



SECRET

# Economic Intelligence Weekly Review

22 December 1978

Secret

ER CIWR 78-011  
22 December 1978

Copy 4 of 8

25X1

Approved For Release 2004/09/28 : CIA-RDP80T00702A001000050001-4

Approved For Release 2004/09/28 : CIA-RDP80T00702A001000050001-4

SECRET



25X1

**ECONOMIC INTELLIGENCE WEEKLY REVIEW**

**22 December 1978**

**Current Survey** ..... 1

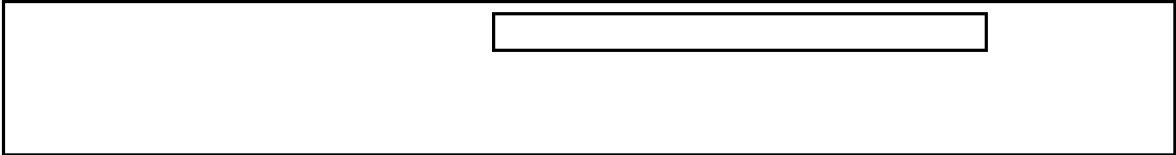
Major Recent Developments Affecting the International Economy [redacted]

25X1

**European Community: The Long March Toward Increased Trade With China** [redacted] 3

A spate of contracts, rumored deals, and negotiations on trade agreements highlights the EC scramble to profit from Peking's stepped-up procurement of Western machinery and technology. [redacted]

25X1



**Indonesia: Devaluation Designed To Help Exports** [redacted] 12

The 33-percent devaluation of the rupiah last month, whose timing took the business community by surprise, is designed to facilitate rapid growth in nonoil exports in the early 1980s. [redacted]

25X1

**Hong Kong: Facing an Uphill Battle on Export Growth** [redacted] 16

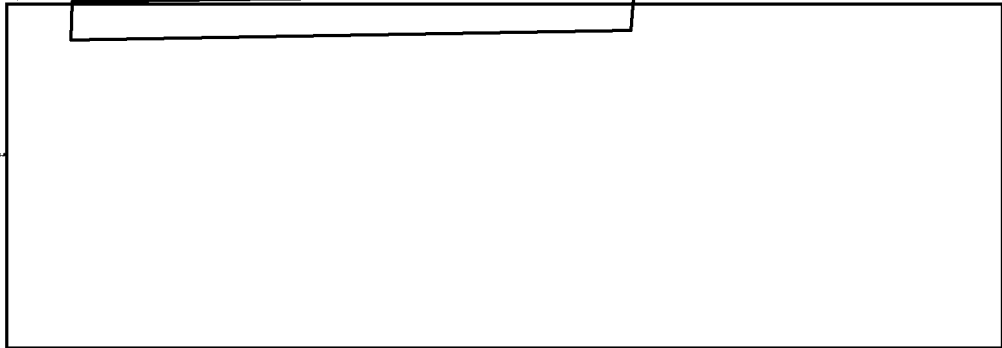
Blessed with a well-disciplined labor force and laissez-faire government policies, Hong Kong has grown to be the leading LDC exporter of manufactured goods—but it will have to hustle to maintain its position in the face of protectionist barriers abroad and rising costs at home. [redacted]

25X1

25X1

**Notes** ..... 23

- China Posts Strong Economic Growth in 1978
- China Has Recovered From Tangshan Quake
- USSR Scales Down Oil Production Plan
- Portugal Registers Current Account Surplus



25X1

25X1

25X1

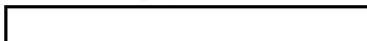
25X1

25X1

25X1

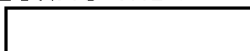
25X1

SECRET



Current Survey

MAJOR RECENT DEVELOPMENTS AFFECTING THE INTERNATIONAL ECONOMY

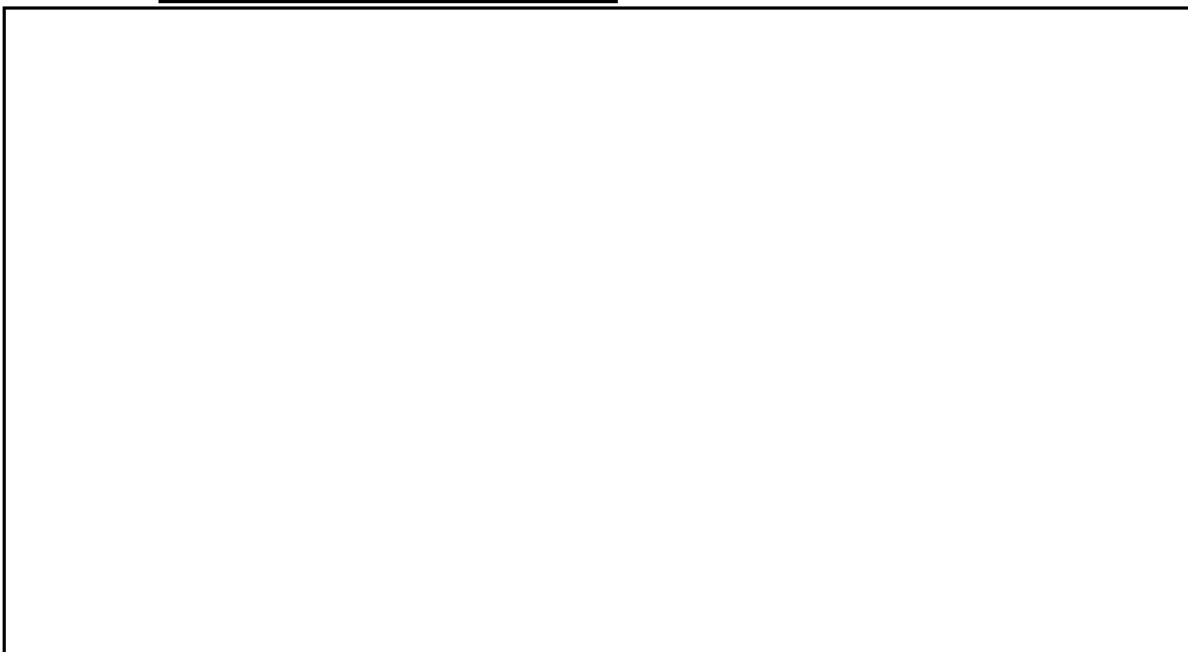
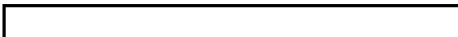


Impact of Higher Oil Prices

OPEC's decision to hike oil prices 14.5 percent by October 1979 (a 10-percent boost year-over-year) will shave 0.2 percentage point from OECD GNP growth in 1979 and another 0.5 point in 1980, according to the CIA/OER linked econometric model. Assuming no exchange rate changes or compensating fiscal or monetary policies, the model generates the following impact of the OPEC price increase on OECD countries:

	1979	1980
Change in GNP (percent) .....	-0.2	-0.5
Change in consumer prices (percent) .....	0.3	0.9
Change in trade balances (billion US \$) .....	-8.5	-7.5

We now estimate that non-US OECD real growth in 1979 will be slightly more than 3 percent.



SECRET

Most non-OPEC oil exporters will push prices up about in line with the OPEC schedule. Mexico has already announced that it will adopt the initial 4.5 percent OPEC increase on 1 January. [redacted]

25X1

[redacted]

25X1

### Iran

Iranian oil production is edging upward as some oil workers return to their jobs. Output now hovers around 3 million b/d [redacted]

25X1

25X1

25X1

25X1

[redacted] the government has begun enforcing Prime Minister Azhari's "no work, no pay" edict. [redacted]

[redacted]

25X1

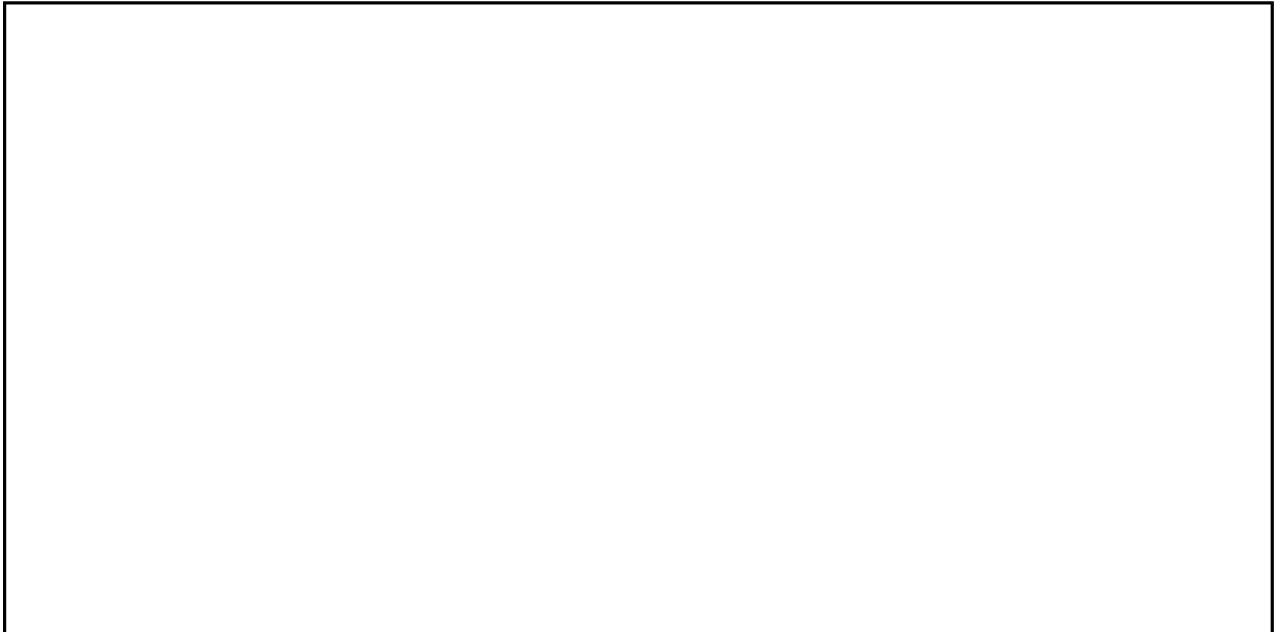
### The China Market

US, West European, and Japanese business and government leaders continue to beat a path to Peking hoping to improve their positions as suppliers of equipment and technology for the Chinese modernization program. [redacted]

25X1

[redacted]

SECRET



25X1

For the near term, Ohira will probably have to live with growing budget deficits. Because the cabinet is less experienced in economic policymaking than the previous group, it will need time to develop the details of its economic strategy. The fiscal year 1979 budget—already in the final stages of planning—will likely contain a 16-percent boost in outlays, pushing Tokyo's deficit to 37 percent of expenditures. [REDACTED]

25X1

Articles

EUROPEAN COMMUNITY: THE LONG MARCH TOWARD  
INCREASED TRADE WITH CHINA [REDACTED]

25X1

A spate of contacts, rumored deals, and negotiations on trade agreements highlights the European Community's scramble to profit from China's decision to turn once again to Western suppliers for technology and equipment. The two-way flow of commodities and cash, however, remains small. Increases implied in recent agreements are on the order of 15 to 20 percent per year through the mid-1980s, a feasible target starting from current low levels. [REDACTED]

25X1

Except for the problems involved in sales of military equipment and nuclear technology, constraints on increased EC-PRC trade are largely on the Chinese side—primarily China's limited ability to pay for and absorb the goods offered. While the PRC may now be willing to accept conventional foreign credits, the Chinese still want to offset imports with exports of PRC commodities. [REDACTED]

25X1

22 December 1978

SECRET

3

SECRET

For the Europeans, the key obstacle to meeting trade goals will be finding suitable Chinese products at competitive prices. Soviet displeasure with growing EC-PRC trade, and particularly with the prospect of Chinese arms purchases, may affect EC relations with both China and the USSR. The Europeans will consider the Soviet angle, as well as US policy, in responding to Chinese requests for sensitive goods. Although a turning point appears to have been reached, long and frustrating negotiations loom for the West Europeans; regardless of the outcome, China will remain a small market for European industry.

25X1

European Community: Trade With China <sup>1</sup>

	Percent of Total	
	Exports	Imports
1960.....	0.79	0.53
1970.....	0.41	0.30
1973.....	0.50	0.31
1974.....	0.35	0.29
1975.....	0.48	0.27
1976.....	0.41	0.28
1977.....	0.24	0.26
1978 <sup>2</sup> .....	0.39	0.26
1985 <sup>3</sup> .....	2.0-2.5	2.0-2.5

<sup>1</sup> Data include intra-EC trade. China's trade share excluding intra-EC trade would be about double the percentage shown. Data cover all nine current EC members—Belgium, Denmark, France, Ireland, Italy, Luxembourg, the Netherlands, the United Kingdom, and West Germany.

<sup>2</sup> Data for the first half of the year.

<sup>3</sup> Estimated.

25X1

EC-PRC Trade Ties

The EC Commission has sole authority to set general rules for trade between member states and outsiders. Commercial arrangements are left up to individual member states whose bilateral accords cannot specify or eliminate quotas or provide for preferential trading arrangements. In November 1974, the EC offered to negotiate trade agreements with state-trading countries, including China. Following mutual diplomatic recognition in 1975, the PRC responded favorably to the EC invitation. An agreement was tentatively approved in September 1977 and formally signed in Brussels in April 1978. The five-year, nonpreferential agreement contains (a) a weak most-favored-nation clause; (b) a "balanced trade" clause, according to which the two sides promise to make "best efforts" to expand trade at similar rates; (c) a safeguard clause, which provides for "friendly consultations" in case of EC difficulties with Chinese goods and which tacitly recognizes an EC right to apply specific restrictions if difficulties persist; and (d) a clause designed to prevent PRC sales at prices well below market levels.

25X1

SECRET

The agreement allows the EC to maintain its current restrictions on selected Chinese goods while calling for the Community to liberalize imports from the PRC as much as possible. For its part, Peking promises to take imports from the EC into "favorable consideration," a promise hailed by the Europeans as a Chinese concession not previously granted to any trading partner. The agreement also establishes a joint EC-China Economic Commission to review progress in promoting trade. The initial meeting of the Commission will be held in first half 1979. [redacted]

25X1

China: Direction of Trade

	Million US \$							
	1975		1976		1977		1978 <sup>1</sup>	
	Exports (f.o.b.)	Imports (c.i.f.)	Exports (f.o.b.)	Imports (c.i.f.)	Exports (f.o.b.)	Imports (c.i.f.)	Exports (f.o.b.)	Imports (c.i.f.)
<b>Total</b>	<b>7,180</b>	<b>7,395</b>	<b>7,265</b>	<b>6,010</b>	<b>7,955</b>	<b>7,100</b>	<b>10,000</b>	<b>10,000</b>
Of which:								
European Community	703	1,637	825	1,475	875	1,040	980	1,930
Japan	1,459	2,369	1,306	1,746	1,473	2,036	1,590	2,880
Hong Kong and Macao <sup>2</sup>	1,400	35	1,630	30	1,795	45	1,692 <sup>3</sup>	72 <sup>3</sup>
United States	158	334	202	149	203	188	285	615
Singapore	251	44	254	41	262	62	265	72
Communist Countries								
USSR	150	129	179	238	177	161	170	170
Eastern Europe	485	525	435	550	600	625	NA	NA
Far East <sup>4</sup>	540	200	460	160	420	210	NA	NA

<sup>1</sup> Preliminary data.

<sup>2</sup> Including entrepot trade.

<sup>3</sup> Hong Kong only.

<sup>4</sup> North Korea, Mongolia, Vietnam, Cambodia, and Laos.

25X1

Exports from the European Community to China reached \$1.4 billion (f.o.b.) in 1975 but by 1977 had fallen back below \$1 billion. Even in 1975, however, exports to China represented less than 0.5 percent of total exports by EC countries, or about 1 percent of sales outside the Community. China's share of imports by EC countries was only about 0.3 percent. Both market shares were well below the levels of the early 1960s. [redacted]

25X1

Over the past two years, a flurry of Chinese delegations has descended on Western Europe. At each stop, the missions have looked, poked, and prodded, and made various—sometimes overlapping or contradictory—promises to government and business officials. Very few major contracts have been signed. Nevertheless, a quiet but sharp increase in Chinese purchases has occurred. In the first half 1978, EC shipments to China ran close to the total for all of last year. Over the full year, EC



SECRET

exports to China no doubt have broken the 1975 record. EC imports from China for 1978 have increased roughly 15 percent above the 1977 level. [REDACTED]

25X1

### Major European Traders

#### *West Germany*

The West Germans have been less active than their EC partners in obtaining an all-encompassing trade agreement with China, possibly because West Germany outsells the rest of its EC partners combined. Nevertheless, West Germany agreed in November to begin discussions leading toward an economic cooperation agreement. West Germany recently won the first major West European contract from the Chinese since the post-Mao buying round began. It calls for a West German consortium to provide approximately \$4 billion in know-how and equipment to modernize the Chinese coal mining and coal mining equipment industries. While financing details still must be worked out, a West German bank consortium apparently will provide credit with five- to 10-year terms. The West Germans have also signed contracts for the construction of five petrochemical plants. A rumored \$14 billion contract for West German construction of an integrated steel complex will probably be split among suppliers in several countries, including Japan and perhaps France, the United Kingdom, and Italy. (C)

#### *France*

France's independent foreign policy stance makes Paris the obvious first point of contact for the Chinese in Western Europe. As with Franco-Soviet ties, however, the "special relationship" provides only limited trade advantages for France. Although at the forefront in negotiations and publicity, the French consistently run a poor second to West Germany when final contracts are signed and deliveries made. [REDACTED]

25X1

In the current round of interest in Sino-European trade, France was the first to obtain formal signature of a new bilateral trade agreement. The pact, signed in Peking on 4 December 1978 by French Foreign Trade Minister Jean-Francois Deniau, calls for total two-way trade of \$13.5 billion in 1979-85. The agreement also stipulates that "best efforts" be made to balance trade, and that France make available \$6.75 billion worth of credits for its exports, probably at interest rates of 7.25-7.50 percent. The credits, reportedly repayable in 10 years, will be forthcoming only as contracts are signed. [REDACTED]

25X1

Specific sectors mentioned in the agreement as being of priority interest to the Chinese include steel, electrical energy (nuclear, hydroelectric, and thermal), mining research, hotels, port infrastructure, aviation, agricultural machinery, rail transport, and oil. Projects listed as being in advanced stages of negotiations—and for which

SECRET

French firms will receive "preference" from Peking if all competitive and technical considerations are equal—include a steel complex, a magnesium plant, a specialty steels plant, a sugar refinery and an aluminum complex. The most publicized project connected with the trade package is a Chinese commitment to purchase two nuclear power plants, which would be built by the French under US license. France has pledged not to sell the plants until US approval is obtained. China is pushing for French arms sales not spelled out in the agreement, particularly deliveries of antitank missiles and possibly Mirage aircraft. [REDACTED]

### *United Kingdom*

A draft UK-China trade agreement was drawn up during Chinese Deputy Premier Wang Chen's visit to the United Kingdom in November 1978. The draft contains a target of \$10 billion in total two-way trade during the period 1979-85. The signing of the agreement is planned for Industry Minister Eric Varley's trip to Peking in April 1979. The pact lists 12 sectors of key interests to the Chinese, largely duplicating the French-Chinese list. One potential problem is that conclusion of the agreement may hinge on a British decision to sell the vertical-takeoff Harrier aircraft; the Soviets have expressed their strong objection to Harrier sales. [REDACTED]

The full extent of British credits apparently is still being worked out. A consortium of banks reportedly agreed on 6 December to lend the Bank of China a total of \$1.2 billion, with repayment in about five years and an interest rate of 7.25 percent. According to the press, the funding will work exactly like a standard buyer credit, with the money released to the Bank of China and then to British companies as sales are made. The credits will be guaranteed by the British Government. [REDACTED]

### *Italy*

Italian companies have a relatively long history of activity in China, particularly in oil and petrochemical equipment sales. Italy was the first EC member to sign a trade agreement with China, in 1971. That three-year agreement (a) contained a general list of goods to be traded, (b) provided most-favored-nation treatment (with an exception for EC obligations), and (c) established a Joint commission to meet at least once a year to review progress. No specific trade target was set. [REDACTED]

The Italians are negotiating a new trade agreement with China which they hope to conclude early next year. Given the French and British precedents, a target two-way trade goal will probably be specified through 1985. One deal currently being discussed with the Chinese would involve Fiat construction of a tractor plant. In the longer term, Fiat hopes to participate in building a complex producing trucks and diesel engines. The Italian state oil company, ENI, hopes to play a role in Chinese oil development. Italy has already offered China a \$1 billion line of credit; details have

22 December 1978

SECRET

7

SECRET

not been worked out and probably will not be decided until specific contract negotiations are further advanced. [redacted]

### Sorting Out the Potential Market

A summation of current Chinese agreements and negotiations involves the danger of double counting. The Chinese are adept at negotiating with several countries for the same items at the same time. For example, aluminum and steel complexes head the lists of potential contracts with both France and West Germany. France appears to have the inside track on the initial aluminum contracts while, within Western Europe, West Germany could be the first to supply steel equipment. Both the United Kingdom and France hope to participate in coal modernization plans, but West Germany has already won the lion's share of the early contracts in this field. France and Italy both are confident of winning vehicle plant contracts, and all major EC countries are bidding on oil development projects—areas in which the United States and Japan hold sizable leads. [redacted]

Even after allowing for double counting, China's 10-year modernization plan (1976-85) could entail a substantial amount of business for all the large EC countries. The plan lists 120 major projects, including 10 steel plant complexes, nine nonferrous metal plants, eight coal fields, 10 new oil and gas fields, 30 electric powerplants, six major railway networks and five major ports. [redacted]

### Compensation and Balanced Trade

Compensation and balanced trade are constant themes in talks with the Chinese. Most negotiations commence with Chinese offers to pay for oil exploration and equipment with crude oil, for coal mining equipment and technology with coal, and so forth. Western Europe has responded skeptically, questioning just how much China has to offer. While China's crude oil reserves, for example, may be great, the Europeans note that Chinese crude is not well suited to their refineries because of its high paraffin content. In addition, Peking thus far refuses to discount its price to make Chinese crude competitive with Arab oil that is closer to Europe. Italy and France have agreed to buy small test shipments of Chinese crude and both have hinted at larger purchases in the future. Italy has mentioned the possibility of taking up to 20,000 barrels per day in 1979. A truly significant increase in purchases, however, depends on European refining results and Chinese price decisions. [redacted]

Peking has naturally raised questions about increased West European imports of Chinese manufactured goods and liberalization of Europe's tariff and quota restrictions on Chinese products. Despite the EC-China trade agreement, liberalization will be slow in coming, particularly for textiles, a sector in which European firms are already suffering from foreign competition, overcapacity, and high unemployment. [redacted]

