  
BETWEEN THE UNITED STATES AND THE  
NONMARKET ECONOMY COUNTRIES  
DURING JULY-SEPTEMBER  
1980**

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# UNITED STATES INTERNATIONAL TRADE COMMISSION

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## INTRODUCTION

This series of reports by the United States International Trade Commission is made pursuant to section 410 of title IV of the Trade Act of 1974 (19 U.S.C. 2440), which requires the Commission to monitor imports from and exports to certain nonmarket economy countries (NME's). These countries include those listed in headnote 3(f) of the Tariff Schedules of the United States (TSUS) 1/ and others not listed in the headnote, viz, Hungary, People's Republic of China (China), 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. Through control of the distribution process and the price at which articles are sold, they 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, until January 2, 1980, the East-West Foreign Trade Board. As of that date, the East-West Foreign Trade Board was abolished, and its functions were transferred to the Trade Policy Committee, chaired by the United States Trade Representative.

As 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, 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. That 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 the higher rates that were enacted in 1930. The rates of

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1/ The following countries or areas are listed under headnote 3(f) of the TSUS: Albania, Bulgaria, 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, and the U.S.S.R.

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

duty resulting from this policy vary considerably from item to item, and discrimination is not present at all for products which historically have been duty free or dutiable at the same rates in columns 1 and 2. Therefore, actual or potential U.S. imports from countries which do not enjoy MFN privileges depend in some measure on the rates of duty on the specific items involved.

This particular report contains a summary of U.S. trade with the NME's during July-September 1980. This was the third quarter in which such trade was affected by the President's restrictions on exports to the U.S.S.R., announced on January 4, 1980, following the Soviet invasion of Afghanistan. The summary examines U.S. exports, imports, and the balance of trade with the NME's as well as the commodity composition of such trade. Important changes in U.S. commercial relations with the NME's and pertinent economic and trade developments are discussed. The report also contains an analysis of textiles from China, one of the leading products in U.S. trade with that country and the subject of a recently concluded bilateral accord.

## SUMMARY OF THIRD-QUARTER DEVELOPMENTS

The trade sanctions imposed by the President of the United States in response to the Soviet invasion of Afghanistan continued to exert a strong influence on the volume of trade between the United States and the nonmarket economy countries during the third quarter of 1980. Total trade during July-September was valued at \$2.7 billion, 2.7 percent less than in the corresponding period of 1979, and 17.3 percent less than in April-June 1980. The decline in July-September was attributable to the absence of grain shipments to the Soviet Union; the last grain sales allowable during the fiscal year, under the partial embargo, were shipped during the previous quarter.

While sales of agricultural products and crude materials accounted for only 26 percent of total U.S. exports in January-September 1980, they accounted for nearly 70 percent of U.S. exports to NME's. More than 60 percent of imports from the NME's during that period consisted of manufactured goods, which also accounted for more than half of the total of U.S. imports.

During July-September 1980, China maintained its position as the leading NME trading partner of the United States. It accounted for 57.2 percent of U.S. exports to and 36.1 percent of U.S. imports from NME's in the 3-month period. The Soviet Union was the second most important NME source for U.S. imports, but fell to fourth place (behind China, Romania, and Yugoslavia) as an NME purchaser of U.S. exports.

Among the notable developments of the quarter was the first meeting of the United States-China Joint Economic Commission. The meeting provided a forum for discussing current problems and outlining the future course of economic relations between the two countries. It also served as the last step in the process of economic normalization by providing the occasion for the signing of four bilateral accords covering air routes, shipping, consular posts, and trade in textiles. With the signing of these four major agreements, the basic framework of U.S.-Chinese economic relations was completed.

During the quarter, as the crisis situation regarding Polish agriculture was worsening, the President approved a ceiling of \$670 million in export credit guarantees to Poland. This amounts to a substantial increase over fiscal year 1980 authorizations and will cover the risk associated with privately financed U.S. exports of grains and farm products to that country. It is significant that one-third of the total credits extended by the Department of Agriculture's Commodity Credit Corporation for fiscal year 1981 have been allocated to Poland.





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

In July-September 1980, the position of the nonmarket economy countries as U.S. trading partners improved slightly. Measured in current dollars, the value of total U.S. trade (exports plus imports) with NME's increased by 17 percent over that in April-June 1980, compared with a decline of 6 percent in U.S. world trade during the same period (table 1).

Until the first quarter of 1980, the U.S.S.R. had consistently been the major NME trading partner of the United States. This situation was altered by the imposition of trade sanctions against that country early in 1980, and China became the leading U.S. trading partner among the NME's during January-March. In July-September, trade with Yugoslavia and Romania also exceeded U.S.-Soviet trade. However, this situation will probably reverse itself in October-December because of increased U.S. imports of Soviet gold bullion and expected U.S. grain exports to the Soviet Union in that quarter. <sup>1/</sup> On a year-to-date basis, the U.S.S.R. remains the second largest NME trading partner of the United States.

The decrease in trade with the Soviet Union has been more than offset by the increase in trade with China. Total trade with the U.S.S.R. declined by 62 percent from January-September 1979 to January-September 1980, while total trade with China increased by 225 percent. <sup>2/</sup>

#### Overall Trade Pattern With NME's

In July-September 1980, U.S. exports to the NME's amounted to \$1.9 billion, representing an 16-percent increase (measured in current dollars) over exports during the previous 3 months (table 1). The increase occurred despite a 38-percent decline in exports to the U.S.S.R., which, until the imposition of the trade sanctions, had been the largest NME customer for U.S. exports.

Imports from the NME's increased by 18 percent in the third quarter of 1980, compared with a 6-percent decline in overall U.S. imports; most of the increase was accounted for by renewed imports of Soviet gold.

Because imports rose faster than exports in the third quarter, the balance of trade with the NME's improved by only 15 percent; it is still not as favorable as it was in the first quarter of the year.

On a year-to-date basis, there were surpluses in trade with the NME's as a whole and with each major NME with the single exception of Hungary, which (unlike the other NME's) does not import significant amounts of U.S. agricultural commodities.

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1/ Under the terms of the 1975 grains supply agreement, between 6 million and 8 million tons of wheat and corn combined are to be sold to the Soviet Union in each 12-month period from Oct. 1, 1976, to Sept. 30, 1981. Such shipments have never come under the export suspension. The final "agreement <sup>5</sup> year" began on Oct. 1.

2/ Trade with the U.S.S.R. fell from \$2,962 million to \$1,129 million, and trade with China increased from \$1,466 million to \$3,310 million.

Table 1.--U.S. trade with the world and with the nonmarket economy countries (NME's),  
by quarters, July 1979-September 1980

Item	1979			1980		
	July- September	October- December	January- March	April- June	July- September	
U.S. world trade:						
Exports-----million dollars--	44,681	51,588	53,017	56,591	52,989	
Imports-----do-----	53,121	57,699	61,838	60,794	57,262	
Balance-----do-----	-8,440	-6,111	-8,821	-4,202	-4,273	
U.S. trade with NME's:						
Exports-----million dollars--	2,029	2,746	2,148	1,634	1,902	
Imports-----do-----	757	893	652	685	808	
Balance-----do-----	1,272	1,853	1,497	949	1,095	
Trade turnover (exports plus imports) million dollars--	2,786	3,639	2,800	2,319	2,710	
Share of total U.S. trade accounted for by trade with NME's:						
Exports-----percent--	4.54	5.32	4.05	2.89	3.59	
Imports-----do-----	1.43	1.55	1.05	1.13	1.41	

Source: U.S. Department of Commerce publication FT990. Export data are from table E-3 and include domestic and foreign merchandise and Defense Department military assistance shipments. Import data are from table 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.

### U.S. Exports to NME's

The distribution of U.S. exports to NME's and to the world by broad product groups is shown in table 2 for January-September 1979 and January-September 1980. The economic sanctions imposed on the Soviet Union caused a significant shift in the composition of exports to the NME's, as food (SITC Sections 0 and 1) continued to decline in importance in January-September 1980 to 44.1 percent of exports from 52.7 percent in the corresponding period of 1979. This decline was offset by the changes in the other product groups. Exports in every other category increased, both relatively and absolutely (table 2). Combined, the value of exports in the other SITC sections (2 through 9) in January-September 1980 increased by 25 percent over that in the corresponding period of 1979. Major items accounting for this rise included cotton (Section 2) and airplanes (Section 7); both were exported primarily to China.

The composition of U.S. exports to the NME's remains significantly different from that of exports to the world. About 40 percent of U.S. exports to the world consist of machinery and transport equipment (Section 7)--primarily airplanes, cars, and parts--while only 14 percent of U.S. exports to NME's are in this section (table 2).

U.S. exports to the NME's continued to be concentrated in two categories: SITC Sections 0 and 1, food, beverages, and tobacco (primarily corn and wheat), and SITC Sections 2 and 4, crude materials (largely cotton, soybeans and polyester fibers).

Table 3 shows the distribution of U.S. exports to the NME's by major commodity categories during July-September 1980. China was the major NME customer in 7 of the 10 SITC sections (0, 2, and 4 through 8). China accounted for 70 percent of U.S. exports to the NME's in four sections: crude materials (primarily cotton, polyester fibers, and soybeans), oils and fats (soybean oil), chemicals (diammonium phosphate fertilizers, polyester resins, urea, insecticides, and polyvinyl chloride), and manufactured goods classified by chief material (kraft linerboard, yarns, fabrics, and drill bits)(see appendix tables). China was also the major NME customer for exports in the categories of food and live animals (wheat and corn) and machinery and transport equipment (airplanes, drilling machines, and parts).

As recently as January-March 1980, the Soviet Union was the largest single NME importer of food and live animals from the United States, accounting for 35 percent of U.S. exports in that category. By April-June, it had fallen to fourth place, accounting for only 13 percent of such U.S. exports. In July-September, the Soviet share fell to less than 1 percent of the total, and the Soviet Union was the smallest NME importer. The dramatic decline in the Soviet Union's relative share of U.S. exports in this category was primarily the result of the sanctions and was reinforced by the rapid growth in the Chinese market.

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

SITC Section No.	Description	U.S. trade with the world		U.S. trade with the NME's	
		Jan.-Sept. 1979	Jan.-Sept. 1980	Jan.-Sept. 1979	Jan.-Sept. 1980
		Exports (million dollars)			
0, 1	Food, beverages, and tobacco-----	16,980	21,358	2,835	2,500
2, 4	Crude materials-----	15,704	19,771	1,039	1,360
3	Mineral fuels and lubricants-----	3,984	5,701	94	129
5	Chemicals-----	12,607	15,717	279	404
6	Manufactured goods classified by				
	chief material-----	11,625	16,795	243	320
7, 8, 9	Other manufactured goods and mis-				
	cellaneous-----	67,050	80,265	889	957
	Total-----	127,950	159,607	5,379	5,670
		Imports (million dollars)			
0, 1	Food, beverages, and tobacco-----	12,700	13,401	305	270
2, 4	Crude materials-----	8,261	8,035	113	137
3	Mineral fuels and lubricants-----	41,138	59,518	123	180
5	Chemicals-----	3,456	6,342	131	207
6	Manufactured goods classified by				
	chief material-----	22,059	24,180	386	489
7, 8, 9	Other manufactured goods and mis-				
	cellaneous-----	58,793	67,639	871	848
	Total-----	143,407	179,117	1,929	2,132
		Percent of total exports			
0, 1	Food, beverages, and tobacco-----	13.3	13.4	52.7	44.1
2, 4	Crude materials-----	12.3	12.4	19.3	24.0
3	Mineral fuels and lubricants-----	3.1	3.6	1.7	2.3
5	Chemicals-----	9.9	9.8	5.2	7.1
6	Manufactured goods classified by				
	chief material-----	9.1	10.5	4.5	5.6
7, 8, 9	Other manufactured goods and mis-				
	cellaneous-----	52.4	50.3	16.5	16.9
	Total-----	100.0	100.0	100.0	100.0
		Percent of total imports			
0, 1	Food, beverages, and tobacco-----	8.6	7.5	15.8	12.7
2, 4	Crude materials-----	5.6	4.5	5.9	6.4
3	Mineral fuels and lubricants-----	27.7	33.2	6.4	8.4
5	Chemicals-----	3.7	3.5	6.8	9.7
6	Manufactured goods classified by				
	chief material-----	14.9	13.5	20.0	22.9
7, 8, 9	Other manufactured goods and mis-				
	cellaneous-----	39.6	37.8	45.2	39.8
	Total-----	100.0	100.0	100.0	100.0

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce. Imports are for consumption and are 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.

Table 3.--U.S. exports to the nonmarket economy countries, by SITC 1/ Nos. (Revision 2), July-September 1980

		(In thousands of dollars)									
SITC Section No.	Description	Albania	Bulgaria	China	Cuba	Czecho-slovakia	East Germany	Hungary	Mongolia		
0	Food and live animals	-	38,529	499,450	-	18,812	47,967	3,943	-		
1	Beverages and tobacco	-	5,460	248	-	7	-	-	-		
2	Crude material--inedible, except fuel	-	-	-	-	-	-	-	-		
3	Mineral fuels, lubricants, etc	224	1,294	181,775	-	3,430	714	993	-		
4	Oils and fats--animal and vegetable	3,346	-	789	-	3	-	9	-		
5	Chemicals	-	-	10,686	-	-	-	3	-		
6	Manufactured goods classified by chief material	-	8,188	112,934	-	291	160	1,366	1		
7	Machinery and transport equipment	-	415	155,105	-	784	49	2,812	3		
8	Miscellaneous manufactured articles	-	2,027	106,527	2	2,486	1,571	7,699	3		
9	Commodities and transactions not elsewhere classified	-	1,446	16,685	10	1,319	237	1,322	21		
	Total	3,571	27	658	1	82	110	210	-		
		57,386	1,084,858	13	27,214	50,807	18,355	29			
		North Korea	Poland	Romania	U.S.S.R.	Vietnam	Yugo-slavia	Total			
0	Food and live animals	-	82,825	104,811	759	-	64,839	861,935			
1	Beverages and tobacco	-	4,280	-	1,190	-	962	12,147			
2	Crude material--inedible, except fuel	-	-	-	-	-	-	-			
3	Mineral fuels, lubricants, etc	-	17,849	19,497	4,577	-	27,666	2,8,020			
4	Oils and fats--animal and vegetable	-	24	19,623	2,127	-	10,922	36,842			
5	Chemicals	-	1,079	-	-	-	-	11,768			
6	Manufactured goods classified by chief material	-	4,306	3,631	4,031	352	12,341	147,602			
7	Machinery and transport equipment	-	2,856	6,702	5,742	-	6,942	181,411			
8	Miscellaneous manufactured articles	-	10,718	47,757	79,272	12	57,871	315,944			
9	Commodities and transactions not elsewhere classified	-	1,521	7,122	29,961	-	8,387	68,031			
	Total	-	482	121	349	27	859	2,925			
		125,940	209,264	128,008	391	190,790	1,896,626				

1/ Standard International Trade Classification.

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

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

Table 4 shows the distribution of U.S. exports among the NME's. In the first three quarters of 1980, China accounted for 45 percent of all U.S. exports to the NME's, a share up from just 23 percent in 1979 (fig. 1). This growth in China's export share is in contrast with the decrease in the Soviet Union's export share, which fell from 49 percent in 1979 to only 14 percent in the first three quarters of 1980.

U.S. exports to the NME's, to the U.S.S.R., and to China are shown in figure 2 for the first quarter of 1978 through the third quarter of 1980. The figure illustrates that U.S. exports to the U.S.S.R. fluctuated irregularly over that period, while U.S. exports to China rose fairly consistently.

Poland's share of U.S. products also declined (table 4), largely because workers' strikes closed Poland's Baltic Sea ports (including Gdansk, Gdynia, and Szczecin) for 2 weeks in August, thus stopping ocean-bound trade. Largely as a result of the port closings, U.S. exports to Poland during July-September 1980 declined 43 percent compared with exports during the corresponding period of 1979. <sup>1/</sup> The decline caused Poland to drop from fourth to fifth place as an NME trading partner of the United States.

U. S. exports of cereals and cereal preparations--the principal component of the food category--are shown in table 5. <sup>2/</sup> Largely because of the economic sanctions against the Soviet Union, exports of U.S. grain to the NME's dropped dramatically in 1980. While NME's accounted for almost a quarter of U.S. exports of cereals and cereal preparations in January-September 1979, they accounted for only about 17 percent in January-September 1980. The Soviet Union's share dropped from 63 percent to 19 percent between the two periods. The following tabulation shows these exports to the Soviet Union by quarters to illustrate the increasing effect of the sanctions:

<u>Period</u>	<u>Value</u> <u>(1,000 dollars)</u>
October-December 1979-----	708,040
January-March 1980-----	336,886
April-June 1980-----	67,584
July-September 1980-----	<u>1/</u>

<sup>1/</sup> Because of the sanctions, the Soviet Union could buy only the 8 million tons of U.S. grain per agreement year (Oct. 1-Sept. 30) provided for in the grains supply agreement of 1975. Since last year's quota was exhausted during the third quarter of the agreement year (April-June), no cereals and cereal preparations were exported to the Soviet Union during the final quarter (July-September).

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<sup>1/</sup> As the strikes have continued sporadically into the fourth quarter of the year, it is likely that U.S. trade with Poland will be less than trade during the fourth quarter of 1979.

<sup>2/</sup> Cereals and cereal preparations are those items which begin with the two-digit SITC Division code 04. They accounted for about 65 percent of U.S. food and live animal exports to the world in January-September 1980.

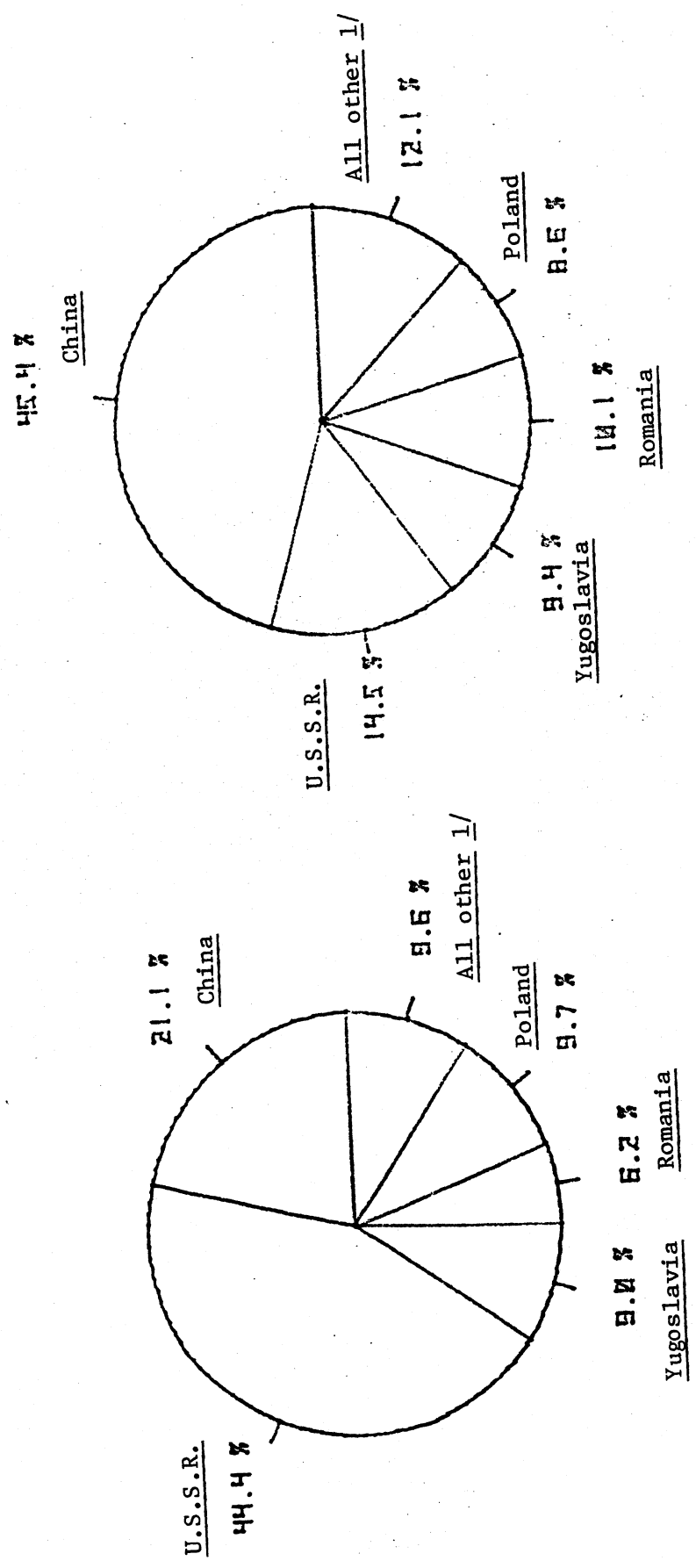
Table 4.--U.S. exports to the individual nonmarket economy countries and to the world, 1978, 1979, January-September 1979, January-September 1980, July-September 1979, and July-September 1980

Market	(In thousands of dollars)					
	1978	1979	January-September--		July-September--	
			1979	1980	1979	1980
China-----	818,241	1,716,500	1,080,436	2,571,883	376,569	1,084,858
U.S.S.R-----	2,249,020	3,603,632	2,473,805	821,044	1,017,143	128,008
Yugoslavia-----	471,298	731,784	517,271	534,148	158,139	190,790
Romania-----	317,423	500,464	366,682	573,786	107,018	209,264
Poland-----	677,022	786,258	496,118	485,016	221,230	125,940
East Germany-----	170,121	354,522	191,028	356,474	52,709	50,807
Czechoslovakia-----	105,349	281,129	146,660	142,055	63,427	27,214
Hungary-----	97,682	77,583	53,345	60,364	11,659	18,355
Bulgaria-----	48,120	56,225	44,792	117,227	13,659	57,386
Albania-----	4,469	10,054	7,609	6,847	3,425	3,571
Mongolia-----	62	80	70	42	14	29
Vietnam-----	1,879	541	385	663	247	391
Cuba-----	340	299	296	63	37	13
North Korea-----	1	13	13	-	13	-
Total-----	4,961,027	8,119,089	5,378,512	5,669,610	2,025,291	1,896,626
Total, U.S. exports to						
the world-----	141,040,300	178,413,200	127,950,396	159,606,760	43,930,753	52,061,916

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

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

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



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

Source: Based on data in table 4.

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



Figure 2.--U.S. exports to the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarter, January 1978-September 1980.

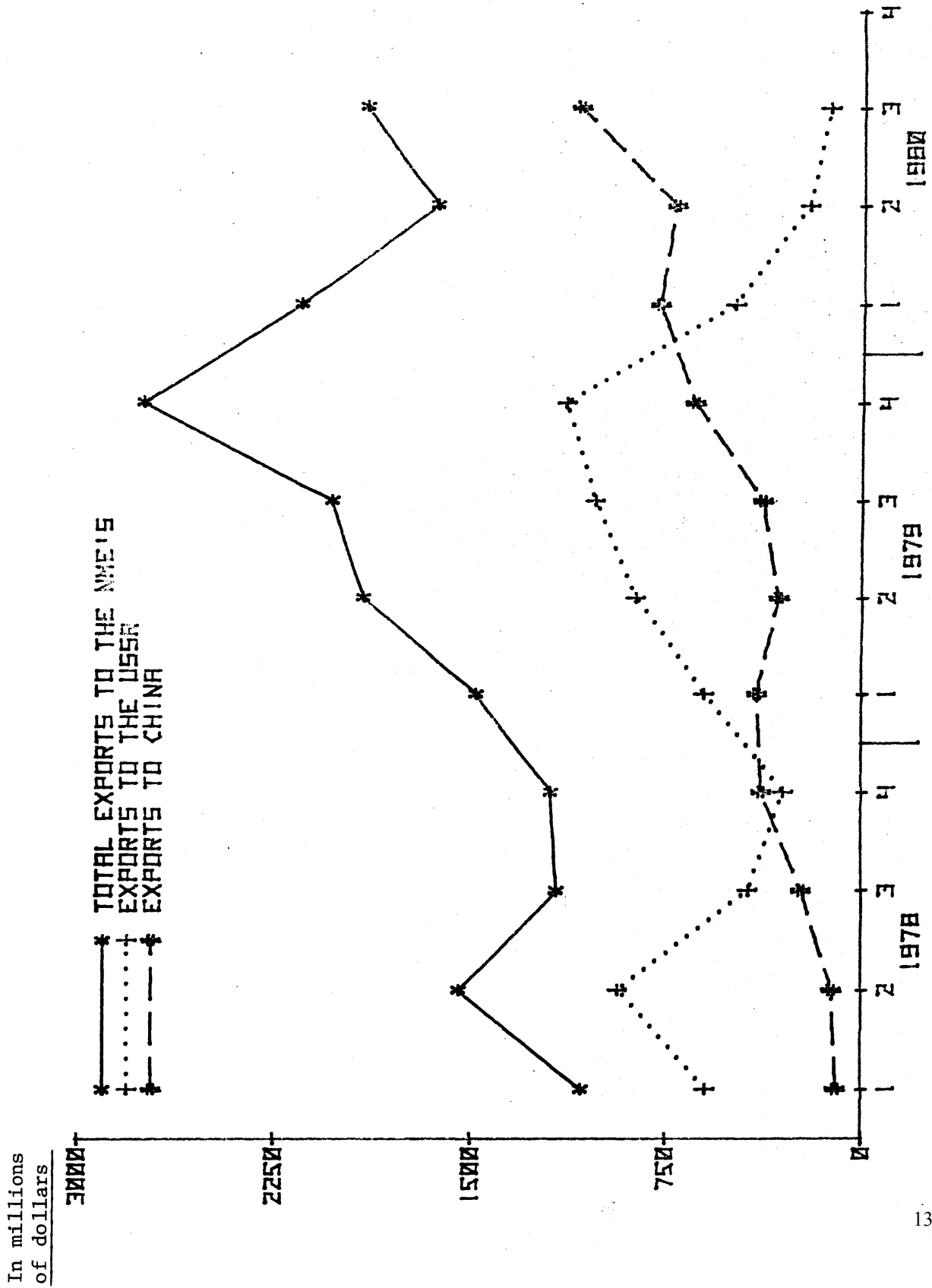


Table 5.--Cereals and cereal preparations: U.S. exports to nonmarket economy countries (NME's) and to the world, 1978, 1979, January-September 1979, January-September 1980, July-September 1979, and July-September 1980

Market	1978	1979	January-September--		July-September--	
			1979	1980	1979	1980
China-----1,000 dollars--	361,902	482,653	371,527	785,670	133,715	499,406
U.S.S.R-----do-----	1,417,438	2,254,036	1,545,908	404,469	801,623	-
Yugoslavia-----do-----	28,575	162,704	104,708	113,885	42,743	54,648
Romania-----do-----	32,546	116,747	91,644	213,487	38,306	86,780
Poland-----do-----	270,474	399,278	248,369	225,353	146,062	81,198
East Germany-----do-----	106,813	245,773	100,527	276,327	39,605	37,525
Czechoslovakia-----do-----	44,643	167,226	71,413	77,125	46,310	15,753
Hungary-----do-----	12,439	666	666	630	-	-
Bulgaria-----do-----	25,010	5,515	5,515	58,356	3,031	25,869
Total-----do-----	2,299,840	3,834,598	2,540,274	2,155,301	1,251,395	801,179
Total, U.S. cereal exports to the world						
1,000 dollars--	11,633,969	14,450,494	9,884,492	12,674,937	4,173,515	4,713,363
U.S. exports of cereals to the NME's as a share of total						
cereal exports-----percent--	19.8	26.5	25.7	17.0	30.0	17.0

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 fifth and final agreement year of the grains supply agreement began on October 1, and the Soviet Union has already contracted to receive more U.S. grain in 1980. This could return the U.S.S.R. to the position of second leading NME trading partner of the United States in the fourth calendar quarter.

