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Economic Intelligence Weekly

Secret

CIA No. 7923/74
24 January 1974

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The oil situation is now being covered mainly in International Oil Developments, published each Friday morning.

Note: Comments and queries regarding this publication are welcomed. They may be directed to Mrs. [redacted]

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Notes

USSR Warns Against US-Romanian Business Ventures

Soviet leaders, Kosygin and Patolichev, recently advised officials of Pullman Inc., to avoid business ventures in Romania and seek contracts instead in Poland, Bulgaria, and East Germany. Otherwise, business relations with the USSR could be impaired. The USSR may feel that such a warning to Pullman will be effective since Swindell Dressler, a division of Pullman, has large contracts for building foundries in the USSR and Poland but does little business in other East European countries. [redacted] 25X1

Committee of Twenty

With the impact of higher oil prices dominating the C-20 meetings in Rome, little progress was made on questions of monetary reform. Indeed, much of the ministerial session was devoted to a discussion of international borrowing to ease the payment difficulties resulting from soaring fuel costs. A proposal to use IMF facilities was generally favored. Decision was deferred because of concern over the *de facto* acceptance of present oil prices implicit in such a proposal and over the ability of developing nations to service increased debts. On reform the ministers agreed to the basic concept of a new SDR, based on a "basket" of currencies; further study on selection of currencies and on an appropriate SDR interest rate will be required. [redacted] 25X1

Argentina: US Subsidiary Prepares for Sale to Cuba

Under pressure from Buenos Aires, the Ford Motor Company of Argentina is negotiating the sale of 1,500 Ford Falcon passenger cars and 1,000 F-7000 heavy trucks to Cuba. Delivery is scheduled to begin in about three months under a $1.2 billion Argentine credit extended to Havana in 1973. In response to previous company refusals to negotiate with Cuba because of the US embargo, Argentina threatened to buy vehicles at punitive prices for resale to Cuba. [redacted] 25X1

US Firm May Participate in Mammoth Soviet Aluminum Project

Kaiser Industries presented a proposal to the Ministry of Nonferrous Metals last Saturday for Kaiser participation in a major 10-year program for development of the USSR's aluminum industry. The Soviets estimate that foreign exchange credits of about $3 billion will be required for the project, which would raise aluminum output by 75% -- close to the current US capacity. Kaiser hopes to organize a consortium of aluminum companies for the job and would undertake to obtain the necessary financing. [redacted] 25X1

[redacted] 25X6

Chilean Growth Prospects in 1974

Chile's National Planning Office (ODEPLAN) is forecasting a growth of 8.5% in GNP in 1974. The projection is highly optimistic, notwithstanding prospects for record copper production and general recovery in manufacturing and agriculture. The jump in copper production to 1 million tons may be partially offset by a decline in world copper prices. In addition, Chile's import bill for petroleum products is expected to rise from $120 million in 1973 to $340 million in 1974. These factors, plus shortages of petrochemicals and mediocre agricultural production, make GNP growth of 3% to 5% more likely. [redacted] 25X1

Soviets Push North American Sales

A second Soviet-Canadian firm -- Stankocanada Machinery -- has been formed to market Soviet-manufactured goods. Although Stankocanada's initial sales probably will be limited to Canadian markets, future marketing may be extended to the United States. Belarus Equipment, the first Soviet-Canadian firm, was established in 1972 to assemble Soviet tractors for sale in Canada and the United States. The Soviets have also sought to interest US firms in distributing Soviet agricultural machinery and machine tools. [redacted] 25X1

Articles

SOUTH VIETNAM REQUESTS STEP-UP IN US AID

Faced with major price increases for key imports and a sluggish economy, South Vietnam – the largest recipient of US aid – has appealed for a substantial increase in assistance for FY 1974. To this end, the US Mission (Saigon) recently requested $250 million of new funds to supplement $550 million of US economic aid anticipated for the current fiscal year.