SECRET

The possibility of West European firms obtaining access to China's huge and presumably low-cost labor force for subcontracting and assembly operations—some-what along the lines of European arrangements with Taiwan, South Korea, and Hong Kong—is being explored. Although the Chinese until now have disdained such operations, associating them with colonialism and exploitation, these activities could offset a growing share of the cost of Chinese purchases. In the meantime the People's Republic has been able to maintain an overall balance of exports and imports even while running large deficits with Japan and the EC because of its annual \$1.6 billion hard currency surplus with Hong Kong. [REDACTED]

25X1

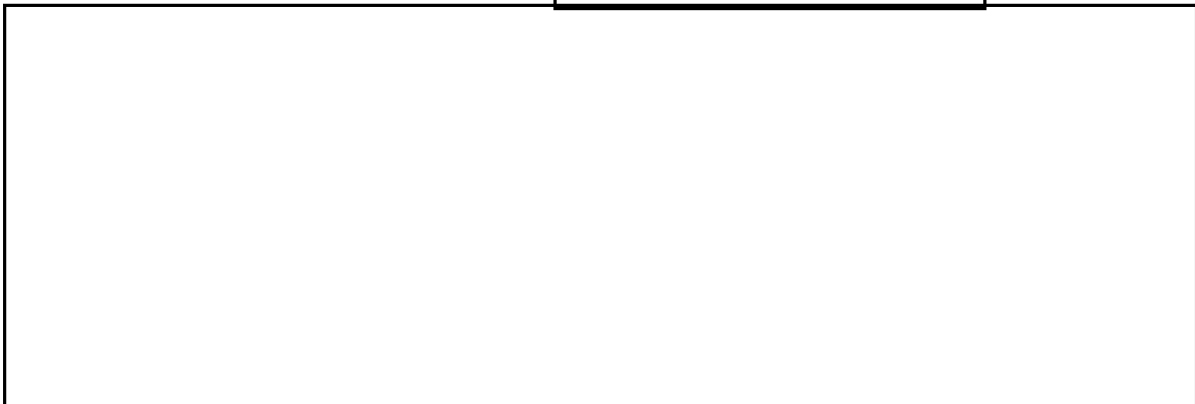
### Credits and Direct Investment

For many years China has adamantly refused to accept overt foreign credits. Suppliers credits, euphemistically referred to as "deferred payments" by the Chinese, have sometimes been used to finance plant purchases. The Chinese, however, have now agreed to borrow openly from France and the United Kingdom. In addition, a thinly disguised form of debt has operated fairly efficiently, whereby the Bank of China has accepted foreign currency in interest-paying deposits and drawn on the deposits to pay for imports. Although deposits have been limited to about one year, 2-5 year deposits are now being considered; 5-10 year credits of this type may result from current contract and financing negotiations. [REDACTED]

25X1

Just how far China will go in accepting standard commercial credits and other financing schemes cannot be predicted. The Chinese have given conflicting signals on the issue, probably because the PRC leadership is still formulating guidelines. European bankers and government officials would prefer to use standard commercial loans or lines of credit rather than the deposit scheme. With a regular line of credit, European banks would have use of the funds until called upon by the Chinese, and government guarantees would be easier to obtain. West European banks, businesses, and governments nonetheless will be flexible on the financing issue, and few deals will fall through because of credit problems. [REDACTED]

25X1



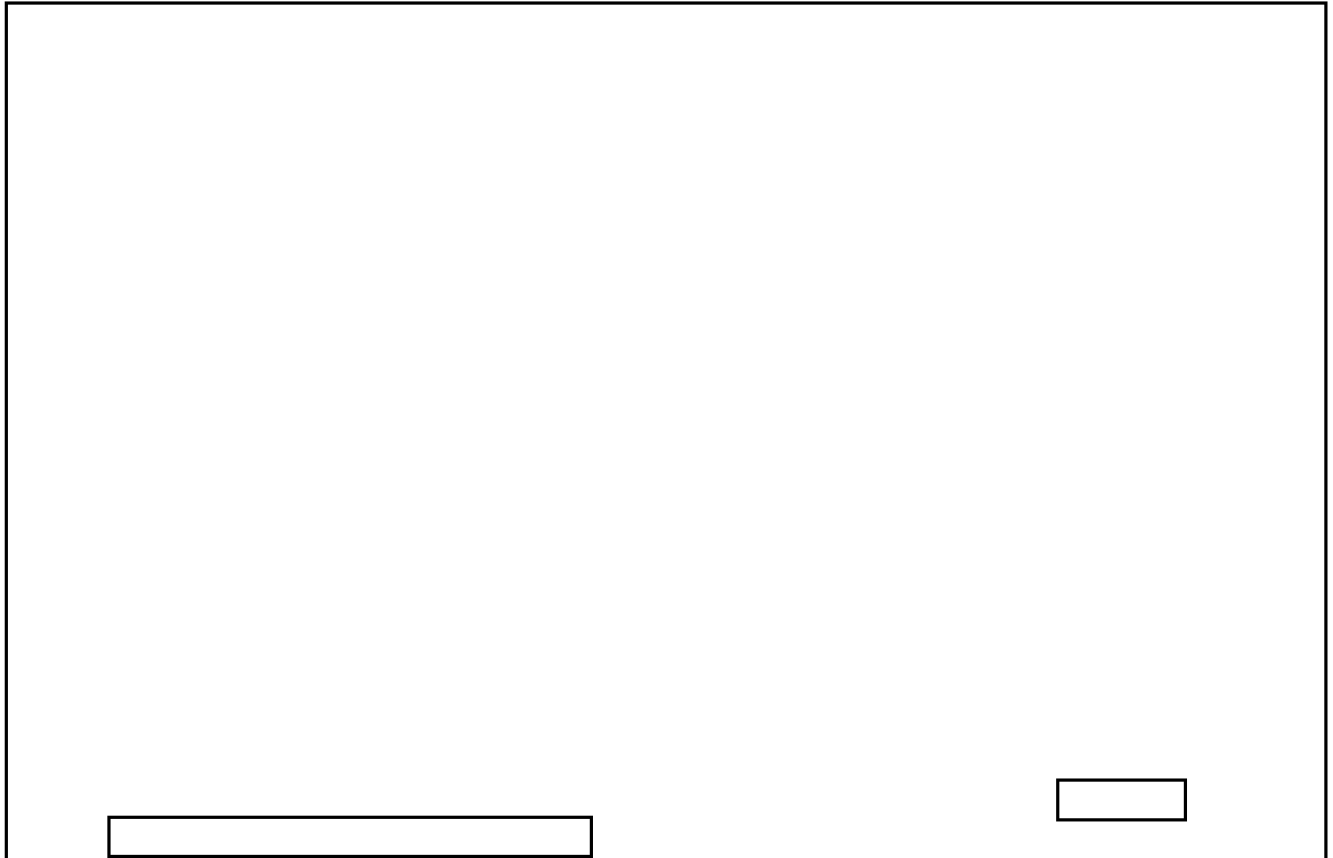
25X1

25X1

Approved For Release 2004/09/28 : CIA-RDP80T00702A001000050001-4

Next 1 Page(s) In Document Exempt

Approved For Release 2004/09/28 : CIA-RDP80T00702A001000050001-4



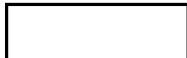
25X1

25X1

25X1

\* \* \* \* \*

INDONESIA: DEVALUATION DESIGNED TO HELP EXPORTS



25X1

Indonesia's 33-percent devaluation of the rupiah last month is designed to pave the way for the rapid growth of nonoil exports in the early 1980s. The timing of the devaluation was a surprise to domestic businessmen and the international financial community; it was dictated by the economy's current strong position and the imminent unveiling of the next five-year development plan (1 April 1979 to 31 March 1984). Jakarta's failure to have a complementary monetary and fiscal package in place has raised concern among foreign observers that gains from the devaluation will be dissipated through inflation. The Suharto government appears to have been caught unprepared for the reaction by merchants who raised prices willy-nilly on domestic products as well as on imported goods.



25X1

**The Devaluation Package**

Indonesia devalued the rupiah by 33 percent on 15 November and cut the currency's link to the US dollar. Jakarta announced a "managed floating rate" of 625 rupiahs per dollar pegged to a basket of currencies of Indonesia's major trading

SECRET

partners. We do not know the details of the floating rate mechanism. The basket of currencies used to adjust the rate probably includes at least the Japanese yen, the US dollar, the West German mark, the British pound, and the French franc. [redacted]

25X1

The timing of the devaluation was no doubt keyed to the economy's current good performance. Indeed, no balance-of-payments crisis or other compelling reason for devaluation was in evidence this year. The current account will probably be in surplus by about \$200 million in 1978 and foreign exchange reserves in October were comfortably high at \$2.8 billion. Government planners probably calculated that Indonesia's economy at this time can readily absorb the shocks of a devaluation. Growth in real output this year is 6 to 7 percent, about the same as 1977. Inflation through October was running at an annual rate of about 5 percent, compared with 11 percent in 1977 and 20 percent in 1976. The record rice crop and large rice stocks insure continued supplies of this basic food at a stable price. Finally, by acting now the government gives its economists enough lead time to incorporate the effects of devaluation into the upcoming development plan—Repelita III—which starts in April 1979. [redacted]

25X1

#### Reaction to Devaluation

The Suharto government is being roundly criticized by the Indonesian press and by opposition political, religious, student, and military leaders for letting matters get out of hand since the devaluation. [redacted]

25X1

[redacted] technocrats, led by the able Economic Minister, Widjojo Nitisastro, may have underestimated the panicky reaction in the marketplace, but the absence of an in-place postdevaluation control package probably stemmed largely from the need to keep the devaluation secret. With secrecy preserved, the technocrats were able to prevent currency speculation and stockpiling by merchants of imported goods [redacted]

25X1

25X1

Although some of the public criticism is well founded, much reflects the underlying tension between the government and increasingly vocal opposition elements, as well as between the civilian and military leaders vying for power within the government. [redacted]

25X1

Prices of both imported and domestic goods rose by 30 percent and more the week following the devaluation but with no consistent trend between cities or even

SECRET

between similar goods in the same city. Since then, prices have softened in response to a belated jawboning campaign by the government and the use of security forces to discourage markups. To its credit, the government has been able to reduce the price effects of devaluation for most low income consumers by maintaining subsidized prices for rice and kerosene, critical commodities in the budget of the poor.

25X1

### Policy Considerations

Indonesia needed a devaluation to restore competitiveness to its nonoil exports and to lay the groundwork for the new five-year development plan. Since the last devaluation in 1971, the rupiah has steadily lost purchasing power because of domestic inflation averaging 20 percent annually between 1971 and 1977. This rate was much higher than in Indonesia's major import supplier countries—Japan, the United States, and West Germany. Indonesia's terms of trade may have declined by 20 percent in the past 12 months because of the depreciation of the dollar to which the rupiah was pegged. Moreover, Indonesia's export competitiveness relative to its ASEAN neighbors had eroded both in traditional primary products such as minerals, timber, rubber, palm oil, and other agricultural commodities and in simple manufactures.

25X1

From the technocrats' perspective, the devaluation should improve Indonesia's export prospects and the trade balance at a critical turning point in the economy. They have convinced President Suharto that Indonesia can no longer rely on foreign-financed, capital-intensive development of infrastructure and extractive industries and burgeoning oil revenues, which have fueled an average 8-percent annual output growth over the past decade. In particular, oil exports, which constitute 65 percent of export earnings and finance one-half of the government budget—are butting up against a likely production plateau of 1.7 million b/d in the next few years while domestic consumption of 300,000 b/d is growing 10 to 12 percent annually.

25X1

The economic planners in Jakarta are focusing on two major goals: (a) the development of agriculture and manufacturing industries along labor-intensive lines, in order to spread economic growth more widely among low income groups; and (b) a major boost in nonoil exports to finance economic development and prevent erosion of the current account balance. Their analysis sees increased dollar prices of foreign goods discouraging expensive capital goods imports in deference to less expensive production methods that can take advantage of the low-wage labor force of 56 million people. The restoration of export competitiveness should readily boost foreign demand for traditional agricultural exports and also textiles and other simple manufactures. The technocrats envisage the devaluation creating additional employment opportunities by stimulating investment in resource processing and export manufacturing industries. The devaluation may reduce by 15 to 25 percent the annual demand for



SECRET

imported consumer goods, most of which are consumed by middle and high income purchasers. [REDACTED]

### Followup Measures

The future benefits of the devaluation depend in large measure on Jakarta's willingness and effectiveness in carrying out other, complementary policies in coming months. A resurgence of pre-1978 inflation rates, for example, would quickly erode the benefits of devaluation. To curb price pressures, the government intends to maintain credit ceilings on domestic banks and to exercise strict control over the money supply—all the more important because the devaluation temptingly boosts the rupiah contribution of oil export earnings to the government budget. Jakarta has yet to announce a wage policy that both dampens at the outset (a) new demands for higher wages to offset price increases, yet (b) provides a system of future gains to avoid a decline in real wages. In particular, Jakarta has failed to formulate policies to mollify influential senior military and civilian government workers whose retirement savings have less purchasing power as a result of the devaluation. [REDACTED]

The government will also have to rationalize the prices of goods produced by state industries. For now, state enterprises have been instructed to hold the line on prices as an example to others, which has led to the inevitable profiteering by private merchants buying from state enterprises at low, predevaluation prices and selling at higher, postdevaluation prices. [REDACTED]

Jakarta must also address the repercussions of the devaluation on domestic and foreign investment. Although the devaluation per se makes new foreign investment cheaper, existing firms with outstanding foreign loans now face 50 percent higher repayment costs. Foreign loans may have to be renegotiated if firms cannot raise prices to cover some of these added costs, a course the government favors but one which is being resisted by bankers. Jakarta has partly eased the profit squeeze by lowering tariffs on many imported raw materials, especially those used in export manufacturing. In the latter area, the government will also have to take measures to assure that producers, rather than the ubiquitous middlemen and customs officials, receive the bulk of increased export revenues. Finally, the devaluation must be accompanied by an effective effort to reduce the numerous institutional obstacles to investment. [REDACTED]

### Political Fallout

The devaluation and its aftershocks are likely to fuel tensions between Indonesia's civilian economic technocrats and the largely military government. President Suharto

22 December 1978

SECRET

15

SECRET

has restrained the military's demands for new equipment and better living conditions during the past two five-year plans in deference to more economically productive investment. The military may now seek to cash in on its previous sacrifice and on its responsibility for the election victories of Suharto and his party in the 1977 parliamentary and 1978 presidential election campaigns. As a result, the generals will probably assert their pent-up demands for a much larger slice of the budget in the next few years, citing internal security problems in East Timor, Irian Jaya, Aceh, and Kalimantan, as well as potential threats to Southeast Asia regional security from Vietnam and China. [REDACTED]

Military leaders have long been jealous of Suharto's continued respect for the technocrats, who laid the foundation for Indonesia's post-Sukarno recovery, and of the technocrats' powerful advisory positions despite an absence of any political base. The military will be quick to blame the technocrats for any real or imagined disruption because of popular reaction to the devaluation and subsequent price increases. The technocrats will also face inevitable criticism for any slowing of economic growth and government revenues as a result of the expected softening of oil earnings and the shifted focus of the government's development plans. That Suharto was willing at this time to risk possibly destabilizing criticism suggests that for now the technocrats still figure highly in his administration's economic policy formulation. [REDACTED]

\* \* \* \* \*

#### HONG KONG: FACING AN UPHILL BATTLE ON EXPORT GROWTH [REDACTED]

Working with a well-disciplined labor force and uniquely laissez-faire government policies, Hong Kong has grown to be the leading LDC exporter of manufactured goods. In 1978, its foreign sales of manufactures will approach \$11 billion and capture an impressive 2.5-percent share of developed country imports of manufactures. This performance is particularly remarkable considering that the Crown Colony extends over a mere 1,036 square kilometers and musters a labor force of only two million. [REDACTED]

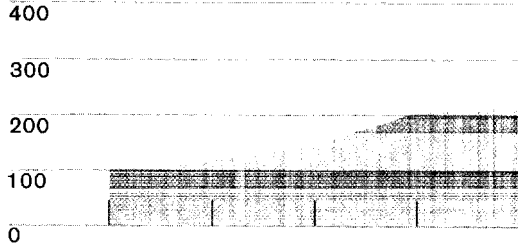
Hong Kong will have to overcome some major hurdles to maintain its premier position. Protectionist sentiment abroad is cutting into sales growth; fully one-half of Hong Kong's exports are already subject to quantitative restrictions. At the same time, the market for both skilled and unskilled labor in Hong Kong has tightened appreciably. The government is maintaining a handsoff policy in the face of these problems, in part because it expects Hong Kong to be the main beneficiary of increased commercial relations between the PRC and the developed countries. [REDACTED]

SECRET

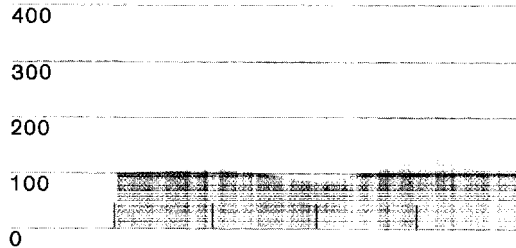
### Hong Kong: Commodity Export Trends

Dollar Value Index: 1973=100

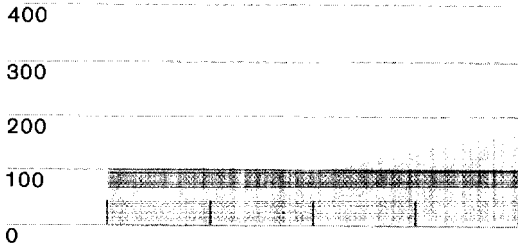
Clothing



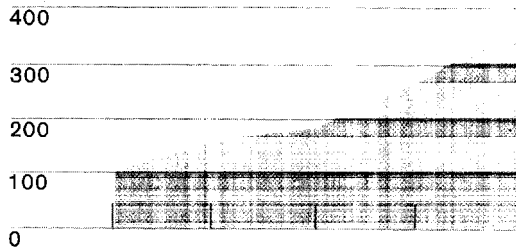
Textiles, Fabrics, and Yarn



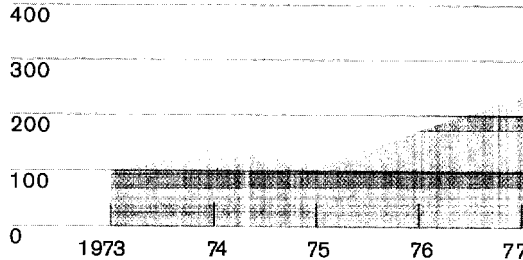
Other Manufactured Goods



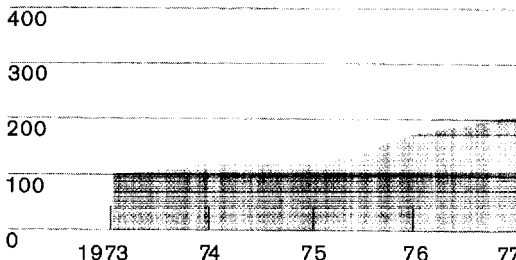
Scientific Instruments



Electrical Machinery



Televisions, Radios, and Phonographs



578074 1278 CIA

25X1

SECRET

Export Performance

Hong Kong's manufactures exports have advanced at a rapid pace since 1970. Foreign sales have climbed at an average annual rate of 21 percent, from \$2.3 billion in 1970 to \$9.0 billion in 1977, and are expected to come in just under \$11 billion this year. [redacted]

Hong Kong: Manufactured Exports, by Commodity

	1970	1977
<b>Total</b> .....	<b>2,344</b>	<b>8,972</b>
Chemicals .....	100	338
Textiles, fabrics, yarn .....	275	825
Metal manufactures .....	61	247
Diamonds .....	122	277
Machinery .....	160	924
Electrical machinery, apparatus .....	125	728
Clothing .....	699	2,986
Scientific instruments .....	67	703
Televisions, radios, and phonographs .....	107	635
Other manufactured goods .....	753	2,037

[redacted]

Exports are concentrated in a few key product lines. This year the Colony will sell:

- More than \$3 billion worth of clothing. Hong Kong is tapping into the high fashion market and has also taken the lead in denim exports.
- \$900 million in textiles and woven fabrics, mainly woolens and cotton.
- \$1.7 billion in toys and games. Hong Kong companies are among the leaders in the high-growth video game market.
- \$1.5 billion in consumer electronic items, such as hand calculators and digital watches. [redacted]

Hong Kong's businessmen have been especially adept at adjusting to changing market situations. For the most part, they have been able to work around export quotas on traditional textile and apparel lines by moving into higher-fashion markets. The "made in Hong Kong" label is becoming synonymous with high-quality garments produced at competitive prices. Hong Kong enterprises are now making such famous labels as Givenchy, Cardin, Chemise la Coste, Yves St. Laurent, Halston, and Calvin Klein. [redacted]

SECRET

The Colony's firms have also been quick to capitalize on newly emerging consumer markets. They have latched onto the digital watch craze, exports of watches now amounting to more than \$500 million annually. As the market for pocket calculators became saturated, manufacturers upgraded their lines to more sophisticated and expensive printer calculators. So far, Hong Kong has bucked the trend of other Asian countries to join the television assembly bandwagon, concentrating instead on transistor radios and stereo systems. [REDACTED]

### Market Penetration

Hong Kong is the leading LDC exporter of manufactures to the OECD countries. Last year exports of manufactures to these countries totaled \$6.6 billion, 2.4 percent of OECD imports of these goods. [REDACTED]

### *The United States*

Hong Kong has captured an impressive 3.5-percent share of the US import market for manufactures; annual sales of \$3 billion make the United States the Crown Colony's leading customer. It holds a dominant position (26 percent) of the US imported clothing market, reflecting its role as a leading supplier of women's designer clothes and higher priced men's suits and shirts. The Colony holds import market shares in excess of 6 percent on such key items as textiles and fabrics (mainly cottons and wools), scientific instruments, and communications equipment for the consumer market. [REDACTED]

### *Western Europe*

Hong Kong has also done well in the EC market, with a 2.8-percent share \* of manufactures imports (\$2.1 billion in 1977) when intra-EC trade is excluded. West Germany and the United Kingdom took 85 percent of the Colony's manufactured exports to the EC last year; clothing and textiles still account for 60 percent of Hong Kong's manufactured exports to these two countries despite a pronounced loss in market position. In contrast to fashion clothing sales to the United States, Hong Kong is scoring its biggest successes in the jeans and denim market. [REDACTED]