Grain imports from the United States by several NME's--especially China, Romania, and East Germany--have dramatically increased. China and East Germany have had to compensate for poor harvests; Romania is increasing feed grain purchases in a continuing effort to increase the production of livestock and meat, which is exported largely to fulfill hard-currency needs. Despite these significant increases in grain purchases, total exports of cereals and cereal preparations to NME's have declined in 1980 because of the sanctions: year-to-date export values are down 15 percent from those in the corresponding period of 1979.

Meanwhile, U.S. exports of cereals and cereal preparations to the world have continued to rise. In January-September 1980, these exports were 28 percent higher than in the corresponding period of 1979, or 43 percent higher if exports to NME's are not included. This growth is more a result of rising prices than increased volume. During the first three quarters of the year, the average unit value of corn exported from the United States was up 12 percent, and wheat prices were 17 percent higher than in the first three quarters of 1979; the quantities of corn and wheat exported increased by 5 and 12 percent, respectively. <sup>1/</sup> The price increases were caused in part by the summer drought in the United States (the world's largest exporter of grain in 1979, accounting for almost 60 percent of grain traded) and poor harvests in other grain-producing areas of the world.

Exports of cereals and cereal preparations accounted for only two-fifths of the total U.S. agricultural exports in 1980. (Agricultural exports are shown in table 6.) Exportation of agricultural items other than cereals and cereal preparations to the Soviet Union continued during the third quarter, although at a significantly diminished rate. These exports include almonds and hops.

While the value of agricultural exports to the NME's declined slightly in January-September, the value of agricultural exports to all countries increased by 24 percent owing to rising prices and increased shipments to compensate for poor harvests in other countries. The value of U.S. agricultural exports to the NME's in January-September 1980 was 3 percent lower than in January-September 1979. During the later period, China accounted for 43 percent of U.S. agricultural exports to NME's, compared with just 36 percent of cereal and cereal preparation exports. Among China's imports of agricultural items that are not in the cereal and cereal preparation category are significant quantities of cotton (29 percent of its agricultural imports from the United States).

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<sup>1/</sup> The unit value of corn exported from the United States to all countries was \$2.92 for the 1,666 million bushels shipped in January-September 1979. It rose to \$3.26 for the 1,747 million bushels exported in January-September 1980. For unmilled wheat, the unit values were \$4.08 for 850 million bushels and \$4.77 for 949 million bushels in the two periods, respectively.

Table 6 shows U.S. agricultural exports as a percentage of all exports to individual NME's. Of the major NME's, East Germany had the highest proportion of imports of agricultural items from the United States (95 percent in January-September 1980). Through a special arrangement, East Germany relies on West Germany and on its Council for Mutual Economic Assistance (CEMA) partners to supply it with most of its industrial needs. 1/

At the other extreme, among the major NME's Hungary had the smallest share of imports of agricultural items from the United States. As mentioned previously, Hungary's own agricultural sector, situated largely on the fertile plains of the Danube River, allows Hungary to maintain a bilateral trade surplus with the United States, the only major NME to do so.

Table 7 lists major Schedule B items for which the NME's accounted for the largest market share. For example, 63 percent of U.S. exports of wire rods made of alloy iron or steel were sent to NME's. Only items for which U.S. exports to the NME's amounted to at least 1 million dollars during January-September 1980 are included in the table.

As the table shows, NME's have become a substantial market--in many cases the major market--for some U.S. commodities. About 3 percent of U.S. exports to the NME's are in categories for which the NME's constitute at least half the market. These items tend to be concentrated in fairly low-technology items such as wire, cotton, textiles, and hides. China is the major NME customer for half the items shown in the table, often importing unfinished textile products from the United States and then selling the finished articles back to the United States.

#### U.S. Imports From NME's

U.S. imports from the NME's tend to be dominated by manufactures, SITC Sections 6 through 9 (table 2). These items accounted for 63 percent of U.S. imports from NME's and 51 percent of U.S. imports from the world during January-September 1980. However, the fastest growing section in this period as compared to the similar period in 1979 is manufactured goods classified by chief material (Section 6), including palladium from the Soviet Union, wool floor coverings from China, and silver bullion from Yugoslavia.

Almost a third of overall U.S. imports fall into the mineral fuels and lubricants category (Section 3)--primarily crude petroleum--compared with less than a tenth of imports from the NME's.

China provides 54 percent of U.S. imports of miscellaneous manufactured articles from NME's, a category that accounts for nearly 30 percent of total U.S. imports from the NME's (table 8). Major items imported by the United States from China in this category include metal coins, antiques, and men's trousers. China was also the major NME source for crude materials (feathers, barium sulfate, tungsten ore, licorice root, and bristles), manufactured goods classified by chief material (floor coverings, shirts, and titanium sponge), and mineral fuels (gasoline and petroleum-based naphthas).

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1/ CEMA coordinates economic planning among certain NME's.

Table 6.--Agricultural items: U.S. exports to the individual nonmarket economy countries and to the world, 1978, 1979, January-September 1980, July-September 1979, and July-September 1980

Market	1978		1979		January-September--		July-September--	
	:	:	:	:	:	:	:	:
	:	:	:	:	1979	1980	1979	1980
	:	:	:	:	:	:	:	:
Value (in thousands of dollars)								
	:	:	:	:	:	:	:	:
China-----	573,297	:	990,159	:	600,369	1,546,782	170,855	616,212
U.S.S.R-----	1,686,548	:	2,854,896	:	1,937,891	496,823	859,475	2,067
Yugoslavia-----	110,953	:	284,396	:	189,011	206,802	65,585	88,585
Romania-----	148,543	:	336,515	:	248,167	379,844	82,141	117,645
Poland-----	503,470	:	651,371	:	401,287	388,095	191,221	93,337
East Germany-----	153,955	:	321,818	:	166,108	337,086	46,835	48,315
Czechoslovakia-----	77,111	:	247,999	:	120,062	118,068	56,703	21,772
Hungary-----	52,676	:	24,466	:	16,231	22,749	2,932	4,936
Bulgaria-----	39,893	:	41,019	:	33,393	95,288	9,754	43,991
Albania-----	217	:	151	:	151	224	151	224
Vietnam-----	1,500	:	-	:	-	-	-	-
Cuba-----	2	:	-	:	-	-	-	-
Total-----	3,348,165	:	5,752,790	:	3,712,669	3,591,761	1,485,651	1,037,084
Total, agricultural exports to all countries-----	29,406,945	:	34,745,385	:	23,772,071	29,507,233	8,185,306	9,499,509
Percent of total exports								
	:	:	:	:	:	:	:	:
China-----	70.1	:	57.7	:	55.6	60.1	45.4	56.8
U.S.S.R-----	75.0	:	79.2	:	78.3	60.5	84.5	1.6
Yugoslavia-----	23.5	:	38.9	:	36.5	38.7	41.5	46.4
Romania-----	46.8	:	67.2	:	67.7	66.2	76.8	56.2
Poland-----	74.4	:	82.8	:	80.9	80.0	86.4	74.1
East Germany-----	90.5	:	90.8	:	87.0	94.6	88.9	95.1
Czechoslovakia-----	73.2	:	88.2	:	81.9	83.1	89.4	80.0
Hungary-----	53.9	:	31.5	:	30.4	37.7	25.1	26.9
Bulgaria-----	82.9	:	73.0	:	74.6	81.3	71.4	76.7
Albania-----	4.9	:	1.5	:	2.0	3.3	4.4	6.3
Vietnam-----	79.8	:	-	:	-	-	-	-
Cuba-----	.5	:	-	:	-	-	-	-
Total-----	67.5	:	70.9	:	69.0	63.4	73.4	54.7
Total, exports to all countries-----	20.8	:	19.5	:	18.6	18.5	18.6	18.2

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

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

Table 7.--20 U.S. export items for which the nonmarket economy countries (NME's) collectively account for the largest market share, by Schedule B Nos., January-September 1979 and January-September 1980 1/

Schedule: B No.	Commodity	Major NME customer	Share of total exports accounted for by NME's		Value in Jan.-Sept. 1980
			Jan.-Sept. 1979	Jan.-Sept. 1980	
			Percent		1,000 dollars
608.77	Wire rods, alloy iron or steel	China	0.3	62.8	13,282
722.75	Photographic light meters	U.S.S.R.	1.3	61.6	1,387
444.60	Polyester resins	China	35.4	56.1	39,998
670.00	Machines for making filaments	Yugoslavia	20.4	51.5	1,088
417.71	Barium compounds	Romania	2.2	46.9	2,851
300.15	Cotton, having a staple length 1-1/8 inches or more.	China	6.8	35.9	125,795
309.42	Textile fibers				
608.74	Wire rods, other than alloy iron or steel	do	15.5	35.6	128,011
357.80	Textiles for pneumatic tires	do	1.0	34.2	8,100
120.20	Sheep skins, other skins	do	7.5	33.4	33,883
338.26	Woven fabrics of glass	Poland	13.4	32.9	8,096
121.05	Bovine leather, rough or wet blue	U.S.S.R.	36.6	28.6	6,063
300.10	Cotton, having a staple length under 1-1/8 inches.	China	5.1	27.6	13,932
492.18	Cellulose compounds, n.s.p.f., methyl and hydroxyethyl cellulose.	U.S.S.R.	14.1	24.1	485,598
130.65	Wheat		67.3	23.4	2,607
192.25	Hops	China	23.4	22.5	1,021,301
680.16	Molds and parts, other parts	U.S.S.R.	32.0	21.6	4,565
123.00	Whole sheep skins	Romania	-	20.9	2,655
773.38	Belting for machinery, of rubber or plastic, conveyor and elevator.	Poland	9.2	20.8	1,915
121.57	Bovine leather, other	U.S.S.R.	4.3	20.7	12,035
		China	2.9	20.4	15,368

1/ Only items which accounted for at least 1 million dollars' worth of exports in January-September 1980 are included in this table.

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

Table 8.--U.S. imports for consumption from the nonmarket economy countries, by SITC 1/ Nos. (Revision 2), July-September 1980

SITC Section : No. :	Description	(In thousands of dollars)										
		Albania	Bulgaria	China	Cuba	Czechoslovakia	East Germany	Hungary	Monqolia			
0 :	Food and live animals-----											
1 :	Beverages and tobacco-----	4 :	468 :	13,455 :	- :	1,087 :	50 :	5,300 :	- :			
2 :	Crude material--inedible, except fuel-----	- :	3,465 :	585 :	- :	188 :	14 :	449 :	- :			
3 :	Mineral fuels, lubricants, etc-----	3,010 :	11 :	34,463 :	- :	23 :	316 :	86 :	705 :			
4 :	Oils and fats--animal and vegetable-----	- :	- :	22,817 :	- :	- :	332 :	- :	- :			
5 :	Chemicals-----	- :	- :	23 :	- :	- :	- :	- :	- :			
6 :	Manufactured goods classified by chief material-----	8 :	64 :	21,502 :	- :	307 :	1,202 :	1,454 :	- :			
7 :	Machinery and transport equipment-----	- :	85 :	69,483 :	- :	4,387 :	2,954 :	2,065 :	- :			
8 :	Miscellaneous manufactured articles-----	- :	723 :	1,393 :	- :	3,765 :	2,708 :	9,212 :	- :			
9 :	Commodities and transactions not elsewhere classified-----	- :	785 :	131,577 :	- :	5,386 :	1,584 :	7,869 :	25 :			
	Total-----	3,022 :	5,607 :	295,720 :	- :	15,245 :	9,297 :	26,498 :	730 :			
	North Korea		Poland	Romania	U.S.S.R.	Vietnam	Yugo- slavia		Total			
0 :	Food and live animals-----	- :	35,371 :	5,9322 :	200 :	- :	7,953 :		69,871 :			
1 :	Beverages and tobacco-----	- :	229 :	698 :	1,202 :	- :	6,985 :		13,806 :			
2 :	Crude material--inedible, except fuel-----	- :	- :	- :	- :	- :	- :		- :			
3 :	Mineral fuels, lubricants, etc-----	- :	347 :	2,443 :	3,657 :	- :	1,032 :		46,093 :			
4 :	Oils and fats--animal and vegetable-----	- :	2,156 :	18,659 :	6,256 :	- :	20,927 :		71,149 :			
5 :	Chemicals-----	- :	998 :	- :	- :	- :	- :		1,021 :			
6 :	Manufactured goods classified by chief material-----	- :	5,677 :	1,030 :	34,824 :	- :	2,185 :		68,253 :			
7 :	Machinery and transport equipment-----	- :	20,636 :	11,087 :	28,430 :	5 :	25,150 :		164,280 :			
8 :	Miscellaneous manufactured articles-----	- :	10,231 :	17,108 :	349 :	- :	13,003 :		58,492 :			
9 :	Commodities and transactions not elsewhere classified-----	- :	20,130 :	30,793 :	5,016 :	- :	39,662 :		242,826 :			
	Total-----	- :	115 :	152 :	67,548 :	- :	15,102 :		83,645 :			
		- :	95,890 :	87,892 :	147,482 :	5 :	131,999 :		819,386 :			
1/ Standard International Trade Classification.												

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

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

Yugoslavia was the second leading NME supplier of miscellaneous manufactured articles to the United States, accounting for 16 percent of these imports. Leading import items from Yugoslavia in this category include wooden furniture and footwear.

Table 9 shows the distribution of U.S. imports among the NME suppliers. In January-September 1980, the United States imported more than a third of all NME goods from China (fig. 3). The 92-percent increase in the value of imports from China in that period, compared with the value in January-September 1979, stands in contrast with the 37-percent decrease in the value of imports from the U.S.S.R. U.S. imports from the Soviet Union in the third quarter of 1980 increased from a second-quarter low; the U.S.S.R. provided 18 percent of U.S. imports from NME's during the third quarter. Almost half these imports consisted of gold bullion, a fairly volatile U.S. import item from the Soviet Union. The shipments in July-September 1980 constituted the first Soviet gold bullion sales to the United States since October-December 1979. <sup>1/</sup> U.S. gold imports from the U.S.S.R. typically increase during the fourth quarter of the year.

U.S. imports from the NME's by quarters are depicted in figure 4. U.S. imports from the Soviet Union can be seen to have been fairly unsteady, although they picked up in the fourth quarter of each year as a result of large shipments of gold during that period. In contrast, U.S. imports from China increased steadily, a pattern which mirrors that of U.S. exports to China.

Because of the workers' strikes, U.S. imports from Poland declined in the third quarter of 1980. As was mentioned in the discussion on exports, Poland's Baltic Sea ports were closed for 2 weeks in August, which hindered Polish exports to all countries. Strikes have also interfered with production in Poland, reducing the amount of goods available for export. This problem has been compounded because worker demands for increased availability of goods for domestic sale have diverted some existing production away from export availability to domestic use.

NME's account for about 3 percent of the agricultural goods imported by the United States (table 10). Canned hams accounted for 44 percent during January-September 1980, down slightly from imports in the corresponding period of 1979. While the value of canned ham imports has decreased, the quantity has increased; the average unit value of the imports declined by more than 10 percent between these periods.

One-third of the agricultural items imported by the United States from NME's during January-September 1980 are from Poland, the primary supplier of canned hams. Poland's role as the leading NME source of U.S. agricultural imports was nearly matched by China, which accounted for a third of such imports from the NME's in January-September 1980. Major agricultural items imported from China include feathers, licorice root, and tea.

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<sup>1/</sup> About 1 million dollars' worth of gold dore--an intermediate gold form between ore and bullion--was imported during the first quarter of 1980. The gold bullion shipments in the third quarter amounted to \$66 million.



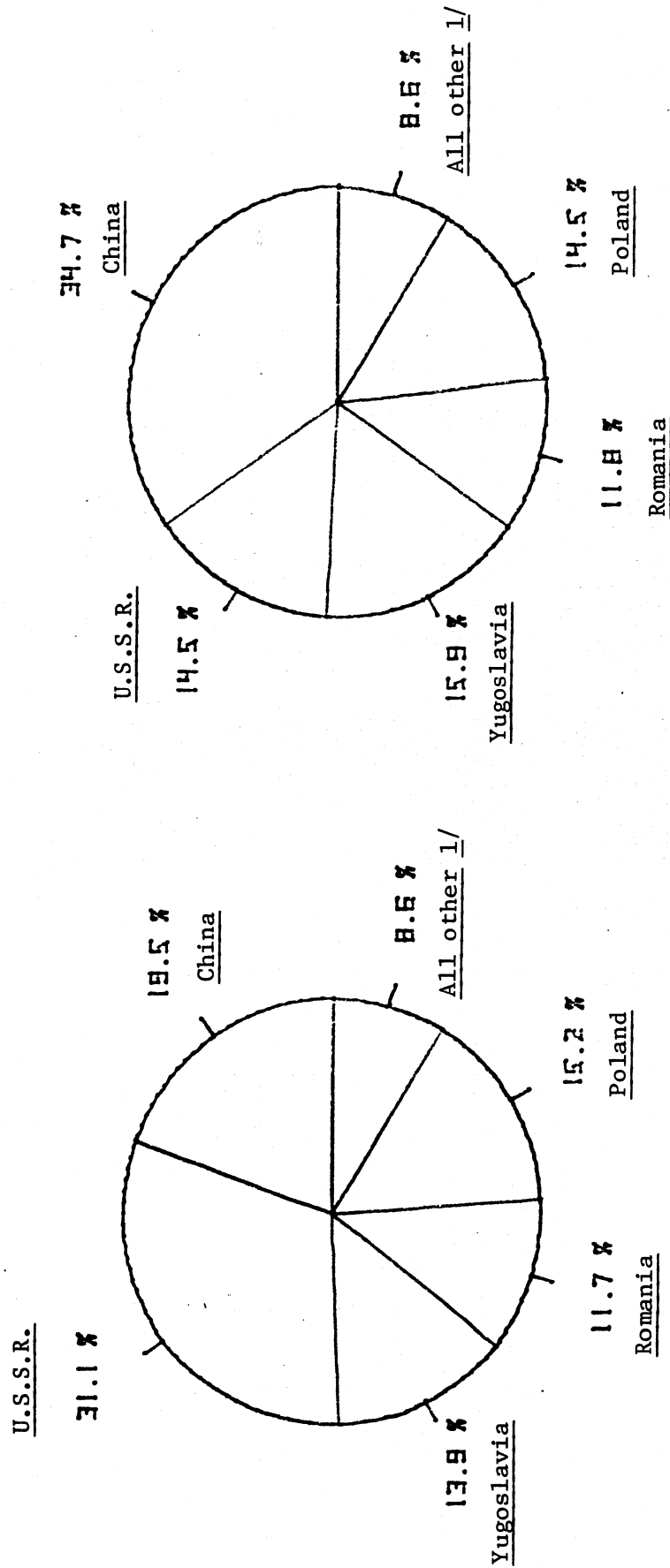
Table 9.--U.S. imports for consumption from the individual nonmarket economy countries and from the world, 1978, 1979, January-September 1980, July-September 1979, and July-September 1980

Source	(In thousands of dollars)					
	1978	1979	January-September--		July-September--	
			1979	1980	1979	1980
China-----	316,743	548,543	385,131	738,999	153,481	295,720
U.S.S.R-----	529,579	872,595	488,128	308,356	249,965	147,482
Yugoslavia-----	406,553	391,003	298,973	339,736	97,470	131,999
Romania-----	344,561	329,051	256,565	250,949	90,172	87,892
Poland-----	435,947	426,090	321,379	309,707	110,954	95,890
East Germany-----	35,220	35,666	27,076	32,730	7,889	9,297
Czechoslovakia-----	57,359	49,899	35,624	45,386	11,569	15,245
Hungary-----	69,153	112,129	79,834	77,894	31,678	26,498
Bulgaria-----	27,909	30,145	24,423	17,235	6,964	5,607
Albania-----	3,497	9,002	7,667	9,287	2,527	3,022
Mongolia-----	3,679	3,753	3,194	1,510	560	730
Vietnam-----	203	711	600	33	156	5
Cuba-----	66	152	126	16	12	-
North Korea-----	21	127	126	51	25	-
Total-----	2,230,491	2,808,865	1,928,847	2,131,888	763,462	819,386
Total, U.S. imports from						
all countries-----	172,952,194	205,922,662	148,407,427	179,117,096	53,131,349	56,856,160

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

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

Figure 3.--Relative shares of U.S. imports from the nonmarket economy countries, 1979 and January-September 1980..



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

Source: Based on data in table 9.

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

Figure 4.--U.S. imports from the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarter, January 1978-September 1980.

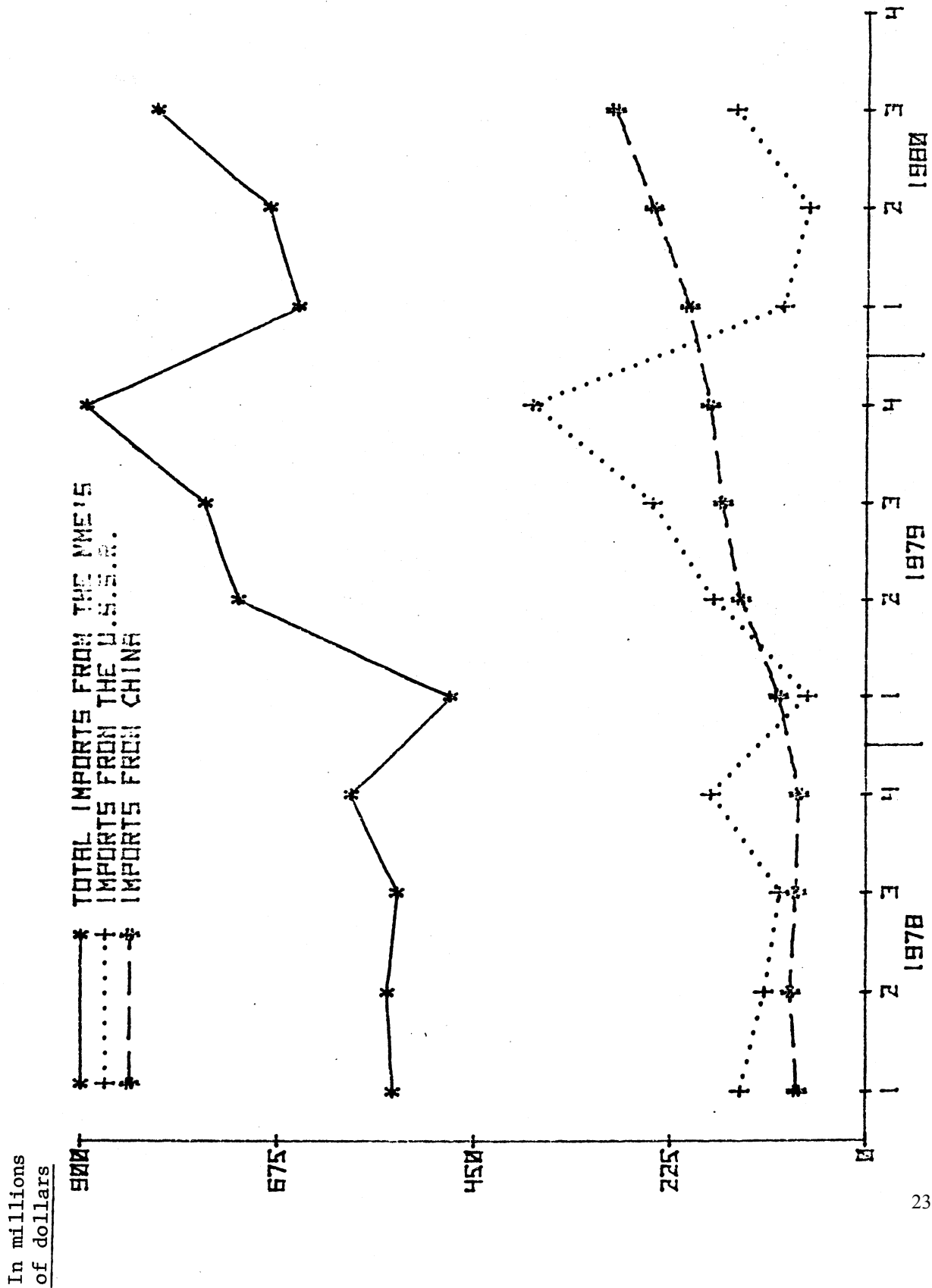


Table 10.--Agricultural items: U.S. imports from the individual nonmarket economy countries and from the world, 1978, 1979, January-September 1980, July-September 1979, and July-September 1980

Source	1978		1979		January-September--		July-September--	
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Source: Compiled from official statistics of the U.S. Department of Commerce.

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

Romania provides an unusually large proportion of agricultural items in its exports to the United States. More than a third are agricultural items, primarily canned hams and cheeses. The Soviet Union, on the other hand, provides less than 3 percent of its exports to the United States in the form of agricultural items. Most such items are in the form of sable furskins.

Table 11 lists TSUS items for which the NME's collectively accounted for the largest market share. The NME's are the major source of many articles imported into the United States; about 3 percent of U.S. imports from the NME's are in categories for which the NME's provide at least three-quarters of the supply.

The United States tends to rely on the NME's to provide fairly labor-intensive items. China is the major NME source for more than half the items in the table, providing food and finished textile items. In terms of value, the largest item to appear in the list is boned pork (canned hams), of which the NME's account for more than 67 percent of U.S. imports.

#### Trade Sanctions Against the U.S.S.R.

The sanctions invoked against the Soviet Union in January 1980 in response to the invasion of Afghanistan remained in effect throughout the third quarter of 1980. U.S. trade with the U.S.S.R. continued to decline during this period, and trade in the first three quarters of 1980 decreased considerably from that in the corresponding period of 1979 (table 12). Total U.S. exports to the Soviet Union were down by two-thirds, and imports from that country were down by more than one-third. Total trade turnover, reflecting the preponderance of goods heading toward the U.S.S.R., decreased by nearly 62 percent. Bilateral trade amounted to \$1.1 billion in current dollars in the first three quarters of 1980, down from nearly \$3.0 billion in the corresponding period of 1979.

The major export categories affected by the sanctions have been identified as agriculture, high technology, and phosphates. Previous reports in this series have shown U.S. exports to the Soviet Union in these export groups. 1/ Postembargo shipments in each of the affected product classes during January-September 1980 may be compared with preembargo exports in the corresponding period of 1979 in table 13 of the present report. Total U.S. exports to the U.S.S.R. during the period January-September 1980 amounted to \$821.0 million, representing a 67-percent decline from the value of exports in the corresponding period of 1979. There were steep reductions in postembargo exports of all principal commodities affected by the sanctions. Such exports accounted for 68 percent of overall U.S. exports to the U.S.S.R. in January-September 1980, compared with 87 percent in January-September 1979.

A closer examination of trade in items affected by the sanctions reveals that there were no exports of embargoed agricultural items to the Soviets during July-September 1980. 2/ This reflects the fact that all shipments

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1/ 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 1980, USITC Publication 1081, June 1980, hereafter 22d Quarterly Report . . . , table 8, p. 23; 23d Quarterly Report . . . , table 9, p. 38.

2/ No change is registered in the value of exports of agricultural items and phosphates shown in table 13 of this report compared with data in the 23d Quarterly Report . . . , table 9.