Efforts to initiate reconstruction and steady growth have been frustrated by a decline in real foreign aid and uncertain investment conditions. In 1964 prices, US aid has dropped by 40% and South Vietnamese imports by 20% since 1971. Saigon has persistently tried to reduce imports of non-essential consumer goods and to channel available funds toward investment. Nonetheless, recovery in economic growth since

Estimated Imports and US Economic Aid

Million US $

	Imports		US Aid[1]	
	Current Prices	1964 Prices	Current Prices	1964 Prices
1964	270	270	222	222
1965	325	325	277	277
1966	553	547	736	729
1967	689	663	568	546
1968	628	603	537	516
1969	704	666	414	391
1970	657	597	477	434
1971	648	560	576	497
1972	684	548	475	380
1973	740	438	500	296
1974	925	406	550[2]	241

1. Excluding piaster purchases.
2. The 1974 economic aid figure is a preliminary estimate based on current US Congressional action involving Security Assistance legislation amounting to about $300 million. To this are added requests for surplus agricultural commodities (PL-480) totaling some $200 million and a carryover 1973 US development loan of about $40 million. The total does not include US piaster purchases (in-country procurement, personal uses, and various official US assistance programs), which reached $180 million in 1973 and are projected at $130 million in 1974.

the 1972 military offensive by North Vietnam has been inhibited by caution on the part of investors – concerned about the security situation -- and the need to use aid funds to import badly needed primary goods.

Appreciable economic growth is not possible without the requested supplemental aid. Should it not be forthcoming, South Vietnam's imports in 1974 will probably be limited to about $925 million, a substantial reduction in real terms. The result probably will be yet another decline in real per capita incomes, further erosion of investment, and a probable slowdown in growth in the expanding export industries. This tendency for declining real aid levels to create greater dependence has prompted the Mission to note repeatedly that achieving self-sustaining growth will require a large initial jolt of US capital.

Barring major petroleum discoveries,* foreign support levels will remain high for South Vietnam throughout the 1970s. Based on earlier CIA projections (in 1972 dollars) and allowing for likely global inflation, imports two to three years hence would probably be on the order of $1.5 billion to $1.6 billion to achieve sustained rapid growth. Even allowing for a sizable increase in South Vietnamese exports, this will mean that annual capital inflows from all foreign sources would have to amount to $800 million to $1.1 billion. [redacted]

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* Although some concessions have been leased and exploration is beginning, South Vietnam's petroleum resources almost certainly will not be significantly exploited during this decade.

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WORLDWIDE GRAIN DEVELOPMENTS

Australia

Official estimates for this year's wheat crop have been lowered by more than 1 million tons. Because of poor harvesting weather and disease, production at best will reach only 11 million tons, with about 15% being low-quality wheat. Although probably able to meet its export commitments to traditional markets in 1974, the Wheat Board currently is refusing orders from new customers. An estimated three-quarters of the 7.5 million tons of wheat available for export in 1974 has already been committed. These developments increase the pressure on alternative suppliers of wheat, such as the United States. [redacted]

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Bangladesh

Recent commercial grain purchases along with aid-financed grain imports and a large fall rice harvest should satisfy Bangladesh's foodgrain needs during the next six months. Scheduled grain imports during January-June already amount to 670,000 tons and may be augmented by 73,000 tons of US PL-480 wheat. Although the 670,000 tons is only half the amount imported during the same period last year, the major rice harvest, which started in November, is estimated at 1.4 million tons more than last year's. The cost of commercial grain imports and shipping for the first half of 1974 will be a staggering $125 million. Dacca no doubt will keep a tight lid on non-food imports. [redacted] 25X1