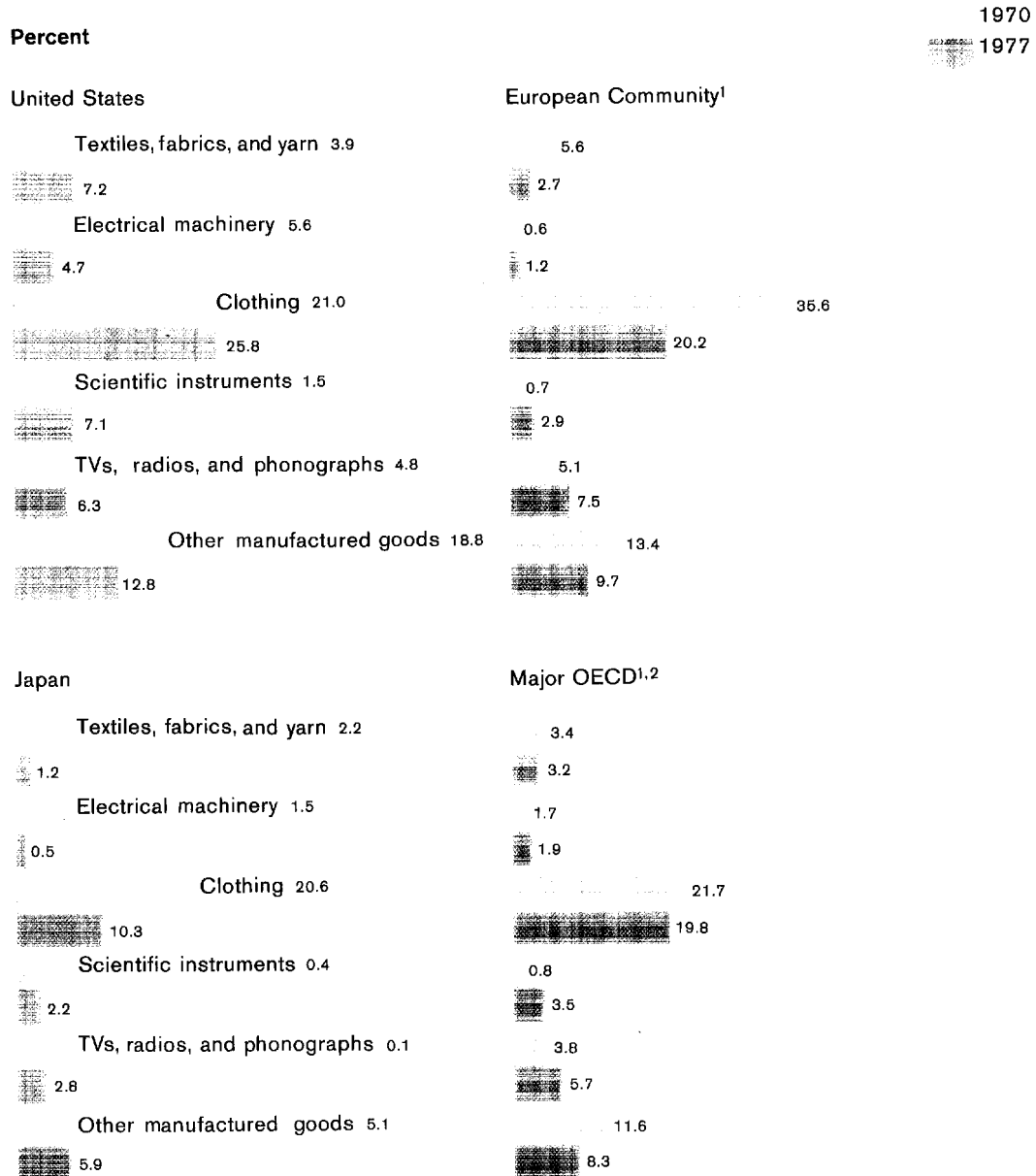
### *East Asia*

Hong Kong sells about \$1 billion worth of manufactured goods annually in the Pacific Basin; other LDC markets are very small. Singapore is the Colony's most important Asian market, sales reaching nearly \$370 million in 1977. Over half of these

\* Hong Kong's market share in EC countries decreases considerably when intra-EC trade is taken into account, dropping from 2.8 percent to 1.1 percent for manufactured imports.

SECRET

**Hong Kong: Shares of Manufactures Import Markets in Selected Countries**



1. Excludes intra-EC trade.

2. Including: The United States, Canada, Japan, the European Community, Sweden, Switzerland, Austria, and Norway.

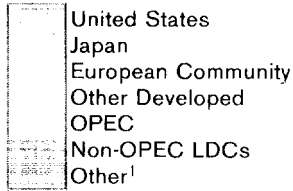
5/8075 12-78

25X1

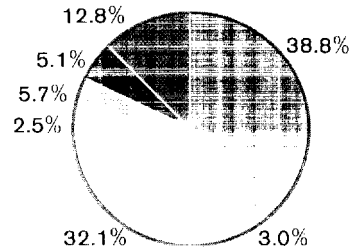
SECRET

**Hong Kong: Selected Exports by Destination, 1977**

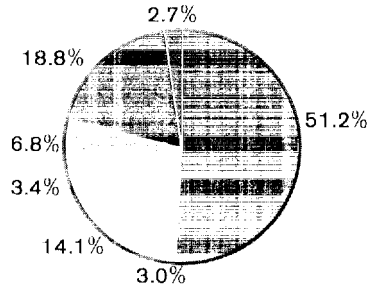
Percent



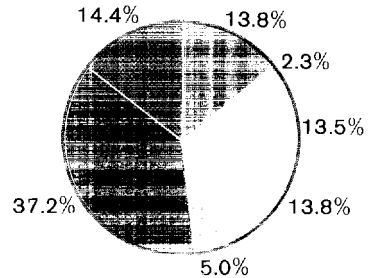
**Clothing**  
US \$2,986 Million



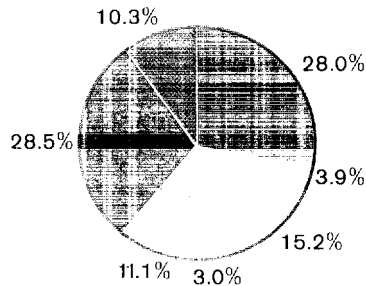
**Electrical Machinery**  
US \$728 Million



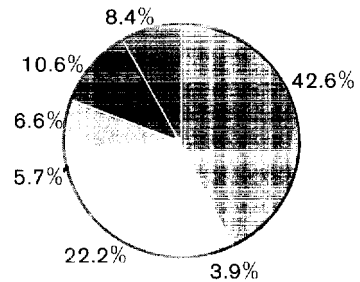
**Textiles, Fabrics, and Yarn**  
US \$825 Million



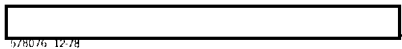
**Scientific Instruments**  
US \$703 Million



**Other Manufactured Goods**  
US \$1,679 Million



1. Including the Communist countries.



178076 12-78

22 December 1978

SECRET

21

25X1

SECRET

exports were goods incorporating Singapore raw materials or components and then re-exported to Singapore. Hong Kong, for instance, buys camera and watch components from Singapore and ships back the assembled units. [REDACTED]

25X1

Hong Kong has had a difficult time penetrating the import market for manufactures in Japan, where it holds less than a 2-percent share. Since 1970, the value of shipments to Japan has grown at an average annual rate of only 7 percent. Clothes and diamonds comprise most of these exports, each representing 10 percent of Japan's imports of these items. [REDACTED]

25X1

### Competitive Strengths

Hong Kong's success as an exporter stems from a variety of competitive strengths. The Colony has one of the world's best harbors and has developed an excellent commercial and financial infrastructure. Its telephone system ranks second in Asia only to Japan's, and the Kwai Chung container ship terminal is one of the largest and most modern in the world. Although wage rates in the Colony average 20 percent above those in other Asian LDCs, employers consider the workers a bargain because of their productivity and dependability. No work stoppages of consequence have occurred in Hong Kong since 1967-68, when the Colony was disturbed by the spillover from the Cultural Revolution on the mainland. Hong Kong's literacy rate is high; the Colony now provides six years of education for all students and plans to increase this to nine years by 1980. [REDACTED]

25X1

The government has consistently taken a laissez-faire attitude toward the Colony's economic development—a policy stance attractive to foreign investors. Hong Kong has no protective tariffs, subsidies, capital gains tax, or corporate income taxes. Taxes on business profits are paid by the owners at a flat 17 percent of gross profits, the lowest tax rate in Asia. Finally, the government has no restrictions on foreign ownership. [REDACTED]

25X1

The Colony's economic strengths have attracted a substantial inflow of foreign investment. The US stake of \$500 million accounts for half of foreign direct investment in the Colony's manufacturing sector, with approximately 50 percent of US investment centered in electronics. The combined American equity in real estate, transportation, and oil storage depots probably exceeds the amount of US investment in manufacturing. [REDACTED]

25X1

### Looking Ahead

Hong Kong faces some hurdles in the path of future export expansion. Protectionist pressure on its textile and clothing products is mounting. Recently tightened EC textile quotas will hurt Hong Kong sales particularly. [REDACTED]

25X1



SECRET

In addition, Hong Kong's perennial problem of labor shortages is getting worse, despite an annual immigration of 50,000 mainland Chinese. Enterprises find it practically impossible to hire unskilled labor, formerly the mainstay of Hong Kong's export industries, and skilled laborers are in even shorter supply. Land costs are becoming an increasing barrier to new foreign investment. To ease the situation, the government is offering land at below market rents to prospective new industries. [redacted]

25X1

Many observers feel Hong Kong will have to become more service oriented and build on its close ties with the PRC to continue to prosper. The Colony maintains a unique position as China's main source of hard currency earnings. The PRC now enjoys annual hard currency earnings of more than \$2 billion from the sale of goods and services in Hong Kong, buying practically nothing in return. Recent moves by Peking to liberalize its trade and investment are expanding ties with Hong Kong. China has expressed interest in using pro-PRC Hong Kong businessmen as go-betweens in setting up joint ventures with foreign companies in Hong Kong and Macao. The PRC already has established several bank branches in the Colony, and loans from these banks are important sources of capital for stepped-up investment by PRC companies. The most recent ventures include a \$20 million plant to assemble machine tools for export to the United States and Southeast Asia and a \$10 million oil storage facility. [redacted]

25X1



25X1

\* \* \* \* \*

Notes

China Posts Strong Economic Growth in 1978 [redacted]

25X1

The economy of the People's Republic of China has continued to rebound strongly this year from the political turmoil of 1976. GNP has grown by an estimated 10 to 11 percent, with industrial output up sharply, perhaps by 13 to 15 percent, and agricultural output up moderately, by nearly 4 percent. [redacted]

25X1

The growth rate in industry exceeded the "over 10-percent" average annual rate planned for 1978-85. Steel spearheaded the industrial advance, output increasing by


SECRET

China: Economic Performance Indicators


	1977	Preliminary 1978	Percent Increase
Gross national product (billion 1977 US \$) .....	370	407-412	10-11
Population (million persons, midyear) .....	983	1,004	2
Per capita GNP (1977 US \$) .....	377	405-410	8-9
Agricultural output (index: 1957=100) .....	146	151	4
Grain (million tons) .....	286	295	3
Cotton (million tons) .....	2.0	2.2	10
Industrial production (index: 1957=100) .....	572	646-658	13-15
Raw coal (million tons) .....	547	600	10
Crude oil (million b/d) .....	1.8	2.0	11
Crude steel (million tons) .....	24	31	29
Cement (million tons) .....	56	62	11
Chemical fertilizer (million tons) .....	38	48	26



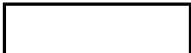
25X1

29 percent, or by 7 million tons. Production of coal, cement, and chemical fertilizer also rose substantially, as old capacity was more fully utilized; new capacity was especially important in chemical fertilizer output. 


25X1

The estimated output of 295 million tons of food grains—9 million tons above the 1977 level—is a record high. Peking put the early grain harvest at 10 million tons above last year's; however, a severe drought in some rice-producing areas has probably kept the late harvest at or below last year's level. The growth in agricultural production as a whole was slightly less than the 4-percent to 5-percent annual rate stipulated for 1978-85. 

25X1

China Has Recovered From Tangshan Quake 

25X1

Two years after the devastating earthquake that jolted Tangshan prefecture in North China, the area is well on its way to recovery. Rapid reconstruction has brought industrial output to prequake levels, and plans are being projected for construction of a new city. 

25X1

The earthquake (magnitude 8.2 on the Richter scale) \* that rocked Tangshan on 28 July 1978 was one of the largest in world history. Besides enormous human loss—an estimated one-quarter of a million died, and one million were injured—the heavy physical damage made 1976 a poor kick-off year for the Fifth Five-Year Plan (1976-

\* The magnitude (M) measured on the Richter scale is a measurement of the energy released by an earthquake. The scale is logarithmic. Thus M8 is 10 times as great as M7 and 100 times as great as M6.

SECRET

25X1 80). Men, machinery, and suppliers were quickly dispatched to the area to aid the victims and to rebuild facilities at considerable cost to construction efforts elsewhere in the economy. [redacted]

The massive relief and reconstruction effort has cost over \$10 billion to date; another \$5 billion or so is programmed for construction of a new extended Tangshan city before 1985. [redacted]

25X1  
25X1 By January 1978, Chairman Hua claimed that Tangshan's coal mines and other industrial production had recovered fully. Though he exaggerated—the prequake rate probably was not achieved until July 1978—the thrust of his remarks was correct. China, through sacrifice and impressive skill in mobilizing basic resources, has managed a rapid recovery from a level of chaos seldom encountered in an industrialized area anywhere in the world. [redacted]

#### USSR Scales Down Oil Production Plan [redacted]

25X1 As part of its 1979 economic plan, the USSR has announced an oil production target of 11.9 million b/d—a sizable reduction from the goal of 12.2 million b/d revealed last year. The change in plans provides a further indication that production may peak soon, perhaps as early as next year. Even if output continues to edge up in 1979-80, peak production probably will not rise much above 12 million b/d, 3 to 6 percent below the range set as the 1980 goal. [redacted]

25X1 West Siberia has provided all of the growth in Soviet oil production in recent years and is the only major region from which increases in output can be obtained through the early 1980s. The supergiant Samatlor oilfield has accounted for a large share of West Siberian and national output growth during the past five to six years, but probably reached peak production at about 2.7 million b/d this year. Other large older fields in West Siberia also have reached their peak and some are beginning to decline. In the older Urals-Volga producing region serious production declines have already begun and will continue to worsen. [redacted]

25X1 Originally, 62 new smaller (and more costly) oilfields were to have been developed during 1976-80 in West Siberia, but the number now has been reduced to 22 or 23. Serious infrastructure problems, such as the lack of roads, pipelines, and electric power supply to these distant new fields, have hampered their exploitation. [redacted]

SECRET

Portugal Registers Current Account Surplus

25X1

The Portuguese current account showed a \$41 million surplus in third quarter 1978, the first quarterly surplus in four years. Improvements in trade, services, and transfers all contributed to the turnaround. The current account for the year as a whole is expected to post a deficit of \$1.1 billion, compared with a 1977 deficit of \$1.5 billion. The deficit in first half 1978 totaled \$873 million, and fourth quarter imports may approximate early 1978 levels because of large food purchases to offset the recent harvest.

25X1

In the first nine months of 1978, exports were 18 percent above the same period last year, while imports rose only 5 percent. Export growth was led by sales of

Portugal: Current Account, 1978

	Million US \$		
	1st Qtr	2d Qtr	3d Qtr <sup>1</sup>
Trade balance .....	-646	-676	-508
Exports (f.o.b.) .....	559	589	575
Imports (f.o.b.) .....	1,205	1,265	1,083
Net services .....	-93	-70	40
Transportation .....	-58	-54	-48
Tourism .....	52	73	169
Investment income .....	-68	-70	-68
Other .....	-19	-19	-13
Net transfers .....	288	324	509
Worker remittances .....	294	356	521
Other .....	-6	-32	-12
<b>Current account balance .....</b>	<b>-451</b>	<b>-422</b>	<b>41</b>

<sup>1</sup> Preliminary.

25X1

processed foods, cork, textiles, and machinery. Most of the rise in imports was due to a 40-percent jump in crude oil purchases as the Sines oil refinery came on line; exports of oil products have not risen correspondingly.

25X1

Tourism receipts through the third quarter were 9 percent higher than for all of 1977, in large part because repeated devaluations of the escudo have offset domestic inflation. At the same time, worker remittances totaled about 10 percent above the level for all of last year. Most of the rise was due to an 11-percent minimum wage hike in France, where many Portuguese guest workers hold menial jobs, and to exchange rate changes.

25X1

25X1

Approved For Release 2004/09/28 : CIA-RDP80T00702A001000050001-4

Next 1 Page(s) In Document Exempt

Approved For Release 2004/09/28 : CIA-RDP80T00702A001000050001-4

Approved For Release 2004/09/28 : CIA-RDP80T00702A001000050001-4

**Secret**

**Secret**

Approved For Release 2004/09/28 : CIA-RDP80T00702A001000050001-4



Approved For Release 2004/09/28 : CIA-RDP80T00702A001000050001-4  
National  
Foreign  
Assessment  
Center

---

# Economic Indicators Weekly Review

22 December 1978

*ER EI 78-051*  
*22 December 1978*

Approved For Release 2004/09/28 : CIA-RDP80T00702A001000050001-4

This publication is prepared for the use of U.S. Government officials. The format, coverage and contents of the publication are designed to meet the specific requirements of those users. U.S. Government officials may obtain additional copies of this document directly or through liaison channels from the Central Intelligence Agency.

Non-U.S. Government users may obtain this along with similar CIA publications on a subscription basis by addressing inquiries to:

Document Expediting (DOCEX) Project  
Exchange and Gift Division  
Library of Congress  
Washington, D.C. 20540

Non-U.S. Government users not interested in the DOCEX Project subscription service may purchase reproductions of specific publications on an individual basis from:

Photoduplication Service  
Library of Congress  
Washington, D.C. 20540



#### FOREWORD

1. The **Economic Indicators Weekly Review** provides up-to-date information on changes in the domestic and external economic activities of the major non-Communist developed countries. To the extent possible, the **Economic Indicators Weekly Review** is updated from press ticker and Embassy reporting, so that the results are made available to the reader weeks—or sometimes months—before receipt of official statistical publications. US data are provided by US government agencies.

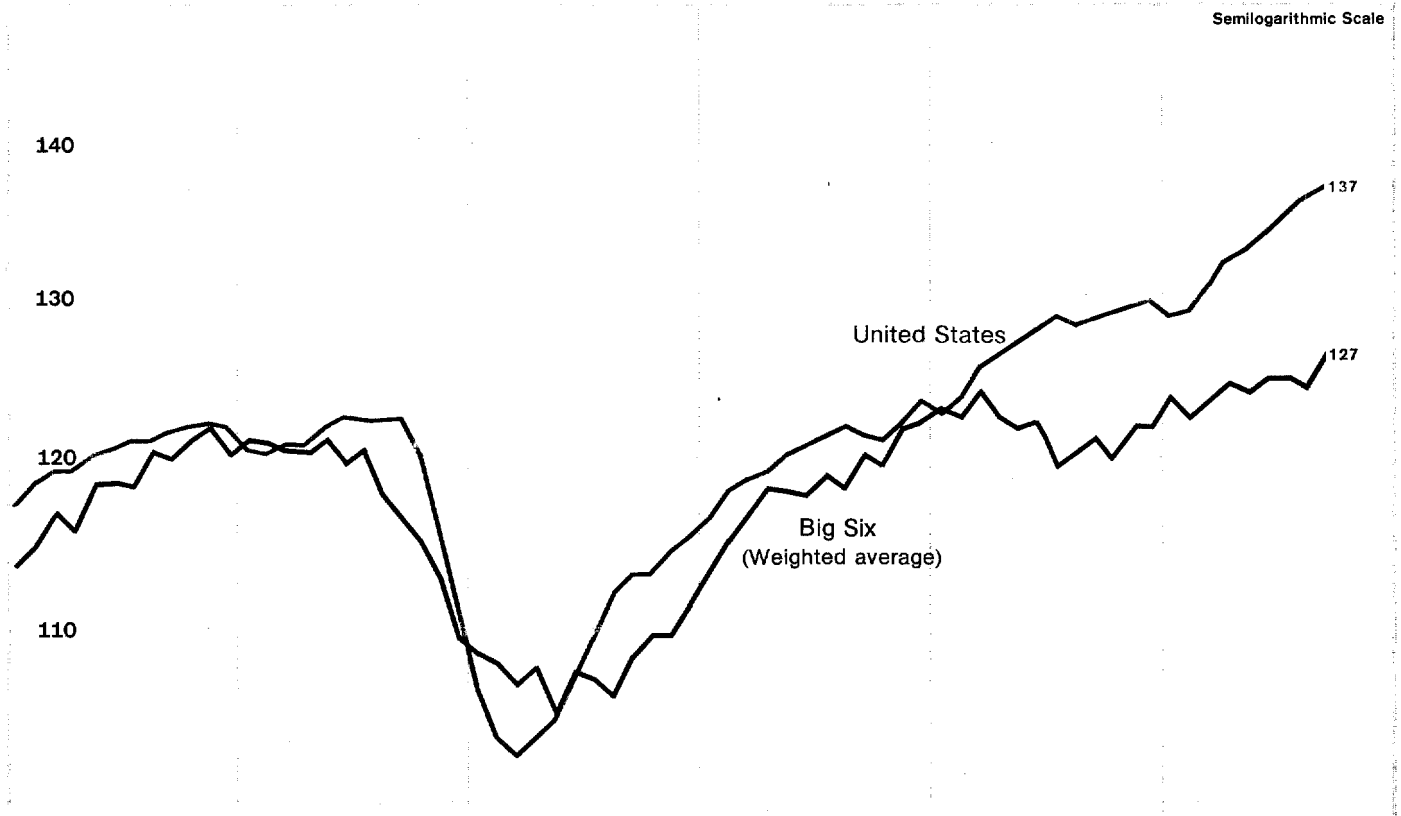
2. Source notes for the **Economic Indicators Weekly Review** are revised every few months. The most recent date of publication of source notes is 16 February 1978. Comments and queries regarding the **Economic Indicators Weekly Review** are welcomed.