Table 11.--20 U.S. Import items for which the nonmarket economy countries (NME's) collectively account for the largest market share, by TSUS Nos., January-September 1979 and January-September 1980 1/

TSUS Item No.	Commodity	Major NME customer	Share of total imports accounted for by NME's		Value in 1,000 dollars
			Jan.-Sept. 1979	Jan.-Sept. 1980	
192.40	Licorice root-----	China-----	60.1	97.3	9,172
417.28	Ammonium compounds, molybdate-----	do-----	99.7	95.7	17,834
161.94	Unground sage-----	Albania-----	97.9	95.2	4,076
186.30	Bristles for brushes-----	do-----	96.3	90.9	7,713
222.57	Floor coverings, other-----	do-----	77.1	88.2	6,970
494.20	Montan wax-----	East Germany	72.0	86.7	1,245
366.60	Cotton pile furnishings, velveteen-----	China-----	90.0	83.5	1,054
542.33	Glass, measuring over 40 but not over 60 inches, weighing over 16 oz. but not over 28 oz. per sq. ft.	Romania-----	78.9	82.0	1,506
452.12	Cassia oils-----	China-----	55.6	79.7	4,124
306.42	Camel hair, sorted-----	Mongolia-----	93.6	79.4	2,030
306.62	Cashmere goat hair, sorted, washed-----	China-----	65.7	73.6	2,247
702.37	Headwear, other, not bleached and not colored-----	do-----	74.0	73.1	5,017
308.04	Raw silk-----	do-----	73.1	71.4	2,992
542.31	Ordinary glass, measuring not over 40 united inches, weighing over 16 oz. but not over 28 oz. per sq. ft.	Romania & Hungary	79.0	70.4	1,848
755.15	Fireworks-----	China-----	60.0	68.9	15,915
628.72	Molybdenum, unwrought-----	do-----	-	67.4	1,671
107.35	Pork, boned (canned hams)-----	Poland-----	62.1	66.7	156,747
653.75	Metal articles, coated or plated with gold-----	China-----	55.7	66.6	1,527
176.44	Rapeseed oil, unfit for use as food-----	Poland-----	66.9	60.7	1,532
107.30	Pork, not boned-----	Hungary-----	69.5	60.3	2,083

1/ Only items which accounted for at least 1 million dollars' worth of imports in January-September 1980 are included in this table.

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

Table 12.--U.S. trade with the U.S.S.R., 1979, 1980, January-September 1979,  
and January-September 1980

Item	1979	1980 <sup>1/</sup>	Percentage change, 1980 from 1979 <sup>1/</sup>
---Million dollars---			
Total U.S. exports-----	3,603.6	1,500.0	-58.4
Total U.S. imports-----	872.6	1,000.0	14.6
Total trade turnover-----	4,476.2	2,500.0	-44.1
Jan.-Sept.--			
Percentage change, Jan.-Sept. 1980 from Jan.-Sept. 1979			
---Million dollars---			
Total U.S. exports-----	2,473.8	821.0	-66.8
Total U.S. imports-----	488.1	308.4	-36.8
Total trade turnover-----	2,961.9	1,129.4	-61.9

<sup>1/</sup> Projected.

Source: Compiled from official statistics of the U.S. Department of Commerce. Projections for 1980 from "U.S.-U.S.S.R. trade after Afghanistan," Business America, Apr. 7, 1980, pp. 6-7.

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

Table 13.--U.S. exports to the U.S.S.R. of principal commodities affected by 1980 U.S. trade sanctions, 1/ 1975-79, January-September 1979, and January-September 1980

Commodity	(In millions of dollars)							Jan.-Sept.--	
	1975	1976	1977	1978	1979	1979	1980	1979	1980
<b>Agricultural items:</b>									
Corn-----	424.4	1,078.4	396.6	1,055.7	1,402.1	1,026.3	315.5		
Wheat-----	666.6	250.0	426.8	355.8	811.7	505.4	89.0		
Soybeans-----	2.7	124.7	154.3	199.8	489.3	321.4	45.3		
Barley-----	2/	-	-	-	31.0	9.3	-		
Soybean oilcake and meal-----	-	-	1.6	.2	22.5	6.7	-		
Tallow-----	14.0	-	-	18.7	57.6	47.9	20.4		
Total-----	1,107.7	1,453.0	979.3	1,630.2	2,814.3	1,917.0	470.1		
<b>High-technology items:</b>									
Oil- and gas-drilling equipment-----	74.9	118.3	83.7	74.6	123.0	88.7	23.4		
Computers-----	9.5	17.4	5.9	18.0	22.6	18.5	.3		
Other high-technology items-----	173.1	114.2	113.7	90.0	88.1	48.3	50.6		
Total-----	257.5	249.8	203.3	182.7	233.7	155.4	74.2		
Phosphates-----	-	-	2/	-	93.6	72.0	17.4		
Total affected exports 3/-----	1,365.2	1,702.8	1,182.6	1,812.9	3,141.6	2,144.5	561.8		
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	2,473.8	821.0		

1/ 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 discussed in the 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 1980, USITC Publication 1081, June 1980, p. 43.

2/ Less than \$50,000.

3/ Some grain was shipped under provisions of the grains supply agreement of 1975 and so was not subject to the embargo. The total affected exports are overstated by this amount.

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

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



allowed under the 1975 U.S.-Soviet grains supply agreement for the 1979-80 agreement year (Oct. 1, 1979-Sept. 30, 1980) had been completed by the end of June, and there was, therefore, a complete embargo during the third quarter. 1/ Exports of phosphates, another major category affected by the embargo, remained unchanged from previously reported levels.

Shipments of high-technology items increased by \$28.2 million during the third quarter of 1980 in the category of oil- and gas-drilling equipment and in the basket category of "other high-technology items." Among the goods included in the latter classification and shipped to the Soviet Union during the third quarter were precision grinding, buffing, and polishing machines; chemical and physical analysis equipment; industrial furnaces, soldering machines, and electric brazing machines; electrical testing equipment; photographic light meters; radio navigational equipment; and boring, drilling, and milling machinery. This list illustrates the types of high-technology items for which validated licenses have continued to be granted, while much tighter restrictions have been imposed in granting licenses to export certain other items (notably computers) to the U.S.S.R. Whether a license is granted depends not only on the type of equipment involved, but also on its level of sophistication. The tighter restrictions have been imposed on the export of goods that require the provision of technical information or know-how in order to operate, apply, or maintain the equipment.

The licensing of high-technology exports is administered by the Office of Export Administration (OEA), U.S. Department of Commerce, with the cooperation of the Departments of State and Defense. Since the Soviet invasion of Afghanistan, the three agencies have worked closely together to identify the security-sensitive goods and technologies and to establish procedures and criteria for use in evaluating licenses for the sale of high-technology items to the Soviet Union and other Warsaw Pact countries. Requests for export licenses are handled on a case-by-case basis, with particular scrutiny being given to the potential of the item for diversion to eventual military use and the impact which such diversion might have on U.S. security interests. 2/

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1/ The final agreement year of the 5-year agreement began on Oct. 1, 1980. Press reports indicated that the Soviets acted quickly to place orders for the 8 million tons of grain allowed under the terms of the pact. Such exports will be reflected in data for the final quarter 1980 and possibly in the early months of 1981.

2/ On Oct. 1, the Department of Defense (DOD) published the Initial Militarily Critical Technologies List and announced that it will be used in reviewing export license applications "that particularly involve the transfer of know-how to Warsaw Pact countries" (45 F.R. 60514). While the list is not binding on the OEA in approving or disapproving export licenses, the DOD in effect has a veto in these matters.

Because the agricultural sector accounts for the bulk of U.S. exports to the U.S.S.R., a great deal of attention has been focused on the partial grains embargo and its effect on the Soviet economy. 1/ In August, officials of the United States and the Soviet Union met in Paris to review the 1975 grains supply agreement. The meeting was the first such contact between officials of both Governments since the curtailment of grain sales was announced in January. Although Secretary of Agriculture Bergland has stated that an extension of the agreement beyond its September 1981 expiration might be in the national interest, 2/ there has been no official decision on this question. 3/

The suspension of grain sales to the U.S.S.R. was directed primarily at the feed-livestock complex, an important segment of the agricultural sector. Meat production is of particular importance in achieving the fundamental goal of Soviet agricultural policy: an improvement in the diet of the Soviet citizenry. In order to meet this goal, the Soviet Union has become increasingly reliant on foreign-produced grain, and during the 1970's the United States became the principal source.

Estimates of the effects of the sales suspension on the availability of grain to the U.S.S.R. are shown in table 14. Prior to the imposition of the sanctions, Soviet requirements for grain imports in marketing year 1979/80 were estimated at 37.5 million metric tons. Almost three-fourths of this amount was to be supplied by the United States. As a result of the suspension, only 15.3 million metric tons was supplied by the United States during 1979/80 and 16.2 million metric tons was supplied by other sources. The Soviet Union was thus able to meet 84 percent of its anticipated grain import requirements. The direct result of the U.S. embargo was that the United States shipped 12.2 million tons of grain less than had been estimated. However, because restraint on the part of other major grain-exporting countries was less than anticipated and they shipped 6.2 million tons more than was expected, the U.S.S.R. was able to replace half the embargoed U.S. grain. The net impact of the suspension, therefore, was a 6 million metric ton shortfall in Soviet imports of grain.

As an apparent result of this shortfall, Soviet meat and milk production declined 3 percent in January-September 1980 from that in the corresponding period of 1979, and shortages are not likely to be limited to the livestock and meat sector. 4/ The embargo, together with two successive poor grain harvests, has contributed to an increasing problem of meeting consumer demand in the Soviet Union.

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1/ In October, domestic opposition to the grain embargo culminated in the passage of a Senate bill to stop the embargo. An amendment to prohibit the use of funds to enforce the embargo was attached to a routine appropriations bill for the Departments of State, Justice, and Commerce. The bill was passed by a vote of 43 to 39. The House rejected a similar amendment in July by a vote of 279 to 135.

2/ Washington Post, Oct. 16, 1980, p. D2.

3/ At a November meeting of major grain-exporting nations in Adelaide, Australia, Under-Secretary of Agriculture Dale Hathaway requested that support for the embargo be maintained until early 1981 pending review and consultation on the entire question by the new administration.

On Jan. 2, 1981 President Carter extended the embargo on agricultural and 30 high-technology items to the Soviet Union for another year (45 F.R. 1665).

4/ Reports of severe food shortages mention extreme scarcities of meat and dairy products in major cities and the unavailability of many food products in smaller towns and villages. See Journal of Commerce, Dec. 4, 1980, p. 7.

Table 14.--Grain: U.S.S.R. production, imports, and total availability, and net impact of suspension of U.S. sales, marketing years 1978/79 and 1979/80

(In millions of metric tons)					
Item	:	:	Estimates for		Net impact of suspension
			1978/79	1979/80	
	:	:	Without	Current	
	:	:	suspension:	:	
Production-----	:	:	:	:	:
Imports 1/ from--	:	237	179	179	-
United States:	:	:	:	:	:
July-December-----	:	4.0	12.2	12.2	0
January-June-----	:	7.2	15.3	3.1	-12.2
Total-----	:	11.2	27.5	15.3	-12.2
Other countries:	:	:	:	:	:
July-December-----	:	2.9	4.7	4.7	0
January-June-----	:	1.5	5.3	11.5	6.2
Total-----	:	4.4	10.0	16.2	6.2
Total:	:	:	:	:	:
July-December-----	:	6.9	16.9	16.9	0
January-June-----	:	8.7	20.6	14.6	-6.0
Total-----	:	15.6	37.5	31.5	-6.0
Total availability-----	:	252.6	216.5	210.5	-6.0
	:	:	:	:	:
1/ Based on U.S. Export Sales Report, official statistics of foreign governments, and U.S. Department of Agriculture estimates.					

Source: U.S. Department of Agriculture, Economics and Statistics Service, "The U.S. Sales Suspension and Soviet Agriculture," Supplement 1 to WAS-23, October 1980, p. 12, except as noted.

The Department of Agriculture has summarized the effects of the sanctions as follows:

The trade sanctions, however, are more than symbolic. The U.S. actions were implemented in January and February of 1980. By the fall of 1980, enough time had passed, enough statistics had been published, and enough information had become available from within the U.S.S.R. to make a considered judgement as to the effects of the sanctions on the Soviet feed-livestock complex and on the Soviet economy in general. The effects appear serious although sometimes difficult and even impossible to quantify. Assuming the sales suspension remains in effect for at least the remainder of the 1980/81 marketing year, some projections are made for feed availabilities and livestock numbers. These projections look bleak given a Soviet grain crop of 185 million tons this year, which will be considerably below earlier estimates. In short, the Soviets will be more exposed to the adverse effects of the sales suspension in 1981, because they will have fewer offsetting options available than they were able to call upon in the first 9 months of the suspension. 1/

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1/ U.S. Department of Agriculture "The U.S. Sales Suspension and Soviet Agriculture," Supplement 1 to WAS-23, October 1980, p. 1.

### THIRD-QUARTER DEVELOPMENTS AFFECTING U.S. COMMERCIAL RELATIONS WITH NONMARKET ECONOMY COUNTRIES

#### First Meeting of United States-China Joint Economic Commission

The United States-China Joint Economic Commission (JEC), which was created in March 1979, 1/ held its first formal session on September 16-18. This meeting of the Government officials of both countries served a twofold purpose. First, it provided a forum for discussing current problems and outlining the future course of economic relations between the United States and China. Second, with final negotiations on four bilateral agreements completed just prior to the JEC meeting, it served as the occasion for the signing of these accords, which was the last step in the bilateral economic normalization process. 2/ Bilateral accords covering air routes, shipping, consular posts, and trade in textiles were signed. With the signing of these four major agreements, the basic framework of U.S.-Chinese economic relations was completed.

To accommodate the discussion of all issues on the agenda, the JEC was divided into three working groups: (1) business facilitation and major projects, chaired by the Department of Commerce; (2) trade policy and problems, chaired by the Office of the United States Trade Representative; and (3) finance and investment, chaired by the Department of the Treasury. China's problems in financing trade with the United States were covered by the third group.

#### Trade and trade-related issues

Although several aspects of U.S.-Chinese trade relations were discussed during the 3-day session of the JEC, the following topics were among those receiving greatest emphasis.

Effect of China's exports on import-sensitive U.S. industries.--A major issue raised at the meeting by the U.S. delegation was China's exports to the United States of commodities that are competitive with some particularly import-sensitive U.S. industries. The products cited as being especially

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1/ The Commission was established in a meeting between Secretary of the Treasury Michael Blumenthal, while on an official visit to China, and Vice Premier Yu Qiuli.

2/ A 3-year United States-China trade agreement, which provides for the reciprocal extension of most-favored-nation tariff treatment to the other country's products, was entered into force on Feb. 1, 1980. Following the granting of MFN status to imports from China, both financing by the Export-Import Bank of the United States (Eximbank) and the services of the U.S. Overseas Private Investment Corporation (OPIC) were extended to China (see 23d Quarterly Report . . . ., pp. 23-26). The first U.S. Government-supported export financing for a project in China was provided without negotiation of an operating agreement by the Eximbank and China. However, the activation of OPIC's investment incentive programs was delayed until an operating agreement could be reached. Following an exchange of diplomatic notes, an accord was signed on Oct. 30.

vulnerable to import competition were textiles and apparel, mushrooms, footwear, leather wearing apparel, watches, and glassware. In view of China's large deficit in bilateral trade, the United States has acknowledged the need for China to increase its exports in order to finance its imports from this country, but the delegation explained to the Chinese that substantial increases in their sales of import-sensitive commodities may lead U.S. domestic interests to file formal trade complaints. The Chinese were briefed at the meeting on the types of relief actions which may be initiated, or have been already filed, against imports from China. 1/

High Eximbank rates and the lack of U.S. concessionary lending available to China.--The Eximbank's current standard rate of interest, and its rate for loans to China, is 8.75 percent. While this interest level is considerably higher than the 7.75-percent rate charged China for government-subsidized export financing by most of the other industrialized countries, 2/ Eximbank officials refused to offer the Chinese a concessionary, even though more competitive, rate. The Bank is operating under an extremely limited budget, and China is only one of many countries eligible for its loan and loan-guarantee programs. Therefore, the Chinese delegation was briefed on the other types of U.S. Government export financing and development assistance for which China is eligible. These programs include credit guarantees for U.S. banks financing exports of grain, cotton, and other agricultural products, administered by the Department of Agriculture's Commodity Credit Corporation; 3/ the OPIC programs; and the project planning assistance

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1/ See below for a discussion of the recently completed investigation, implemented under sec. 201 of the Trade Act of 1974, in which imports of canned mushrooms from all sources were determined to be a substantial cause of serious injury, or to threaten serious injury, to domestic mushroom canners. Another investigation is in progress, in which the U.S. International Trade Commission, acting under sec. 733 of the Tariff Act of 1930, has made a preliminary determination that there is a reasonable indication that the U.S. synthetic menthol industry is threatened with material injury by imports of natural menthol from China (see 23d Quarterly Report . . ., p. 34).

Two other U.S. industries have filed petitions for import relief involving products from China. In March 1978, the U.S. International Trade Commission made a negative finding in an investigation, instituted under sec. 406 of the Trade Act of 1974, in which imports of cotton work gloves from China were alleged to be causing disruption in the domestic market. In another investigation under sec. 406, completed in August 1978, the Commission made an affirmative finding with respect to imports of clothespins from China in behalf of the U.S. clothespin industry; a second affirmative determination was made by the Commission under the provisions of sec. 201 in December 1978. As a result of the latter finding, President Carter imposed quotas restricting imports of clothespins from all sources for a 3-year period.

2/ The exception is West Germany. Although the rates charged China by West Germany's "eximbank" have varied, they are in the same range as the U.S. Eximbank's standard rate.

3/ On Oct. 22, the United States and China signed a 4-year bilateral agreement under which the Chinese will buy between 6 million and 8 million metric tons of U.S. grain annually starting in 1981. The purchases are expected to consist of approximately 80 percent wheat and 20 percent corn. Financing will be provided under the Commodity Credit Corporation's export credit guarantee program, which is described briefly later in this report.

recently instituted by the U.S. International Development Cooperation Agency. Under this program, which was established in July, that agency will sponsor feasibility studies and other preproject services to encourage and support U.S. private-sector involvement abroad. The projects will be selected on the basis of both their development benefit to the host country and the extent to which they promote the growth of U.S. exports of development technology. The program is designed primarily for those countries that are able to pay for development assistance and are not recipients of the grant and concessionary loan programs offered by the U.S. Agency for International Development (AID); as a Communist country, China does not qualify for AID assistance.

Restrictive U.S. export controls and the slowness of the export licensing process.--This issue appears to have been largely resolved. On September 12, only a few days before the JEC meeting convened, the U.S. Department of Commerce published guidelines defining the extent to which the United States had liberalized controls on sales to China of equipment and technology having both civilian and potential military use. The announcement of these guidelines was the latest in a series of steps which constitute a marked shift in policy with respect to China. Because of their importance, these developments are described in a separate section.<sup>1/</sup> In addition, recent changes made in the process by which U.S. exports to the Communist countries are controlled should substantially reduce the time required to screen applications for licenses to export dual-use items. A number of new procedures were established, including time limits within which the Office of Export Administration must complete each stage of the licensing process. These new rules were effective July 1.<sup>2/</sup>

China's large trade deficit with the United States and the need to remedy the imbalance.--Following the initiation of its modernization program in early 1978, China substantially increased its purchases of U.S. chemicals, capital goods, and other manufactures. As these imports continued to grow and were added to the customary purchases of U.S. grains and cotton, China's bilateral trade deficit--as measured by the U.S. export surplus--reached \$1.2 billion in 1979 and exceeded \$1.8 billion in January-September 1980. Although the United States is also buying more of China's products, U.S. purchases accounted for only 24 percent of the total two-way trade in 1979 and 22 percent through the third quarter of 1980. Because the Chinese have repeatedly expressed their unwillingness to sustain a bilateral deficit of this magnitude, the trade imbalance was one of the major problems discussed by the JEC. While China has

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<sup>1/</sup> See below, "Guidelines on the sale of military support equipment and dual-use goods and technology to China."

<sup>2/</sup> 45 F.R. 45891. These changes were authorized by the Export Administration Act of 1979. The procedural changes included a new type of export license, the Qualified General License, which was designed to significantly reduce the number of license applications that must be processed (see 23d Quarterly Report . . ., pp. 30-31).

benefited from the generally lower MFN tariff rates now extended to its products, some of its imports have been restricted by quotas (notably certain textile products), 1/ and for one product the tariff has been raised (mushrooms). 2/

#### Bilateral agreements signed

After months--or for textiles, more than 2 years--of negotiations between the United States and China, four bilateral agreements were signed by President Carter and Vice Premier Bo Yibo in a ceremony at the White House on September 17. The highlights of three of these--the civil air transport agreement, the maritime transport agreement, and the consular convention--are described below. Because textiles are a major issue in U.S.-Chinese trade relations, this subject, including the textile accord, is covered in a separate section. 3/

Civil air transport agreement.--Under the September 17 agreement, a direct air service between the United States and China was authorized to resume for the first time since 1949. Only one U.S. airline will initially be allowed to fly the new route between New York and Beijing, as will China's national carrier, the Civil Aviation Administration of China (CAAC). 4/ The operations of each airline will be limited to two round trips a week. A second airline may be designated by each country 2 years after service has begun. The second airline will be authorized to fly another route, if one has been agreed upon, or to initiate service on the original route. If a second airline is not designated, the first airline can increase its scheduled flights accordingly. Under the agreement, the service provided may be all passenger, all cargo, or a combination operation.

The United States reportedly made significant concessions in reaching an accord. In keeping with its policy of promoting airline competition, the administration argued strongly for the use of multiple U.S. carriers. The negotiators succeeded only in having a provision for continuing bilateral consultations concerning an additional route incorporated into the agreement. Although it could not be implemented within the initial 2-year period, any new route agreed upon would presumably be serviced by a second U.S. airline. Since April, when negotiations leading to the accord were begun, the U.S. Civil Aeronautics Board (CAB) has accepted applications for the route from seven domestic carriers: Pan American World Airways, Northwest Orient Airlines, Trans World Airlines, United Airlines, Trans America Airlines, Trans

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1/ The United States imposed unilateral quotas on seven items of apparel from China in May 1979 and on two additional items in October 1979. These unilateral restrictions were replaced by the quantitative limits agreed upon under the bilateral textile accord signed on Sept. 17.

2/ A substantial increase in the U.S. duty rate applied to imports of canned mushrooms was announced on Oct. 17. See section on U.S. International Trade Commission actions affecting NME's.

3/ See the section on textiles from China.

4/ The route also includes the following cities: San Francisco, Los Angeles, Honolulu, and Shanghai--which may serve as points of origin, destination, or stopover--plus Tokyo or another stopover point in Japan. Anchorage may be used as a technical stop in both directions. In addition to the "regular airports," annex III of the agreement also lists airports serving 14 other U.S. cities and 3 other cities in China as "alternative airports."



Carib Airlines, and BHL (the subsidiary of an air express company). 1/ Both Pan Am and Northwest now have service into Tokyo, reportedly an important consideration in awarding the new route; Tokyo is expected to serve as an intermediate stop, providing a substantial portion of the U.S. airline's revenues. The CAB hearing on the choice of a U.S. carrier was scheduled for October 17. 2/ Although the agreement covers only the 3-year period beginning September 17, the date of the signing, it will be automatically continued unless either country gives 12 months' notice of its intention to terminate.

Maritime transport agreement.--The 3-year maritime pact deals with port access and cargo sharing of U.S.- and Chinese-registered vessels only when they are engaged in commercial maritime shipping. U.S. vessels will have access to 20 specified Chinese ports subject to 7 days' advance notice, and ships flying the flag of China will be able to enter 55 U.S. ports on 4 days' notice. The Chinese may also request entry into U.S. ports not designated in the agreement, provided they give notice at least 7 days prior to the intended entry; access will ordinarily be granted, but may be denied "for reasons of national security." Although virtually all important U.S. ports were opened, those not designated in the agreement include the large naval bases at Norfolk, Va. and San Diego, Calif. Among the ports specified are eight on the Great Lakes, in which the Chinese had expressed a special interest, presumably because they are near production areas for much of the grain and heavy machinery that are among China's leading imports from the United States. In offering the United States access to only 20 ports, the Chinese opened all their international commercial ports, banning only those limited to naval vessels. Under the circumstances and in keeping with the primary objective of the accord--"the development and facilitation of trade between both countries"--the United States did not restrict its port openings to an equal number. 3/ The agreement specified that the number of open ports will be reviewed periodically and increased if warranted by the growth of bilateral trade.

The accord further stipulates that the United States and China will carry "equal and substantial shares of the bilateral trade," with each carrying "not less than one third of bilateral cargoes." An unequal share of the remaining one-third, or the use of third-country vessels, is permitted when availability is a problem. China is in the process of substantially increasing its limited container capacity.

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1/ World Airways applied and then later withdrew its application.

2/ Because three of the five CAB members stated that they had decided to vote for Pan Am (while the other two members tended to favor Northwest), the CAB announced its recommendation at the hearing. The recommendation was approved by President Carter on Nov. 2, and Pan Am tentatively plans to begin regular service by the end of January 1981. The CAAC, China's national carrier, is planning to start service in early January.

3/ The maritime agreement negotiated between the United States and the U.S.S.R. in 1972 provided for equal port access. However, 40 ports were opened by each country, twice the number China was able to offer the United States.

Consular convention.--The consular convention, unlike the other three U.S.-Chinese accords signed on September 17, is not an executive agreement. Rather, it will become, subject to Senate confirmation, the first treaty between the two Governments. As part of the normalization agreement that established diplomatic ties in 1979, the United States opened two consular offices in China, in Shanghai and Guangzhou; China opened two consulates in the United States, in San Francisco and Houston. When both countries have ratified the consular convention, the new agreement will permit an increase in the number of offices in each country from two to five. A consensus has not yet been reached concerning the location of the consulates that the United States will be opening in China; the new Chinese consulates will be located in New York, Chicago, and Honolulu.

The 42 articles in the consular convention detail the rights and duties of consular officers and substantially expand the protections and services which the consulates may provide the citizens of both countries. The offices will serve primarily to promote trade, travel, and educational and cultural exchanges.

#### Guidelines on the Sale of Military Support Equipment and Dual-Use Goods and Technology to China

The extent of the shift in U.S. policy on the sale of controlled exports to China has only recently been clarified. The policy itself has been determined in a step-by-step process, and may continue to evolve with the further development of bilateral relations.

The first step in this change was revealed in a policy statement made by Secretary of Defense Harold Brown. Following a trip to Beijing last January, he announced that the United States would now consider, on a case-by-case basis, sales of dual-use technology and military support equipment previously denied to China. This announcement was followed by a list of the types of military support items that would be considered for export to China in Munitions Control Newsletter, No. 81, issued in March by the Department of State. The categories of equipment included military vehicles such as trucks, trailers, and hoists and skids for carrying and handling munitions; certain aircraft, including helicopters, designed for liaison, cargo and personnel carrying, and lighter-than-air craft, plus airborne equipment and launching, arresting, and recovery equipment designed for use with these types of aircraft; training equipment oriented to pilot training; certain electronic equipment including search radar systems, Fathometers, underwater telephones, and weather navigation and guidance devices; and some auxiliary military goods such as aerial and other special-purpose cameras and self-contained diving and underwater breathing apparatus. The sale of technical data--i.e., technology or know-how <sup>1/</sup>--relating only to certain articles among those listed would also be considered. These articles were not identified since the intent was to examine the technology question when it arose in conjunction with a specific export-license application.

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<sup>1/</sup> The official definition of the term "technical data" is given in 15 CFR 379.1 and was quoted in the 23d Quarterly Report . . ., p. 27.

While the publication of this newsletter made it clear that the United States would not approve the sale of weapons or offensive military equipment to the Chinese, the only guidelines provided were for the export of the limited group of items screened by State's Office of Munitions Control. It was not clear which types of dual-use items (goods and technology having both civilian and potentially significant military applications) would be licensed for export to China. Export licensing within this large category of equipment and technical data is controlled principally by the Office of Export Administration.