Sub-Sahara

Emergency grain shipments to drought-stricken Niger and Chad apparently will be at least 10,000 tons, or 20%, short of needs during February 1974. Requirements are greater than anticipated, and donor countries have not coordinated shipments. Crops in Niger, in particular, have been poor, and supplies reportedly are practically exhausted. Even if shipment of US food commitments for January-September 1974 – 250,000 tons of grain to be divided among Chad, Niger, Mali, Mauritania, and Upper Volta – were stepped up, inadequate land transport from the seacoast to the landlocked countries would hold up deliveries. [redacted] 25X1

Canada

Commitments to deliver 1 million tons of wheat to Japan through western ports and 200,000 tons to a US broker through eastern ports by February-March have reportedly absorbed Canada's transport capacity for the current crop year. Recent withdrawals of offers to Caribbean countries and a refusal to sell at market prices to Lebanon indicate that Canada might be waiting to see whether railroads and Great Lakes shipping lines can deliver more. Until Canada starts selling again, buyers will be turning to US and other sources. [redacted] 25X1

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US TRADE WITH YUGOSLAVIA: IMPORTS LEAD THE WAY*

After stagnating in the late 1960s, US-Yugoslav trade climbed steadily to $420 million by 1973. US imports accounted for all of the increase, and the United States experienced its first postwar trade deficit with Yugoslavia in 1973.

US-Yugoslav Trade[1]

Million US $

	1965	1970	1971	1972	1973
US exports	196	146	195	189	187
US imports	67	92	116	167	233
US trade balance	129	54	79	22	-46

1. Yugoslav trade statistics.

The surplus reflects a long-term campaign by Belgrade to balance its trade with the United States. Yugoslav exports have doubled since 1971, with traditional exports of processed foods, wine and brandy, nonferrous metals, furniture, and leather goods leading the way.

Imports from the United States have fallen from 20% of Yugoslav imports in 1961 to 4% in 1973. US agricultural sales -- a major export in the 1950s and early 1960s -- fell sharply after the Findley Amendment in 1966 banned concessionary PL-480 sales to countries with ships calling in Cuba. Yugoslavia now imports large amounts of US foodstuffs only in bad agricultural years. Non-agricultural imports from the United States are widely distributed among machinery and equipment, raw materials, chemicals, and industrial manufactures. The US share of Yugoslav imports of such goods has also slipped.

The boom in Yugoslavia's exports to the United States and the availability of Eximbank credit improve US sales prospects for 1974-75. A number of Eximbank-financed deals are already in the pipeline, including the $200 million Krsko nuclear plant, expansions in a number of steel plants, and modernization of the Yugoslav power grid system. Eximbank credit exposure now totals $410 million, and another $610 million in extensions is pending. 25X1

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* This is the second in a series of articles on current developments and prospects for US economic relations with the East European Communist countries.

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THE UNITED KINGDOM: DISMAL CURRENT ACCOUNT OUTLOOK

Britain's December trade deficit of $770 million put the current account $3.7 billion in the red for the full year 1973, more than triple the record deficit of 1964. Moreover, a current account deficit of at least $7 billion looms for 1974 because of the oil price hikes. To finance the deficit without slashing official reserves, Britain will seek to increase foreign borrowing – possibly drawing on IMF credits -- and will encourage other capital inflows. For example, Arab countries are being encouraged to use London's extensive financial faciltics in investing their new wealth.

Even before the oil crisis, a trade deficit of $2.5 billion to $3.5 billion in 1974 was expected. With higher oil prices adding about $5.0 billion (assuming imports of 2.5 million b/d in 1974) to the import bill, Britain now faces a trade deficit of some $9 billion.

The deficit could be still larger if the government and the dissident unions do not reach a settlement soon. Because of the short workweek, export deliveries are being delayed in spite of the exemption of exports from profit controls. This delay has prompted some foreigners to cancel orders.

As the year progresses, demand for British goods is expected to weaken because of a worldwide economic slowdown. At the same time, British demand for imports other than oil will be restricted by slackening economic growth and higher fuel bills, which will absorb an increased share of consumer's income.