# BIG SIX FOREIGN COUNTRIES COMPOSITE INDICATORS

## Industrial Production

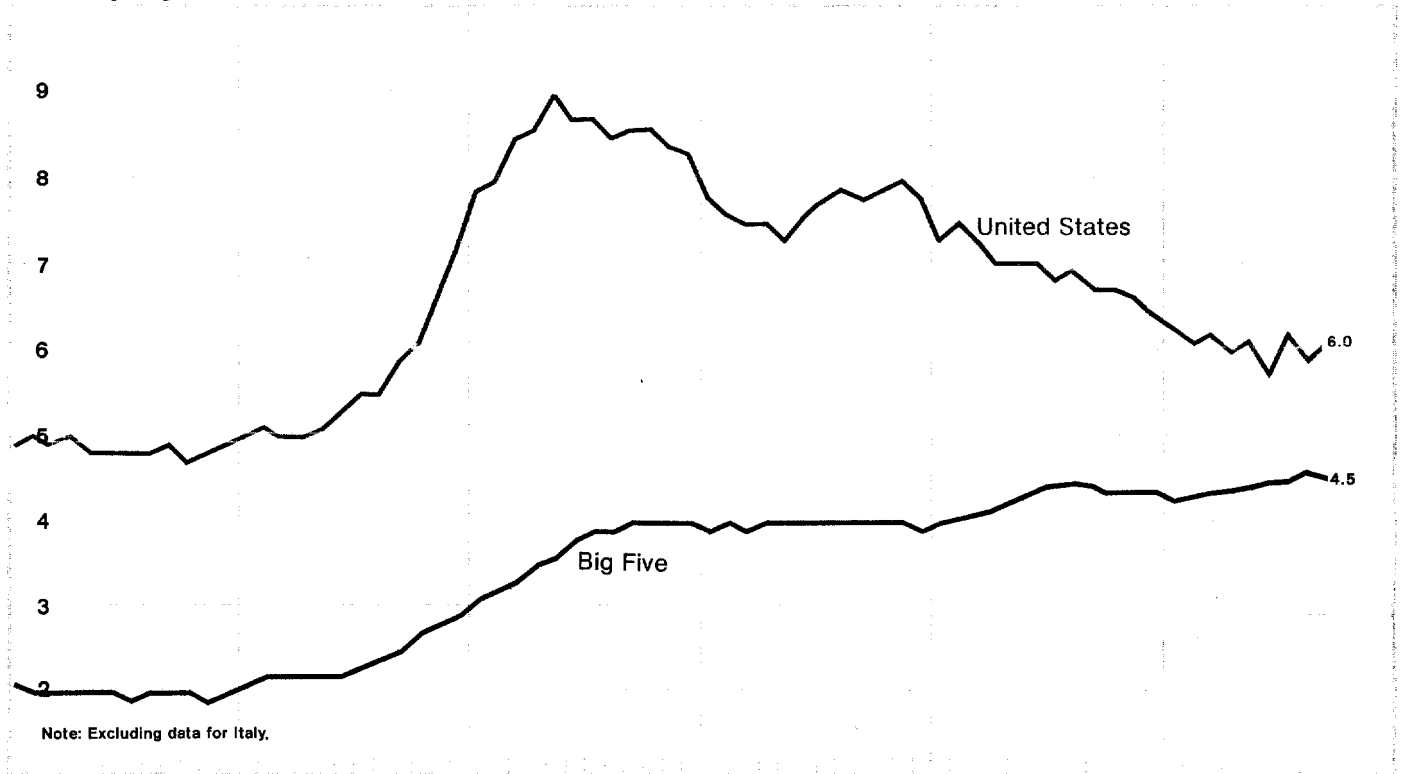
INDEX: 1970=100, seasonally adjusted

Semilogarithmic Scale



## Unemployment Rate

Percent



Note: Excluding data for Italy.

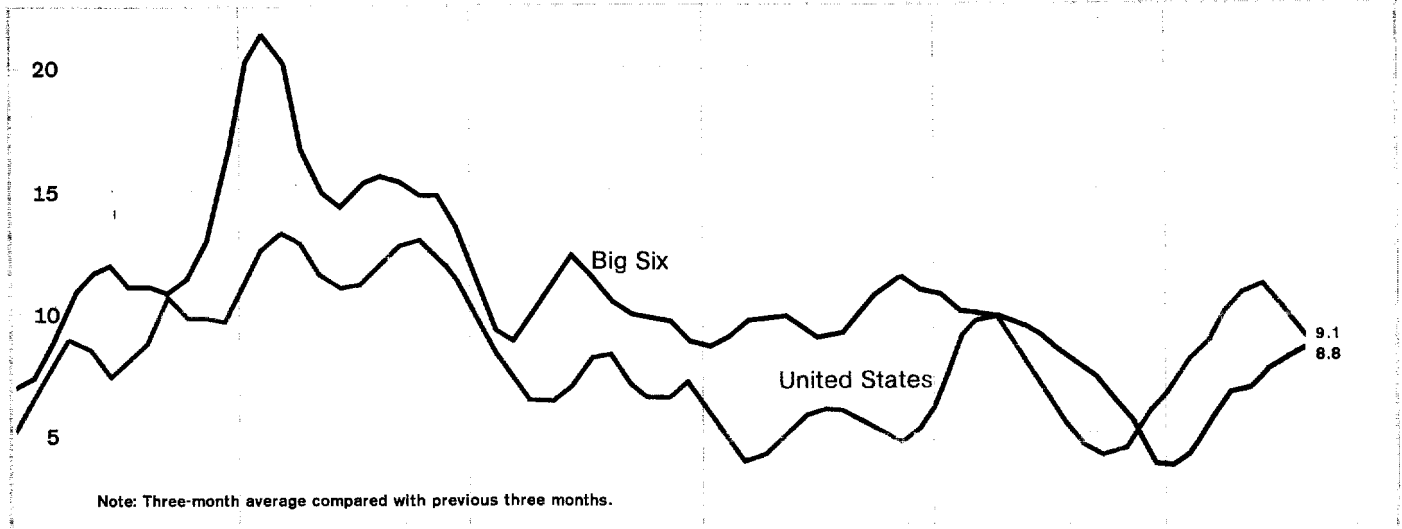
JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT

1973 1974 1975 1976 1977 1978

<sup>1</sup>Including Japan, West Germany, France, the United Kingdom, Italy, and Canada.

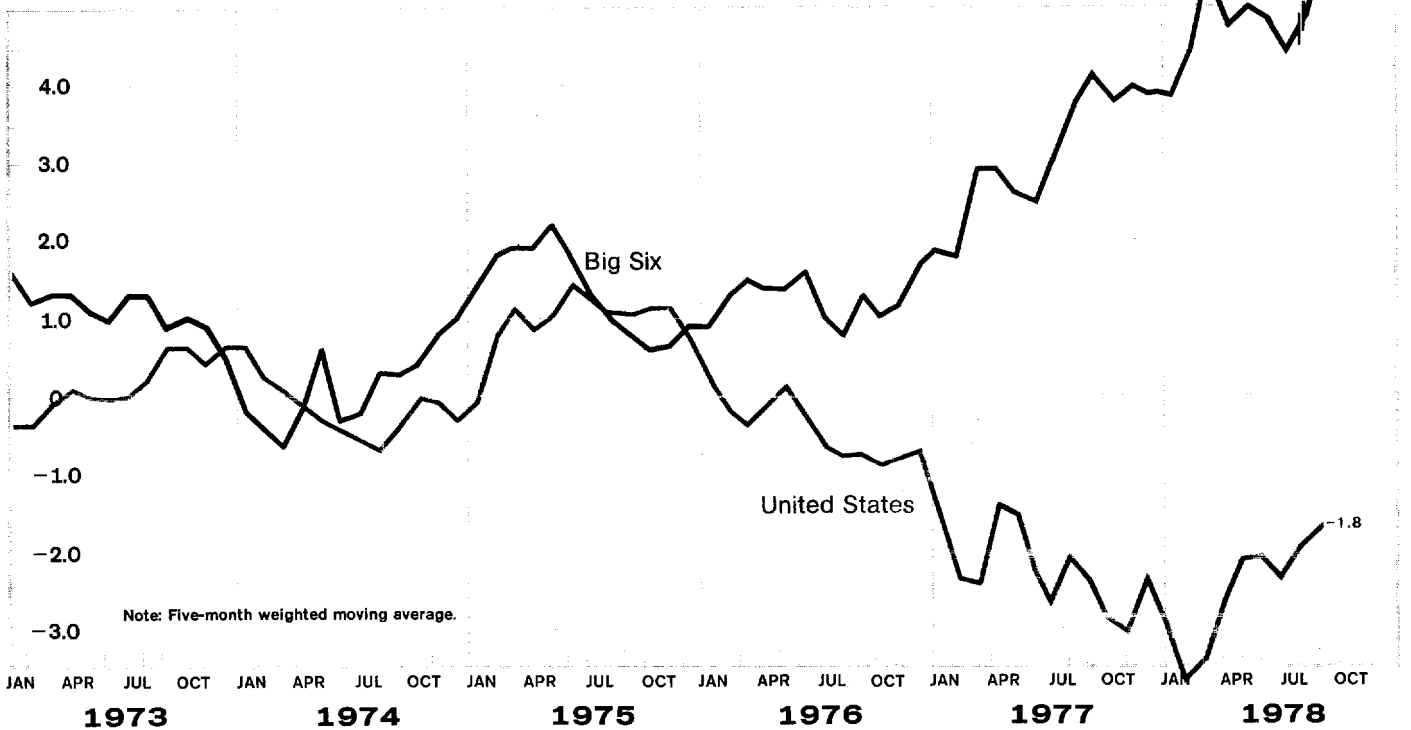
**Consumer Price Inflation**

Percent, seasonally adjusted, annual rate



**Trade Balance**

Billion US \$, f.o.b., seasonally adjusted



	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE		
			1970	1 Year Earlier	3 Months Earlier <sup>2</sup>
<b>Industrial Production</b>					
Big Six	SEP 78	1.2	3.0	3.8	2.1
United States	SEP 78	0.4	3.9	6.6	8.5
<b>Consumer Prices</b>					
Big Six	SEP 78	0.3	9.2	6.3	8.8
United States	SEP 78	0.8	6.8	8.3	9.1

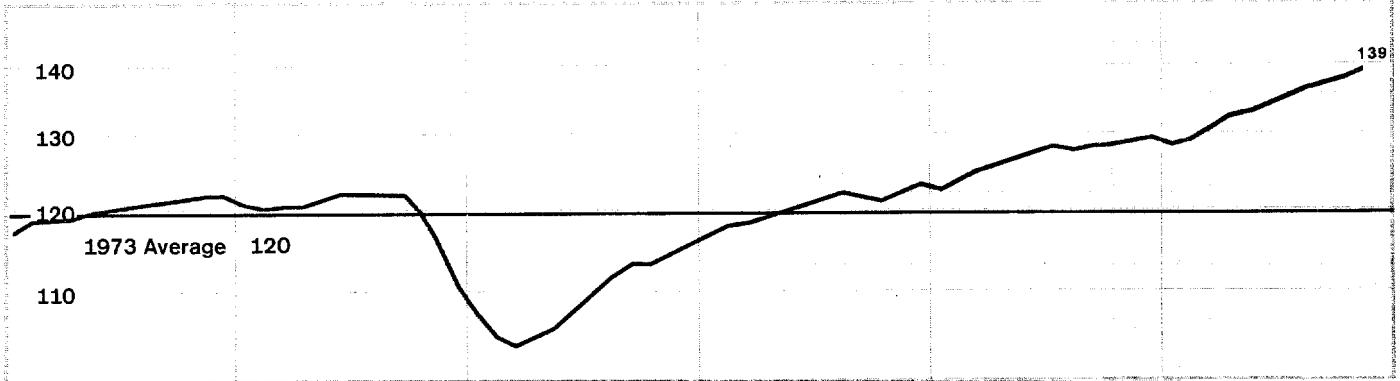
	LATEST MONTH	1 Year Earlier	3 Months Earlier
<b>Unemployment Rate</b>			
Big Five	SEP 78	4.5	4.4
United States	SEP 78	6.0	6.8
	LATEST MONTH	MILLION US \$	CUMULATIVE (MILLION US \$)
<b>Trade Balance</b>			1978
Big Six	SEP 78	6,131	43,281
United States	SEP 78	-1,691	-22,667
			1977
			24,231
			Change
			19,051
			-4,714

Unclassified  
578665 12-78

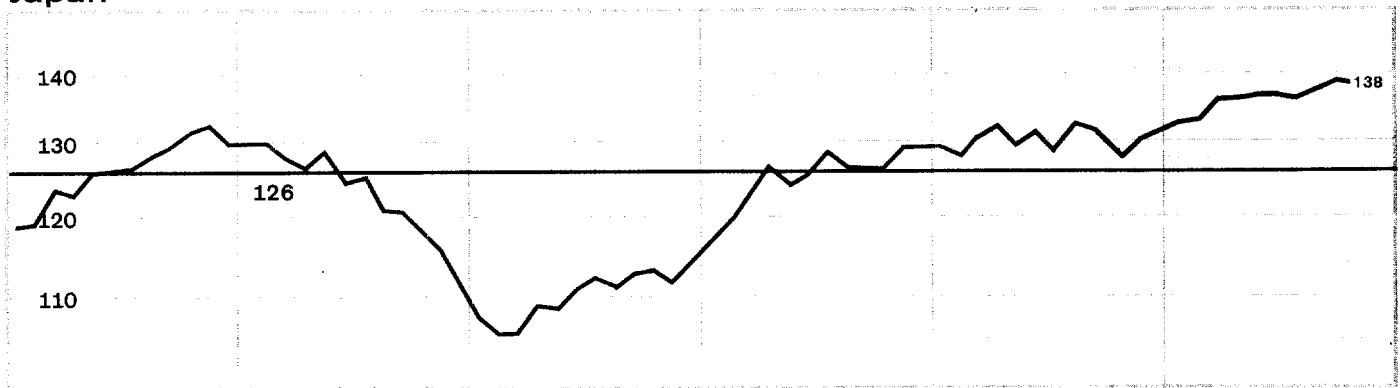
# INDUSTRIAL PRODUCTION INDEX: 1970=100, seasonally adjusted

## United States

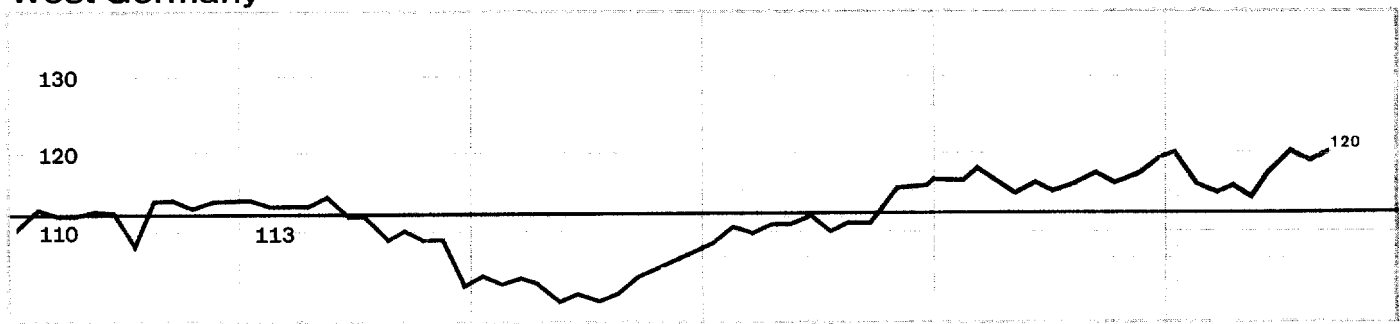
Semilogarithmic Scale



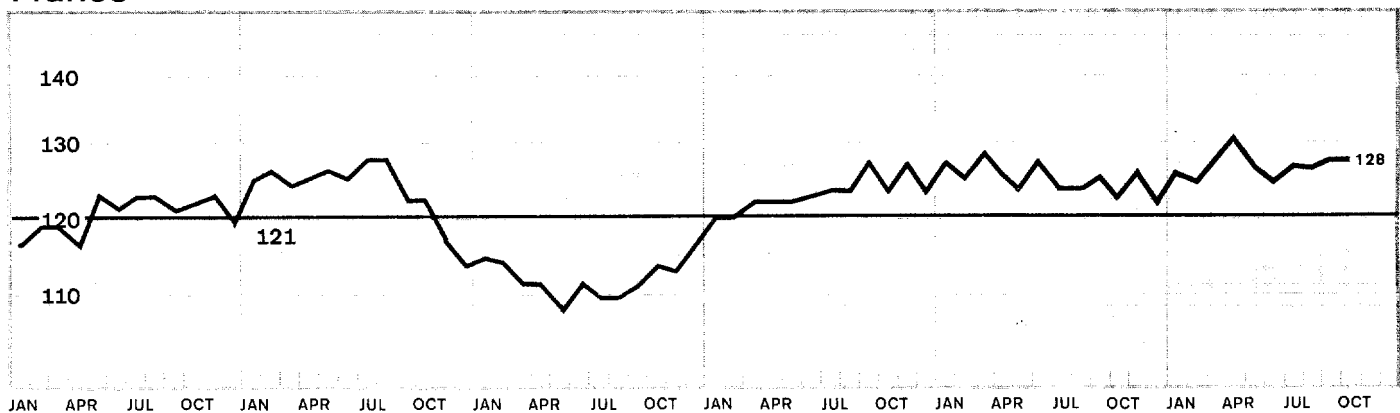
## Japan



## West Germany



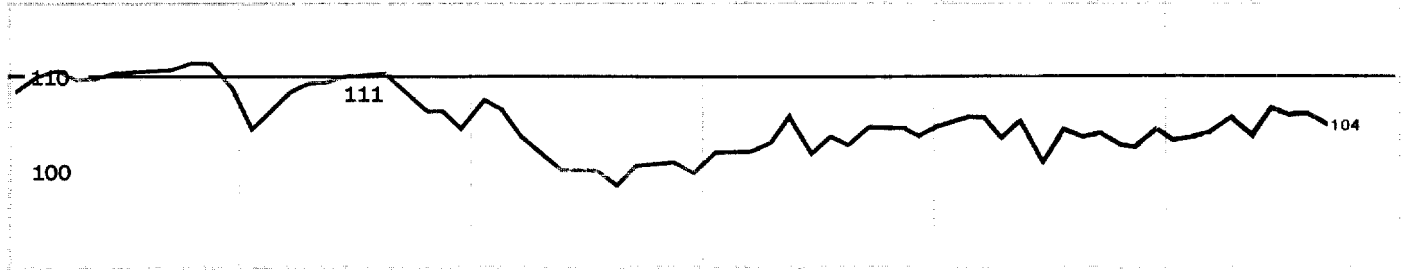
## France



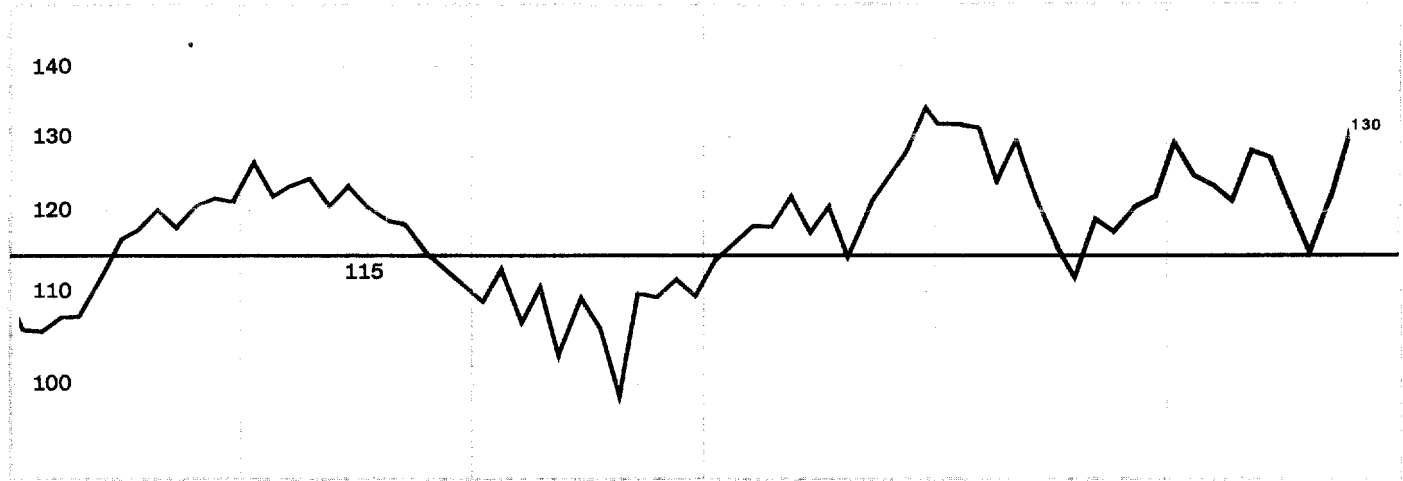
JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT  
1973 1974 1975 1976 1977 1978

**United Kingdom**

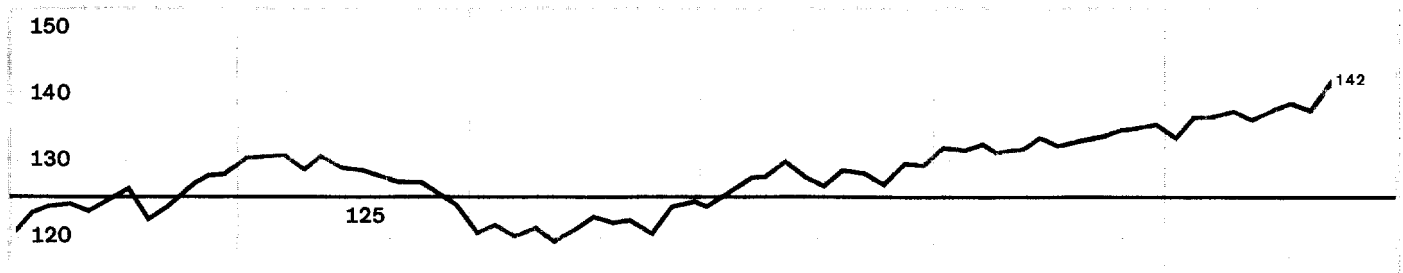
Semilogarithmic Scale



**Italy**



**Canada**



JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT  
**1973 1974 1975 1976 1977 1978**

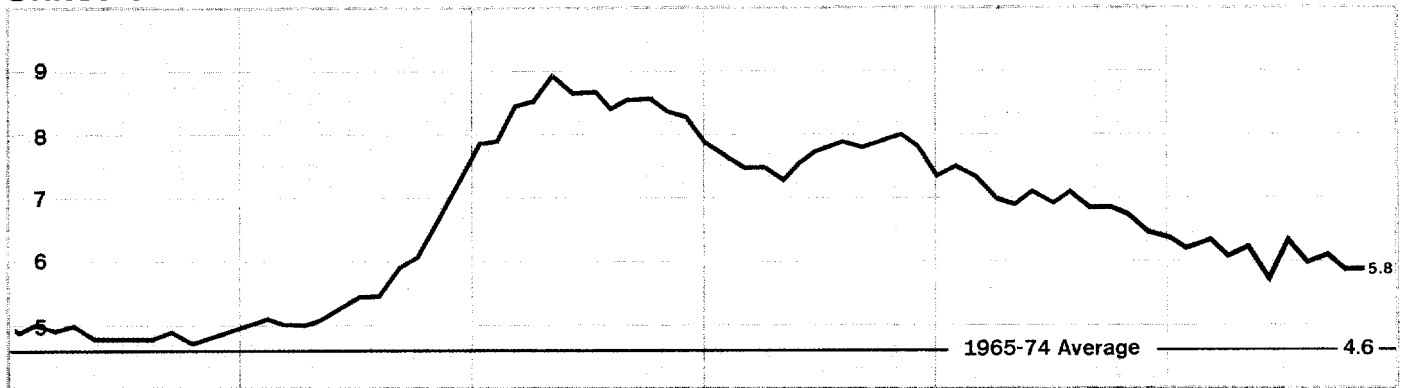
	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE			LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE			
			1970	1 Year Earlier	3 Months Earlier <sup>1</sup>			1970	1 Year Earlier	3 Months Earlier <sup>1</sup>	
United States	NOV 78	0.7	4.0	7.3	7.1	United Kingdom	SEP 78	-1.1	0.5	0.3	1.3
Japan	OCT 78	-0.2	4.0	8.1	5.2	Italy	OCT 78	6.6	3.2	9.9	-10.6
West Germany	SEP 78	0.8	2.2	2.6	12.0	Canada	SEP 78	2.8	4.3	6.3	6.3
France	OCT 78	0	3.0	4.1	4.3						

<sup>1</sup>Average for latest 3 months compared with average for previous 3 months.