An important step toward activating the new policy was taken on April 25, when the OEA announced that China had been removed from Country Group Y, in which it had previously been included for purposes of export control, and placed in a newly designated Country Group P. <sup>1/</sup> Because Group Y consists of the Soviet Union and other Warsaw Pact countries, China's transfer signaled the official abandonment of equal treatment in conducting trade with China and the Soviet bloc countries. In placing China in a category by itself, the OEA was, in effect, announcing that different criteria would be applied in considering license applications for the sale of dual-use goods and technology to China, but did not explain in what way or to what extent the criteria would differ.

On May 29, as Chinese Vice Premier and Military Affairs Commission Secretary-General Geng Biao was concluding a trip to the United States, the Department of Defense announced that U.S. companies now had official approval to open negotiations on some of the military support articles that were listed in the newsletter. The first approvals included tactical air defense radar sets, transport helicopters, pressure transducers used in testing jet engines, truck tractors, tactical radio equipment, and electronic countermeasure devices. Orders placed by the Chinese for these items alone could reportedly amount to hundreds of millions of dollars, but are expected to amount to far less than the potential U.S. sales to China of dual-use high-technology items.

Although the transfer of China to Country Group P provided the OEA with the administrative mechanism to grant export licenses for the sale of dual-use goods and technology previously denied to China, more than 2 months passed before new criteria were put into effect. During this time, the guidelines formulated under the new policy underwent extensive review before being made final. At a news conference on July 24, Department of Commerce Secretary Philip M. Klutznick announced:

"As some of you may be aware from published reports, the United States no longer treats China and the Soviet Union the same for export control purposes. President Carter now has approved export licensing criteria which will treat exports to China more liberally than those to the Soviet Union and other controlled countries."

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<sup>1/</sup> For a more detailed discussion of this change in control status for China, see the 23d Report . . ., pp. 29-30.

He added that the President's approval established the actual criteria for granting export licenses to China under the more liberal policy framework, but gave no details concerning them.

Nevertheless, the OEA proceeded to review, for possible approval, a number of applications that would have been denied under the old guidelines but that had been held in abeyance until the new criteria became effective. In addition, throughout the period in which the new export policy was being formulated and refined, the OEA continued to grant licenses for sales to China under the old guidelines. Between January and September, about 600 licenses to export dual-use items to China were approved.

The Department of Commerce announced the licensing guidelines on September 12. 1/ The most significant feature of the new criteria is that applications for the sale of dual-use items to China are no longer automatically rejected because the stated end user is engaged in military activities. On the other hand, the guidelines place strict limits on U.S. exports to China of items that can have a military end use, even if the proposed exports are otherwise appropriate for a civilian end use. According to the guidelines, licenses might be approved if the equipment and technical data can be used in the design, development, or manufacture of tactical military items, but they will probably be denied if the items are specially intended for military use and the military applications themselves would not be approved or would be approved only in limited quantities. Licenses for equipment or data that might make a significant contribution to the development of nuclear weapons, electronic warfare, or intelligence-gathering equipment will also be denied.

In addition to permitting the approval of exports for some military end uses, the new criteria permit the sale of more technologically advanced equipment than will be approved for export to the Soviet Union and other controlled countries. However, an item incorporating advanced technology will not be licensed for export to China if its performance exceeds the requirements of the stated civilian use or an approvable military application.

A delegation led by Dr. William J. Perry, Under Secretary of Defense for Research and Engineering, visited China in September. Because the purpose of the mission was to assess the ability of the Chinese to assimilate U.S. technology, 2/ the trip again raised the question of the extent to which the United States is willing to transfer military technology to China, as well as the question of how much the Chinese want to buy. Military modernization is currently accorded a lower priority in China's development plans than the modernization of agriculture and light and heavy industry. Computers are reportedly the principal item the Chinese are currently seeking to purchase from the United States, while their interest in military items is limited primarily to the types of nonlethal, defensive equipment the United States has already agreed to sell them.

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1/ International Trade Administration, news release No. ITA 80-155.

2/ Dr. Perry also engaged in preliminary discussions concerning the U.S. purchase of titanium, vanadium, and tantalum, three metals which are necessary for aircraft production and which the United States lacks. The Chinese indicated that they would be willing to sell some of their supplies to the United States.

### Increase in Commodity Credit Corporation Export Credit Guarantees to Poland

On September 12 President Carter approved up to \$670 million in credit guarantees on U.S. exports of grain and other farm products to Poland. This amount is for deliveries made during fiscal year 1981--October 1, 1980, through September 30, 1981--and represents an increase of 34 percent over the \$500 million initially extended for purchases by Poland under the export credit guarantee program of the Commodity Credit Corporation (CCC) in fiscal year 1980. During the year that ended September 30, the United States extended an additional \$50 million to Poland, which was used for buying corn delivered in the period June through August. Of the \$550 million in U.S. commodities exported to Poland under the authorization of the CCC last year, 1/ the leading items were corn (\$198 million), soybean meal (\$95 million), soybeans (\$78 million), and wheat (\$36 million).

Commodity designations have already been established for a substantial portion of the \$670 million extended this year. The CCC will provide guarantees for up to \$291 million for sales of U.S. feed grains (corn, barley, sorghum, or oats), \$80 million for protein meals (cottonseed, linseed, soybean, or sunflower seed meal), \$60 million for wheat, \$26 million for cornstarch, \$24 million for soybeans, \$15 million for cotton, \$12 million for fresh lemons, \$11 million for vegetable oils (cottonseed, linseed, peanut, soybean, or sunflower seed oil), \$8 million for rice, \$8 million for lard, \$8 million for meat and bone meal, \$3 million for edible soy protein, \$3 million for alfalfa seed, and \$2 million for tallow. 2/ The allocation of the remaining \$119 million in credit guarantees will be announced later.

The CCC has been authorized to extend up to \$2 billion in credit guarantees on exports during fiscal year 1981. Of this total, Poland will receive one-third. As a rule, countries negotiate with the Corporation on the amount of credit they receive, generally requesting more than is finally approved. In fiscal year 1980, for example, Poland asked for \$800 million in guarantees before receiving the initial \$500 million. However, the \$670 million approved for fiscal year 1981 was the amount that Poland had requested. It represents by far the largest sum the CCC has ever extended to any country.

As a Communist country, Poland is not eligible for the Government's agricultural export program administered under Public Law 480, which provides relatively long-term, concessionary credits to developing countries. 3/ Under the CCC program, which guarantees privately financed exports, 3 years is the maximum repayment period. The financing terms for sales to Poland during

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1/ Approximately \$200 million of these sales to Poland were financed under the CCC's export credit sales program (GSM-5). Under this program the CCC directly finances the export sale, rather than guaranteeing payment for the credit extended by the U.S. exporter or a U.S. bank. None of the \$670 million extended to Poland in fiscal year 1981 was under the GSM-5 program.

2/ This list covers the commodity assignments through Dec. 16.

3/ Under sec. 402 of the Trade Act of 1974, Communist countries are also ineligible for CCC credits and credit guarantees unless they have been granted MFN tariff status.

fiscal year 1981 provide for an annual rate of up to 6 percent on the guaranteed value of the sale plus a fee rate which varies with the frequency of the payments and the total length of time required for repayment. For example, with equal annual repayments of principal, plus payment of accrued interest, the fee rate is 67.9 cents per \$100 for 3 years. An exporter may apply for a guarantee covering up to 100 percent of the U.S. port value of the sale.

A new export credit guarantee program (GSM-102) was instituted by the CCC on September 25. Although similar to its predecessor (GSM-101), the new program provides for both commercial and noncommercial risk without distinction. Under the old program, only political risk was covered, but the credit terms were essentially the same. The financing offered varies to some extent among eligible countries, and the current arrangement for exports to Poland is more favorable than that normally provided. The CCC prefers to charge an 8-percent annual rate of interest and cover only 98 percent, rather than 100 percent, of the port value of a sale. Maritime freight or other charges arising after export are not covered.

This increase in CCC guaranteed credits was extended at a time when the chronic crisis situation in Polish agriculture was becoming even worse. Production in the agricultural sector has consistently failed to meet either consumer food or livestock feed requirements. As a result, Poland's grain imports are the factor most responsible for its more than \$20 billion debt to the United States and other Western countries.

A Government program to increase meat production in Poland by supplementing traditional feeds with more imported grain has fallen far short of its objectives. Domestic demand for meat has increased substantially more than the supplies available for home consumption, and efforts to reduce the debt to the West by increasing hard-currency earnings from the sale of canned hams and other meat products have not been effective. In recent years, the prices of imported grain have risen sharply, while the prices that Poland's meat exports can command have remained relatively stable. The problem has been aggravated by Government subsidies, which have kept domestic food prices down but, with the demand for meat continuing to grow, have made raising livestock more remunerative for Poland's farmers than raising grain.

It was a Government proposal to reduce the subsidies and raise meat prices that reportedly triggered the strikes in Gdansk and other Baltic port cities in July. Although the farming sector was not directly involved in the widespread strikes which followed during the next 2 months, both the economic crisis and bad weather, including flooding in some farm areas, resulted in a harvest that is estimated to be far below the targeted production levels.

## U.S. International Trade Commission Actions Affecting NME's

During the third quarter, two actions involving NME's were taken by the Commission on behalf of domestic industries seeking relief from imports. The first was an escape-clause case initiated under section 201 of the Trade Act of 1974, in which the industry had requested relief from injury by like or directly competitive imports of mushrooms from all sources. The second investigation, in which East Germany was the only country named, was instituted under section 733(a) of the Tariff Act of 1930 in response to the allegation that imports of montan wax were being sold in the United States at less than fair value.

### Mushrooms

On July 29, the Commission determined that canned or other prepared mushrooms 1/ are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic canned mushroom industry. The finding was made by a 4-to-0 vote. 2/ Chairman Bill Alberger, Vice Chairman Michael J. Calhoun, and Commissioner Paula Stern recommended that an import quota be imposed for a period of 3 years, beginning July 1, 1980. They recommended that the import limit be established at 86 million pounds (drained weight) for the first year and increased by 9.7 percent in each subsequent year. This would result in a quota of 94 million pounds (drained weight) in the second year and 103 million pounds in the third year. Commissioner George M. Moore also recommended the imposition of a quota, but favored its application for a 5-year period, beginning with a restriction of 78 million pounds during the first 2 years commencing July 1, 1980, and increasing the amount allowed to enter in each of the next 3 years by 10 percent above the level of the previous year. All four Commissioners further recommended that the quota be allocated by country.

The report on the Commission's investigation, 3/ including the recommendations for the imposition of a quota, was sent to the President on August 14. The President then had 60 days to decide whether to implement the remedy recommended by the Commission or to implement some other form of import relief. Alternatively, he could determine that the provision of import relief was not in the national economic interest. Other remedies the President might implement, if he thought relief should be provided but chose not to use a quota, were a tariff increase not exceeding 50 percent ad valorem, a tariff rate-quota system, an orderly marketing agreement, or a combination of relief actions. Section 201 of the Trade Act of 1974 directs that the remedy

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1/ Imports of mushrooms, otherwise prepared or preserved, are provided for in item 144.20 of the TSUS. The item includes mushrooms in jars and frozen mushrooms, but 97 percent of imports are in cans.

2/ Vice Chairman Michael J. Calhoun and Commissioner George M. Moore found serious injury; Chairman Bill Alberger and Commissioner Paula Stern found that the U.S. industry was being injured or threatened with injury. Commissioner Catherine Bedell did not participate in the determination.

3/ Mushrooms: Report to the President on Investigation No. TA-201-43 . . . , USITC Publication 1089, August 1980.

designated following a finding of injury should serve the purpose of facilitating an orderly adjustment of the U.S. industry to import competition. 1/

Measured in terms of the value of mushrooms imported by the United States in 1978 and 1979, Romania and China ranked eighth and ninth among all supplying countries, with China assuming a slight lead over Romania in 1979. During the first quarter of 1980 (the last period covered by the Commission's report on mushrooms), imports from China increased substantially, especially compared with imports in the first quarter of 1979, and China was the fourth largest supplier of canned mushrooms to the United States. U.S. imports of canned mushrooms from the three largest suppliers and from Romania and China were as follows (in thousands of dollars):

Source	1978	1979	January-March--	
			1979	1980
Taiwan-----	58,004	53,693	8,396	14,266
Republic of Korea-----	25,172	27,108	7,743	7,685
Hong Kong-----	8,282	12,076	7,974	2,724
Romania-----	132	197	64	-
China-----	19	198	21	897

Imports of canned mushrooms from China continued to increase, amounting to \$6,409,412 in January-September 1980, compared with \$51,311 during the corresponding period of 1979. As of the end of September, China accounted for 99 percent of U.S. imports of mushrooms from the NME's but for only 7 percent of such imports from all sources.

1/ On Oct. 17, the Office of the United States Trade Representative (USTR) announced the decision of the President to increase the tariff on imported mushrooms (TSUS item 144.20) for a period of 3 years. The import duty, which is a compound rate of 3.2 cents per pound plus 10 percent ad valorem, was raised from 13 percent ad valorem equivalent (AVE) to 33 percent AVE in the first year, beginning Nov. 1, and will be reduced to 28 percent AVE in the second year and to 23 percent AVE in the third year. The tariff will then revert to its previous level. The decision to increase the tariff, rather than impose a quota as recommended by the Commission, was based upon the belief that tariff relief better served the national economic interest because it provided time for the domestic industry to adjust to competition while allowing market forces to allocate the shares among foreign suppliers to the United States. Had the quota recommended by the Commission been imposed, each supplying country would have been assigned a market share.

In addition to increasing the tariff, the President created a White House task force to work with the American Mushroom Institute, a trade association representing domestic mushroom canners, and other industry representatives. The task force will provide technical assistance and help the industry to use the higher profits--expected as a result of the tariff increase--to adjust to increased imports. In order to monitor the industry's progress, the USTR directed the Commission to report, within 18 months of the decision, on the industry's efforts to adjust.



Because China is not a traditional supplier of mushrooms to the U.S. market, the Chinese expressed particular concern that their exports to the United States would be unduly restricted by a quota allocated on a per-country basis, as was recommended by the Commission. The primary reason for the sharp increase in U.S. imports of mushrooms from China in recent months was the extension of MFN treatment to its products, effective February 1. Prior to that time, mushrooms from China were subject to a discriminatory, or column 2, rate of duty of 10 cents per pound plus 45 percent ad valorem, or 58 percent AVE, compared with the tariff of 3.2 cents per pound plus 10 percent ad valorem, or 13 percent AVE, 1/ that was applicable to the other principal suppliers.

#### Montan wax from East Germany

On September 8, after receiving a petition alleging that imports of unrefined montan wax from East Germany were being, or were likely to be, sold in the United States at less than fair value, the Commission instituted a preliminary antidumping investigation. At issue was whether there was a reasonable indication that these imports were materially injuring or threatening to materially injure a domestic industry. Section 733 of the Tariff Act of 1930 directs that the Commission make a preliminary finding within 45 days of the receipt of a petition, or in this case by October 23.

The petitioner, American Lignite Products Co., is the sole U.S. producer of montan wax. There is also only one importer, Strohmeyer & Arpe Co., Inc., with East Germany the only known source of U.S. imports of the product. 2/ Montan wax is a fossilized vegetable wax that is extracted from lignite using various solvents. Suitable lignite deposits are found in very few locations, and the only major ones are in East Germany and California. The wax is used principally as a flow agent in the manufacture of one-time carbon paper, and minor amounts are used in other applications such as shoe polishes. The products that compete with montan wax in most of its commercial applications are carnauba wax--a vegetable wax obtained from the carnauba palm, which grows only in Brazil--and at least two types of synthetic petroleum-based waxes. However, product competition is usually on the basis of price, and the price of the synthetic waxes rose significantly as the price of crude oil increased in 1979 and in the first three quarters of 1980, the portion of the year covered by the investigation.

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1/ The AVE of the specific portion of the duty, which represents drained weight per pound, is based on 1979 import data and is rounded to the nearest percentage point.

2/ Imports of crude montan wax from Czechoslovakia as well as from East Germany were the subject of an antidumping investigation instituted in 1955. Acting under sec. 201(a) of the Antidumping Act of 1921 (which was repealed by the Trade Agreements Act of 1979), the Commission unanimously determined that the domestic industry producing montan wax was not being, and was not likely to be, injured by such imports from either country (Commission press release, Jan. 18, 1956). Czechoslovakia no longer exports montan wax, but it is not known whether the supply is now exhausted or is used only internally.

When a preliminary affirmative determination is made by the Commission in an antidumping case, 1/ the investigation is continued by the Department of Commerce, which is responsible for determining whether the imported product is being sold at less than fair value. The home-market prices of commodities sold by nonmarket economies are normally determined with reference to the prices and costs of similar goods in market economy countries. This investigation is unique in that the petitioner is the only other known producer of montan wax. If Commerce makes an affirmative finding, the investigation will be returned to the Commission for a final injury determination.

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1/ On Oct. 23 the Commission unanimously determined that there is a reasonable indication of injury to a domestic industry by reason of imports of montan wax from East Germany. Chairman Bill Alberger found that there is a reasonable indication that the domestic industry is materially injured, while Vice Chairman Michael J. Calhoun and Commissioners Catherine Bedell, George M. Moore, and Paula Stern determined that there is a reasonable indication that the domestic industry is materially injured or is threatened with material injury. Among the factors leading to the affirmative finding were a substantial increase in the quantity of imports and in the quantity of imports placed in inventory during January-June 1980 compared with that in the corresponding period of 1979, as well as an increase in the importer's share of the domestic market, which occurred concurrently with declines in the U.S. producer's production, employment, and profitability. In the periods of 1980 covered by the investigation, the price of the imports was at least 22 percent below that of the domestic product. In the interest of business confidentiality, the basic statistical data were omitted in the published report; only percentage comparisons were shown. See Montan Wax From East Germany: Determination of a Reasonable Indication of Material Injury, or Threat of Material Injury, in Investigation No. 731-TA-30 (Preliminary) . . . , USITC Publication 1103, October 1980.

## TEXTILES FROM CHINA

China's share in U.S. textile imports has increased steadily in recent years as China has become a leading source for specific items, mostly cotton textiles. Textile imports from China have risen markedly, despite the significant column 2 duty difference applied to a considerable portion of such imports prior to February 1980. China is currently the fifth largest U.S. supplier of textiles, accounting for 5.7 percent of all U.S. textile imports by quantity. <sup>1/</sup> Imports from China are, however, still relatively small, compared with those from Hong Kong, the Republic of Korea, Taiwan, and Japan (fig. 5).

The United States is China's third most important market for textile exports after Hong Kong and Japan. U.S. purchases of Chinese textiles began to increase slowly after U.S.-Chinese trade relations resumed in 1972. By 1979, China was the leading source of raw silk and cotton gloves imported into the United States; the second leading source of other cotton textiles such as blouses, shirts, and trousers; and the second largest supplier of oriental floor coverings made from fibers other than cotton. China ranked second in 1978 and fourth in 1979 as a source of cotton fabrics, a leading import item from China.

The establishment of diplomatic relations between the United States and China on January 1, 1979, enabled both countries to begin removing obstacles to normal economic relations. Early in 1979, in response to increasing imports of Chinese textiles, especially apparel, the U.S. Government began to formally negotiate orderly growth for such imports from China, and later in the year it applied unilateral restraint levels to imports of selected apparel items from that country. In February 1980, a trade agreement granting China MFN tariff status was put into effect, coexisting with the textile quotas in force. The quotas were later superseded by a special bilateral agreement on textiles, concluded on September 17, 1980.

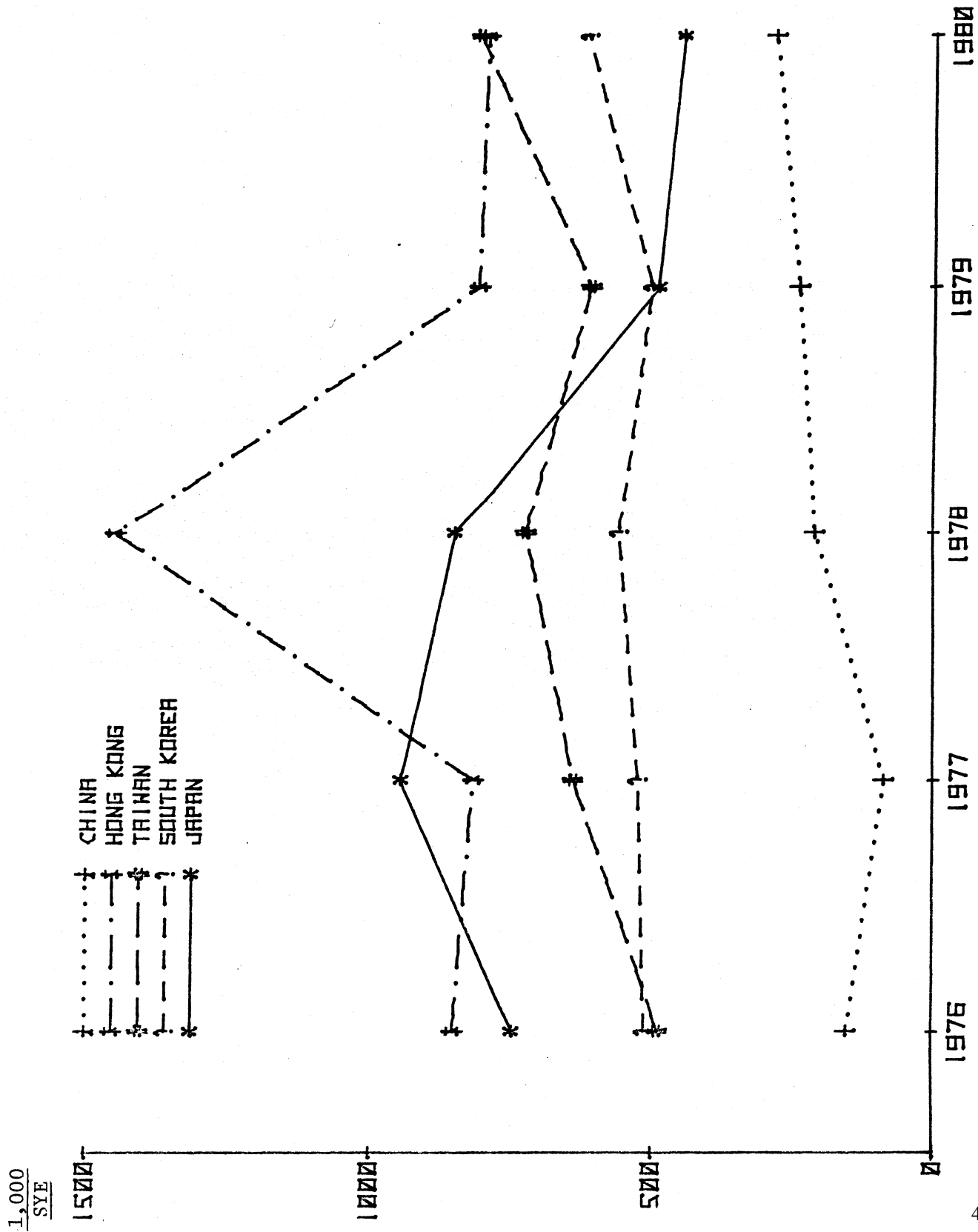
Textiles have played an important role in U.S.-Chinese bilateral trade since its resumption. In 1976, they accounted for one-third of all U.S. imports from China, and in 1978, for more than two-fifths. An increasing diversification of U.S. imports from China reduced the share to 35 percent in 1979. However, it is generally expected that textile imports from China will continue to increase, and their decline as a share of total imports from China is unlikely in the foreseeable future.

The significance of textiles in U.S.-Chinese trade is two way. The United States exports considerable amounts of cotton, manmade fibers, yarns, and fabrics to China. In 1979, such exports amounted to \$453 million, twice the amount of U.S. general imports of textiles from China in the same year. Exports of textile fibers to China--especially of raw cotton, the number one U.S. export item to that country--soared in January-June 1980, already surpassing the full year total for 1979.

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<sup>1/</sup> Based on January-June, 1980 data, calculated in square yard equivalents (SYE), and not counting silk textiles.

Figure 5.---Textiles and textile products: U.S. imports from principal sources, 1976-80. 1/



1/ 1980 figures based on annualized January-June data.

Source: Based on data in table 21.

In this section, the term "textiles" generally includes all natural and manmade fibers and all products manufactured chiefly therefrom, including apparel. These items are classified chiefly in schedule 3 of the TSUS; some clothing accessories such as gloves and headwear, classified in schedule 7, are also considered textile products. In parts of this report, however, it was necessary to restrict the discussion to textiles in schedule 3 .

The discussion will concentrate on U.S. textile imports from China from 1976 through mid-1980, and the United States-China textile agreement, signed in September 1980. These subjects will be analyzed in the context of China's textile-export potential and its exports to other markets.

#### Overview of the U.S. Textile and Apparel Industries 1/

In the years 1977-79, the textile and apparel industries together employed about 11 percent of the total U.S. industrial work force, more than any other single industry. The textile industry processes cotton and other textile fibers into yarns, fabrics, and certain finished products such as carpeting, bedding, and linens. The apparel industry consists of cut and sew shops, which make clothing from purchased fabrics, and knitting mills, which make hosiery, underwear, and outerwear (e.g., sweaters) directly from yarn or from fabric knitted in the same mill. According to statistics of the Department of Commerce, the textile and apparel industries employed a total of 2.17 million persons in 1979, 1 percent less than the 1977 and 1978 annual level of 2.20 million employees. Nearly two-thirds of this work force was employed by the apparel industry.

The combined value of shipments of the textile and apparel industries increased 15.7 percent between 1977 and 1979, from \$80.9 billion to \$93.6 billion, the latter figure being equally divided between textiles and apparel. Moreover, the total value of their exports rose to a record \$3.8 billion in 1979, or by 46 percent over the 1978 level and 60 percent over the 1977 level. The increased sales abroad between 1977 and 1979 resulted mainly from larger shipments of textiles; in fact, textiles, which represented nearly 80 percent of the exports in each of the years, accounted for 83 percent of the increase.

The sharp increase in exports during 1979 coupled with only a small increase in imports resulted in a reduction of the textile and apparel trade deficit for the first time since 1974. The deficit in 1979 amounted to \$3.43 billion, 22 percent lower than the record deficit of \$4.42 billion in 1978 but 13 percent higher than the 1977 deficit of \$3.03 billion. Virtually all the deficit in 1977-79 was accounted for by apparel alone, which in 1979 amounted to \$4.24 billion, down fractionally from its record \$4.28 billion deficit in 1978. The textiles portion, on the other hand, experienced a sharp turnaround in its trade balance, which went from a deficit of \$138 million in 1978 to a surplus of \$815 million in 1979.

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1/ This section has been reproduced from the Commission's report, Textiles and Textile Products of Cotton From Pakistan: Determinations of the Commission in Investigations Nos. 701-TA-62 and 63 (Final) . . . , USITC Publication 1086, July 1980.

In 1979, imports of textiles and apparel, which in terms of value rose to a record \$7.23 billion (f.o.b. foreign port), declined sharply in terms of quantity. General imports of cotton, wool, and manmade-fiber manufactures in 1979 dropped 19 percent to 4.64 billion square yard equivalents (SYE) <sup>1/</sup> from the 1978 level of 5.74 billion SYE, the largest yearly volume since 1972. The decline in 1979 stemmed largely from significantly lower shipments of yarns and fabrics, which together were 36 percent lower than the 1978 level. Imports from four major suppliers--Hong Kong, Taiwan, the Republic of Korea, and Japan--totaled 2.44 billion SYE, 52 percent of overall trade and 21 percent lower than in 1978, when they represented 54 percent of all imports.