To hold down the trade deficit, the Heath government has

- curbed consumer credit and reduced planned public expenditures to hold down import demand;
- sought to establish barter arrangements with several Arab countries to offset partly the cost of imported oil with exports of industrial machinery and technology; and
- removed the ban on arms exports to the countries involved in the Middle East war.

Whitehall apparently has decided not to impose import restrictions for the time being. If an early call for an election brings in a Labor government, such restrictions, as well as on capital flows, will be reconsidered.

The pound, already floating at record lows, will remain weak, given the dismal current account outlook. 25X1

JAPAN: ADJUSTING TO HIGHER OIL IMPORT COSTS

Japan faces a rise in oil import costs this year of about $11 billion, the largest increment for any country except the United States. At the same time, Japan is in a better position than most countries to handle the increased cost. Tokyo still has sizable reserves of official foreign exchange and can draw on large non-official reserves, as well. It also can reduce net capital outflows simply by reversing policies introduced in 1972.

Japan's official foreign exchange holdings at the end of 1973 amount to about $12 billion (down 37% from the February 1973 peak) and non-official holdings of approximatly $11 billion. The latter consist primarily of central bank loans to commercial banks for foreign trade financing. Most of these loans were made in 1972, when Tokyo tried to minimize the impact of a large payments surplus on official reserves.

To slow the recent decline in official holdings, Japan has both drawn on the non-official reserves and taken steps to cut back capital outflows. The government wants to hold the net capital outflow to about $4 billion this year, compared with $9.7 billion in 1973 -- a world record. Thus, it is restricting overseas lending by Japanese banks, dropping other measures that have raised outflows, and permitting domestic firms to borrow abroad for the first time in several years. Since the last measure was announced a few weeks ago, the Ministry of Finance has received 120 applications to float bonds abroad.

The Japanese trade should not be hurt much by the reduction in central bank funds deposited in commercial banks. This action is being offset by increased use of the US acceptance market, which the Japanese once relied on heavily to finance trade. 25X1

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FLOATING THE FRANC

The French decision to float the franc was taken at a time when the franc was not under particularly strong pressure. Paris took the decision in the cold in order to be one up on its trading partners and rivals, i.e., to maintain an edge in export competitiveness with, if possible, a slightly undervalued exchange rate. Paris has once more demonstrated it gives little weight to cooperation with either its EC partners or the international economic community as a whole.

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London Free Market Gold Price*

*Based on the afternoon fix in London on the last trading day in each week.

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The decision to float the franc created a new rush for dollars and gold.