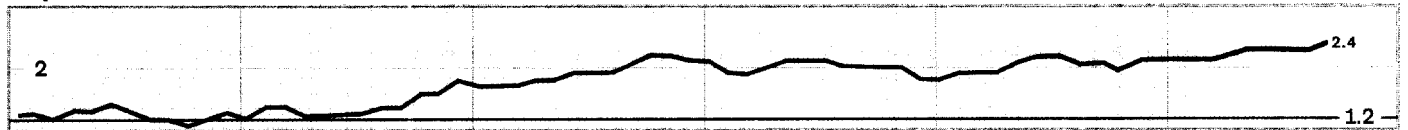
# UNEMPLOYMENT RATE

PERCENT

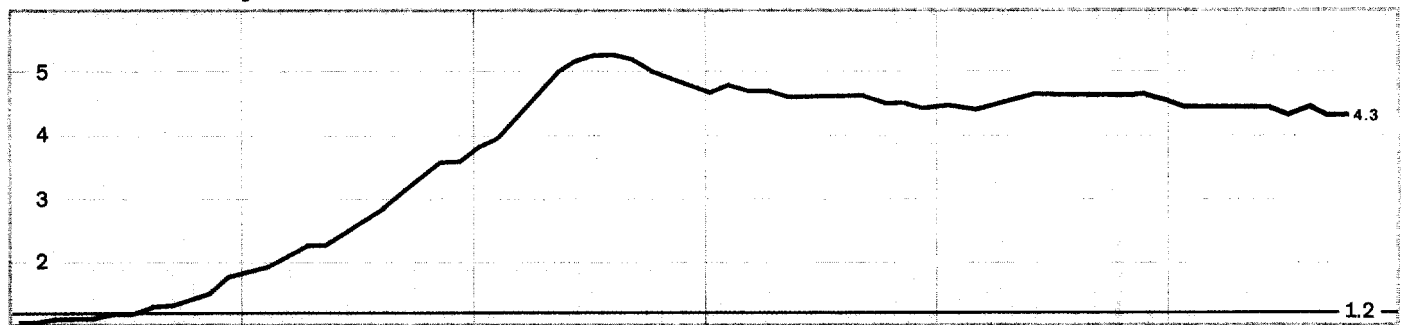
## United States



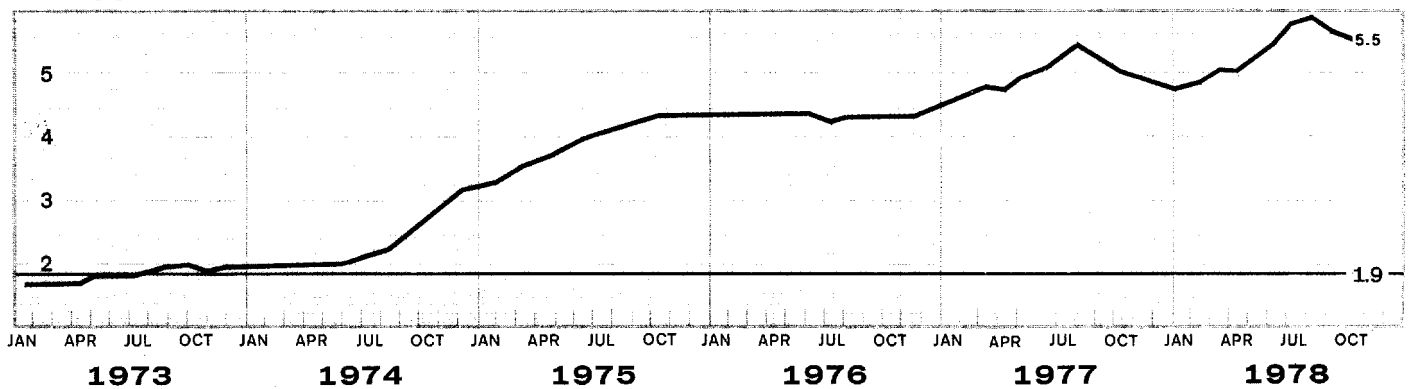
## Japan



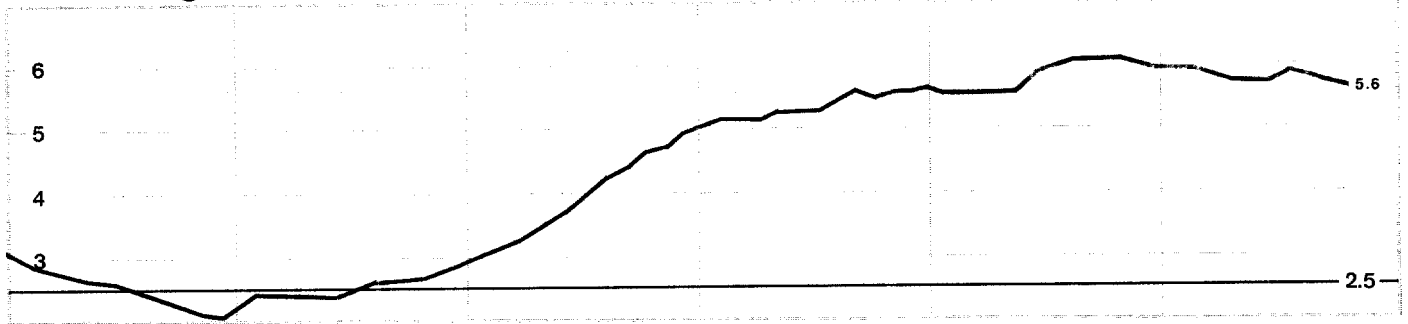
## West Germany



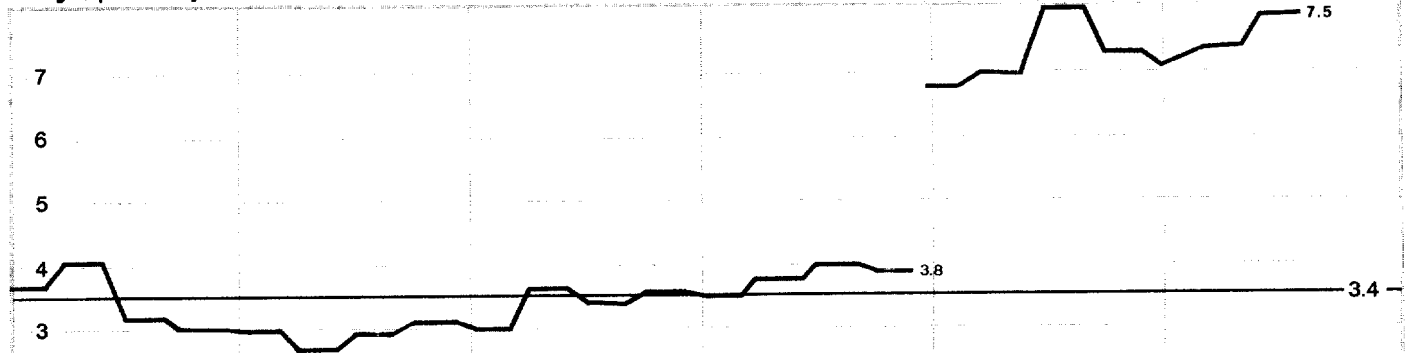
## France



**United Kingdom**

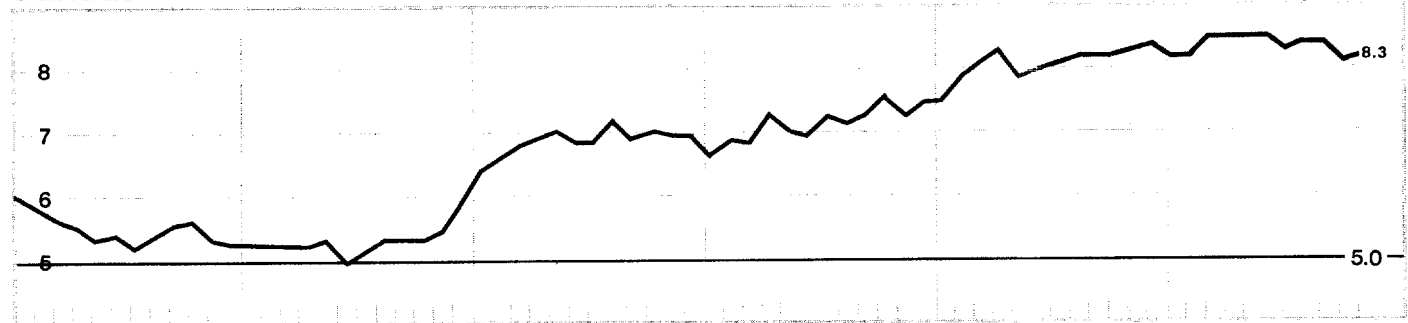


**Italy (quarterly)**



A labor force survey based on new definitions of economic activity sharply raised the official estimate of Italian unemployment in first quarter 1977. Data for earlier periods thus are not comparable. Italian data are not seasonally adjusted.

**Canada**



JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT  
 1973 1974 1975 1976 1977 1978

**THOUSANDS OF PERSONS UNEMPLOYED**

	LATEST MONTH		1 Year Earlier	3 Months Earlier		LATEST MONTH		1 Year Earlier	3 Months Earlier
United States	NOV 78	5,912	6,663	5,968	United Kingdom	NOV 78	1,339	1,430	1,392
Japan	SEP 78	1,330	1,120	1,310	Italy	78 III	1,658	1,692	1,455
West Germany	OCT 78	978	1,034	993	Canada	NOV 78	919	903	941
France	OCT 78	1,215	1,097	1,241					

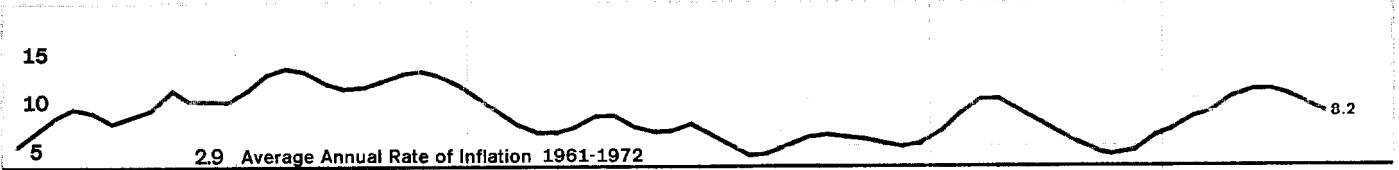
NOTE: Data are seasonally adjusted. Unemployment rates for France are estimated. The rates shown for Japan and Canada are roughly comparable to US rates. For 1975-78, the rates for France and the United Kingdom should be increased by 5 percent and 15 percent respectively, and those for West Germany decreased by 20 percent to be roughly comparable with US rates. Beginning in 1977, Italian rates should be decreased by 50 percent to be roughly comparable to US rates.

Unclassified  
 578669 12-78

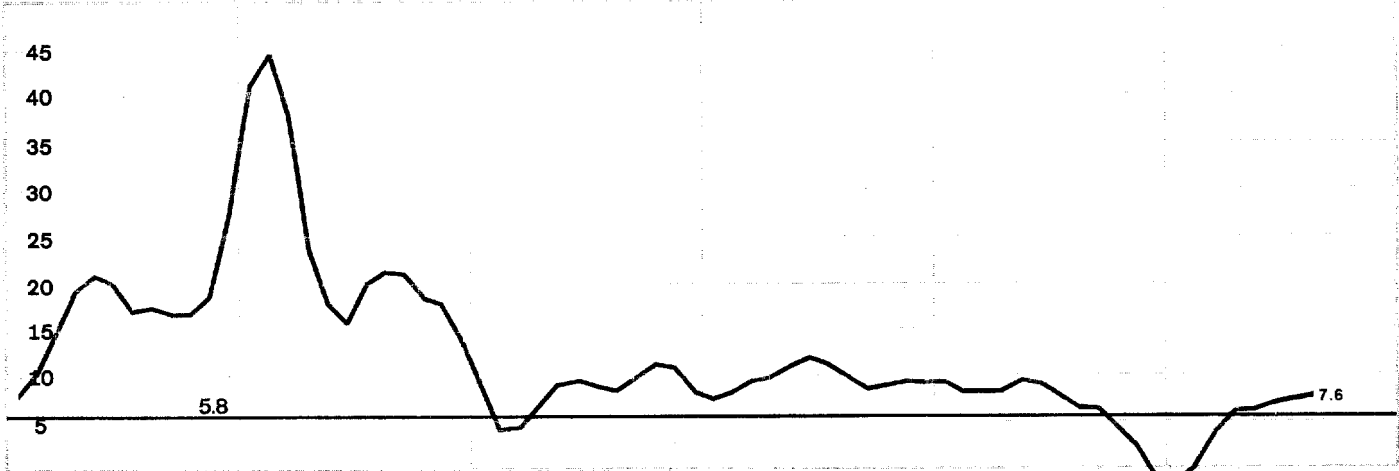
# CONSUMER PRICE INFLATION

Percent, seasonally adjusted, annual rate<sup>1</sup>

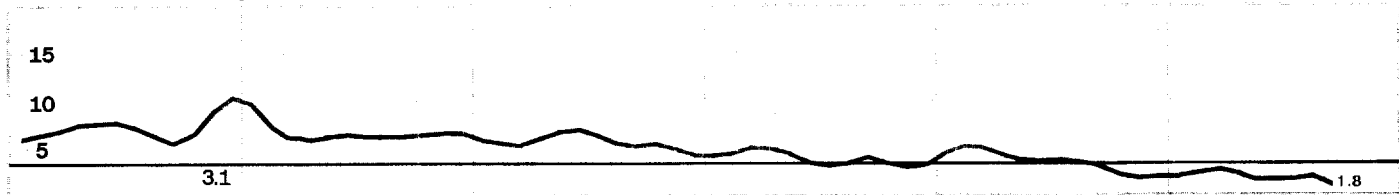
## United States



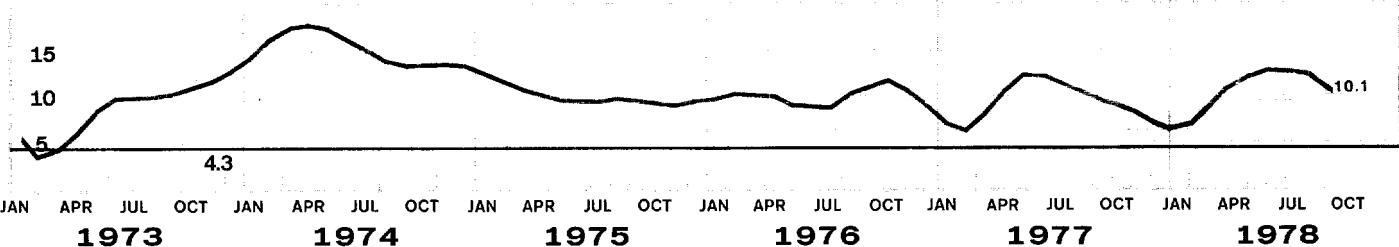
## Japan



## West Germany



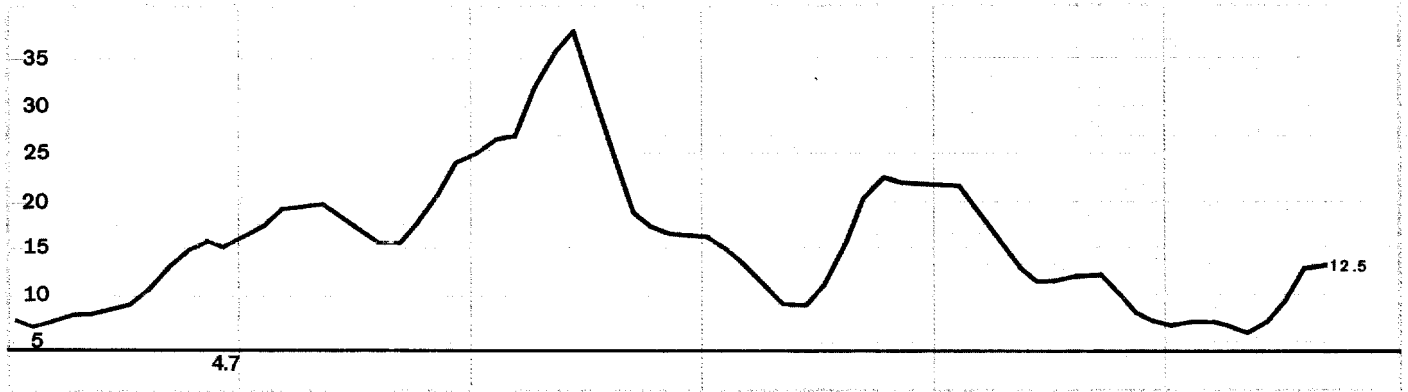
## France



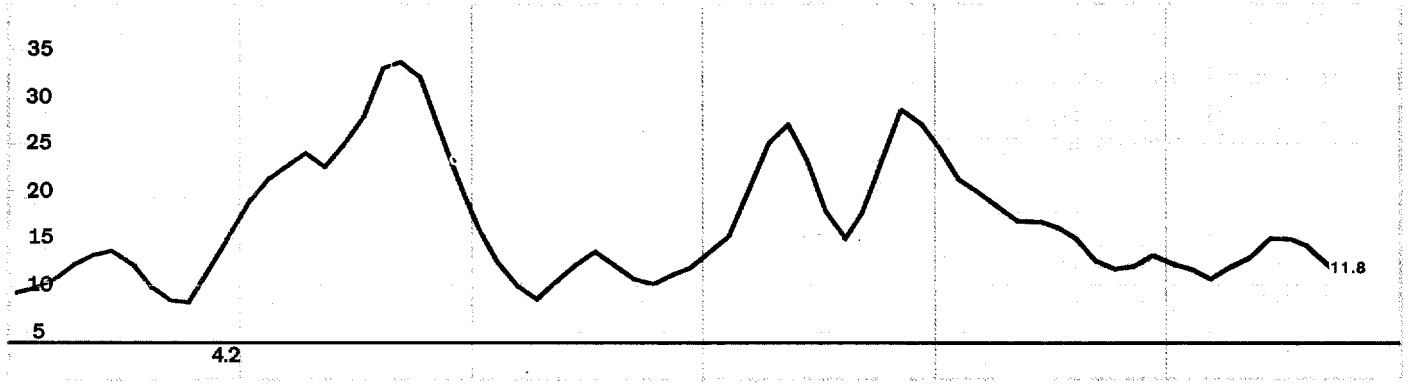
<sup>1</sup>Three-month average compared with previous three months.



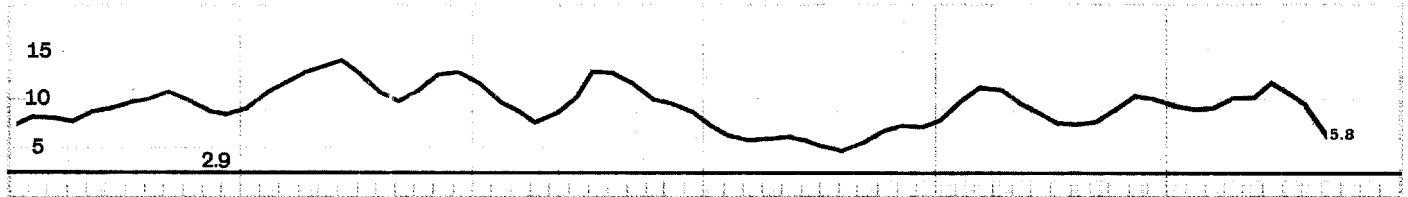
**United Kingdom**



**Italy**



**Canada**



JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT  
**1973 1974 1975 1976 1977 1978**

	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE			LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE			
			1970	1 Year Earlier	3 Months Earlier <sup>2</sup>			1970	1 Year Earlier	3 Months Earlier <sup>2</sup>	
United States	OCT 78	0.7	6.8	8.9	8.2	United Kingdom	OCT 78	0.2	13.0	7.8	12.5
Japan	SEP 78	-0.2	9.7	3.7	7.6	Italy	OCT 78	0.9	13.1	12.3	11.8
West Germany	OCT 78	0	5.1	2.1	1.8	Canada	OCT 78	1.0	7.7	8.7	5.8
France	OCT 78	0.8	9.1	9.3	10.1						

**Unclassified**  
578667 12-78

<sup>2</sup>Average for latest 3 months compared with average for previous 3 months, seasonally adjusted at annual rate.

**GNP <sup>1</sup>**

Constant Market Prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since		
			Percent Change		
			1970	1 Year Earlier	Previous Quarter
United States	78 III	0.8	3.2	3.8	3.4
Japan	78 III	1.0	5.3	6.3	3.9
West Germany	78 II	2.1	2.7	4.2	8.8
France	78 I	1.8	4.1	1.4	7.4
United Kingdom	78 I	1.7	1.8	2.3	7.2
Italy	78 I	2.0	2.8	-0.8	8.2
Canada	78 III	0.9	4.6	4.1	3.7

<sup>1</sup> Seasonally adjusted.

**RETAIL SALES**

Constant Prices

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			Percent Change		
			1970	1 Year Earlier	3 Months Earlier <sup>2</sup>
United States	Oct 78	-1.1	3.3	0.7	6.8
Japan	Jun 78	1.9	9.3	6.4	11.9
West Germany	Sep 78	0	2.7	5.0	3.3
France	Jan 78	9.9	0	1.0	10.5
United Kingdom	Oct 78	0	1.2	6.6	2.8
Italy	Jul 78	-7.0	2.9	3.0	28.3
Canada	Sep 78	6.3	4.6	7.3	6.3

<sup>1</sup> Seasonally adjusted.

<sup>2</sup> Average for latest 3 months compared with average for previous 3 months.