### Overview of the Chinese Industry

The textile industry was among the first of China's modern manufacturing industries early in this century. Textiles continued to play an important role in its economy, becoming leading exports in the fifties. Having expanded rapidly in the seventies, the industry currently numbers more than 4,500 textile and related plants, <sup>2/</sup> employing some 3 million persons. Shanghai is the country's most important textile-processing area, accounting for one-fifth of the national output.

Production of textiles is given especially high priority in current Chinese industrial policy. The reassessment of the overambitious 10-year plan (1976-85) in 1979 led to the conclusion that textiles, along with some other areas of light industry, should be favored in the allocation of resources over the earlier emphasized growth targets of heavy industry. The industry was selected for special emphasis because the production of textiles (especially apparel) generates plentiful employment opportunities, and because investment costs are relatively low and produce fast returns.

Textiles have accounted for 20 to 25 percent of the country's total export value in recent years. Considerations of domestic consumption also call for the industry's rapid development, as consumption is expected to increase with population growth and with improvement in the clothing standards of Chinese citizens.

Table 15 shows selected products which characterize the Chinese textile industry, and the rate of growth in 1977-79 in production of the items shown. According to Xinhua, the official Chinese news agency, textile output continued to rise by 30 percent to \$21.3 billion in January-June 1980.

The Chinese textile industry is based mainly on cotton. With the United States, the Soviet Union, and India, China ranks as one of the largest producers of cotton textiles in the world. Shanghai and Tientsin are the two principal centers of cotton textile production, but lesser centers of varying size are scattered throughout the country. Cotton cloth is by far the most important Chinese textile product, with some 12 billion meters produced in 1979.

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<sup>1/</sup> The Office of Textiles, Department of Commerce, has derived conversion factors by which the yardage represented by various textile products can be commonly expressed. In this manner textile products are often referred to in terms of "square yard equivalents."

<sup>2/</sup> Counting all textile-related plants, including those producing textile <sup>50</sup> machinery, as reported by Business China, July 23, p. 10.

Table 15.--Chinese production in the textile industry, by selected products, 1977-79

Item	Production			Percentage change	
	1977	1978	1979	1978 from : 1977	1979 from : 1978
Raw cotton-----1,000 tons--:	2,049	2,167	2,207	5.8	1.8
Silkworm cocoon-----do-----:	216	228	271	5.6	18.9
Chemical fiber-----do-----:	190	285	326	49.9	14.5
Cotton yarns-----do-----:	2,200	2,380	2,630	8.2	10.5
Cotton cloth-----million meters--:	10,151	11,029	12,150	8.6	10.2
Silk-----1,000 tons--:	1/	1/	30	1/	1/
Silk textiles-----million meters--:	1/	1/	664	1/	1/
Woolen piece goods-----do-----:	1/	1/	90	1/	1/

1/ Not available.

Source: Chinese Government sources as cited in various issues of the Foreign Broadcast Information Service, and Business China.

Cotton cloth is the principal source of domestic clothing for the nearly 1 billion Chinese consumers, but it is also an important export item. As output per capita has not risen notably since the 1950's, domestic consumption continues to be rationed to make sure that a certain amount of cotton cloth can be spared to earn foreign currency. Reports indicate that the current annual ration ranges from 4.5 to 8 meters per capita in various parts of the country, providing each citizen with about one suit of clothing. Most work clothes, provided by work units, are outside the rationing system.

In the past 2 years, cotton-spinning and cotton-weaving capacity has expanded considerably, and the growth of cotton textile production compares favorably with its earlier long-term rate of increase. However, China's raw cotton output did not keep pace with the growing needs of the processing plants. The approximately 2 million tons produced in 1979, although higher than in prior years, was below the levels attained in the seventies. Even though China still accounts for almost one-fifth of world output, it was the world's largest importer of cotton in marketing year 1979/80. An increase in domestic cotton production is unlikely, as food competes with cotton for cultivable land. The limited domestic raw cotton supply is regarded as a serious constraint on the Chinese cotton textile industry's growth potential.

Silk and woolen textiles are produced in much smaller quantities in China than cotton textiles. Chinese statistical sources reported an output of 664 million meters of silk textiles and 90 million meters of woolen piece goods in 1979 (table 15).

Silk reeling and weaving is one of China's great inventions, and silk is the country's second largest natural-fiber industry after cotton. Large areas in the country are well suited for growing mulberries and breeding silkworms. Raw silk and silk textiles are China's principal export items, and output is reserved mostly for export. Silkworm cocoon production in 1979 was reported at 271,000 tons, representing a 19-percent jump over production in 1978. Chinese peasants are now allowed to breed silkworms as a sideline.

Wool is a small, specialized industry in China, dependent on imports for much of its raw-material needs. Wool products, like silk products, are largely intended for export. Because land for grazing sheep is available and the woolen textile industry has significant growth potential, Chinese economic planners believe domestic woolen fiber production will increase. <sup>1/</sup> China joined the International Wool Secretariat in March 1980, and is currently building up Shanghai, Tienjin, and Beijing into export bases for this industry.

While China is among the world's leading natural-fiber producers, it ranks comparatively low in synthetic-fiber output. Synthetics account for some 10 percent of all textile materials used in production, and part of these are imported. However, China is increasingly turning to domestic production of synthetic fibers to meet its own needs and those of export production. In 1978, China's goal was to have chemical fibers account for 40 percent of all raw fibers used in the textile industry by 1985--a goal which may have since been revised downward.

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<sup>1/</sup> Far Eastern Economic Review, Mar. 26, 1980, p. 52.



Chinese sources reported chemical-fiber production at 326,000 tons in 1979, exceeding their 1977 quantity by 72 percent, and the Chinese Ministry of the Textile Industry reported a further 45-percent growth for January-June 1980, compared with January-June 1979. <sup>1/</sup> A mill which came onstream in Shanghai and added an annual capacity of 102,000 tons apparently accounted in large measure for the impressive growth. Several other mills have also been put into operation recently, and many others are still under construction. Japan and Europe are the principal sources of technology introduced in the Chinese chemical-fiber industry.

As China has the crude oil and natural gas resources needed for producing synthetic fibers, domestic conditions to develop this industry are considered favorable in the long run. However, the further development of both the synthetic-fiber industry and the domestic petroleum and gas resources involves significant investments, with no quick returns. Until a Chinese manmade-textile industry based largely on domestic resources can be established, China will remain dependent on imports of synthetic fibers.

Little statistical information is available on the Chinese garment industry, which clothes almost a quarter of the world's population. While straining to meet such enormous domestic needs, the industry is also slated to produce significant amounts for export.

Until recently, domestic consumption consisted mostly of the blue and gray tunics and pants popularly referred to as "liberation suits," which are now slowly giving way to suits, sweaters, and shirts. The challenge to improve the quality and variety of Chinese garment production, however, comes predominantly from foreign markets. Garments are considered excellent foreign-exchange earners; hence, selected areas of their production are targeted for especially fast development. There are indications that the part of the garment industry that specializes in production for export is currently undergoing a thorough modernization process. <sup>2/</sup>

#### Chinese Exports and Export Policy

Until recently, the Chinese success in exporting textiles has been built mainly on products that take advantage of abundant labor, that do not require high technology, and that are not especially subject to changes in fashion. Textile fibers and staple textile products such as yarns, fabrics, and rugs have accounted for most exports; the principal export items were raw silk, silk products, and cotton yarn and fabrics.

Less developed countries (LDC's) and NME's provide markets for a significant portion of China's fabric, yarn, and clothing exports (table 16). There is considerable demand in these countries for these staple items (sometimes of lower quality) that China provides, and which would not sell well in industrial countries. By contrast, Chinese textile-fiber exports, consisting in large measure of raw silk, are marketed predominantly in advanced industrial countries like Japan and Italy.

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<sup>1/</sup> Daily News Record, July 9, 1980.

<sup>2/</sup> Business China, July 9, 1980, p. 104.

Table 16.—Textile fibers and products: Chinese exports,  
by specified markets and by types, 1977-79

Type and year	(In millions of dollars)				Total
	: Nonmarket : economy : countries	: Developed : countries	: Less : developed : countries		
Textile fibers:					
1977-----	10 :	255 :	25 :		290
1978-----	25 :	345 :	30 :		400
1979-----	20 :	450 :	40 :		510
Textile yarn fabrics and rugs:					
1977-----	225 :	395 :	615 :		1,235
1978-----	270 :	555 :	860 :		1,685
1979-----	315 :	785 :	1,125 :		2,225
Clothing:					
1977-----	105 :	215 :	280 :		600
1978-----	135 :	285 :	310 :		730
1979-----	115 :	550 :	450 :		1,115

Source: National Foreign Assessment Center, China: International Trade Quarterly Review, Second Quarter 1979, pp. 14, 15, 18, and 19, and unpublished information from the same source.

In the absence of recent statistical information from Chinese sources, this section presents a short, noncomprehensive analysis of Chinese textile exports. Tables 17, 18, and 19 show such exports to 10 major markets for 1976-79. The data are based on the Standard International Trade Classification system (SITC) and they are derived from the 10 markets' import statistics as reported by the United Nations. These tables allow a comparison of major Chinese textile exports to the United States with Chinese exports to other major markets for the 4-year period considered. U.S. imports of Chinese textiles, based on U.S. trade classifications, will be further discussed in the following section on U.S. imports from China.

In 1976-79, 55 percent of all Chinese textile exports shown were accounted for by yarns and fabrics, 25 percent, by clothing, and 20 percent, by textile fibers (table 17). <sup>1/</sup> Hong Kong was the destination of almost one-third of all textiles China exported to these 10 markets, but sales to Hong Kong included a large amount that was reexported to other destinations. Japan received 26 percent of the total, and the United States was third, with 7.7 percent.

Chinese exports to the markets shown increased from \$1.2 billion in 1976 to \$2.7 billion in 1979, or by 134 percent. Exports to the United States and Japan rose relatively faster, by 248 percent, and 157 percent respectively. Japan increasingly replaced textiles coming from its traditional suppliers--Hong Kong, Taiwan, and the Republic of Korea--with less expensive Chinese products.

Table 18 shows 1976-79 exports of selected Chinese textile fibers and products, other than clothing, to the 10 markets. Raw silk accounted for almost two-thirds of the fibers. More than half the raw silk exports went to Japan and almost one-third, to Italy; the United States accounted for only 2 percent.

Woven cotton fabrics is the principal export category of Chinese textiles and the leading U.S. textile import from China. More than one-third of all textile yarns and fabrics China exported in 1976-79 to the markets shown were woven cotton fabrics. Hong Kong accounted for 42 percent; in descending order, Japan, Australia, the United States, and Singapore were the other major countries of destination. Exports to Japan increased especially fast. Japan received 9 percent of the Chinese woven cotton fabric exports to the 10 markets in 1976 and 22 percent in 1979. In contrast, the export share going to the United States declined from 13.6 percent in 1976 to 5.5 percent in 1979. Exports to the United States declined even in value, from \$33 million in 1976 to \$26 million in 1979.

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<sup>1/</sup> This composition is not representative of total Chinese textile exports, which, in addition to the 10 markets shown here, would also have to include sizable exports to the LDC's, NME's, and some other developed countries. The inclusion of these groups would increase the relative share of textile products and apparel and reduce the share of fibers in China's total textile exports.

Table 17.—Textiles and apparel: Chinese exports, by specified markets and by SITC 1/ Nos. (Revision 1), 1976-79

(In thousands of dollars)												
SITC No. and year	Japan	United States	Canada	Austra- lia	United Kingdom	West Germany	France	Italy	Hong Kong	Singa- pore	Total	
26 Textile fibers:												
1976-----	107,868	8,193		1,048	21,095	7,618	14,637	56,110	47,918	2,983	267,629	
1977-----	129,309	7,540	158	888	24,146	9,755	23,489	68,272	14,752	618	278,342	
1978-----	200,824	10,373	73	1,120	29,539	13,261	24,702	77,831	16,832	256	374,758	
1979-----	223,677	12,986	207	1,236	39,888	19,217	29,538	145,828	21,944	3,485	498,006	
Total-----	661,678	39,092	458	4,292	114,667	49,851	92,366	348,042	101,447	7,342	1,419,235	
65 Textile yarns and fabrics:												
1976-----	120,291	46,829	25,608	40,966	22,105	27,881	30,360	16,536	258,790	57,400	646,766	
1977-----	124,429	36,284	19,980	49,183	31,850	33,958	33,083	22,824	272,726	55,624	679,939	
1978-----	221,232	66,954	24,847	57,518	46,271	46,727	36,817	18,554	456,189	83,940	1,059,049	
1979-----	313,075	69,009	48,500	68,614	55,894	64,169	54,883	41,708	618,293	91,947	1,426,092	
Total-----	779,027	219,076	118,934	216,281	156,120	172,735	155,142	99,622	1,605,998	288,911	3,811,847	
84 Clothing:												
1976-----	47,826	16,460	39,286	17,305	4,104	22,113	6,638	2,320	70,314	10,420	236,786	
1977-----	60,840	25,518	30,770	23,708	3,497	37,910	8,024	3,591	102,518	8,312	304,687	
1978-----	87,151	68,535	25,475	25,230	5,211	47,538	9,249	4,855	132,370	10,426	416,040	
1979-----	173,906	165,834	48,487	38,355	7,524	75,247	20,467	9,370	217,267	9,787	766,244	
Total-----	369,723	276,347	144,018	104,598	20,336	182,808	44,378	20,136	522,469	38,944	1,723,757	
Total												
1976-----	275,985	71,482	65,051	59,340	47,304	57,612	51,634	74,966	377,023	70,804	1,151,181	
1977-----	314,577	69,341	50,823	73,778	59,492	81,623	64,596	94,688	389,996	64,553	1,263,468	
1978-----	509,207	145,862	50,342	83,868	81,021	107,526	70,768	101,240	605,391	94,622	1,849,847	
1979-----	710,658	247,829	97,194	108,205	103,306	158,633	104,888	196,906	857,504	105,219	2,690,342	
Total-----	1,810,427	534,514	263,410	325,171	291,123	405,394	291,886	467,799	2,229,914	335,198	6,954,838	

1/ Standard International Trade Classification.

Source: Derived from official statistics of the United Nations.

Table 18.—Selected textile fibers and products: Chinese exports, by specified markets and by SITC 1/ Nos. (Revision 1), 1976-79

SITC No. and year	(In thousands of dollars)											Total
	Japan	United States	Canada	Australia	United Kingdom	West Germany	France	Italy	Hong Kong	Singapore		
26 Textile fibers:												
1976	107,868	8,193	158	1,048	21,095	7,618	14,637	56,110	47,918	2,983		267,629
1977	129,309	7,540	73	888	24,146	9,755	23,489	68,272	14,752	618		278,842
1978	200,824	10,373	20	1,120	29,539	13,261	24,702	77,831	16,832	256		374,758
1979	223,677	12,986	207	1,236	39,888	19,217	29,538	145,828	21,944	3,485		498,006
Total	661,678	39,092	458	4,292	114,567	49,851	92,366	348,042	101,447	7,342		1,419,235
261 Raw silk:												
1976	73,138	3,999	-	-	2,128	2,666	10,742	48,553	12,694	1		153,921
1977	88,408	2,347	3	-	1,591	3,140	17,664	59,471	2,818	-		175,443
1978	149,315	4,801	1	2	1,533	3,056	17,425	63,335	7,019	180		246,667
1979	158,025	7,159	4	5	1,868	4,836	20,710	120,411	7,257	3,077		323,352
Total	468,886	18,306	8	7	7,121	13,698	66,540	291,771	29,789	3,258		899,383
65 Textile yarns and fabrics:												
1976	120,291	46,829	25,608	40,966	22,105	27,881	30,360	16,536	258,790	57,400		646,766
1977	124,429	36,284	19,980	49,183	31,850	33,958	33,083	22,824	272,726	55,624		679,939
1978	221,232	66,954	24,847	57,518	46,271	46,727	36,817	18,554	456,189	83,940		1,059,049
1979	313,075	69,009	48,500	68,614	55,894	64,169	54,883	41,708	618,293	91,947		1,426,092
Total	779,027	219,076	118,934	216,281	156,120	172,735	155,142	99,622	1,605,998	288,911		3,811,847
6511 Silk yarn and thread:												
1976	19,802	56	-	-	233	8	146	1,243	1,425	659		23,572
1977	17,479	75	1	-	232	22	179	4,472	3,211	1,480		27,151
1978	33,897	184	-	-	104	55	202	2,254	28,032	1,050		65,798
1979	39,903	1,100	6	-	187	15	237	4,526	31,870	3,081		80,925
Total	111,081	1,415	7	-	756	80	764	12,494	64,538	6,310		197,445
652 Cotton fabrics, woven:												
1976	20,930	33,181	10,663	26,736	10,843	4,721	14,347	1,963	99,704	20,246		243,334
1977	19,037	17,539	7,490	33,341	13,249	4,359	14,926	2,530	82,507	15,727		210,704
1978	67,553	40,289	10,330	39,979	13,783	6,292	17,319	2,167	155,438	32,409		385,559
1979	102,470	25,848	20,335	45,887	17,031	11,941	25,307	6,347	189,282	26,664		471,112
Total	209,990	116,856	48,818	145,943	54,906	27,313	71,899	13,008	526,931	95,046		1,310,709
653 Woven textiles noncotton:												
1976	38,051	645	2,567	2,022	1,318	4,554	6,265	8,213	36,303	7,662		107,600
1977	41,434	1,333	1,157	1,933	2,056	5,763	7,076	10,580	43,733	9,661		124,725
1978	52,457	2,645	2,779	3,713	1,929	10,936	6,114	7,773	86,820	16,795		191,961
1979	63,816	3,434	12,268	7,555	3,136	12,754	8,338	15,388	132,251	23,734		282,674
Total	195,758	8,057	18,771	15,223	8,439	34,007	27,793	41,954	299,107	57,852		706,960

Table 18.—Selected textile fibers and products: Chinese exports, by specified markets and by SITC Nos. (Rev. 1), 1976-79--Cont.

SITC No. and year	(In thousands of dollars)											Total
	Japan	United States	Canada	Australia	United Kingdom	West Germany	France	Italy	Hong Kong	Singapore		
6531 Silk fabrics, woven:												
1976-----	37,798	616	66	458	1,255	2,541	3,999	8,023	6,577	464		61,798
1977-----	40,992	1,050	55	904	1,995	3,707	4,759	10,401	11,112	1,157		76,132
1978-----	50,511	1,581	131	2,160	1,699	6,534	4,533	7,392	33,283	5,418		113,242
1979-----	60,065	2,349	953	3,568	2,439	6,220	5,094	14,706	39,033	3,657		138,084
Total-----	189,366	5,597	1,205	7,091	7,389	19,002	18,384	40,522	90,005	10,696		389,257
657 Floor coverings, tapestries, etc.:												
1976-----	13,807	6,507	434	1,014	7,702	11,296	4,020	1,444	8,205	1,133		55,561
1977-----	17,285	9,838	760	1,099	13,901	13,777	4,964	1,566	10,881	2,520		76,592
1978-----	25,636	15,024	794	1,772	27,663	17,346	6,735	2,509	14,100	1,899		113,478
1979-----	46,615	24,162	1,096	1,832	32,834	21,991	11,358	4,251	20,077	2,204		166,420
Total-----	103,343	55,531	3,084	5,718	82,100	64,410	27,076	9,770	53,263	7,757		412,051
1/ Standard International Trade Classification.												

Source: Derived from official statistics of the United Nations.

Japan, the United Kingdom, and West Germany were the principal countries of destination for Chinese floor coverings in 1976-79; Japan received one-fourth, the United Kingdom, one-fifth, and West Germany, one-sixth of all Chinese exports shown. In 1976, Chinese floor coverings began to enter the U.S. market in notable quantities. These imports have increased steadily ever since, and have done so at a faster rate than those to the other markets shown in table 18. In 1976, the United States purchased floor coverings worth \$6.5 million or 12 percent of the total for the 10 markets. U.S. imports rose to \$24 million in 1979--to 14.5 percent of total Chinese exports to the countries shown--making the United States the third principal market for Chinese floor coverings. Exports to Japan also increased rapidly, increasing 82 percent in 1979 alone.

Chinese exports of clothing to the countries shown more than tripled in value during 1976-79. Hong Kong, Japan, and the United States were the principal markets for such exports in 1976-79: Hong Kong received an average of 30 percent, Japan, 21 percent, and the United States, 16 percent (table 19). Clothing exports expanded at a faster rate during this period than did exports of fibers or other textile products, in accordance with China's policy of emphasizing the export of textile products with higher unit values. In the 3 years shown, clothing exports to the 10 markets increased by 224 percent in value, but most of this growth--84 percent--occurred in 1979. The U.S. share of Chinese clothing and accessories exports increased more than the shares of the other markets shown, amounting to 7 percent in 1976 and 22 percent in 1979, when it was almost equal to Japan's.

Women's outerwear, not knit, was the clothing category showing the greatest growth in the U.S. market. The United States also became the principal destination for these exports from China, accounting for 41.5 percent of the total in 1979 among the 10 countries shown. Another major clothing category in which exports to the United States rose faster than those to the other countries was men's underwear not-knit. In contrast, exports of men's not-knit outerwear to Japan rose more than such exports to the United States.

China is currently emphasizing large-scale expansion of the textile and apparel industry, making considerable efforts to modernize the industry's management, technology, and marketing capability for exports. Chinese officials have designated export bases--textile-producing areas which specialize in production for exports. Shanghai is designated as the principal location for special export factories. It is reported that Shanghai currently provides one in every three export dollars China earns from textile exports. <sup>1/</sup> Beijing, Tianjin, Guangdong, and other areas are also important export bases.

Certain factories specializing in exports are authorized to sign contracts with foreign firms directly, thus simplifying trade procedures and shortening delivery times. The new Chinese industrial and export policy includes experimentation with self-management and market forces, and this policy has been applied to certain textile plants, especially those producing for exports. These mills are given the right to keep a percentage of their profits or to retain some control over the foreign exchange they earn. <sup>2/</sup> <sup>59</sup>

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<sup>1/</sup> Far Eastern Economic Review, Mar. 28, 1980, p. 52.

<sup>2/</sup> Textile Asia, December 1979, pp. 12-13.

Table 19.--Selected clothing products: Chinese exports, by specified markets and by SITC 1/ Nos. (Revision 1), 1976-79

(In thousands of dollars)													
SITC No. and year	Japan	United States	Canada	Austra- lia	United Kingdom	West Germany	France	Italy	Hong Kong	Singa- pore	Total		
84 Clothing:													
1976-----	47,826	16,460	39,286	17,305	4,104	22,113	6,638	2,320	70,314	10,420	236,786		
1977-----	60,840	25,518	30,770	23,708	3,497	37,910	8,024	3,591	102,518	8,312	304,687		
1978-----	87,151	68,535	25,475	25,230	5,211	47,538	9,249	4,855	132,370	10,426	416,040		
1979-----	173,906	165,834	48,487	38,355	7,524	75,247	20,467	9,370	217,267	9,787	766,244		
Total-----	369,723	276,347	144,018	104,598	20,336	182,808	44,378	20,136	522,469	38,944	1,723,757		
8411 Textile clothes:													
not knit:													
1976-----	23,834	9,664	26,944	7,174	2,634	5,132	3,006	1,143	31,504	1,060	112,095		
1977-----	32,933	15,626	18,974	8,790	638	8,714	3,851	1,939	56,498	1,404	149,366		
1978-----	47,207	42,732	14,062	9,225	2,415	8,529	3,283	2,759	73,171	2,418	205,801		
1979-----	103,666	113,816	29,196	11,439	3,407	15,406	5,754	4,792	117,299	2,895	407,670		
Total-----	207,640	181,838	89,176	36,628	9,095	37,781	15,894	10,633	278,471	7,776	874,932		
84111 Men's outer- wear, not knit:													
1976-----	9,818	1,999	15,992	2,390	65	1,931	1,295	179	12,009	413	46,090		
1977-----	14,161	6,393	11,474	3,197	29	4,816	1,073	435	20,862	701	63,141		
1978-----	23,358	12,738	8,797	3,970	29	4,138	715	469	24,622	722	79,558		
1979-----	51,875	29,296	14,843	4,229	136	5,799	2,191	2,918	32,630	948	144,865		
Total-----	99,211	50,426	51,105	13,786	260	16,684	5,274	4,002	90,122	2,784	333,655		
84112 Women's outer- wear, not knit:													
1976-----	7,008	3,395	4,685	1,458	153	919	966	121	7,058	234	25,998		
1977-----	8,347	4,670	2,872	2,399	294	1,350	1,221	429	16,057	153	37,791		
1978-----	11,676	19,061	2,208	1,869	564	2,162	1,304	1,084	21,363	579	61,870		
1979-----	23,102	52,236	7,306	2,143	840	2,848	1,048	868	34,543	828	125,762		
Total-----	50,133	79,362	17,071	7,869	1,851	7,279	4,540	2,501	79,021	1,795	251,421		



Table 19.—Selected clothing products: Chinese exports, by specified markets and by SITC Nos. (Rev. 1), 1976-79--Continued  
(In thousands of dollars)

SITC No. and year	Japan	United States	Canada	Austra- lia	United Kingdom	West Germany	France	Italy	Hong Kong	Singa- pore	Total
84113 Men's under- wear, not knit:											
1976-----	5,540	3,680	5,411	1,667	2,416	2,209	666	238	9,415	314	31,556
1977-----	8,765	4,192	4,041	1,728	312	2,284	1,113	786	14,627	355	38,203
1978-----	10,424	9,822	2,643	1,792	1,810	2,002	881	708	23,189	755	54,026
1979-----	25,254	28,971	6,259	3,906	2,431	6,433	1,173	639	45,132	666	120,864
Total-----	49,983	46,665	18,354	9,093	6,969	12,928	3,833	2,370	92,363	2,090	244,648
84114 Women's under- wear, not knit:											
1976-----	1,468	590	856	1,659	-	73	78	605	3,023	99	8,452
1977-----	1,660	372	588	1,465	3	264	444	289	4,952	194	10,230
1978-----	1,749	1,110	414	1,594	12	227	382	498	3,997	362	10,345
1979-----	3,435	3,313	788	1,143	-	326	1,342	368	4,994	454	16,163
Total-----	8,313	5,385	2,646	5,861	15	890	2,246	1,760	16,966	1,109	45,190
84141 Gloves, knit:											
1976-----	2,521	250	3,115	323	266	114	15	20	1,586	29	8,239
1977-----	3,666	198	3,613	469	226	249	9	41	2,047	8	10,525
1978-----	5,665	502	2,979	408	249	530	16	52	2,234	15	12,650
1979-----	7,513	1,985	3,916	440	270	1,188	200	233	4,062	26	19,833
Total-----	19,365	2,935	13,623	1,640	1,010	2,081	240	347	9,929	78	51,248
1/ Standard International Trade Classification.											

Source: Derived from official statistics of the United Nations.

To change the traditional composition of Chinese textile exports is part of the new export strategy. Chinese planners are now emphasizing the export of items with higher "value added," which are also items with higher unit values. These are frequently products in a more advanced stage of processing--for example, garments rather than yard goods--which incorporate more value added, i.e. domestic labor. As noted, clothing exports rose at a faster rate than the exports of the other textile items in the last 3 years.

Because Chinese textiles can be easily substituted for textiles from other countries, demand for Chinese textile products and apparel responds strongly to price changes--an important advantage for Chinese exports, which can compete primarily on price. Observers point out, however, that the quality of numerous more recently promoted Chinese textile exports must also improve considerably in order for them to become competitive in hard-currency markets with the fashion-oriented products of the Republic of Korea, Hong Kong, and Taiwan. 1/ Apparently recognizing this problem, China recently began to increase the variety of its fabrics and garments, adding new patterns and designs in large numbers, even at the risk of temporarily slowing production.

Chinese officials regard the role of foreign investment as particularly important in improving the competitiveness of Chinese textiles and apparel, among other production areas targeted for modernization. New approaches to attract foreign capital and know-how, including incentives for joint ventures and compensation agreements, are continually being explored.

However, China's success in increasing textile exports does not depend solely on its own efforts. In recent years, it has been increasingly difficult for any country to enter new markets or expand existing ones. Industrialized countries constitute the major source of effective demand for textiles and apparel, but most of them protect their own industries. The discriminatory treatment earlier applied to imports from China, as one of the nonmarket economy countries, has now been liberalized by the United States, the European Community, Canada, and Japan, yet each continues to give special protection to its own domestic textile interests against the threat of Chinese market penetration. 2/

Prior to February 1980, the U.S. textile industry was protected to some extent by the exclusion of China from MFN tariff treatment. In May 1979, unilateral import quotas were imposed on selected items to provide additional protection. These quotas were in effect until they were replaced by the bilateral textile agreement in September of this year (see section below on the United States-China textile agreement).

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1/ "Prospects for Chinese Textile Production and Trade," Airgram A-101, Hong Kong, Sept. 11, 1979, p. 13 and U.S. International Trade Commission, Extending Most-Favored-Nation Treatment to the People's Republic of China, October 1979, p. 62.

2/ Airgram A-101, p. 19.

For years, the European Community regulated textile imports from China with quantitative restrictions applied to imports from Communist countries. In 1979 these restrictions were liberalized with respect to China, and a bilateral textile agreement to regulate textile trade, which took full effect on January 1, 1980, was concluded. The implementing regulation of this agreement, adopted in December 1979, lists 23 textile categories subject to quantitative restraints through 1983, specifying quotas for the Community as a whole and for each member country. 1/ Canada also has a textile agreement in force with China, which runs through 1981. This accord includes specified import restraints applied to some three-fourths of textile and apparel imports from China. Japan restricts imports of Chinese raw silk, silk yarn, and silk woven fabrics to protect its own silk industry. 2/

The import barriers erected in major markets have thus far not induced the Chinese Government to reconsider its emphasis on textile exports. In negotiating trade agreements, Chinese officials point out to their trading partners that China depends in large measure on textiles for earning the foreign exchange needed for imports. It claims that its trading partners can gain access to the Chinese market for high technology and other exports only if China is allowed to sell increased quantities of textiles in its partners' home markets.

#### U.S. Imports From China

Prior to February 1, 1980, most textile imports from China were subject to higher (col. 2) duties than the textiles from countries enjoying MFN tariff treatment. In addition to the protection provided by these duties, the U.S. Government introduced quantitative limitations on imports of specified apparel items from China in May and October 1979.

On February 1, 1980, China was granted MFN status. A paper published by the U.S. Department of Labor estimated the effects of the resulting duty reductions on textile imports from China, on the basis of 1978 imports. 3/ According to this study, U.S. demand for Chinese textiles and apparel would have exceeded actual 1978 imports by \$51 million, or 39 percent, had China enjoyed MFN tariff treatment that year. Imports in those categories which came under quantitative import controls in 1979 would have increased by \$25 million, or 55 percent, in response to MFN duty reductions.

The report also assessed the effectiveness of the quantitative restraints imposed in 1979 in curbing the adverse impact of MFN. According to their estimates, the reduction in employment in the U.S. textile and apparel industry, which on the basis of 1978 imports was estimated at 2,670 workers, would have been only 1,232 workers had quantitative restraints been in effect simultaneously with MFN treatment that year.

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1/ Official Journal of the European Community, No. L 345, Dec. 31, 1979 .

2/ JTN (formerly Japan Textile News), September 1980, p.37.

3/ U.S. Department of Labor, Trade and Employment Effects of Granting Most-Favored-Nation Status to the People's Republic of China, Economic Discussion Paper 4, Nov. 1, 1979, pp. 13-18.

In September 1980, all unilaterally controlled items but one became subject to the restraint levels bilaterally established by the United States-China textile agreement. 1/

Imports for consumption of textiles and textile products from China increased from \$64 million in 1976 to \$193 million in 1979 (table 20). The share of textiles in all imports from China was 33 percent in 1976, rising to 41 percent in 1978. In 1979, U.S. imports from China began to diversify, especially with the introduction of the first imports of Chinese crude oil in that year, and textiles' share was reduced to 35 percent of the total.

By quantity, the United States imported 57 percent more textiles and textile products from China in 1979 than in 1976 (table 21). 2/ China's share in U.S. imports of textiles from the world grew to 5 percent in 1979 from 3 percent in 1976, and constituted almost 6 percent of the total in January-June 1980. China is the fifth largest supplier of textiles to the United States after Hong Kong, Taiwan, the Republic of Korea, and Japan.

The composition of U.S. textile imports from China shifted considerably in the last 3 years toward apparel and accessories and away from textile fibers and textile products in the lower stages of processing. While woven fabrics accounted for almost half of all textiles from China in 1976, their share declined to 13 percent in 1979 (table 22). Similarly, textile fibers, wastes, yarns, and threads declined collectively as a share of the total, from 11 to 6 percent. In contrast, wearing apparel constituted 20 percent of the total in 1976 and 59 percent in 1979. A considerable part of this change in the composition of textile imports from China took place in 1979 (fig. 6).

Imports of these Chinese products by value are shown in table 23. In 1977, such imports collectively accounted for a little more than a quarter of all U.S. textile imports from China. However, during January-July 1979--most of which period preceded the imposition of unilateral controls in May--94 percent of the value of textiles from China consisted of controlled items. During January-July 1980, when quotas were in effect, the share of the controlled items in the total declined to 34 percent. Imports of the controlled items declined between the two periods from \$104 million to \$67 million or 37 by percent, but total imports from China continued to rise.

Tables 24-29 show U.S. general imports by major suppliers (for the years 1976 through 1979 and for January-June 1980) for each of the product categories now under bilateral restraint: gloves, knit shirts and blouses, shirts other than knit, blouses other than knit, and trousers (all the above made of cotton), and sweaters made of manmade fibers. They further show China's share of U.S. imports from the world for each of these items and China's share of U.S. consumption for some.

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1/ See the United States-China textile agreement, Presidential Documents, vol. 76., No. 38, p. 1794, and the section on the agreement in this report.

2/ Data are calculated in square yard equivalents; they do not include raw silk and silk fibers.

Table 20.—U.S. imports for consumption of textiles and textile products, and total imports from China, 1976-79

Item	1976	1977	1978	1979
Total imports-----1,000 dollars--	194,649	197,400	316,743	548,577
Textiles and textile products-----do-----	64,174	62,894	128,848	193,076
Ratio of imports of textiles and textile products to total imports				
percent--	33.0	31.9	40.7	35.2

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

Table 21.--Textiles and textile products: U.S. general imports from China and other principal suppliers, 1976-79, January-June 1979, and January-June 1980

Source		1976	1977	1978	1979	January-June--	
						1979	1980
China-----1,000 square yard equivalents--		153	88	212	240	97	142
Other principal sources:							
Hong Kong-----do-----		852	818	1,453	812	393	398
Taiwan-----do-----		488	640	727	612	295	405
Republic of Korea-----do-----		512	525	561	503	250	309
Japan-----do-----		747	946	853	492	277	224
All other-----do-----		2,235	1,993	1,933	1,979	1,093	991
Total-----do-----		4,987	5,010	5,739	4,638	2,405	2,472
Ratio of imports from China to total							
imports-----percent--		3.1	1.8	3.5	5.0	4.0	5.7

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 22.--Textiles and textile products: U.S. imports for consumption from China,  
by principal types, 1976-79

Item	1976	1977	1978	1979
	Value (1,000 dollars)			
Fiber, waste, yarns, threads-----	6,854	6,404	9,197	11,929
Woven fabrics-----	31,200	18,866	39,547	25,509
Wearing apparel, accessories-----	12,713	19,972	50,443	113,136
All other 1/-----	13,407	17,652	29,661	42,502
Total-----	64,174	62,894	128,848	193,076
	Percent of total			
Fiber, waste, yarns, threads-----	10.7	10.2	7.1	6.2
Woven fabrics-----	48.6	30.0	30.7	13.2
Wearing apparel accessories-----	12.3	31.8	39.1	58.6
All other 1/-----	20.9	28.1	23.0	22.0
Total-----	100.0	100.0	100.0	100.0
1/ Contains headware, hat braid, and all gloves.				

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 6.--Textiles and textile products from China: Composition of imports, by major categories, 1976-79.

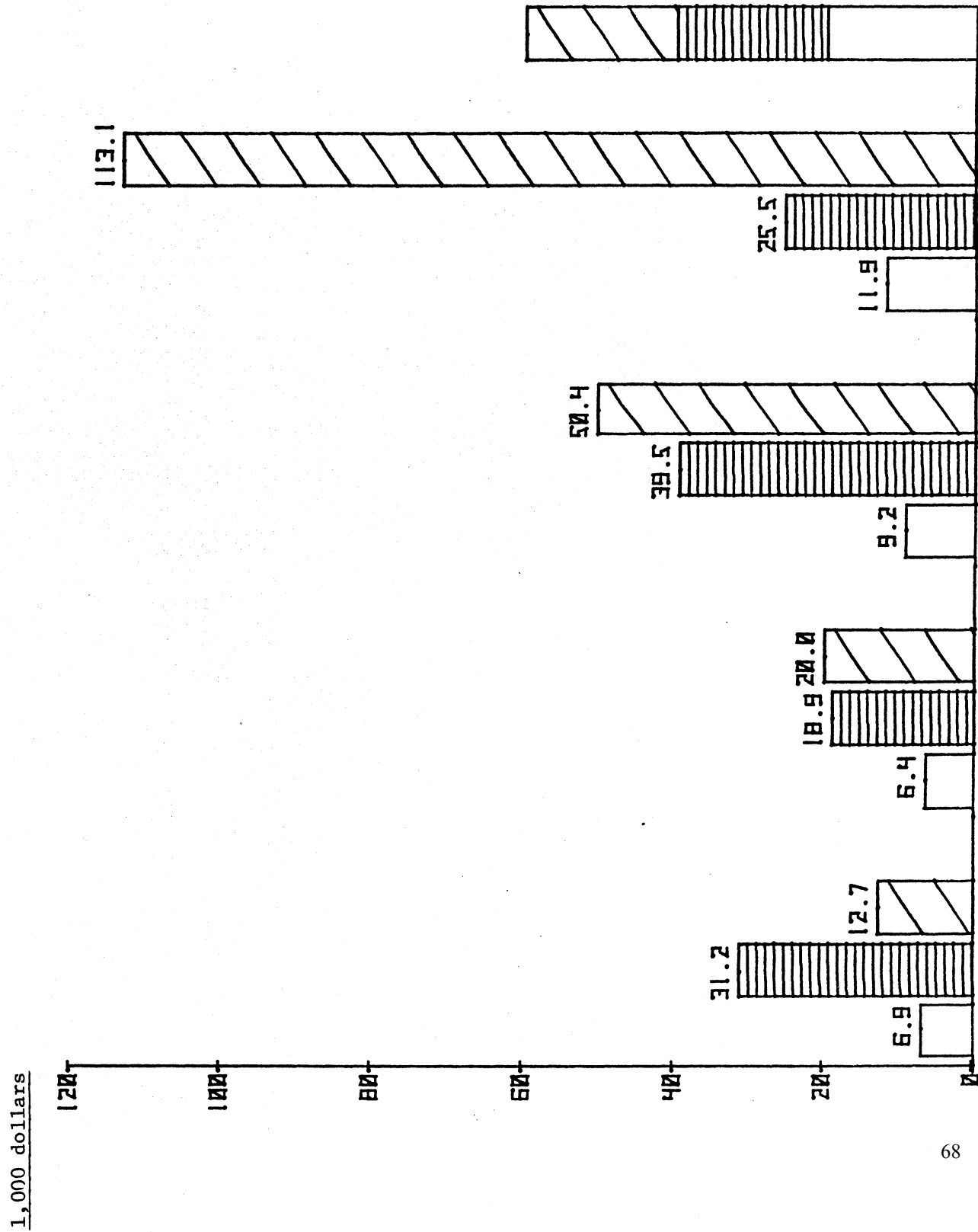




Table 23.--Textiles and textile products: U.S. general imports from China, total and items controlled under the bilateral agreement, by types, 1976-79, January-July 1979, and January-July 1980

Item		1977	1978	1979	January-July--	
					1979	1980
Total, textiles-----	1,000 dollars--	69,324	133,411	222,244	110,854	195,515
Controlled items:						
Cotton gloves-----	do-----	2,451	7,003	12,088	6,711	6,634
Knit shirts and blouses-----	do-----	1,921	3,623	8,249	4,585	3,772
Shirts, not knit-----	do-----	4,050	8,563	26,107	10,059	9,177
Blouses not knit-----	do-----	178	865	13,982	51,891	10,899
Trousers-----	do-----	8,021	21,125	44,886	23,797	29,036
Sweaters-----	do-----	1,516	4,367	10,898	7,175	7,142
Total, controlled items-----	do-----	18,137	45,546	116,210	104,218	66,660
Ratio of imports of controlled items						
to total imports-----	percent--	26.2	34.1	52.3	94.0	34.1
Source: Compiled from official statistics of the U.S. Department of Commerce.						

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

Imports of cotton gloves from China increased from 1 million dozen pairs in 1976 to 4 million dozen pairs in 1979, and from 15 percent of U.S. imports to 32 percent (table 24). In 1979, China became the leading foreign supplier of cotton gloves, capturing 10 percent of the U.S. market. Cotton work gloves were the only Chinese textile items restricted by the U.S. Government before it imposed quotas against selected imports--including cotton gloves--in May 1979. The U.S. International Trade Commission conducted an investigation on cotton work gloves imported from China under sec. 406 of the Trade Act of 1974 and on March 7, 1978, the Commission determined by a 4-to-2 vote that such imports were not causing market disruption in the United States. 1/

U.S. imports of cotton knit shirts and blouses from China increased from 221,000 dozen in 1976 to 992,000 dozen in 1979 (table 25). China was the second largest U.S. supplier in 1979 after Hong Kong, accounting for 11.4 percent of all U.S. imports and 6 percent of the U.S. market.

China also became the second largest U.S. supplier, after Hong Kong, of cotton shirts other than knit in 1979 (table 26). Imports from China increased from 208,000 dozen in 1976 to 1 million in 1979. In that year the quantity of imports from China more than tripled, raising China's share of all imports to 16 percent and its share of U.S. consumption to almost 10 percent.

Imports of cotton blouses other than knit were negligible until 1979, when China suddenly became the third largest supplier of this item after India and Hong Kong, capturing a 9.4-percent share of imports and more than 6 percent of the U.S. market (table 27). These imports continued to increase in January-June 1980, unlike imports of the other controlled items.

Imports of Chinese cotton trousers more than doubled in 1978 from imports in the previous year, and almost doubled again in 1979 (table 28). China became the second leading supplier, after Hong Kong, providing 15.4 percent of U.S. imports and 2.4 percent of U.S. consumption.

While imports of sweaters of manmade fibers from China have increased in recent years, their quantity remained significantly less than that of imports from Taiwan, the Republic of Korea, and Hong Kong (table 29). In 1979 China accounted for 8.3 percent of U.S. imports of manmade-fiber sweaters and 4.5 percent of apparent U.S. consumption.

Tables 30-34 give the same kinds of information as tables 24-29, but for selected major textile items that were not restricted.

China's share of U.S. imports of woven cotton fabrics has fluctuated between 8 and 14 percent since 1976. As already noted, woven cotton fabrics have been leading imports from China, but without an increasing trend. In 1979, China was the fourth ranking supplier of these imports to the United States after Hong Kong, Pakistan, and Peru (table 30).

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1/ 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. See Certain Gloves from the People's Republic of China: Report to the President on Investigation No. TA-406-1 . . . , USITC Publication 867, March 1978.

Table 24.--Cotton gloves: U.S. general imports from China and other principal sources,  
1976-79, January-June 1979, January-June 1980

Source	1976	1977	1978	1979	January-June--	
					1979	1980
China-----1,000 dozen pairs--	1,024	1,084	2,618	4,061	2,060	1,827
Other principal sources:						
Hong Kong-----do-----	2,747	3,623	3,198	3,126	1,432	1,688
Japan-----do-----	914	1,383	1,243	1,184	431	328
Barbados-----do-----	500	646	597	750	441	350
Philippines-----do-----	412	301	533	627	350	349
Taiwan-----do-----	330	332	630	392	207	191
All other-----do-----	863	1,047	1,974	2,511	1,146	1,465
Total-----do-----	6,790	8,416	10,793	12,651	6,067	6,198
Ratio of imports from China to total						
imports-----percent--	15.1	12.9	24.3	32.1	34.0	29.5
Ratio of imports to consumption:						
From China-----percent--	3.6	3.0	6.6	10.0	1/	1/
Total-----do-----	23.0	23.0	27.2	31.3	1/	1/
1/ Not available.						

Source: U.S. Department of Commerce publication TQ2010.

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

Table 25.—Cotton knit shirts and cotton blouses: U.S. general imports from China and other principal sources, 1976-79, January-June 1979, and January-June 1980

Source		1976	1977	1978	1979	January-June--	
						1979	1980
China-----	1,000 dozen--	221	338	483	992	470	419
Other principal sources:							
Hong Kong-----	do-----	2,895	2,257	2,801	3,120	2,052	1,533
Japan-----	do-----	724	1,522	1,896	929	611	415
Macau-----	do-----	205	281	258	467	230	423
Philippines-----	do-----	364	318	400	410	209	158
Greece-----	do-----	1/	1/	106	312	138	52
All other-----	do-----	2,100	1,957	2,609	2,598	1,619	1,359
Total-----	do-----	6,600	6,760	8,706	8,728	5,318	4,428
Ratio of imports from China to total imports-----	percent--	3.4	5.0	5.6	11.4	8.8	9.5
Ratio of imports to consumption:							
From China-----	percent--	1.3	2.1	2.9	6.2	1/	1/
Total-----	do-----	39.3	42.4	51.2	54.2	1/	1/
1/ Not available.							

Source: U.S. Department of Commerce publication TQ2010.

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

Table 26.--Cotton shirts, not knit: U.S. general imports from China and other principal sources, 1976-79, January-June 1979, and January-June 1980

Source	1976	1977	1978	1979	January-June--	
					1979	1980
China-----1,000 dozen--	208	187	325	1,057	245	289
Other principal sources:						
Hong Kong-----do-----	2,107	2,323	2,577	2,228	925	1,155
India-----do-----	575	332	721	697	435	212
Taiwan-----do-----	687	611	676	627	307	327
Singapore-----do-----	45	150	201	409	145	156
Philippines-----do-----	6	30	168	187	124	125
All other-----do-----	821	983	1090	1415	560	792
Total-----do-----	4,449	4,616	5,758	6,620	2,741	3,056
Ratio of imports from China to total imports-----percent--	4.7	4.1	5.6	16.0	9.0	9.5
Ratio of imports to consumption: From China-----percent--	1.6	1.5	2.7	9.8	1/	1/
Total-----do-----	34.2	36.0	48.1	61.4	1/	1/
1/ Not available.						

Source: U.S. Department of Commerce publication TQ2010.

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

Table 27.--Cotton blouses, not knit: U.S. general imports from China and other principal sources, 1976-79, January-June 1979, and January-June 1980

Source	1976	1977	1978	1979	January-June-- 1979 : 1980
China-----1,000 dozen--	3	6	42	619	171 : 465
Other principal sources:					
India-----do-----	1,939	2,157	2,493	2,230	1,444 : 1,384
Hong Kong-----do-----	910	983	2,299	2,218	1,259 : 837
Taiwan-----do-----	278	312	348	346	171 : 233
Sri Lanka-----do-----	3	4	46	274	139 : 140
Pakistan-----do-----	125	35	71	155	101 : 61
All other-----do-----	311	305	523	734	451 : 289
Total-----do-----	3,569	3,802	5,822	6,576	3,736 : 3,409
Ratio of imports from China to total imports-----percent--	0.1	0.2	0.7	9.4	4.6 : 13.6
Ratio of imports to consumption:					
From China-----percent--	0.1	0.1	0.5	6.4	1/ : 1/
Total-----do-----	59.1	59.4	62.1	68.0	1/ : 1/
1/ Not available.					

Source: U.S. Department of Commerce publication TQ2010.

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

Table 28.--Cotton trousers: U.S. general imports from China and other principal sources, 1976-79, January-June 1979, and January-June 1980

Source	1976	1977	1978	1979	January-June--	
					1979	1980
China-----1,000 dozen pairs--	124	387	931	1,828	838	921
Other principal sources:						
Hong Kong-----do-----	5,373	5,814	5,881	5,447	2,394	3,578
Taiwan-----do-----	829	849	673	970	476	549
Japan-----do-----	432	682	1086	589	448	304
Singapore-----do-----	78	283	818	525	260	346
Philippines-----do-----	127	229	470	325	202	136
All other-----do-----	1,246	1,842	2,684	2,168	1,232	1,309
Total-----do-----	8,209	10,086	12,543	11,852	5,850	7,143
Ratio of imports from China to total imports-----percent--	1.5	3.8	7.4	15.4	14.3	12.3
Ratio of imports to consumption: From China-----percent--	0.3	0.8	1.8	2.4	1/	1/
Total-----do-----	20.7	21.6	24.5	15.4	1/	1/
1/ Not available.						

Source: U.S. Department of Commerce publication TQ2010.

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

Table 29.--Manmade-fiber sweaters: U.S. general imports from China and other principal sources, 1976-79, January-June 1979, and January-June 1980

Source	:	:	:	:	:	:	:	:	:	January-June--	
										1979	1980
China-----1,000 dozen--	:	:	:	:	:	:	:	:	:	:	:
Other principal sources:	:	:	:	:	:	:	:	:	:	:	:
Taiwan-----do-----	:	:	:	:	:	:	:	:	:	:	:
Republic of Korea-----do-----	:	:	:	:	:	:	:	:	:	:	:
Hong Kong-----do-----	:	:	:	:	:	:	:	:	:	:	:
Philippines-----do-----	:	:	:	:	:	:	:	:	:	:	:
Italy-----do-----	:	:	:	:	:	:	:	:	:	:	:
All other-----do-----	:	:	:	:	:	:	:	:	:	:	:
Total-----do-----	:	:	:	:	:	:	:	:	:	:	:
Ratio of imports from China to total imports-----percent--	:	:	:	:	:	:	:	:	:	:	:
Ratio of imports to consumption: From China-----percent--	:	:	:	:	:	:	:	:	:	:	:
Total-----do-----	:	:	:	:	:	:	:	:	:	:	:
1/ Not available.	:	:	:	:	:	:	:	:	:	:	:

Source: U.S. Department of Commerce publication TQ2310.

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



Table 30.--Broadwoven cotton fabrics: U.S. general imports from China and other principal sources, 1976-79, January-June 1979, and January-June 1980

Source	1976	1977	1978	1979	January-June--	
					1979	1980
China-----million square yards--	124	53	131	74	35	51
Other principal sources:						
Hong Kong-----do-----	207	148	171	123	57	63
Pakistan-----do-----	113	41	108	122	82	47
Peru-----do-----	2	8	52	77	41	26
Taiwan-----do-----	68	60	79	41	21	38
India-----do-----	138	82	42	31	22	22
All other-----do-----	294	252	339	234	129	123
Total-----do-----	946	644	922	702	387	370
Ratio of imports from China to total imports-----percent--	13.1	8.2	14.2	10.5	9.0	13.8
Ratio of imports to consumption:						
From China-----percent--	2.0	0.9	2.3	1.5	1/	1/
Total-----do-----	15.6	11.4	16.4	13.9	1/	1/
1/ Not available.						

Source: U.S. Department of Commerce publication TQ2010.

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

In contrast, imports of oriental floor coverings increased, both in absolute terms and relative to imports from other suppliers (table 31). China's share of U.S. imports of this item rose from 4.3 percent in 1976 to 21.4 percent in January-August 1980. In 1976, China ranked as the fourth supplier of oriental floor coverings to the United States after India, Iran, and Pakistan. In January-August 1980, China was the second leading source of this item, outranking Pakistan (third) and Iran (fourth).

Underwear from China first appeared in notable quantities in the U.S. market in 1979 (table 32). The 56,000 dozen units entering that year accounted for 1.2 percent of underwear imports. In January-August 1980, imports had already exceeded the total for 1979, raising China's share to 1.6 percent.

China was the third largest U.S. supplier of woven silk fabrics after Japan and Italy in January-August 1980 (table 33). Imports from China increased steadily from 333,000 square yards in 1976 to 941,000 square yards in 1979 and to 1.2 million square yards in January-August 1980. China provided 4.7 percent of all woven silk fabric imports in 1976, 8.1 percent in 1979, and 14.1 percent in January-August 1980. Chinese silk is said to have had a considerable impact on the U.S. fashion market in the last few years. 1/

Throughout the period considered in this report, China was the principal source of raw silk entering the U.S. market, accounting for two-thirds to almost three-fourths of all imports in the periods considered. Brazil provided almost all the rest (table 34).

#### The United States-China Textile Agreement

After 18 months of negotiations, the United States and China concluded a bilateral agreement providing a framework for orderly trade in cotton, wool, and manmade-fiber textiles and textile products. This accord was patterned after the agreements the United States had previously concluded with other countries under the Multifiber Arrangement (MFA). 2/ China, however, is not an MFA signatory. The agreement with China was signed on September 17, 1980, as one of four trade and commercial agreements between the two countries signed on the same day. 3/

The negotiations that led to the textile agreement were the first official commercial contacts between the two countries. They began in January 1979, following the resumption of full diplomatic relations on the first day of the year. Even before that, as early as the summer of 1978, U.S. authorities established unofficial contacts with China in response to the U.S. industry's complaints about increasing textile and apparel imports from that country.

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1/ Testimony of Christopher H. Phillips, President, National Council for U.S.-China Trade, before the Subcommittee on Trade of the House Ways and Means Committee, hearings on United States-China trade agreement, Nov. 2, 1979.

2/ The Multifiber Arrangement, also known as The Arrangement Regarding International Trade in Textiles, provides a framework for international trade in cotton, wool, and manmade-fiber textiles and textile products. The 4-year agreement entered into force on Jan. 1, 1974, and was later extended until Dec. 31, 1981. 78

3/ See the section on the United States-China Joint Economic Commission meeting earlier in this report.

Table 31.--Oriental floor coverings: U.S. imports for consumption from China and other principal sources, 1976-79, January-August 1979, and January-August 1980

Source	1976	1977	1978	1979	January-August-- 1979	January-August-- 1980
China-----1,000 square feet--	467	870	1,249	1,745	1,281	2,653
Other principal sources:						
India-----do-----	5,097	6,211	6,061	3,643	2,534	4,572
Iran-----do-----	2,724	2,174	2,616	2,083	1,345	1,494
Pakistan-----do-----	1,351	1,726	1,915	1,583	1,104	2,177
Romania-----do-----	277	589	723	196	104	736
Turkey-----do-----	147	154	164	85	52	119
All other-----do-----	217	834	791	452	328	634
Total-----do-----	10,880	12,558	13,519	9,787	6,748	12,385
Ratio of imports from China to total						
imports-----percent--	4.3	6.9	9.2	17.8	19.0	21.4
Source: Compiled from official statistics of the U.S. Department of Commerce.						