**FIXED INVESTMENT <sup>1</sup>**

Nonresidential; constant prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since		
			Percent Change		
			1970	1 Year Earlier	Previous Quarter
United States	78 III	1.0	3.2	8.5	4.0
Japan	78 III	1.8	1.8	8.3	7.2
West Germany	78 II	-0.5	1.2	7.8	-2.0
France	77 IV	0.8	4.0	4.7	3.3
United Kingdom	78 I	2.8	1.8	11.3	11.6
Italy	78 I	2.3	1.1	-19.6	9.4
Canada	78 III	3.2	6.5	5.9	13.6

<sup>1</sup> Seasonally adjusted.

**WAGES IN MANUFACTURING <sup>1</sup>**

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since		
			Percent Change		
			1970	1 Year Earlier	3 Months Earlier <sup>2</sup>
United States	Jul 78	1.2	7.6	7.6	6.8
Japan	Aug 78	0	15.4	4.8	2.8
West Germany	78 II	1.7	8.8	4.2	7.1
France	77 IV	3.1	14.1	12.0	12.9
United Kingdom	Jun 78	0.1	16.3	20.5	84.0
Italy	Aug 78	4.0	20.2	14.7	15.6
Canada	Sep 78	1.2	10.8	6.7	10.7

<sup>1</sup> Hourly earnings (seasonally adjusted) for the United States, Japan, and Canada; hourly wage rates for others. West German and French data refer to the beginning of the quarter.

<sup>2</sup> Average for latest 3 months compared with that for previous 3 months.

**MONEY MARKET RATES**

Representative rates	Latest Date	Percent Rate of Interest			
		1 Year Earlier	3 Months Earlier	1 Month Earlier	
United States Commercial paper	Dec 13	10.27	6.60	8.45	10.24
Japan Call money	Dec 15	4.63	5.00	4.13	3.75
West Germany Interbank loans (3 months)	Dec 13	4.07	4.15	3.69	3.76
France Call money	Dec 15	6.75	9.38	7.00	7.13
United Kingdom Sterling interbank loans (3 months)	Dec 13	12.25	6.71	9.18	12.18
Canada Finance paper	Dec 13	10.38	7.31	9.05	10.36
Eurodollars Three-month deposits	Dec 13	11.33	7.11	9.09	11.70

Approved For Release 2004/09/28 : CIA-RDP80T00702A001000050001-4  
**EXPORT PRICES**  
 US \$

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year 3 Months	
				Earlier	Earlier
United States	Aug 78	1.3	9.7	11.0	19.5
Japan	Oct 78	3.9	12.0	28.8	25.2
West Germany	Sep 78	1.5	11.8	17.9	22.5
France	Jul 78	4.2	11.9	16.5	16.5
United Kingdom	Oct 78	2.8	12.5	22.2	36.3
Italy	Aug 78	2.6	11.4	10.9	28.2
Canada	Sep 78	-4.7	8.0	0	-1.2

**EXPORT PRICES**  
 National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year 3 Months	
				Earlier	Earlier
United States	Aug 78	1.3	9.7	11.0	19.5
Japan	Oct 78	0.4	3.3	-7.3	-11.0
West Germany	Sep 78	0.1	3.7	-0.1	-2.3
France	Jul 78	1.0	8.9	6.6	2.2
United Kingdom	Oct 78	0.3	14.9	7.7	8.2
Italy	Aug 78	2.6	15.4	5.2	9.5
Canada	Sep 78	-2.5	9.4	8.6	17.0

**IMPORT PRICES**  
 National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year 3 Months	
				Earlier	Earlier
United States	Aug 78	0.6	12.7	7.9	3.3
Japan	Oct 78	0.1	5.0	-21.8	-18.6
West Germany	Sep 78	-1.2	3.2	-2.3	7.4
France	Jul 78	-2.3	8.7	-2.1	-9.0
United Kingdom	Oct 78	0.5	17.0	4.1	5.2
Italy	Aug 78	0.8	18.4	1.8	1.3
Canada	Sep 78	-0.9	9.6	13.1	13.8

**OFFICIAL RESERVES**

	Latest Month	Billion US \$			
		End of	Billion US \$	1 Year 3 Months	
				Jun 1970	Earlier
United States	Nov 78	18.0	14.5	19.2	18.8
Japan	Oct 78	29.4	4.1	19.6	29.3
West Germany	Sep 78	44.7	8.8	34.5	40.7
France	Apr 78	10.6	4.4	10.0	10.2
United Kingdom	Sep 78	17.6	2.8	17.3	17.3
Italy	Oct 78	14.1	4.7	11.1	13.5
Canada	Nov 78	4.5	9.1	4.2	4.2

**CURRENT ACCOUNT BALANCE <sup>1</sup>**

	Latest Period	Million US \$	Cumulative (Million US \$)		
			1978	1977	Change
United States <sup>2</sup>	78 III	-3,824	-13,784	-13,085	-699
Japan	Oct 78	400	14,354	7,798	6,556
West Germany	Sep 78	597	3,382	275	3,107
France	78 I	-84	-84	-1,628	1,543
United Kingdom	78 II	592	-235	-1,500	1,264
Italy	78 I	288	288	-1,025	1,313
Canada	78 II	-1,201	-2,381	-2,658	277

<sup>1</sup> Converted to US dollars at the current market rates of exchange.

<sup>2</sup> Seasonally adjusted.

**BASIC BALANCE <sup>1</sup>**

Current and Long-Term Capital Transactions

	Latest Period	Million US \$	Cumulative (Million US \$)		
			1978	1977	Change
United States			No longer published <sup>2</sup>		
Japan	Oct 78	-1,200	5,490	5,129	361
West Germany	Sep 78	1,689	3,480	-4,496	7,976
France	78 I	-863	-863	-1,889	1,025
United Kingdom	78 II	765	444	1,771	-1,326
Italy	77 III	2,427	N.A.	N.A.	N.A.
Canada	78 II	883	327	-482	809

<sup>1</sup> Converted to US dollars at the current market rates of exchange.

<sup>2</sup> As recommended by the Advisory Committee on the Presentation of Balance of Payments Statistics, the Department of Commerce no longer publishes a basic balance.

**EXCHANGE RATES**

Spot Rate

As of 15 Dec 78

	US \$ Per Unit	19 Mar 73	Percent Change from		
			1 Year		3 Months
			Earlier	Earlier	8 Dec 78
Japan (yen)	0.0051	33.62	23.41	-4.26	1.37
West Germany (Deutsche mark)	0.5280	48.53	15.63	3.14	0.98
France (franc)	0.2302	3.74	11.35	0.60	1.12
United Kingdom (pound sterling)	1.9795	-19.94	8.11	0.49	0.99
Italy (lira)	0.0012	-32.86	3.87	-2.31	0.08
Canada (dollar)	0.8458	-15.70	-7.46	-0.67	-0.49

**TRADE-WEIGHTED EXCHANGE RATES <sup>1</sup>**

As of 15 Dec 78

	19 Mar 73	Percent Change from		
		1 Year		3 Months
		Earlier	Earlier	8 Dec 78
United States	-2.24	-5.61	0.88	-0.35
Japan	37.24	21.11	-4.03	1.23
West Germany	35.47	4.55	2.84	0.32
France	-10.54	-0.35	-0.30	0.42
United Kingdom	-28.12	-0.46	-0.45	0.86
Italy	-44.05	-6.90	-3.28	-0.71
Canada	-16.99	-9.90	-0.47	-0.66

<sup>1</sup> Weighting is based on each listed country's trade with 16 other industrialized countries to include the major currencies.

		Developed Countries: Direction of Trade <sup>1</sup>				Billion US \$	
		Exports to (f.o.b.)					
		World	Big Seven	Other OECD	OPEC	Communist	Other
<b>UNITED STATES</b>							
1975	.....	107.59	46.93	16.25	10.77	3.37	30.27
1976	.....	115.01	51.30	17.67	12.57	3.64	29.82
1977	.....	120.17	53.92	18.54	14.02	2.72	30.97
1978							
1st Qtr	.....	30.96	13.65	4.60	3.76	1.00	7.95
2d Qtr	.....	37.05	16.14	5.25	4.43	1.44	9.79
Jul	.....	10.94	4.51	1.51	1.38	0.40	3.14
Aug	.....	11.61	4.95	1.65	1.32	0.37	3.33
<b>JAPAN</b>							
1975	.....	55.73	16.56	6.07	8.42	5.17	19.52
1976	.....	67.32	22.61	8.59	9.27	4.94	21.91
1977	.....	81.12	28.03	9.72	12.03	5.33	26.01
1978							
1st Qtr	.....	22.11	7.79	2.43	3.35	1.32	7.22
2d Qtr	.....	24.07	8.60	2.44	3.55	1.74	7.74
Jul	.....	8.58	2.99	1.02	1.33	0.51	2.73
Aug	.....	8.18	2.94	0.86	1.19	0.58	2.60
<b>WEST GERMANY</b>							
1975	.....	90.11	28.33	36.44	6.78	7.21	11.33
1976	.....	101.93	33.44	41.86	8.25	7.02	11.36
1977	.....	118.01	39.00	48.01	10.78	7.30	12.92
1978							
1st Qtr	.....	32.45	11.17	13.05	2.76	1.97	3.49
2d Qtr	.....	34.69	11.94	13.71	3.01	2.26	3.77
Jul	.....	10.42	3.64	3.93	1.01	0.65	1.18
Aug	.....	10.99	3.38	4.57	1.01	0.71	1.32
<b>FRANCE</b>							
1975	.....	53.03	20.01	15.50	4.90	3.13	9.50
1976	.....	57.05	22.49	16.15	5.08	3.23	10.10
1977	.....	64.86	25.90	18.18	5.96	2.99	11.82
1978							
1st Qtr	.....	18.49	7.66	5.07	1.57	0.66	3.53
2d Qtr	.....	20.36	8.31	5.60	1.70	0.84	3.91
Jul	.....	6.66	2.78	1.72	0.59	0.27	1.29
Aug	.....	4.86	1.92	1.25	0.46	0.24	1.00
<b>UNITED KINGDOM</b>							
1975	.....	44.46	12.54	16.59	4.55	1.56	9.21
1976	.....	46.56	14.03	17.53	5.13	1.39	8.48
1977	.....	58.04	17.29	22.20	6.77	1.63	10.14
1978							
1st Qtr	.....	16.86	5.09	6.27	2.03	0.55	2.92
2d Qtr	.....	17.60	5.38	6.59	2.20	0.51	2.92
Jul	.....	5.80	1.84	2.10	0.71	0.16	1.00
Aug	.....	5.77	1.73	2.18	0.69	0.15	1.02
<b>ITALY</b>							
1975	.....	34.84	15.61	7.86	3.72	2.46	5.19
1976	.....	37.25	17.58	8.73	4.27	2.18	4.48
1977	.....	45.04	20.91	10.20	5.84	2.46	5.64
1978							
1st Qtr	.....	10.80	5.22	2.40	1.37	0.48	1.33
2d Qtr	.....	13.65	6.51	2.92	1.81	0.66	1.75
Jul	.....	4.46	2.17	0.93	0.57	0.22	0.57
<b>CANADA</b>							
1975	.....	34.07	26.30	1.72	0.71	1.20	4.14
1976	.....	40.52	32.01	2.03	0.81	1.25	4.40
1977	.....	43.08	34.83	2.20	1.17	1.08	3.80
1978							
1st Qtr	.....	10.87	8.88	0.45	0.23	0.22	1.10
2d Qtr	.....	12.66	10.32	0.56	0.23	0.36	1.19
Jul	.....	3.53	2.81	0.13	0.08	0.15	0.36

<sup>1</sup> Source: International Monetary Fund, Direction of Trade.

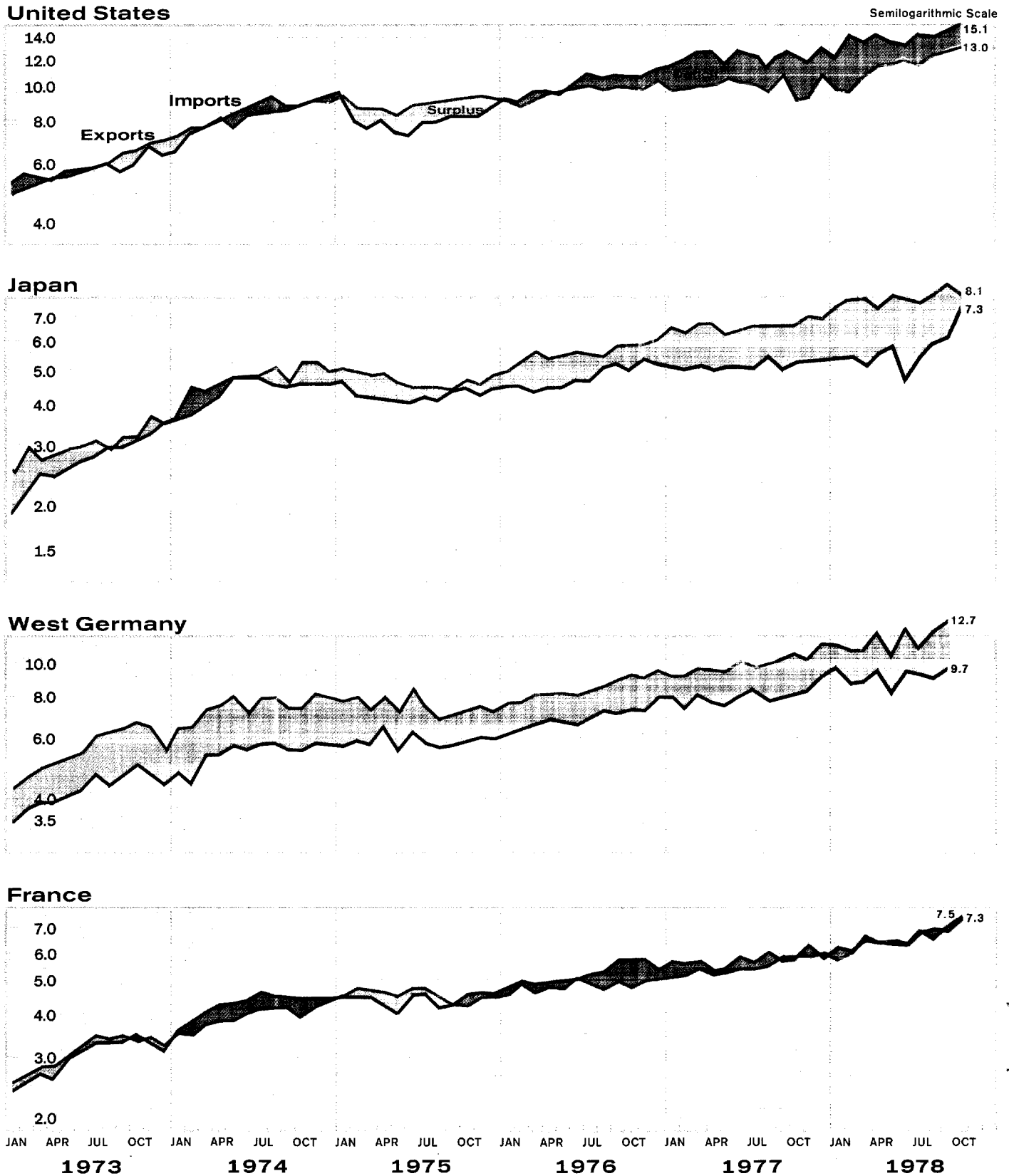
Developed Countries: Direction of Trade <sup>1</sup>

Billion US \$

	Imports from (c.i.f.)					
	World	Big Seven	Other OECD	OPEC	Com-munist	Other
<b>UNITED STATES</b>						
1975 .....	103.42	49.81	8.83	18.70	0.98	25.09
1976 .....	129.57	60.39	9.75	27.17	1.16	31.10
1977 .....	156.71	70.48	11.09	35.45	1.23	38.47
1978						
1st Qtr .....	43.14	20.39	3.51	8.15	0.47	10.62
2d Qtr .....	45.99	22.53	3.68	7.90	0.48	11.40
Jul .....	15.67	7.56	1.29	2.62	0.14	4.04
Aug .....	14.96	6.92	1.11	2.91	0.19	3.83
<b>JAPAN</b>						
1975 .....	57.85	16.93	6.08	19.40	3.36	12.07
1976 .....	64.89	17.58	7.78	21.88	2.91	14.73
1977 .....	71.32	18.88	7.92	24.33	3.41	16.79
1978						
1st Qtr .....	18.32	5.04	2.06	6.46	0.86	3.89
2d Qtr .....	19.39	5.51	2.30	5.95	1.01	4.63
Jul .....	6.47	1.95	0.80	1.82	0.30	1.60
Aug .....	6.92	2.17	0.81	1.92	0.32	1.70
<b>WEST GERMANY</b>						
1975 .....	74.92	27.09	27.78	8.24	3.51	8.30
1976 .....	88.14	31.28	32.64	9.73	4.38	10.11
1977 .....	101.42	36.39	37.37	10.12	4.92	12.61
1978						
1st Qtr .....	28.24	10.11	10.88	2.32	1.39	3.55
2d Qtr .....	29.75	11.10	11.43	2.24	1.40	3.58
Jul .....	9.57	3.60	3.48	0.77	0.54	1.18
Aug .....	9.43	3.41	3.51	0.82	0.50	1.19
<b>FRANCE</b>						
1975 .....	53.99	23.04	14.33	9.43	1.94	5.24
1976 .....	64.38	27.81	16.93	11.36	2.24	6.04
1977 .....	70.49	30.28	18.24	11.81	2.46	7.69
1978						
1st Qtr .....	19.76	8.58	5.40	3.05	0.64	2.09
2d Qtr .....	20.42	9.16	5.62	2.77	0.68	2.19
Jul .....	6.31	2.88	1.65	0.94	0.23	0.61
Aug .....	5.56	2.49	1.29	0.95	0.21	0.63
<b>UNITED KINGDOM</b>						
1975 .....	53.93	18.47	18.52	6.91	1.68	8.36
1976 .....	56.20	19.65	18.81	7.29	2.08	8.36
1977 .....	64.06	24.03	21.38	6.32	2.42	9.91
1978						
1st Qtr .....	18.87	7.44	6.68	1.80	0.55	2.40
2d Qtr .....	19.31	7.66	7.27	1.30	0.59	2.48
Jul .....	6.42	2.58	2.17	0.58	0.21	0.88
Aug .....	6.30	2.48	2.08	0.60	0.23	0.91
<b>ITALY</b>						
1975 .....	38.39	17.32	6.75	7.85	2.09	4.39
1976 .....	43.43	19.35	8.05	8.12	2.65	5.26
1977 .....	47.57	20.80	8.66	9.03	2.80	6.28
1978						
1st Qtr .....	11.26	5.03	2.10	2.18	0.51	1.44
2d Qtr .....	13.38	6.14	2.58	2.15	0.73	1.76
Jul .....	4.90	2.18	0.93	0.82	0.37	0.61
<b>CANADA</b>						
1975 .....	38.67	29.78	1.70	3.43	0.32	3.43
1976 .....	43.04	33.55	1.82	3.48	0.38	3.81
1977 .....	44.91	35.75	1.79	3.06	0.34	3.98
1978						
1st Qtr .....	10.80	8.60	0.44	0.77	0.08	0.91
2d Qtr .....	13.52	11.08	0.50	0.71	0.09	1.13
Jul .....	3.88	3.05	0.17	0.26	0.04	0.35

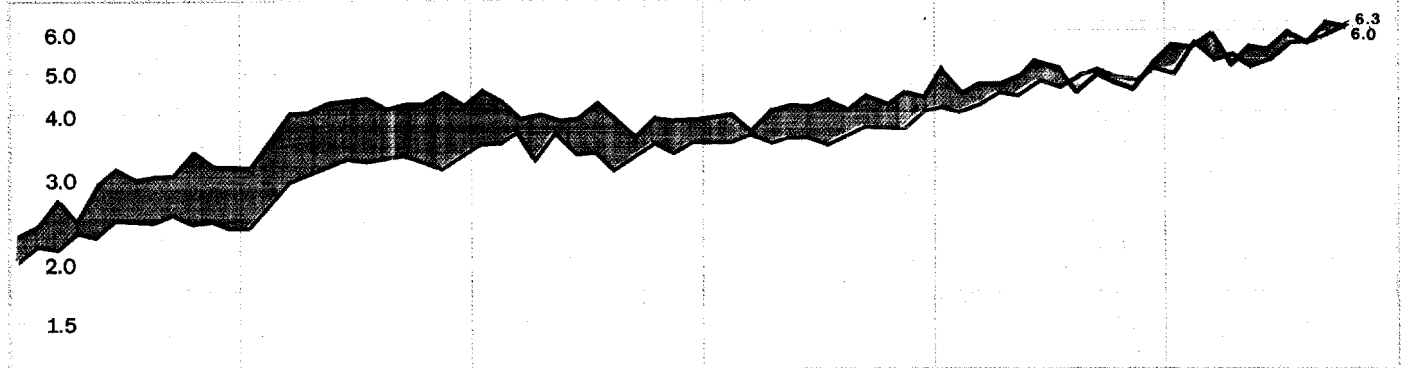
<sup>1</sup> Source: International Monetary Fund, Direction of Trade.