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

Table 32.--Underwear: U.S. imports for consumption from China and other principal sources, 1976-79, January-August 1979, and January-August 1980

Source		1976	1977	1978	1979	January-August--	
						1979	1980
China-----	-----1,000 dozen--	1	2	1	56	2	57
Other principal sources:							
Hong Kong-----	-----do-----	754	1,322	2,080	2,335	1,332	1,642
Mexico-----	-----do-----	376	451	487	734	448	455
Haiti-----	-----do-----	295	265	232	325	180	499
Philippines-----	-----do-----	308	282	240	183	107	77
Republic of Korea-----	-----do-----	28	205	345	168	136	25
All other-----	-----do-----	511	603	646	675	406	700
Total-----	-----do-----	2,273	3,130	4,031	4,466	2,611	3,455
Ratio of imports from China to total imports-----	-----percent--	1/	0.1	1/	1.2	0.1	1.6
1/ Less than 0.05 percent.							

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

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

Table 33.--Woven fabrics of silk: U.S. imports for consumption from China and other principal sources, 1976-79. January-August 1979, and January-August 1980

Source	1976	1977	1978	1979	January-August-- 1979	1980
China-----1,000 square yards--	333	454	511	941	572	1,215
Other principal sources:						
Japan-----do-----	2,177	3,128	4,083	3,205	2,008	2,147
Italy-----do-----	2,415	2,967	4,487	2,909	1,958	1,957
Republic of Korea-----do-----	279	551	1,819	1,466	967	1,036
India-----do-----	394	422	856	945	497	805
United Kingdom-----do-----	676	978	950	884	496	517
All other-----do-----	813	688	1,307	1,211	773	920
Total-----do-----	7,087	9,188	14,013	11,561	7,271	8,597
Ratio of imports from China to total						
imports-----percent--	4.7	4.9	3.6	8.1	7.9	14.1
Source: Compiled from official statistics of the U.S. Department of Commerce.						

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

Table 34.--Raw silk: U.S. imports for consumption from China and other principal sources, 1976-79, January-August 1979, and January-August 1980

Source	1976	1977	1978	1979	January-August-- 1979	1980
China-----1,000 pounds--	496	268	466	568	359	177
Brazil-----do-----	247	106	182	193	143	94
All other-----do-----	20	7	23	11	3	4
Total-----do-----	763	381	671	772	505	275
Ratio of imports from China to total imports-----percent--	65.0	70.3	69.5	73.6	71.1	64.4
Source: Compiled from official statistics of the U.S. Department of Commerce.						

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

At the end of May 1979, a second round of negotiations reached an impasse, owing to broad differences between the parties' positions. The Chinese were not disposed to accept significant limitations on their textile and apparel exports. They emphasized their dependence on textiles for earning the foreign exchange necessary to finance their imports from the United States. On their part, U.S. negotiators considered the level of exports demanded by China as potentially disruptive of the U.S. market, and hence unacceptable to U.S. interests.

Following the breakdown of negotiations on May 31, 1979, the United States unilaterally imposed import quotas on selected items that were of particular concern to U.S. interests. The quotas restricted imports of some items of cotton apparel (gloves, knit shirts and blouses, woven shirts and blouses, and trousers) and sweaters made of manmade fibers. Quotas were also considered, but not imposed, on two major traditional imports from China, sheeting and printcloth, both woven cotton fabrics. Further quotas were ordered in October 1979, covering cotton blouses other than knit, and coats made of manmade fibers. The bilateral agreement now in effect supersedes these quotas, establishing agreed levels of trade for all items previously controlled by them, except manmade-fiber coats. Restraints on these were rescinded because their quotas remained unfilled.

Table 35 compares the former ceilings on imports with the limits specified for each "agreement year" of the textile agreement, i.e., calendar years 1980, 1981, and 1982. The bilateral restraint levels are significantly higher than the former quotas, even for the first agreement year. They also provide for growth of imports over time.

The agreement also provides for some flexibility on the quantity limits set for each agreement year. Under specified conditions, it has "carryover" and "carry forward" provisions--i.e., allows China to use unused portions of quotas from a previous year, or to borrow from the following year's quotas. The agreement also provides for a trade-monitoring mechanism for textile products not subject to specific quotas and for consultation procedures that may lead to further quantitative controls.

The United States-China agreement may have been influenced by the agreement the European Community concluded with China in 1979, in which more liberal access to Community markets was granted to Chinese textiles. For 1979, the Community permitted the unilateral limits previously in force to be doubled for certain import-sensitive textile items. 1/

The United States-China agreement was reached through mutual compromise between the parties. While it secures better access to the U.S. market for China than existed before, the agreement protects U.S. industry from market disruption that could be caused by sharply rising or fluctuating trade levels. In exchange for higher import ceilings, China compromised its original demands for quotas that far exceeded customary trade levels.

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1/ The European Community-China textile agreement, initialed in July 1979, did provide for restraint levels in 1979. However, the agreement did not become fully effective until Jan. 1, 1980.

Table 35.--Import levels under the United States-China textile agreement 1/ and under previous unilateral restraint, by items

Item	Bilateral agreement levels				Unilateral
	1st	2d	3d	agreement	restraint
	year	year	year	year	levels
Cotton gloves-----dozen pairs--	3,213,600	3,310,008	3,409,308		2,946,000
Knit shirts and blouses					
dozen--	720,000	912,000	865,280		535,659
Shirts, not knit-----do-----	540,000	561,600	584,064		354,613
Blouses, not knit-----do-----	381,300	455,100	443,456		266,196
Trousers-----do-----	1,440,000	1,824,000	1,730,560		1,088,632
Sweaters-----do-----	550,000	566,500	583,495		334,834
1/ As of Dec. 1, 1980.					

Source: Presidential Documents, vol. 16, No. 38, p. 1794.



China also allowed its previously embargoed exports to be counted against the new restraints. The embargoed items were earlier shipments from China in excess of the unilateral quotas then in effect. U.S. customs authorities, who administered the quotas, prevented this surplus from entering the U.S. market and stored the items in bonded warehouses. Under the bilateral agreement, China assumes responsibility for controlling the exports of the restricted items. An administrative arrangement contained in the agreement requires that every textile product manufactured in China and entering the United States from China or a third country be accompanied by a visa which authenticates its Chinese origin. 1/ U.S. customs authorities are directed under the visa system to deny entry, after October 6, 1980, to any Chinese textile product that is not accompanied by such documentation.

Spokesmen for U.S. textile interests generally expressed satisfaction with the bilateral agreement. 2/ However, it is not expected that the accord will solve all problems. For example, in October 1980, U.S. authorities notified the Chinese Government that imports of woolen sweaters from China--an uncontrolled item in the agreement--were tending to disrupt the U.S. market. The U.S. Government requested consultations leading to specified restraint levels on U.S. imports of this item. Other problems are expected to be of a technical nature and pertain to the effective administration of the quota system.

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1/ 45 F.R. 51872.

2/ Statement of the President of the Clothing & Textile Workers' Union, following the announcement made in July 1980 that agreement had been reached, as reported in the Washington Post, July 25, 1980, p. E2.



**APPENDIX A****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-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	January-September		July-September--	
		1980		1980	1979
130.6540	Wheat, unmilled, not donated for relief-----	\$648,833,870		\$484,125,584	\$129,314,821
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches-----	446,337,052		40,448,901	34,995,070
694.4062	Airplanes, multiple engine, passenger transport, nonmilitary, over 33,000 pounds-----				
130.3465	Yellow corn, not donated for relief-----	141,396,453		48,051,351	-
309.4242	Polyester fibers, noncontinuous-----	136,815,594		15,279,456	4,400,073
175.4100	Soybeans, n.e.s.-----	121,171,527		54,938,008	11,094,572
300.1550	Other cotton, staple length 1-1/8 inches or more-----	116,443,670		-	-
176.5220	Soybean oil, crude, including degummed-----	116,364,351		58,321,917	1,249,260
480.8005	Diammonium phosphate fertilizer-----	56,313,932		10,682,540	-
252.7810	Kraft linerboard-----	49,676,486		24,428,541	-
444.6000	Polyester resins, unsaturated, etc-----	42,982,904		40,006,473	885,722
310.0010	Textured yarns, of polyester-----	39,248,954		15,828,123	7,886,642
357.8040	Noncellulosic fibers for use in pneumatic tires-----	30,315,095		13,152,260	12,613,875
480.3000	Urea-----	25,251,457		10,573,104	1,023,047
664.0584	Parts, n.e.s., of oil and gas field drilling machines-----	23,065,139		9,324,299	1,916,692
486.2900	Insecticides, unmixed, n.e.s.-----	18,843,195		3,815,868	5,783,863
664.0508	Oil and gas field drilling machines, rotary-----	18,715,343		65,062	-
649.5040	Rock-drilling bits, core bits, and reamers, n.e.s.-----	16,985,805		8,351,250	2,737,820
480.7050	Concentrated superphosphates-----	16,531,746		8,263,406	2,649,862
444.2320	Polyvinyl chloride (PVC) and copolymer resins, compounded-----	15,763,848		8,208,848	-
	Total-----	13,433,060		1,727,985	-
	Total, U.S. exports to China-----	2,094,489,481		855,592,976	216,551,319
		2,571,883,108		1,084,857,583	376,569,065

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

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

TSUSA item No.	Description	January-September: 1980	July-September-- 1980	1979
475.2520	Gasoline-----	\$61,680,518	\$21,941,741	-
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot-----	26,845,928	11,337,754	-
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more-----	18,808,941	-	\$13,014,690
417.2800	Ammonium molybdate-----	17,834,183	2,305,322	3,833,426
475.3500	Naphthas, derived from petroleum, etc., n.e.s-----	17,810,503	-	3,017,671
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)-----	15,990,020	6,896,559	4,828,590
755.1500	Fireworks-----	15,914,891	3,657,841	2,354,021
186.1560	Feathers, not meeting Federal standards-----	14,283,925	4,990,974	1,484,926
472.1000	Barytes ore, crude-----	12,811,404	5,576,002	2,565,659
601.5400	Tungsten ore-----	12,618,794	4,843,497	2,434,059
382.5871	Women's sweaters, n.e.s., of wool, valued over \$5 per pound-----	12,571,172	10,986,040	104,118
653.2200	Metal coins, n.e.s-----	12,116,528	8,919,604	22,500
766.2560	Antiques, n.s.p.f-----	10,259,220	2,642,787	3,215,534
629.1420	Titanium sponge, unwrought-----	9,887,615	2,961,739	1/ 3,750
192.4000	Licorice root-----	9,171,777	3,203,065	10,294
222.4000	Baskets and bags of bamboo-----	8,710,756	3,680,150	1,869,444
160.5000	Tea, crude or prepared-----	7,646,963	1,991,339	1,884,862
186.3000	Bristles, crude or processed-----	7,357,706	1,839,718	2,432,324
380.3921	Men's trousers and slacks, of cotton, denim, not knit-----	7,246,013	2,906,155	3,065,043
222.5700	Floor coverings of unspun vegetable materials, n.e.s-----	6,969,668	2,150,894	595,096
	Total-----	306,536,525	102,831,181	46,732,257
	Total, U.S. imports from China-----	738,998,724	295,720,387	153,480,987

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-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	January-September		July-September--	
		1980		1980	1979
130.3465	: Yellow corn, not donated for relief-----	\$315,488,083	:	-	\$544,689,917
130.6540	: Wheat, unmilled, not donated for relief-----	88,981,012	:	-	244,298,977
175.4100	: Soybeans, n.e.s-----	45,321,774	:	-	40,059,570
790.5510	: Pressure-sensitive tape, with plastic backing-----	30,525,994	:	\$12,827,414	11,864,786
692.3160	: Tracklaying tractors, new, with net engine horsepower of 345 and over-----	30,464,229	:	26,411,276	245,724
692.3820	: Parts of tracklaying tractors, n.s.p.f-----	30,177,052	:	12,699,497	6,772,334
177.5640	: Tallow, inedible-----	20,351,468	:	-	8,781,671
480.7025	: Phosphoric acid-----	17,440,329	:	-	25,616,256
517.5120	: Petroleum coke, calcined-----	14,364,806	:	1,164,058	1,445,460
145.4300	: Shelled almonds, not blanched-----	14,346,900	:	501,811	-
773.3860	: Belting and belts for machinery, of rubber or plastics, not for conveyor, elevator, or motor vehicles, n.s.p.f-----	11,765,558	:	4,305,672	7,347
338.2600	: Woven fabrics of glass-----	6,049,941	:	1,366,069	3,954,486
678.5090	: Concrete and bituminous pavers, finishers, and spreaders, parts-----	5,872,095	:	2,682,969	1,839,797
772.6220	: Wrapped reinforced hose-----	5,201,134	:	5,201,134	-
661.3050	: Parts for metal-processing furnaces, nonelectric, n.s.p.f-----	5,163,925	:	642,500	-
192.2500	: Hops-----	4,565,019	:	257,500	-
683.9540	: Parts of industrial and laboratory furnaces and ovens-----	4,457,493	:	876,036	2,400
692.3840	: Parts, n.e.s., of other tractors, n.s.p.f-----	4,430,145	:	2,327,409	546,205
653.4690	: Parts of nonelectrical base metal heating or cooking apparatus--	4,355,845	:	201,860	-
692.2985	: Parts, n.s.p.f., of motor-vehicle chassis, bodies, etc-----	4,031,248	:	927,509	1,132,771
	: Total-----	663,354,050	:	72,392,714	891,257,779
	: Total, U.S. exports to the U.S.S.R.-----	821,043,527	:	128,008,218	1,017,143,051

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-September 1980, July-September 1980, and July-September 1979

TSUSA item No.	Description	: January-September : 1980			: July-September : 1980			: 1979		
		:	:	:	:	:	:	:	:	:
605.2020	: Gold bullion, refined-----	:	:	:	:	:	:	:	:	:
480.6540	: Anhydrous ammonia-----	:	:	:	:	:	:	:	:	:
605.0260	: Palladium-----	:	:	:	:	:	:	:	:	:
653.2200	: Metal coins, n.e.s-----	:	:	:	:	:	:	:	:	:
620.0300	: Nickel, unwrought-----	:	:	:	:	:	:	:	:	:
605.0750	: Palladium bars, plates, etc-----	:	:	:	:	:	:	:	:	:
422.5220	: Uranium compounds, fluorides-----	:	:	:	:	:	:	:	:	:
422.5240	: Uranium compounds, n.e.s-----	:	:	:	:	:	:	:	:	:
765.0300	: Paintings, etc., by hand-----	:	:	:	:	:	:	:	:	:
475.0535	: Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)-----	:	:	:	:	:	:	:	:	:
605.0710	: Platinum bars, plates, etc-----	:	:	:	:	:	:	:	:	:
124.1045	: Sable furskins, whole, undressed-----	:	:	:	:	:	:	:	:	:
605.0270	: Rhodium-----	:	:	:	:	:	:	:	:	:
605.0290	: Platinum group metals and combinations, n.e.s-----	:	:	:	:	:	:	:	:	:
601.1520	: Chrome ore, chromium content not over 40 percent chromic oxide-----	:	:	:	:	:	:	:	:	:
605.0220	: Platinum sponge-----	:	:	:	:	:	:	:	:	:
629.1200	: Titanium waste and scrap, unwrought-----	:	:	:	:	:	:	:	:	:
520.3300	: Diamonds, over 1/2 carat, cut, not set-----	:	:	:	:	:	:	:	:	:
629.1420	: Titanium sponge, unwrought-----	:	:	:	:	:	:	:	:	:
601.1540	: Chrome ore, chromium content over 40 but under 46 percent chromic oxide-----	:	:	:	:	:	:	:	:	:
	: Total-----	:	:	:	:	:	:	:	:	:
	: Total, U.S. imports from the U.S.S.R.-----	:	:	:	:	:	:	:	:	:

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

2/ 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-5.--Leading items exported to Yugoslavia, by Schedule B Nos., January-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	January-September		July-September--	
		1980		1980	1979
130.6540	Wheat, unmilled, not donated for relief	\$113,807,127		\$54,648,051	-
521.3110	Low volatile bituminous coal	38,167,114		9,634,809	\$10,974,268
175.4100	Soybeans, n.e.s.	38,069,994		17,408,778	18,042,113
184.5260	Soybean oil cake and meal	26,885,500		8,824,864	-
601.2200	Copper ore	16,790,000		-	-
404.0560	Styrene (monomer)	16,261,663		3,095,766	-
120.1400	Cattle hides, whole	13,292,921		3,940,373	2,509,852
676.5560	Parts for automatic data-processing machines and units, n.s.p.f.	9,043,393		1,915,626	693,645
480.8005	Diammonium phosphate fertilizer	8,340,463		-	1,614,006
431.0480	Vinyl chloride, monomer	7,901,765		2,858,106	6,130,217
694.4020	Used nonmilitary airplanes	7,000,000		-	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines	6,498,092		2,380,724	308,879
444.1610	Polyethylene resins, low and medium density	6,473,673		147,860	1,225,950
694.6506	Parts, n.e.s., for aircraft and spacecraft	6,170,479		2,014,250	2,190,642
690.0510	Locomotives and tenders, diesel-electric, rail-service type	5,382,000		-	-
678.5090	Concrete and bituminous pavers, finishers, and spreaders, parts	4,946,873		4,478,006	588,386
309.3270	Grouped filaments and strips, n.e.s.	4,855,834		2,506,375	1,799,383
692.0566	Off-highway trucks, nonmilitary, rear dump, over 100 ton capacity	4,360,000		4,360,000	1/
694.4048	Airplanes, multiple engine, nonmilitary, at least 4,000 but less than 10,000 pounds	4,343,037		1,646,923	-
431.3280	Vinyl acetate, monomer	4,151,807		-	1,155,429
	Total 2/-	342,741,735		119,860,511	47,232,770
	Total, U.S. exports to Yugoslavia	534,147,795		190,789,876	158,138,893

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-6.--Leading items imported from Yugoslavia, by TSUSA items, January-September 1980, July-September 1980, and July-September 1979

TSUSA item No.	Description	January-September:		July-September--	
		1980		1980	1979
727.2900	Chairs of wood, not folding, not teak, n.e.s.	\$35,071,050		\$12,532,956	1/
700.3515	Men's and boys' athletic footwear, of leather, n.e.s.	30,177,097		9,021,345	\$2,190,289
605.2040	Silver bullion, refined	23,842,653		4,049,888	3,563,099
605.2020	Gold bullion, refined	21,767,166		14,485,069	3,010,765
107.3525	Canned hams and shoulders, 3 pounds and over	20,961,457		6,138,131	8,981,469
475.3500	Naphthas, derived from petroleum, etc., n.e.s.	20,927,322		20,927,322	-
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	15,854,482		6,451,701	5,182,472
727.3540	Furniture, of wood, n.s.p.f.	11,826,060		4,144,572	4,279,878
688.0465	Insulated electrical conductors, power cable designed for 601 volts or less	10,356,831		4,984,463	2,183,369
606.2400	Ferrochrome, over 3 percent carbon	9,694,726		3,239,167	2/ 5,081,556
612.0640	Copper, unwrought, not alloyed, n.e.s.	5,706,473		2,004,878	1,343,954
727.4040	Parts of wood furniture, n.s.p.f.	5,325,344		1,893,253	1,492,746
192.2500	Hops	3,715,132		-	-
605.0240	Osmium	3,715,000		-	-
606.4400	Ferrosilicon manganese	3,556,767		1,010,730	3/ 3,176,194
618.1540	Aluminum rods, wrought, 0.375 inch or more in diameter	3,378,524		1,348,315	948,860
680.1710	Gate valves, of iron or steel containing over 2.5 percent carbon by weight	3,001,003		958,692	4/ 227,993
772.5105	Passenger car tires, new	2,760,405		1,491,976	906,292
661.3505	Refrigerators and combination refrigerator freezers, refrigerated volume under 6.5 cubic feet	2,554,255		846,107	129,435
618.2565	Aluminum sheets and strip, not clad, wrought	2,523,918		588,472	2,314,045
	Total 5/	236,715,665		96,117,037	45,012,416
	Total, U.S. imports from Yugoslavia	339,735,518		131,998,929	97,469,706

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 680.2210.

5/ 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-7.--Leading items exported to Romania, by Schedule B Nos., January-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	January-September--	
		1980	July-September-- 1979
130.3465	: Yellow corn, not donated for relief-----	\$118,366,057	\$40,148,151
130.6540	: Wheat, unmilled, not donated for relief-----	89,091,801	40,945,453
175.4100	: Soybeans, n.e.s-----	61,667,711	8,252,100
184.5260	: Soybean oil cake and meal-----	36,999,550	7,021,660
521.3110	: Low volatile bituminous coal-----	33,645,065	5,549,832
300.1060	: Cotton, not carded, staple length 1 to 1-1/8 inches-----	30,071,678	-
694.4062	: Airplanes, multiple engine, passenger transport, nonmilitary, : over 33,000 pounds-----	29,652,390	29,652,390
120.1400	: Cattle hides, whole-----	20,647,809	4,576,396
521.3148	: Coal coke, commercially suitable for use as a fuel-----	15,753,702	7,348,876
480.4500	: Phosphates, crude, and apatite-----	12,596,008	1,651,781
521.3120	: Bituminous coal, n.e.s-----	12,537,466	5,418,624
105.4120	: Chickens, whole-----	11,165,000	11,000,000
130.1000	: Barley-----	5,685,668	5,685,668
664.0513	: Drilling and boring machines, n.e.s-----	5,093,850	1,104,850
609.1610	: Primary tinplates, of iron and steel-----	4,945,275	4,945,275
415.4500	: Sulfur, native elemental or recovered-----	4,590,364	2,729,844
710.2820	: Geophysical instruments and parts, electrical-----	4,039,347	3,870,830
676.5560	: Parts for automatic data-processing machines and units, : n.s.p.f-----	4,021,703	1,819,510
250.0284	: Wood pulp, special alpha and dissolving grades-----	3,633,055	1,608,034
300.1550	: Other cotton, staple length 1-1/8 inches or more-----	2,942,711	-
	: Total-----	507,146,210	183,329,274
	: Total, U.S. exports to Romania-----	573,786,442	209,264,483
Source: Compiled from official statistics of the U.S. Department of Commerce.			

Table A-8.--Leading items imported from Romania, by TSUSA items, January-September 1980, July-September 1980, and July-September 1979

TSUSA item No.	Description	January-September		July-September--	
		1980		1980	1979
475.3500	Naphthas, derived from petroleum, etc., n.e.s.	\$34,919,013		\$9,095,235	\$1,170,993
107.3525	Canned hams and shoulders, 3 pounds and over	13,036,992		4,109,166	5,850,016
700.4540	Women's footwear, of leather, cement soles, valued over \$2.50 per pair	11,810,416		6,751,892	6,407,559
690.3500	Parts, except brake regulators, for passenger, baggage, etc., railroad cars, not self-propelled	11,287,096		5,418,846	1,341,379
475.0535	Crude petroleum, testing under 25 degrees A.P.I. (heavy fuel oils)	9,564,170		9,564,170	10,376,953
690.1500	Passenger, baggage, etc., railroad cars, not self-propelled	9,288,279		2,612,155	2,007,141
700.2940	Welt work footwear, of leather, valued over \$6.80 per pair	7,783,816		1,693,069	3,682,641
700.3550	Men's footwear, of leather, n.e.s., cement soles	7,475,713		2,839,633	2,177,777
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	7,084,478		1,330,524	-
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	6,578,257		641,469	1/ 1,026,052
727.3540	Furniture, of wood, n.s.p.f.	6,105,109		2,228,055	1,811,404
446.1531	Polyisoprene rubber	5,717,079		2,103,032	2,940,368
480.3000	Urea, n.e.s.	5,267,944		-	-
700.3515	Men's and boys' athletic footwear, of leather, n.e.s.	3,970,692		2,483,651	997,662
607.6615	Sheets, of iron or steel, not shaped, not pickled or cold-rolled, n.e.s.	3,785,356		1,648,423	-
117.6700	Pecorino cheese, not for grating	3,139,478		1,000,194	470,711
546.6020	Glass tumblers, etc., valued over \$0.30 but not over \$3 each	2,923,610		1,032,978	-
382.8163	Women's wearing apparel of manmade fibers, n.e.s.	2,916,943		864,544	427,447
680.3512	Ball bearings, radial ball bearings, outside diameter over 30 mm but not over 52 mm	2,848,387		478,618	1,419,845
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	2,621,604		993,385	1,055,210
	Total	158,124,432		56,889,039	42,137,106
	Total, U.S. imports from Romania	250,949,201		87,891,674	90,172,488

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

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

Table A-9.--Leading items exported to Poland, by Schedule B Nos., January-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	January-September:		July-September--	
		1980	1980	1980	1979
130.3465	Yellow corn, not donated for relief-----	\$197,978,722	\$75,577,992		\$44,949,797
184.5260	Soybean oil cake and meal-----	62,415,077	-		2,757,330
175.4100	Soybeans, n.e.s-----	43,635,377	-		4,049,727
480.4500	Phosphates, crude, and apatite-----	24,547,008	9,968,719		5,956,498
130.6540	Wheat, unmilled, not donated for relief-----	21,590,633	-		83,907,510
120.1400	Cattle hides, whole-----	17,458,833	1,377,657		2,531,996
170.3320	Flue-cured cigarette filler tobacco, stemmed-----	9,115,036	3,059,472		3,823,855
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches-----	6,215,265	3,159,209		10,824,857
131.3040	Head rice, medium grain, not parboiled, not donated for relief--	5,231,597	5,251,597		1,488,105
120.2022	Sheep and lamb skins without wool on the skin-----	4,369,716	1,076,334		1,278,390
182.9742	Flours and grits, defatted, derived from oilseeds-----	4,093,465	1,211,339		1,117,603
300.1530	American Pima cotton and Sea Island cotton-----	3,805,415	-		1,175,372
177.5640	Tallow, inedible-----	3,213,380	1,078,529		2,395,249
692.3820	Parts of tracklaying tractors, n.s.p.f-----	3,105,623	1,581,207		1,213,234
692.3840	Parts, n.e.s., of other tractors, n.s.p.f-----	2,466,458	1,185,155		473,570
176.5220	Soybean oil, crude, including degummed-----	2,114,897	-		8,762,900
170.6500	Cigarettes-----	2,006,568	1,068,192		620,745
431.1890	Ethers of polyhydric alcohols and their derivatives, n.e.s-----	1,966,260	707,053		922,060
309.4242	Polyester fibers, noncontinuous-----	1,887,367	410,289		725,714
310.0027	Nylon yarns, high tenacity-----	1,831,578	525,250		-
	Total-----	419,068,275	107,237,994		178,974,712
	Total, U.S. exports to Poland-----	485,016,331	125,939,592		221,230,402

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

Table A-10.--Leading items imported from Poland, by TSUSA items, January-September 1980, July-September 1980, and July-September 1979

TSUSA item No.	Description	: January-September :		: July-September-- :	
		1980		1980 1979	
107.3525	Canned hams and shoulders, 3 pounds and over-----	\$99,030,324	:	\$31,439,685	:
607.6615	Sheets, of iron or steel, not shaped, not pickled or cold- rolled, n.e.s-----	12,290,519	:	6,058,490	:
700.3550	Men's footwear, of leather, n.e.s., cement soles-----	7,110,939	:	2,466,304	:
521.3180	Coal, n.e.s., including lignite, but not including peat-----	6,480,117	:	1,189,117	:
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard-----	5,704,892	:	1,637,205	:
110.4740	Pollock blocks, frozen, over 10 pounds-----	5,404,750	:	-	:
407.8521	Sulfathiazole-----	5,174,225	:	2,133,735	:
380.6653	Men's suits, of wool, valued over \$4 per pound-----	4,451,484	:	1,731,731	:
672.1600	Parts of sewing machines-----	4,076,513	:	807,842	:
646.2622	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or more in length, uncoated-----	3,357,165	:	1,430,289	:
612.6200	Brass rods, wrought-----	3,215,462	:	854,471	:
727.1500	Furniture and parts, of bentwood-----	3,211,188	:	764,606	:
380.3941	Men's and boys' suit-type coats, of cotton, not knit, not ornamented-----	3,021,440	:	1,065,505	:
674.3512	Machine tools, metal-cutting, engine o. toolroom- - -	2,971,863	:	1,031,995	:
700.2960	Men's welt footwear, of leather, n.e.s., valued over \$6.80 per pair-----	2,889,777	:	1,099,639	:
646.6320	Cap screws, of iron or steel, having shanks or threads over 0.24 inch in diameter-----	2,886,794	:	520,947	:
110.4710	Cod blocks, frozen, over 10 pounds-----	2,650,283	:	538,141	:
653.2200	Metal coins, n.e.s-----	2,582,542	:	264,605	:
366.2460	Terry towels of cotton, of pile or tufted construction, valued over \$1.45 per pound-----	2,505,334	:	513,179	:
493.1200	Cascan-----	2,355,865	:	453,465	:
	Total 4/-----	181,371,476	:	56,000,951	:
	Total, U.S. imports from Poland-----	309,706,844	:	95,889,573	:

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 and more comprehensive item 674.3547.