# FOREIGN TRADE BILLION US \$, f.o.b., seasonally adjusted

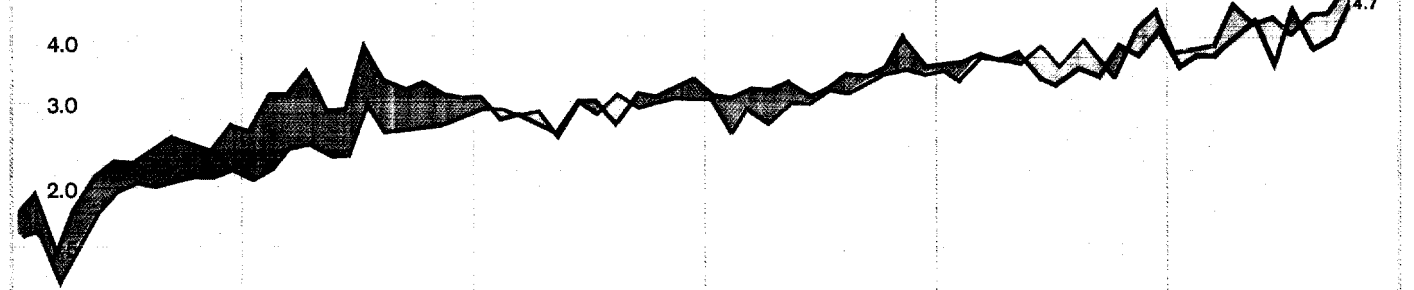


**United Kingdom**

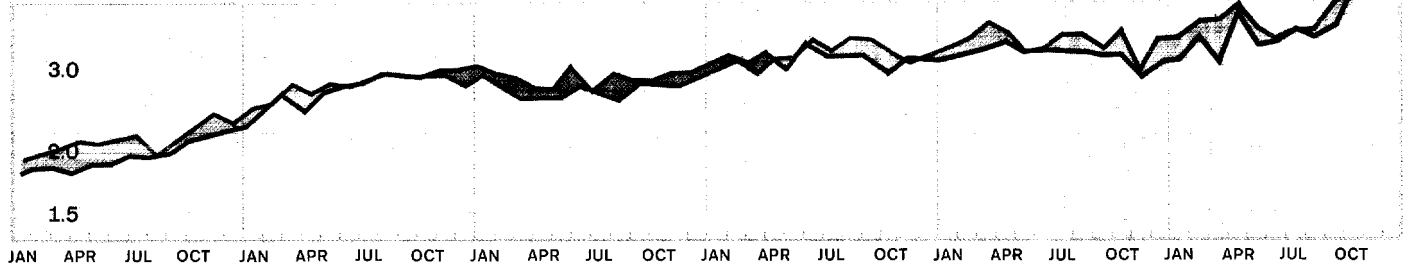
Semilogarithmic Scale



**Italy**



**Canada**



JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT

**1973**

**1974**

**1975**

**1976**

**1977**

**1978**

	LATEST MONTH	MILLION US \$	CUMULATIVE (MILLION US \$)		
			1978	1977	CHANGE
<b>United States</b>	OCT 78	13,011	117,064	100,727	16.2%
	Balance	15,138	141,859	121,889	16.4%
<b>Japan</b>	OCT 78	8,128	79,234	65,224	21.5%
	Balance	7,262	57,475	51,418	11.8%
<b>West Germany</b>	SEP 78	12,684	102,917	86,269	19.3%
	Balance	9,722	83,853	70,856	18.3%
<b>France</b>	SEP 78	2,962	19,065	15,412	3,652
	OCT 78	7,483	65,411	53,441	22.4%
Balance	7,311	64,823	55,628	16.5%	
	Balance	171	589	-2,187	2,776

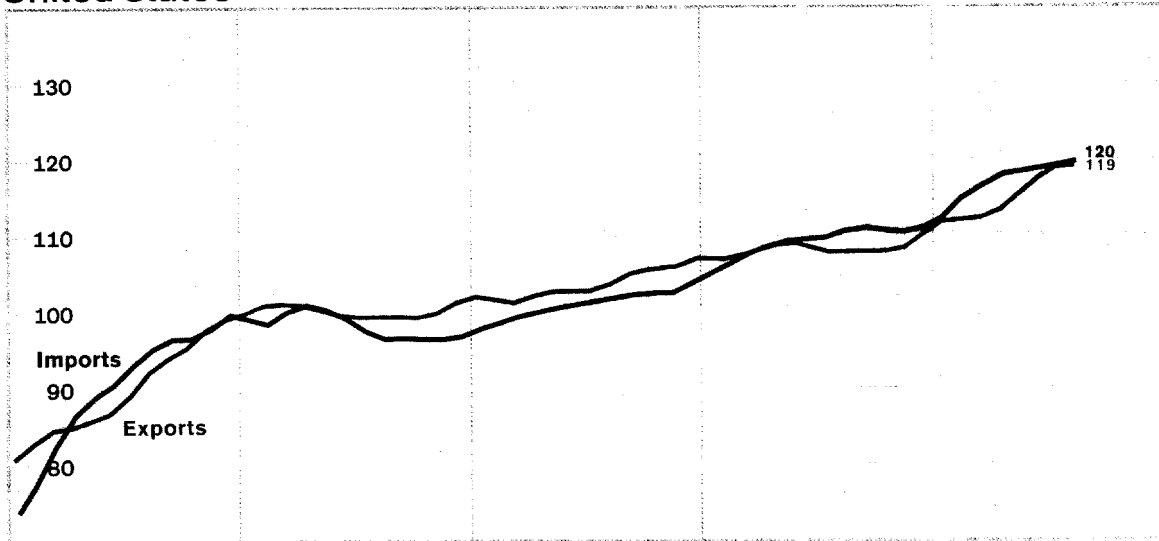
	LATEST MONTH	MILLION US \$	CUMULATIVE (MILLION US \$)		
			1978	1977	CHANGE
<b>United Kingdom</b>	OCT 78	6,264	56,265	46,177	21.8%
	Balance	6,025	57,957	49,019	18.2%
<b>Italy</b>	OCT 78	239	-1,692	-2,842	1,149
	OCT 78	5,162	43,005	36,261	18.6%
Balance	4,746	39,996	36,231	10.4%	
<b>Canada</b>	OCT 78	416	3,009	30	2,979
	OCT 78	4,398	38,533	34,870	10.5%
Balance	4,439	36,329	33,228	9.3%	
	Balance	-41	2,204	1,642	562

Unclassified  
578668 12-78

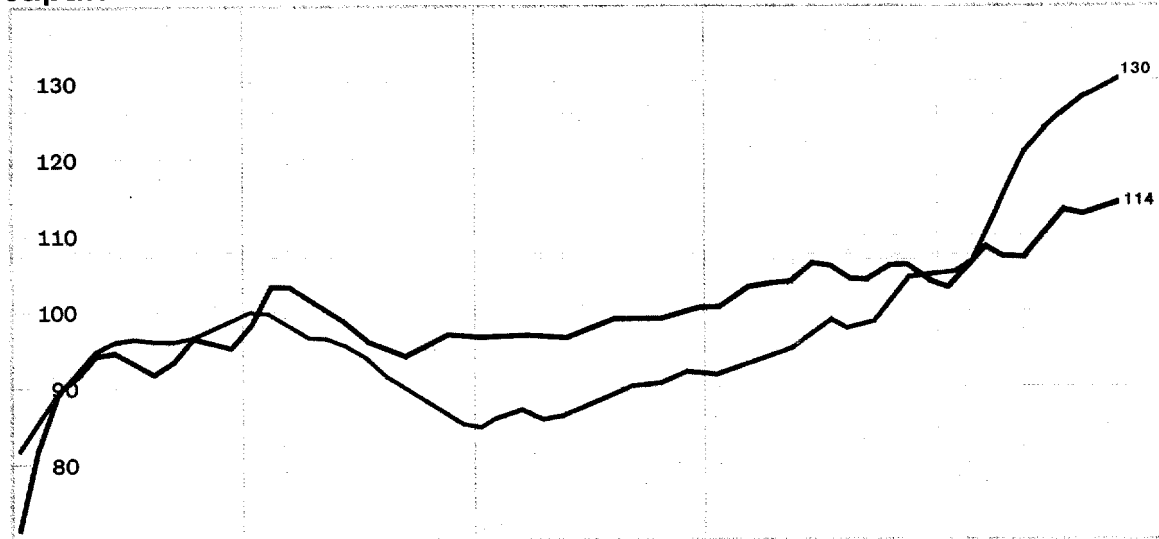
# FOREIGN TRADE PRICES IN US \$<sup>1</sup>

## United States

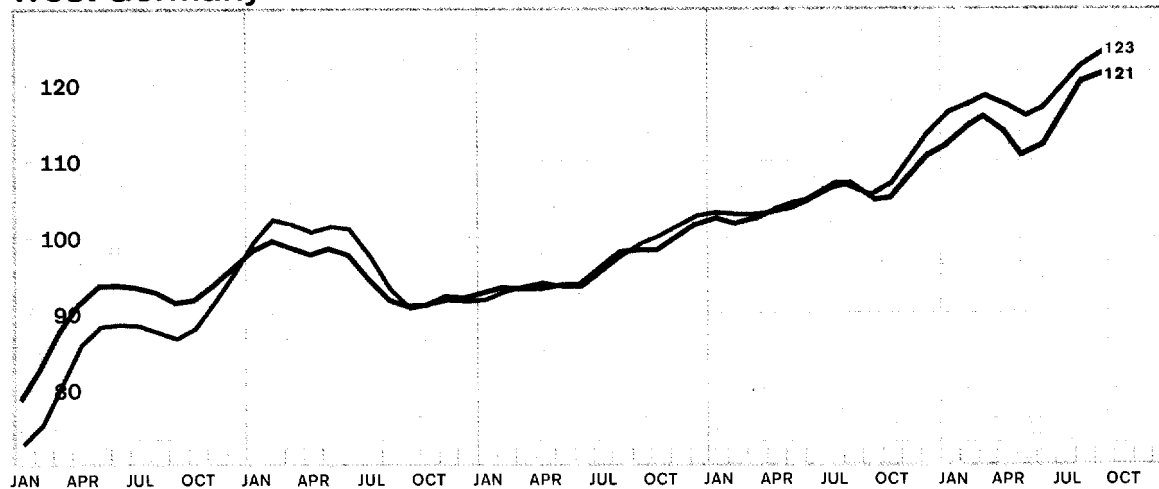
INDEX: JAN 1975 = 100



## Japan

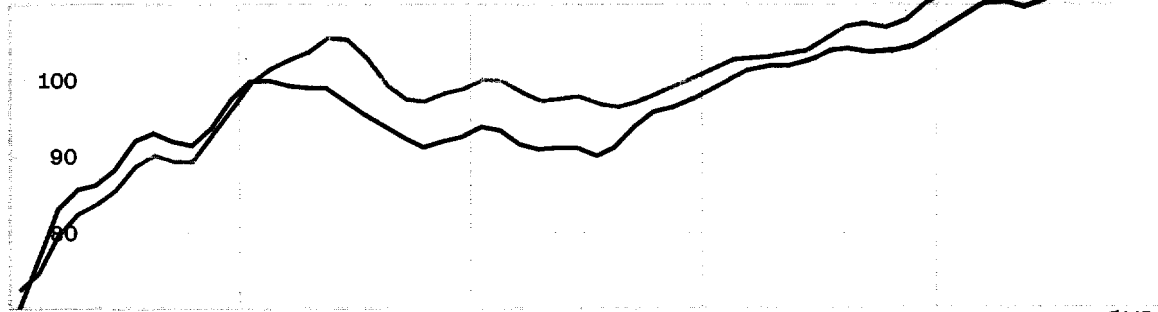


## West Germany

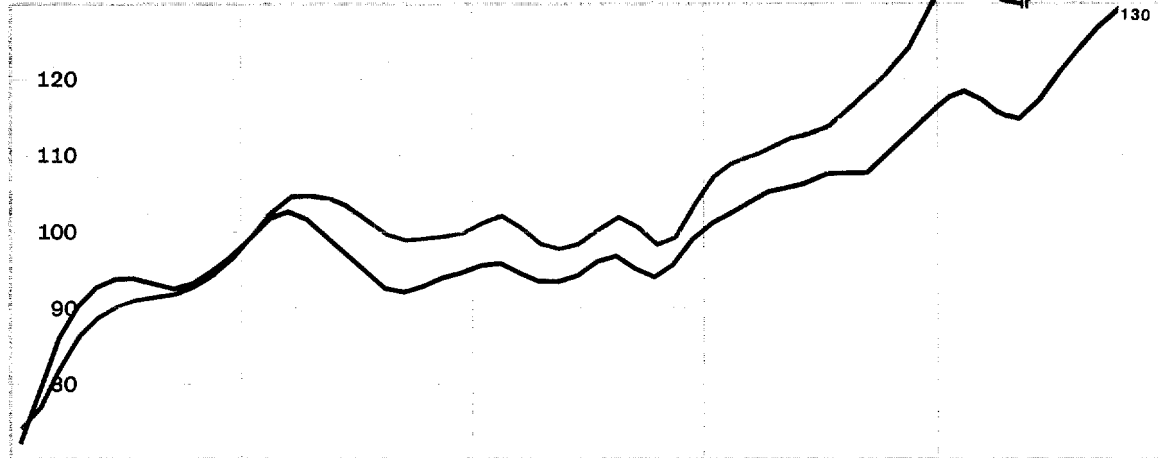




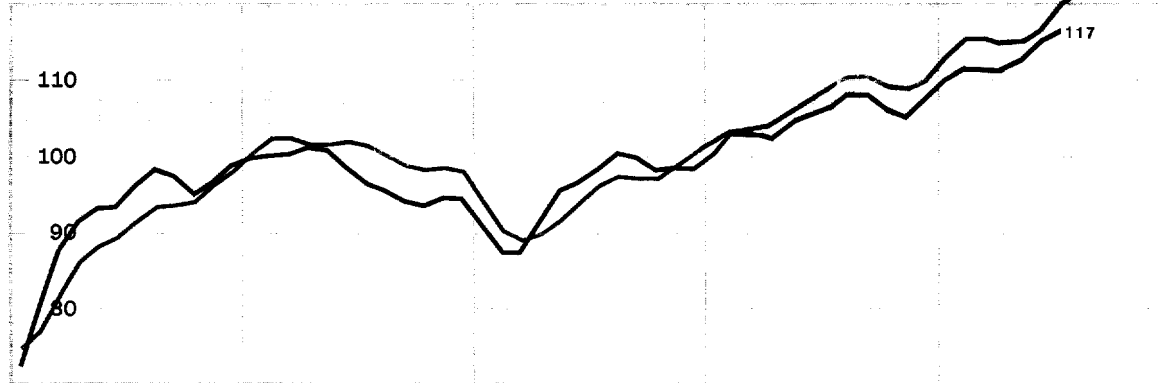
### France



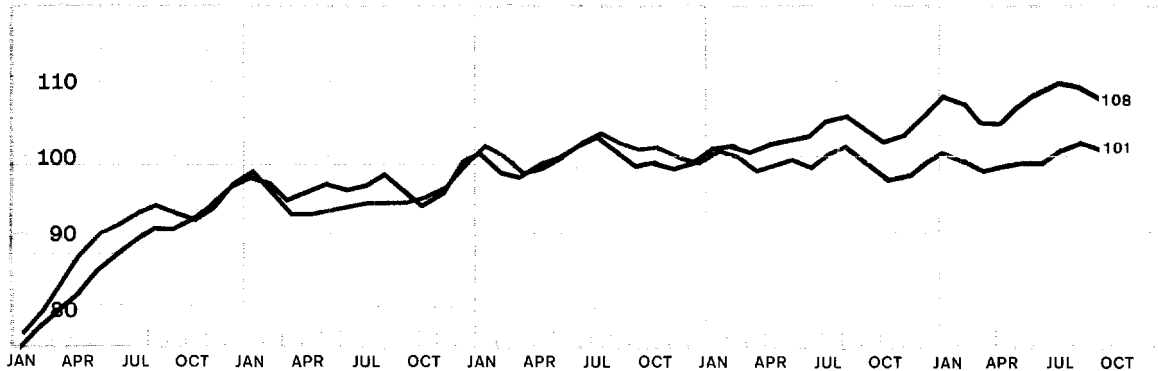
### United Kingdom



### Italy



### Canada



**INDUSTRIAL PRODUCTION <sup>1</sup>**

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since		
			Percent Change		
			1970	1 Year Earlier	3 Months Earlier <sup>2</sup>
India	Jun 78	-1.8	5.1	5.4	18.2
South Korea	Aug 78	6.4	22.8	23.1	12.8
Mexico	Aug 78	2.2	6.7	10.2	19.2
Nigeria	78 I	6.8	11.4	0.5	30.0
Taiwan	Aug 78	3.0	16.3	31.0	42.1

<sup>1</sup> Seasonally adjusted.

<sup>2</sup> Average for latest 3 months compared with average for previous 3 months.

**MONEY SUPPLY <sup>1</sup>**

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			Percent Change		
			1970	1 Year Earlier	3 Months Earlier <sup>2</sup>
Brazil	Jun 78	2.2	36.5	35.5	40.8
India	Apr 78	2.5	14.0	16.3	13.1
Iran	Jul 78	0	28.2	26.7	17.9
South Korea	Sep 78	-5.8	30.0	17.7	10.3
Mexico	Aug 78	2.9	21.2	40.3	35.9
Nigeria	May 78	-2.4	33.5	9.3	14.8
Taiwan	May 78	0.6	25.1	32.8	40.8
Thailand	Apr 78	-3.2	13.3	12.5	32.3

<sup>1</sup> Seasonally adjusted.

<sup>2</sup> Average for latest 3 months compared with average for previous 3 months.

**CONSUMER PRICES**

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since	
			Percent Change	
			1970	1 Year Earlier
Brazil	Sep 78	2.0	28.6	40.1
India	Jun 78	1.2	7.5	2.2
Iran	Aug 78	-0.4	11.8	7.8
South Korea	Oct 78	0.9	14.6	16.8
Mexico	Oct 78	1.2	15.1	16.8
Nigeria	Dec 77	3.1	16.6	31.3
Taiwan	Aug 78	1.9	9.8	-0.6
Thailand	Jun 78	0.9	8.7	8.4

**WHOLESALE PRICES**

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since	
			Percent Change	
			1970	1 Year Earlier
Brazil	Sep 78	2.6	28.9	42.2
India	May 78	0.6	8.0	-2.8
Iran	Aug 78	-1.3	10.0	7.8
South Korea	Oct 78	1.1	15.7	13.1
Mexico	Oct 78	1.2	16.0	13.9
Taiwan	Aug 78	0.4	8.1	1.6
Thailand	Mar 78	-0.1	9.4	5.8

**EXPORT PRICES**

US \$

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since	
			Percent Change	
			1970	1 Year Earlier
Brazil	Jul 78	6.9	11.9	-14.5
India	Sep 77	-2.7	10.0	18.4
South Korea	78 II	2.4	8.8	8.9
Taiwan	Jun 78	1.9	11.3	3.3
Thailand	Dec 77	0.1	10.2	-7.8

**OFFICIAL RESERVES**

Million US \$

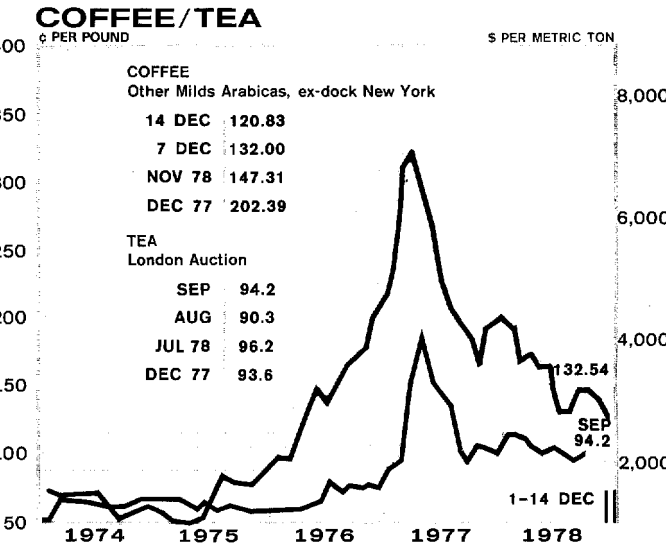
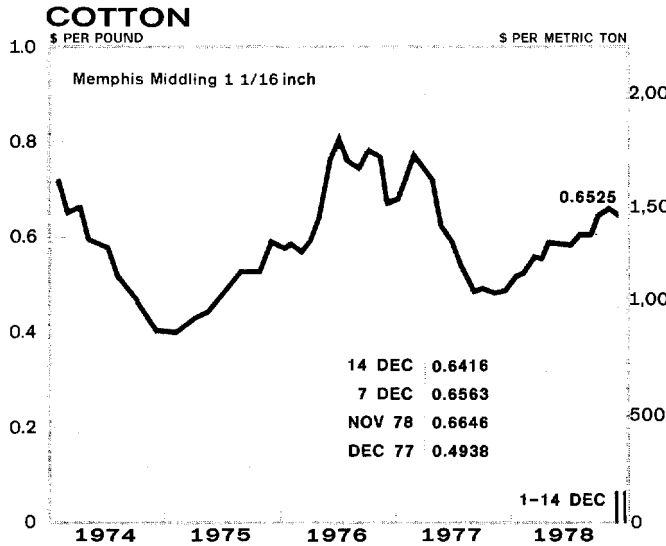
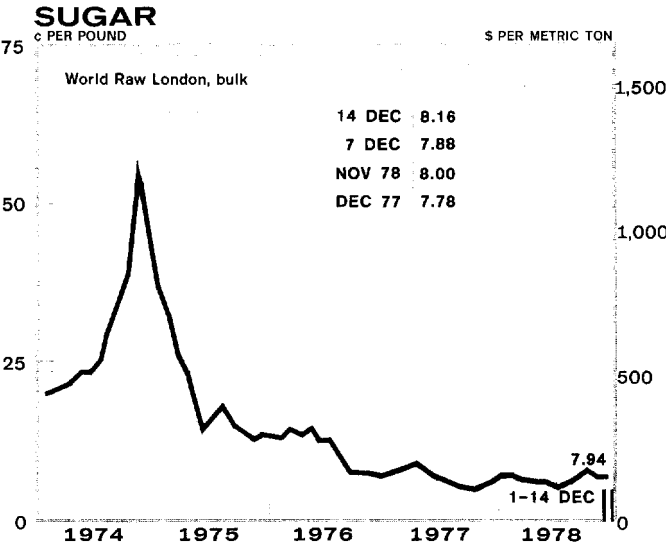
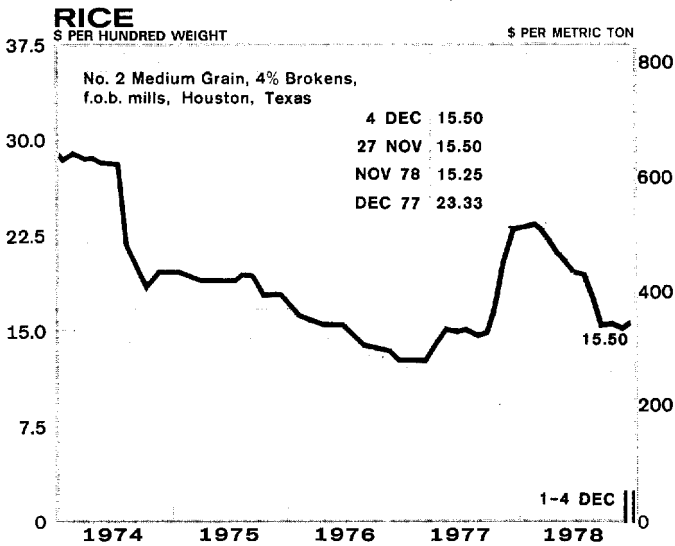
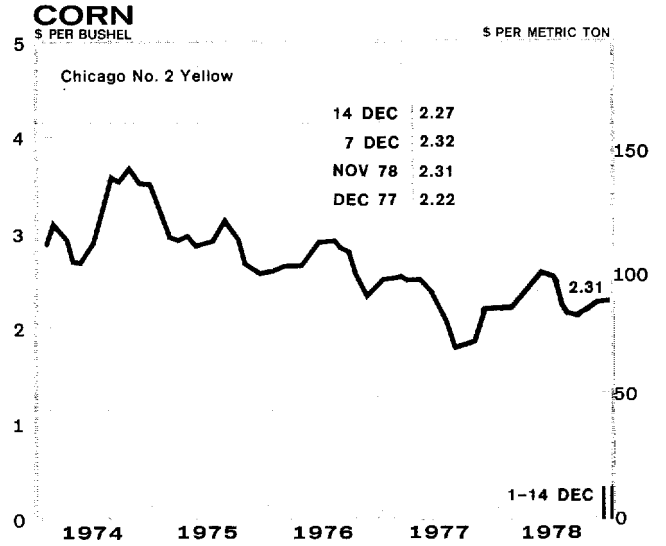
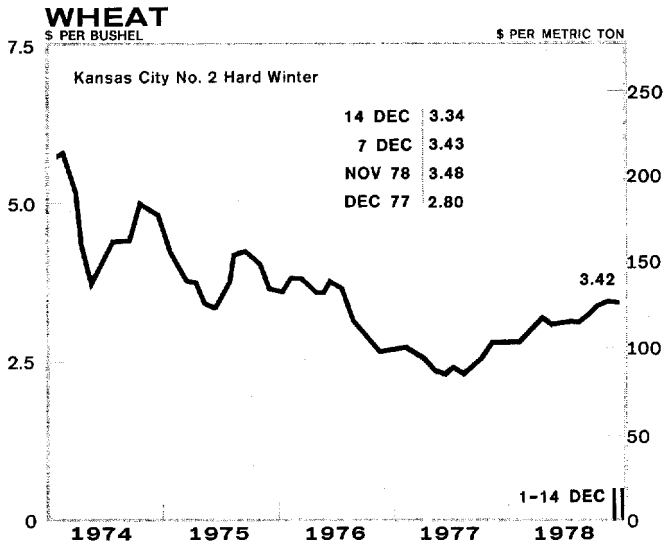
	Latest Month	End of Month	Million US \$	Average Annual Growth Rate Since	
				Percent Change	
				Jun 1970	1 Year Earlier
Brazil	Jul 78	8,921	1,013	6,144	7,555
India	Jul 78	6,117	1,006	4,395	6,064
Iran	Oct 78	11,951	208	11,546	11,982
South Korea	Sep 78	4,534	602	4,040	4,199
Mexico	Jul 78	1,731	695	1,599	1,798
Nigeria	Sep 78	1,558	148	4,597	2,387
Taiwan	Jun 78	1,462	531	1,411	1,433
Thailand	Sep 78	2,269	978	1,925	2,161

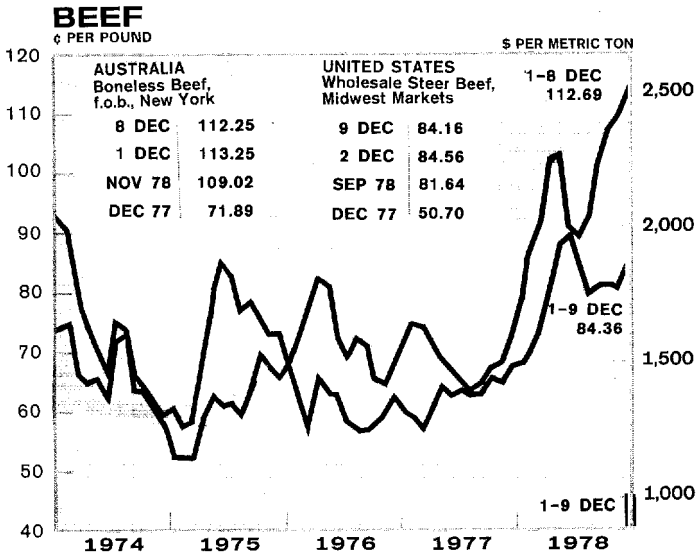
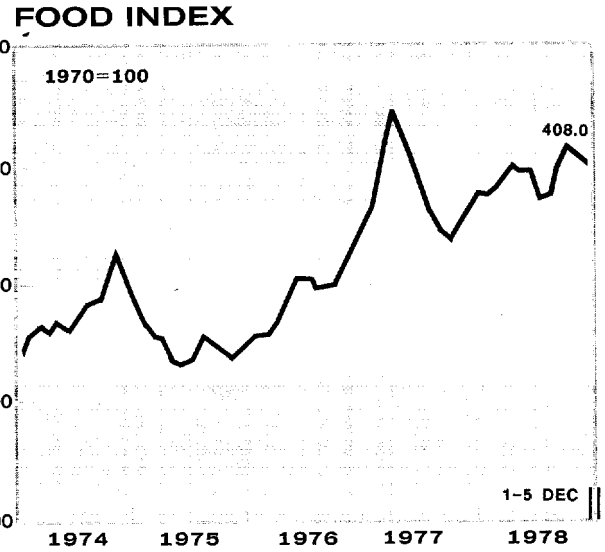
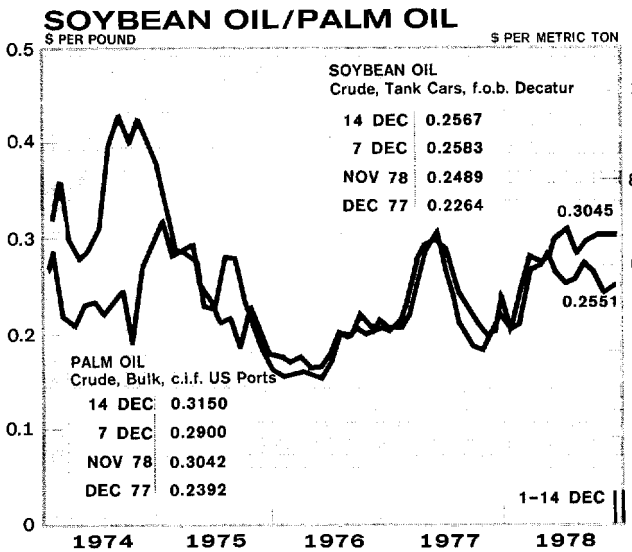
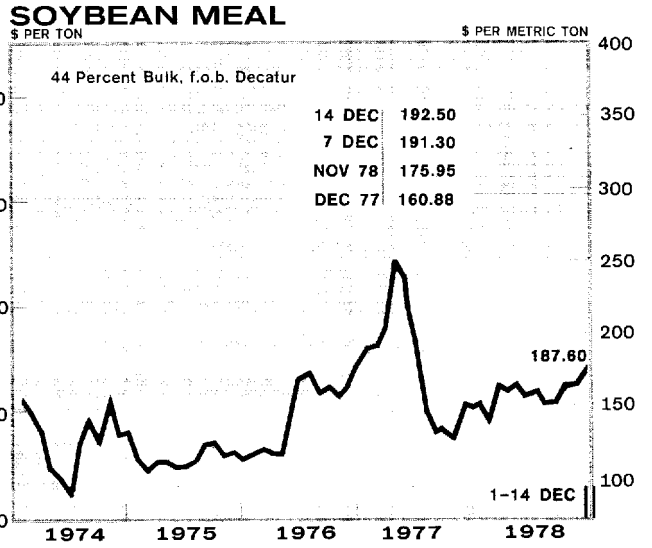
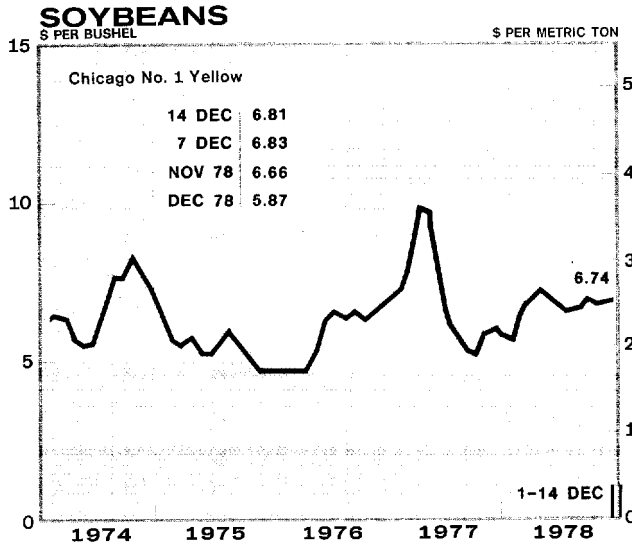
**FOREIGN TRADE, f.o.b.**

Latest Period			Latest 3 Months Percent Change from		Cumulative (Million US \$)		
			3 Months Earlier <sup>1</sup>	1 Year Earlier	1978	1977	Change
Brazil	Jul 78	Exports	44.3	-8.7	6,854	7,225	-5.1%
	Jul 78	Imports	47.4	10.8	7,390	6,873	7.5%
	Jul 78	Balance			-536	352	-888
India	Mar 78	Exports	-19.6	-13.5	1,476	1,707	-13.5%
	Mar 78	Imports	-24.1	9.7	1,444	1,316	9.7%
	Mar 78	Balance			32	391	-358
Iran	Aug 78	Exports	2.9	10.4	15,868	15,635	1.5%
	May 78	Imports	-1.6	1.6	5,705	5,259	8.5%
	May 78	Balance			4,087	4,871	-783
South Korea	Aug 78	Exports	12.6	21.6	7,798	6,217	25.4%
	Aug 78	Imports	52.3	33.7	8,561	6,574	30.2%
	Aug 78	Balance			-764	-357	-407
Mexico	Aug 78	Exports	19.1	30.4	3,301	2,743	20.4%
	Aug 78	Imports	151.1	32.8	4,190	3,260	28.5%
	Aug 78	Balance			-888	-517	-371
Nigeria	78 II	Exports	86.7	-26.0	1,808	2,526	-28.4%
	78 I	Imports	579.5	115.0	1,808	841	115.0%
	78 I	Balance			-974	368	-1,342
Taiwan	Aug 78	Exports	84.2	38.7	8,044	5,884	36.7%
	Aug 78	Imports	68.9	32.5	6,439	5,119	25.8%
	Aug 78	Balance			1,605	765	840
Thailand	Jul 78	Exports	7.1	10.4	2,246	2,099	7.0%
	Jul 78	Imports	51.5	13.8	2,697	2,330	15.7%
	Jul 78	Balance			-450	-231	-219

<sup>1</sup>At annual rates.

**AGRICULTURAL PRICES MONTHLY AVERAGE CASH PRICE**

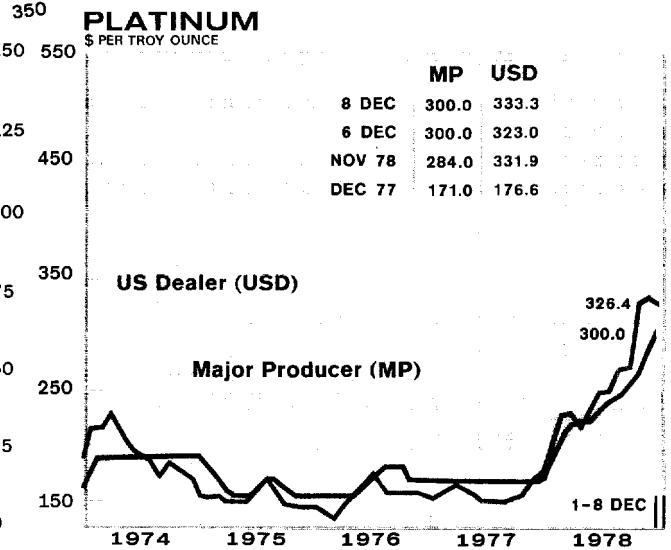
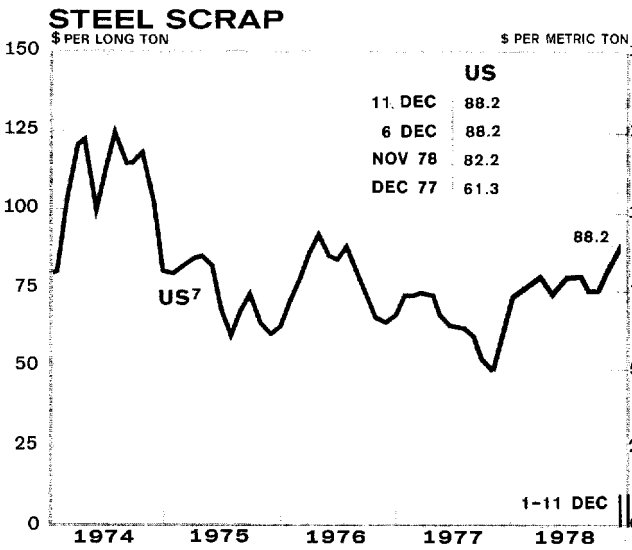
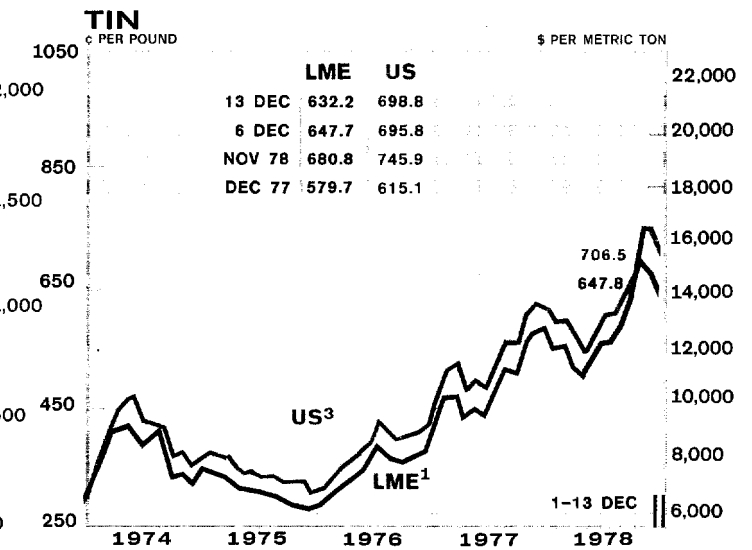
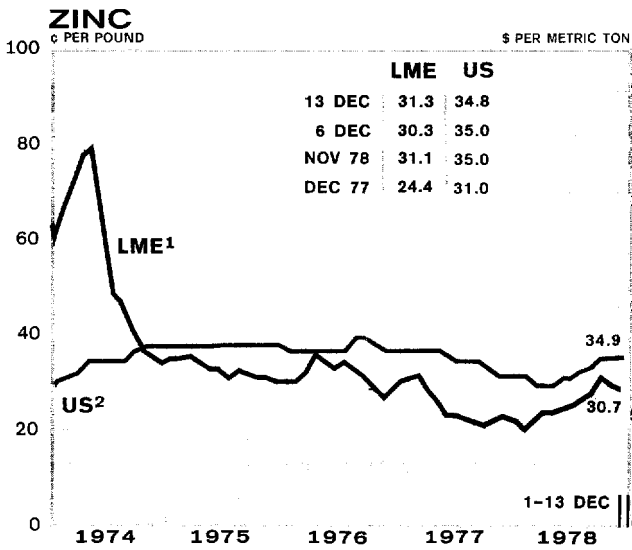
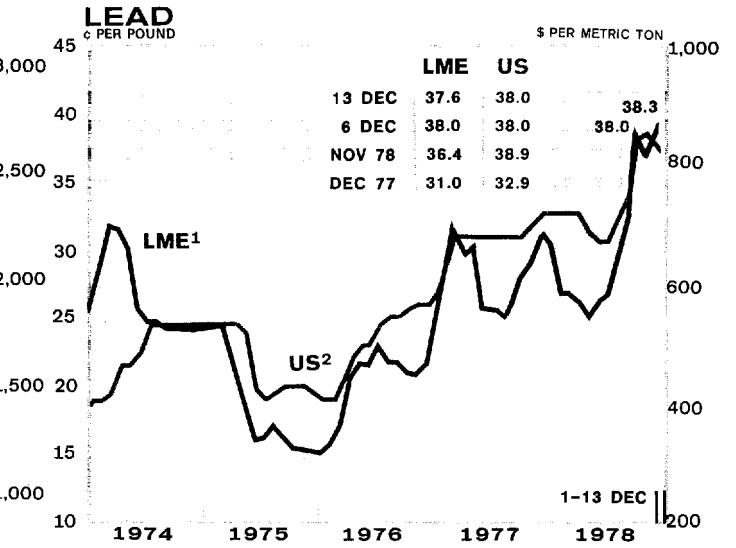
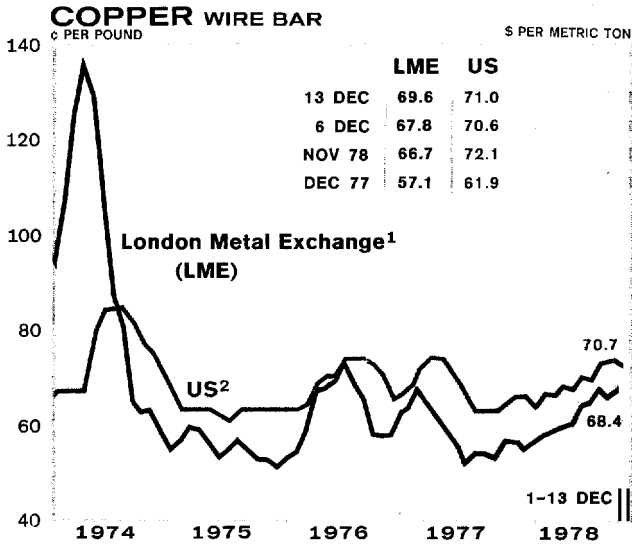




NOTE: The food index is compiled by the Economist for 16 food commodities which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

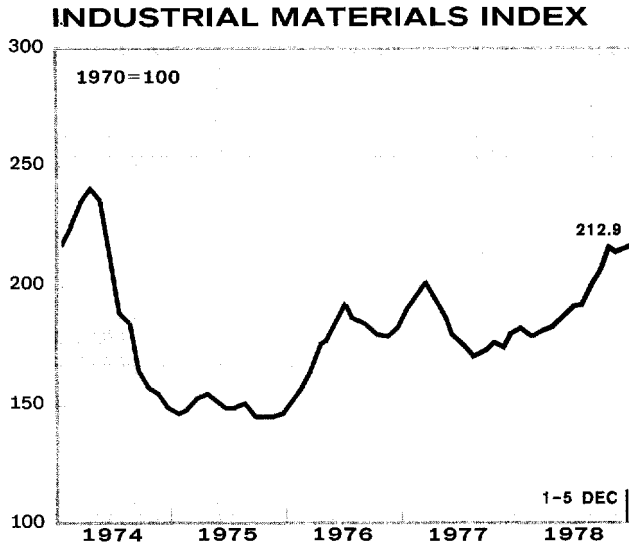
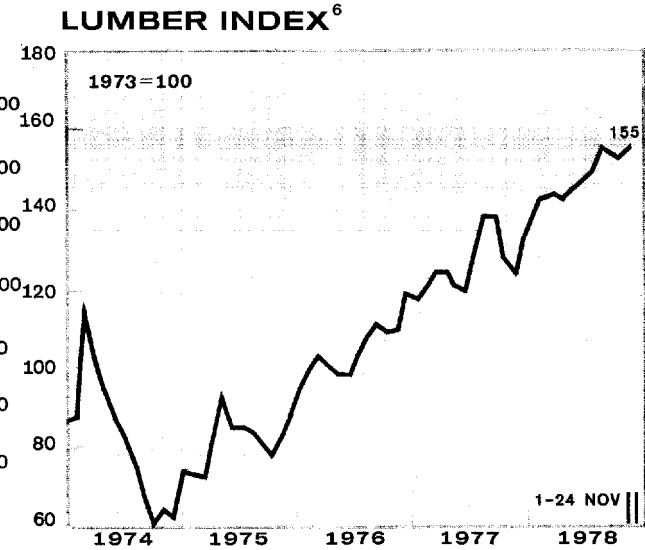
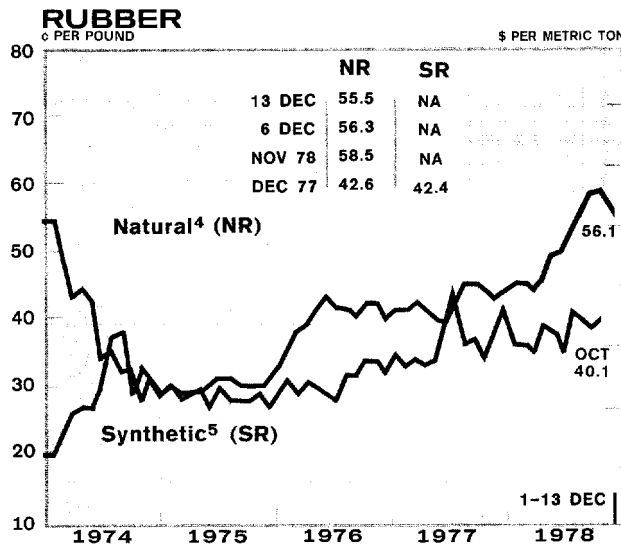
Unclassified  
578662 12-78

Approved For Release 2004/09/28 : CIA-RDP80T00702A001000050001-4  
**INDUSTRIAL MATERIALS PRICES MONTHLY AVERAGE CASH PRICE**



**SELECTED MATERIALS**

			CURRENT	MAY 78	NOV 77	NOV 76
ALUMINUM	Major US Producer	£ per pound	55.25	53.00	53.00	48.00
US STEEL	Composite	\$ per long ton	419.31	395.81	359.36	327.00
IRON ORE	Non-Bessemer Old Range	\$ per long ton	22.55	21.43	21.43	20.51
CHROME ORE	Russian, Metallurgical Grade	\$ per metric ton	NA	NA	150.00	150.00
CHROME ORE	S. Africa, Chemical Grade	\$ per long ton	56.00	56.00	58.50	42.00
FERROCHROME	US Producer, 66-70 Percent	£ per pound	43.00	42.00	41.00	43.00
NICKEL	Composite US Producer	\$ per pound	2.02	2.06	2.07	2.41
MANGANESE ORE	48 Percent Mn	\$ per long ton	67.20	67.20	72.24	72.00
TUNGSTEN ORE	Contained Metal	\$ per metric ton	17,717.53	17,169.00	22,113.00	18,082.00
MERCURY	New York	\$ per 76 pound flask	157.00	150.55	138.43	134.50
SILVER	LME Cash	£ per troy ounce	589.38	514.64	482.70	436.90
GOLD	London Afternoon Fixing Price	\$ per troy ounce	198.44	176.31	162.10	130.44



<sup>1</sup>Approximates world market price frequently used by major world producers and traders, although only small quantities of these metals are actually traded on the LME.

<sup>2</sup>Producers' price, covers most primary metals sold in the U.S.

<sup>3</sup>As of 1 Dec 75, US tin price quoted is "Tin NY 1b composite."

<sup>4</sup>Quoted on New York market.

<sup>5</sup>S-type styrene, US export price.

<sup>6</sup>This index is compiled by using the average of 13 types of lumber whose prices are regarded as bellwethers of US lumber construction costs.

<sup>7</sup>Composite price for Chicago, Philadelphia, and Pittsburgh.

NOTE: The industrial materials index is compiled by the Economist for 19 raw materials which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

Unclassified  
578664 12-78