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

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-11.--Leading items exported to East Germany, by Schedule B Nos., January-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	: January-September : : 1980 : : 1980 : : 1979 :		
		: July-September-- : : 1980 : : 1980 : : 1979 :		
130.3465	: Yellow corn, not donated for relief-----	\$237,246,279	\$25,700,217	\$20,395,242
184.5260	: Soybean oil cake and meal-----	59,181,243	10,053,600	6,424,790
130.6540	: Wheat, unmilled, not donated for relief-----	39,080,555	11,824,699	4,716,501
419.6000	: Molybdenum compounds-----	5,449,360	-	-
601.2200	: Copper ore-----	3,204,435	-	-
661.7075	: Industrial machinery for treatment of other materials; and parts-----	1,263,515	1,263,515	-
680.2265	: Taps, etc., of iron or steel, not containing over 2.5 percent carbon, n.e.s.-----	924,028	-	-
624.0400	: Lead waste and scrap-----	902,207	283,708	-
818.9000	: General merchandise, valued not over \$500-----	796,598	109,658	114,245
444.6000	: Polyester resins, unsaturated, etc-----	747,078	-	1,200,915
120.1400	: Cattle hides, whole-----	611,315	257,875	285,346
444.2520	: Polymerization- and copolymerization-type resins-----	594,000	-	684,905
711.8740	: Chemical-analysis equipment and parts, nonelectrical, n.s.p.f.---	524,897	-	-
435.2300	: Antibiotics, n.e.s. (bulk)-----	487,500	-	-
521.3120	: Bituminous coal, n.e.s.-----	434,395	-	-
660.1030	: Heat exchangers for steam-generating boilers-----	399,145	19,525	246,831
309.0170	: Monofilaments, n.e.s.-----	348,134	-	-
660.3040	: Parts, n.s.p.f., of steam turbines-----	318,000	-	-
722.9540	: Photofinishing equipment, n.e.s.-----	289,498	-	423,992
300.3021	: Cotton linters, n.e.s.-----	281,358	90,670	12,869
	: Total-----	353,083,540	49,603,467	34,505,636
	: Total, U.S. exports to East Germany-----	356,473,691	50,806,636	52,708,967

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-September 1980, July-September 1980, and July-September 1979

TSUSA item No.	Description	: January-September : 1980			: July-September-- 1980			: 1979		
480.5000	Potassium chloride, crude-----	\$3,250,876			\$1,047,533			\$870,000		
668.2100	Offset printing presses, weighing 3,500 pounds or more, sheet-fed type-----	2,743,275			584,178			1/ 367,093		
124.1025	Mink furskins, except "Japanese mink," undressed-----	2,217,000			191,600			22,735		
772.5105	Passenger car tires, new-----	1,840,828			297,174			109,816		
494.2000	Montan wax-----	1,244,786			332,495			350,995		
121.5000	Pig and hog leather-----	1,200,000			456,000			438,000		
688.4040	Electrical articles and parts, n.e.s., except ferrite core memories, n.e.p.f.-----	1,140,389			192,782			2/ -		
380.0609	Jogging, warmup, and similar types of athletic jackets-----	1,028,549			369,890			-		
772.5115	Pneumatic truck and bus tires, new-----	962,867			360,835			195,382		
766.2560	Antiques, n.s.p.f.-----	878,250			4,578			-		
380.0645	Men's and boys' sweatshirts, of cotton, knit-----	764,160			236,432			357,752		
692.1010	Passenger automobiles, new, with piston-type engines-----	3/ 680,862			3/ 660,157			19,835		
676.0510	Typewriters, electric, nonautomatic, portable-----	649,400			312,500			534,688		
437.8240	Vitamin C-----	643,070			-			-		
676.0530	Typewriters, nonelectric, nonautomatic, portable-----	529,083			130,226			337,866		
668.5060	Parts of printing presses-----	500,538			175,259			126,485		
207.0080	Articles of wood, n.s.p.f.-----	458,566			229,712			216,805		
674.3283	Boring machines, including vertical turret lathes, n.e.s.-----	394,504			79,012			4/ -		
670.2000	Knitting machines, other than circular knitting machines, n.e.s.-----	340,470			-			121,582		
748.2100	Artificial flowers, etc., n.e.s.-----	334,113			83,304			95,838		
	Total 5/-----	21,467,473			5,660,363			3,701,941		
	Total, U.S. imports from East Germany-----	32,729,886			9,296,844			7,888,560		

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 688.2035.

2/ On April 1, 1980 the more comprehensive item 688.4040 became items 688.4550 and 688.4400. Trade totals are the aggregate of all 3 numbers.

3/ Official trade statistics of the Department of Commerce incorrectly reported imports of this item in the third quarter from East Germany. All third quarter imports of this item were actually from West Germany.

4/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 674.3265.

5/ 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-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	January-September:		July-September--	
		1980		1980	1979
130.3465	: Yellow corn, not donated for relief-----	\$57,111,989	:	\$15,752,728	\$24,056,481
184.5260	: Soybean oil cake and meal-----	27,883,829	:	2,314,830	2,231,000
130.6540	: Wheat, unmilled, not donated for relief-----	19,916,222	:	-	22,745,332
120.1400	: Cattle hides, whole-----	7,178,912	:	2,541,840	7,403,428
683.9540	: Parts of industrial and laboratory furnaces and ovens-----	3,352,558	:	-	-
170.3310	: Flue-cured cigarette filler tobacco, unstemmed-----	2,148,300	:	-	-
147.1900	: Lemons, fresh-----	1,453,032	:	738,318	204,204
170.4300	: Leaf tobacco, n.e.s-----	1,140,039	:	-	-
480.7015	: Phosphoric acid-----	1,050,834	:	-	948,949
207.0035	: Wooden pencil slats-----	1,046,100	:	275,685	166,700
381.1520	: Men's and boys' denim slacks, of cotton, not knit-----	978,826	:	499,742	439,082
678.5019	: Machines for weaving and other wire-fabricating and : wire-drawing machines and draw benches-----	900,486	:	92,296	-
124.1527	: Muskrat furskins, whole, undressed-----	811,866	:	399,164	72,000
540.4200	: Glass rods, tubes, and tubing-----	781,482	:	22,888	86,385
818.9000	: General merchandise, valued not over \$500-----	773,608	:	64,440	267,247
678.5065	: Machines, for production and assembly of semiconductor devices, : etc., n.s.p.f-----	743,199	:	557,954	-
676.5560	: Parts for automatic data-processing machines and units, : n.s.p.f-----	580,975	:	193,512	208,249
309.0170	: Monofilaments, n.e.s-----	578,862	:	124,587	224,219
250.0267	: Wood pulp, sulfate, bleached, hardwood-----	571,468	:	335,623	-
618.0300	: Nonalloyed unwrought aluminum-----	499,299	:	-	-
	: Total-----	129,501,886	:	23,913,607	58,553,276
	: Total, U.S. exports to Czechoslovakia-----	142,054,783	:	27,213,630	63,427,448

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



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

TSUSA item No.	Description	January-September:		July-September--	
		1980		1980	1979
700.2940	Welt work footwear, of leather, valued over \$6.80 per pair-----	\$5,170,873		\$1,462,590	\$673,540
107.3525	Canned hams and shoulders, 3 pounds and over-----	3,014,006		918,102	1,268,327
700.2960	Men's welt footwear, of leather, n.e.s., valued over \$6.80 per pair-----	2,556,002		850,284	206,180
610.3920	Oil well casing, other than alloy steel, not advanced-----	2,367,899		1,631,472	25,893
192.2500	Hops-----	2,029,385		-	-
670.1436	Weaving machines, jet type-----	1,731,886		574,492	1,006,668
700.3550	Men's footwear, of leather, n.e.s., cement soles-----	1,571,983		302,007	46,204
674.3512	Machine tools, metal-cutting, engine or toolroom-----	1,407,606		309,715	-
546.6020	Glass tumblers, etc., valued over \$0.30 but not over \$3 each-----	1,364,544		439,428	1/ 259,032
270.2580	Books, n.s.p.f., by foreign author-----	1,355,589		698,731	132,230
692.5010	Motorcycles, with piston displacement not over 50 cubic centimeters-----	1,091,684		458,040	112,124
668.2100	Offset printing presses, weighing 3,500 pounds or more, sheet-fed type-----	918,317		230,970	2/ 297,041
437.3000	Antibiotics, natural and not artificially mixed-----	784,112		244,690	177,618
741.3500	Imitation gemstones, except imitation gemstone beads-----	782,927		296,124	241,867
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard-----	651,961		291,289	111,181
674.3554	Grinding and finishing machines, external cylindrical, valued \$2,500 or over each-----	647,998		360,491	3/
545.5700	Glass prisms for chandeliers, etc-----	546,787		194,400	233,998
607.1700	Wire rods, of iron or steel, not tempered or treated, valued over 4 cents per pound-----	538,443		-	4/ 431,504
674.5340	Parts for other metalworking machine tools-----	530,676		158,265	130,999
727.1500	Furniture and parts, of bentwood-----	526,652		94,753	257,934
	Total 5/-----	29,589,330		9,515,843	4,624,763
	Total, U.S. imports from Czechoslovakia-----	45,385,757		15,244,827	11,569,318

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 and more comprehensive item 674.3551.

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

5/ 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-15.--Leading items exported to Hungary, by Schedule B Nos., January-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	: January-September : 1980		: July-September-- 1980		: 1979	
184.5260	: Soybean oil cake and meal-----	\$17,937,594	:	\$3,723,830	:	-	:
692.3840	: Parts, n.e.s., of other tractors, n.s.p.f-----	3,273,405	:	1,473,157	:	\$578,627	:
435.3300	: Corticosteroids, n.s.p.f. (bulk)-----	2,425,621	:	675,621	:	210,000	:
540.4200	: Glass rods, tubes, and tubing-----	2,346,053	:	364,183	:	478,724	:
321.2908	: Cotton denims-----	2,050,967	:	842,550	:	64,817	:
120.1400	: Cattle hides, whole-----	1,787,374	:	554,268	:	1,478,731	:
692.2985	: Parts, n.s.p.f., of motor-vehicle chassis, bodies, etc-----	1,430,698	:	356,288	:	216,235	:
121.7060	: Leather, n.e.s-----	1,185,733	:	287,349	:	584,684	:
435.7700	: Cardiovascular drugs-----	1,125,387	:	-	:	-	:
674.3045	: Metalworking machine tools, for cutting or hobbing gears, : n.s.p.f-----	1,054,007	:	1,054,007	:	1/	:
692.2926	: Brake linings and disc brake pads for automobiles and trucks-----	959,198	:	270,289	:	-	:
666.0060	: Parts for plows, listers, cultivators, and weeders, : n.s.p.f-----	795,599	:	490,212	:	33,247	:
666.0063	: Parts for harrows, roller stalk cutters, and soil pulverizers, : n.s.p.f-----	722,274	:	89,940	:	393,900	:
727.0300	: Motor-vehicle or aircraft furniture; and parts thereof, n.s.p.f-----	712,367	:	86,388	:	-	:
711.2420	: Machines and appliances for determining the strength of : articles' under compression, tension, etc., electrical-----	652,058	:	-	:	-	:
664.0584	: Parts, n.e.s., of oil and gas field drilling machines-----	641,567	:	242,626	:	205,568	:
435.1100	: Erythromycin and derivatives-----	586,850	:	-	:	-	:
676.5560	: Parts for automatic data-processing machines and units, : n.s.p.f-----	575,009	:	220,193	:	112,760	:
664.0225	: Integral tractor shovel loaders, rear-engine mounted, new, : 4-wheel drive, bucket capacity of 5 to 6.5 cubic yards-----	521,600	:	-	:	2/	:
772.5000	: Pneumatic tires for agricultural machinery-----	492,061	:	338,364	:	93,145	:
	: Total 3/-----	41,275,422	:	11,069,265	:	4,450,438	:
	: Total, U.S. exports to Hungary-----	60,363,581	:	18,355,403	:	11,659,427	:

1/ Prior to Jan. 1, 1980, this item was classified under the now-deleted and more comprehensive item 674.3030.

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

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-16.--Leading items imported from Hungary, by TSUSA items, January-September 1980, July-September 1980, and July-September 1979

TSUSA item No.	Description	January-September--	
		1980	1979
107.3525	Canned hams and shoulders, 3 pounds and over-----	\$14,871,293	\$4,236,897
692.3288	Parts for motor vehicles, n.e.s.-----	11,297,093	3,382,736
692.3460	Parts for agricultural tractors-----	8,263,105	2,567,420
686.9030	Other lamps, including standard household-----	5,435,261	1,562,310
700.4540	Women's footwear, of leather, cement soles, valued over \$2.50 per pair-----	4,024,214	2,039,929
676.0560	Typewriters, nonelectric, nonautomatic-----	2,053,391	748,076
107.3040	Bacon, not boned and cooked-----	1,939,097	555,122
161.7100	Paprika, ground or unground-----	1,264,240	91,929
735.2020	Puzzles and parts thereof-----	1,172,353	688,014
653.2200	Metal coins, n.e.s.-----	1,036,626	532,166
167.3040	Wine, not over 14 percent alcohol, valued over \$4 per gallon, in containers not over 1 gallon-----	934,808	383,491
772.5115	Pneumatic truck and bus tires, new-----	917,746	-
542.3120	Ordinary glass, weighing over 16 but not over 18.5 ounces per square foot, not over 40 united inches-----	770,956	165,929
692.3272	Brakes and parts thereof-----	738,722	-
437.2080	Alkaloids and compounds, synthetic, n.s.p.f.-----	655,217	221,383
382.6320	Women's, girls', and infants' coats, n.e.s., of wool, valued over \$4 per pound-----	643,762	577,572
107.3515	Canned hams and shoulders, less than 3 pounds-----	629,529	123,890
425.5290	Nitrogenous compounds, n.s.p.f.-----	620,184	134,479
380.6653	Men's suits, of wool, valued over \$4 per pound-----	583,182	561,343
338.1530	Woven fabrics, of polyester, n.s.p.f.-----	517,341	126,348
	Total 4/-----	58,368,120	18,699,034
	Total, U.S. imports from Hungary-----	77,894,181	26,497,808

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

2/ Prior to Jan. 1, 1980, this item was classified under the now-deleted item 692.3060.

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-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	January-September--	
		1980	July-September-- 1979
130.3465	: Yellow corn, not donated for relief-----	\$58,342,329	\$25,869,060
184.5260	: Soybean oil cake and meal-----	29,269,632	12,660,014
480.7050	: Concentrated superphosphates-----	6,939,059	6,939,059
170.3320	: Flue-cured cigarette filler tobacco, stemmed-----	4,247,601	3,329,119
710.2820	: Geophysical instruments and parts, electrical-----	3,561,110	725,784
250.0284	: Wood pulp, special alpha and dissolving grades-----	1,264,411	1,264,411
120.1400	: Cattle hides, whole-----	1,221,866	-
170.3340	: Burley cigarette filler tobacco, stemmed-----	1,058,664	1,058,664
480.7015	: Phosphoric acid-----	1,036,722	1,036,722
381.1520	: Men's and boys' denim slacks, of cotton, not knit-----	845,354	-
692.3160	: Tracklaying tractors, new, with net engine horsepower : of 345 and over-----	674,010	674,010
170.3330	: Burley cigarette filler tobacco, unstemmed-----	537,452	537,452
170.3310	: Flue-cured cigarette filler tobacco, unstemmed-----	535,125	535,125
678.5090	: Concrete and bituminous pavers, finishers, and spreaders, : parts-----	437,257	-
674.8002	: Parts for gas-operated welding, etc., appliances-----	368,652	368,652
666.0026	: Seeding machines-----	341,558	-
678.3520	: Injection-molding machines-----	328,300	-
630.7010	: Tungsten powder-----	295,780	-
676.5560	: Parts for automatic data-processing machines and units, : n.s.p.f.-----	292,385	141,099
711.8710	: Chemical-analysis equipment and parts, electrical, n.s.p.f.-----	285,794	153,390
	: Total-----	111,883,061	55,292,561
	: Total, U.S. exports to Bulgaria-----	117,226,674	57,386,348

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

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

TSUSA item No.	Description	January-September-- 1980	July-September-- 1980	1979
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches-----	\$11,238,368	\$3,298,349	\$3,961,909
676.0530	Typewriters, nonelectric, nonautomatic, portable-----	995,921	302,684	360,459
700.3550	Men's footwear, of leather, n.e.s., cement soles-----	952,136	358,686	153,455
117.6700	Pecorino cheese, not for grating-----	891,814	392,381	367,419
674.3512	Machine tools, metal-cutting, engine or toolroom-----	713,277	294,121	-
167.3020	Wine, not over 14 percent alcohol, valued not over \$4 per gallon, in containers not over 1 gallon-----	372,387	166,913	-
546.6020	Glass tumblers, etc., valued over \$0.30 but not over \$3 each-----	203,585	63,051	1/ 122,507
653.2200	Metal coins, n.e.s.-----	201,762	141,716	-
700.4540	Women's footwear, of leather, cement soles, valued over \$2.50 per pair-----	128,278	48,794	159,217
452.6000	Rose oil or attar of roses-----	126,551	31,486	378,809
452.3200	Lavender and spike lavender oil-----	123,196	18,750	-
107.3525	Canned hams and shoulders, 3 pounds and over-----	122,666	39,976	59,411
674.3522	Machine tools, metal-cutting, n.e.s.-----	115,935	15,600	2/
380.6615	Men's and boys' overcoats, etc., of wool, not knit, valued over : \$4 per pound-----	103,195	103,195	-
439.1090	Natural drugs, n.e.s., crude-----	85,402	7,973	15,301
380.6324	Men's and boys' coats, of wool, valued over \$4 per pound-----	82,359	48,505	-
676.0510	Typewriters, electric, nonautomatic, portable-----	70,896	70,896	-
692.4020	Parts of forklift trucks-----	69,605	21,323	-
765.0300	Paintings, etc., by hand-----	58,625	-	-
382.6315	Women's, girls', or infants' coats, n.e.s., of wool, valued over \$4 per pound-----	56,534	56,233	-
	Total 3/-----	16,712,492	5,480,632	5,455,980
	Total, U.S. imports from Bulgaria-----	17,234,827	5,607,149	6,963,513

1/ On Jan. 1, 1980, item 546.5020 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 and more comprehensive item 674.3547.

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-19.--Leading items exported to Albania, by Schedule B Nos., January-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	January-September		July-September--	
		1980		1980	1979
521.3110	Low volatile bituminous coal	\$6,307,412		\$3,346,343	\$2,984,892
685.4050	Tape recorders and parts, video, color	246,181		-	-
120.1400	Cattle hides, whole	224,433		224,433	151,210
486.8900	Herbicide preparations, n.e.s.	5,489		-	-
688.4020	Particle accelerators, and parts thereof	2,750		-	-
270.8240	Periodicals, paper covered or unbound, not business or professional, n.s.p.f.	1,140		-	-
	Total	6,787,405		3,570,776	3,136,102
	Total, U.S. exports to Albania	6,847,308		3,570,776	3,424,684

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

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

TSUSA item No.	Description	January-September:		July-September--	
		1980		1980	1979
601.1540	Chrome ore, chromium content over 40 but under 46 percent				
	chromic oxide-----			\$1,272,080	\$1,117,588
601.1560	Chrome ore, 46 percent or more chromic oxide-----	\$2,944,080			
161.9400	Sage, unground-----	2,420,309		1,201,445	-
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide--	2,329,208		516,152	620,734
162.0100	Savory, crude or not manufactured-----	1,454,284		-	674,345
439.1090	Natural drugs, n.e.s., crude-----	50,423		-	1,369
161.9000	Rosemary, crude or not manufactured-----	37,230		7,593	-
161.6700	Crude origanum-----	23,278		17,165	17,698
748.3000	Dried or bleached plants, not flowers, for bouquets or other	14,805		4,000	-
	ornamental use-----				
188.3870	Gums, gum resins, and resins, natural, n.s.p.f-----	7,818		-	-
653.2200	Metal coins, n.e.s-----	3,373		3,373	-
	Total-----	2,178		-	814
	Total, U.S. imports from Albania-----	9,286,986		3,021,808	2,432,548
		9,286,986		3,021,808	2,526,794

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-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	January-September		
		1980	1980	1979
711.8710	Chemical-analysis equipment and parts, electrical, n.s.p.f.	\$19,831	\$19,831	\$3,380
547.6000	Pharmaceutical, hygenic, or laboratory glassware	7,875	3,302	-
661.3530	Freezers	2,970	2,970	-
818.3900	Products, n.e.s., donated for relief	2,809	-	6,445
433.1079	Prepared culture media	2,516	1,122	-
709.1340	Syringes, nonhypodermic, medical	1,564	1,564	-
711.8760	Chemical- or physical-analysis equipment and parts, nonelectrical, n.s.p.f.	1,462	-	-
438.6000	Diagnostic reagents, n.e.s.	1,394	-	-
688.4060	Electrical articles and parts, n.s.p.f.	1,200	-	-
	Total	41,621	28,789	9,825
	Total, U.S. exports to Mongolia	41,621	28,789	14,475

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-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	January-September--		
		1980	1980	1979
486.6200	Chlorinated hydrocarbon insecticides (incl. ddt preparations)	\$351,854	\$351,854	-
818.3900	Products, n.e.s., donated for relief	133,060	22,500	\$11,100
818.3300	Medicine, etc., donated for relief	97,767	-	1,600
818.9000	General merchandise, valued not over \$500	26,333	4,826	74,521
661.7015	Sterilizers and autoclaves and parts	16,685	-	-
682.6035	Generator sets, diesel engine driven, over 1,000 kilowatts	12,009	12,009	-
709.5700	Orthopedic appliances, internal fixation devices, n.s.p.f.	11,465	-	-
711.8710	Chemical-analysis equipment and parts, electrical, n.s.p.f.	10,545	-	-
433.1079	Prepared culture media	2,174	-	-
433.1056	Laboratory reagent preparations, organic and inorganic	1,186	-	7,157
	Total	663,078	391,189	44,378
	Total, U.S. exports to Vietnam	663,078	391,189	247,061

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

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

TSUSA item No.	Description	January-September:		July-September--	
		1980	1980	1980	1979
520.3200	Diamonds, not over 1/2 carat, cut, not set	\$4,601	\$4,601	-	-
389.6100	Artificial flowers, of silk, not ornamented	2,926	-	-	-
653.2200	Metal coins, n.e.s.	1,995	-	-	-
	Total	9,522	4,601	-	-
	Total, U.S. imports from Vietnam	33,460	4,858	\$155,542	

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-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	January-September:		July-September---	
		1980		1980	1979
709.2540	Dental instruments, n.s.p.f., and parts, n.s.p.f.	\$12,782		-	-
818.3300	Medicine, etc., donated for relief	10,000		-	-
270.3080	Technical, scientific, and professional books	7,751		\$6,300	-
709.3000	Medical, dental, surgical, and veterinary instruments, n.s.p.f.	5,852		-	-
772.5105	New car tires	5,100		-	-
683.1020	Lead-acid storage batteries	4,412		-	-
724.0160	Motion-picture films, less than 1,600 linear feet in length each				
818.3900	Products, n.e.s., donated for relief	3,885		3,885	-
256.3840	Graphic paper and paperboard not further advanced than cut to size and shape, n.s.p.f.	3,596		1,246	-
433.1056	Laboratory reagent preparations, organic and inorganic	1,918		-	-
661.2270	Air conditioners, 60,000 btu/hr. and under	1,674		-	-
676.0520	Typewriters, nonautomatic, portable	1,588		-	-
252.6700	Writing, printing, or other graphic paper containing over 10 percent by weight mechanical wood pulp	1,576		1,576	-
256.7190	Paper and paperboard, cut to size or shape; and other articles of pulp, papier-mache, paper, or paperboard, n.s.p.f.	1,400		-	-
	Total	1,016		-	-
	Total, U.S. exports to Cuba	62,550		13,007	\$37,160

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

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

TSUSA item No.	Description	January-September:		July-September---	
		1980		1980	1979
724.1025	Feature film, 35-mm and over, n.e.s.	\$9,500		-	-
766.2540	Antique furniture	1,105		-	-
653.2200	Metal coins, n.e.s.	773		-	-
	Total	11,378		-	-
	Total, U.S. imports from Cuba	15,668		-	\$11,500

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-September 1980, July-September 1980, and July-September 1979

Schedule B No.	Description	: January-September :			: July-September-- :		
		1980			1980		
							1979
404.3000	Amines and their derivatives-----						
	Total-----						\$12,680
	Total, U.S. exports to North Korea-----						12,680
							12,680

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-September 1980, July-September 1980, and July-September 1979

TSUSA item No.	Description	July-September---	
		January-September: 1980	1979
750.2000	Hair ornaments of rubber or plastics-----	\$20,530	-
338.3057	Woven fabrics, of polyester, n.s.p.f-----	12,500	-
750.6000	Artists' brushes and hair pencils, valued over 10 cents each-----	7,500	-
790.1500	Ribbon fly catchers-----	4,560	-
774.5500	Rubber or plastics articles, 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	-
	Total-----	50,981	-
	Total, U.S. imports from North Korea-----	50,981	-
			\$66,608

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

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





**APPENDIX B**

**GLOSSARY**

Abbreviation	Full wording
CAP	Common Agricultural Policy (EC)
CCC	Commodity Credit Corporation (U.S. Department of Agriculture)
CCL	Commodity Control List
CEMA	Council for Mutual Economic Assistance
COCOM	Coordinating Committee for Multilateral Export Controls
EAA	Export Administration Act of 1979 (United States)
EC	European Community
EXIMBANK	Export-Import Bank of the United States
FAO	Food and Agricultural Organization (United Nations)
FYP	Five-year Plan
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
LTFV	Less than Fair Value
MFS	Multifiber Arrangement
MFN	Most-favored Nation
NME's	Nonmarket Economy Countries
OEA	Office of Export Administration (U.S. Department of Commerce)
OECD	Organization for Economic Cooperation and Development
OEWPP	Office of East-West Policy and Planning (U.S. Department of Commerce)
OPIC	Overseas Private Investment Corporation (United States)
QCL	Qualified General License
SDR	Special Drawing Rights
SITC	Standard International Trade Classification
SYE	Square Yard Equivalents
TSUSA	Tariff Schedules of the United States Annotated
USC	United States Code
USDA	U.S. Department of Agriculture

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

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