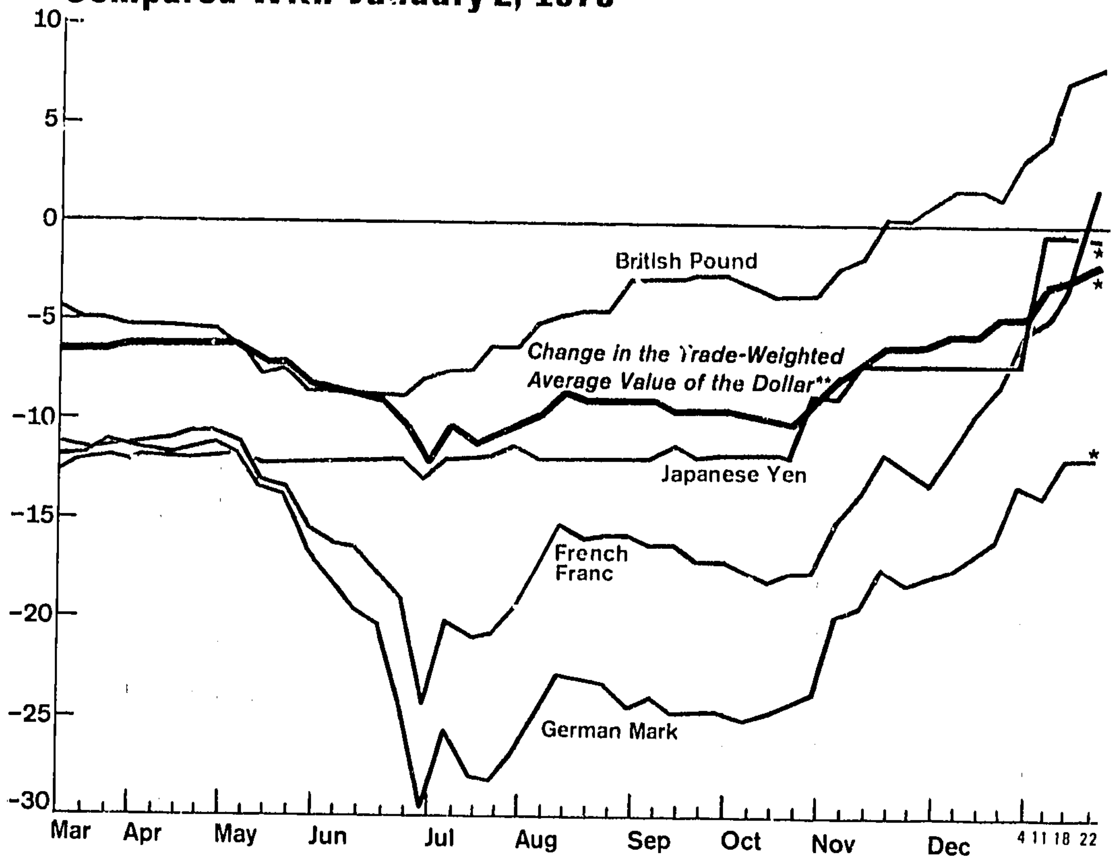
- Gold surged to a record high of $138 as speculation accelerated against paper currencies.

- European currencies continued to decline relative to the dollar. The pound and lira fell to record lows. The Bank of Italy maintained the lira's rate against the franc by stopping its dollar sales and allowing the lira to follow the franc down. The mark remained the strongest major European currency but is still declining against the dollar.

- The Bank of Japan sold an estimated $650 million to support the yen at 300 to the dollar when the Tokyo exchange reopened yesterday.

The French move has already resulted in a substantial **de facto** devaluation of the franc. Since dropping out of the joint float, the franc has declined about 5% against the dollar and 4% relative to the mark. Thus the float has already improved French trade competitiveness. It also meets the French goal of preserving French monetary reserves as a cushion against the increased cost of imported oil. Moreover, the large-scale intervention, which had been necessary to support the joint float, will no longer complicate management of French monetary policy; floating will enable Paris to pursue economic expansion more effectively if the energy problem results in a drop-off in economic growth.

Percent Change In the Value of the US Dollar Relative to Selected Foreign Currencies Compared With January 2, 1973



*Based on nonofficial bank trading
**Relative to 16 major currencies

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Paris is, however, taking steps to keep the franc from declining drastically. It apparently is prepared to intervene in moderate amounts -- the Bank of France has reportedly sold about $250 million since the start of the float -- and has moved to alleviate speculative pressure by tightening capital controls.

- Tighter restrictions were placed on foreign lending, forward currency purchases, and import payments to limit outward capital flows.

- Inward flows were encouraged by raising the maximum amount French firms can borrow abroad.

- Paris is also retaining the two-tier exchange market, which restricts dealings in the commercial tier to most current account transactions while capital transactions take place on the free market. Support operations will continue to be limited to the commercial tier.

The remaining members of the float now form essentially a "deutschemark zone" in which the mark is floating with six other currencies following in its path. For Bonn, little difference exists between this situation and Paris' controlled float. Germany's partners, however, are unlikely to be any more willing than the French to maintain fixed parities with other joint float members when (a) intervention becomes unacceptably expensive or (b) they become unhappy with their exchange rate relative to their non-participating trading partners. [redacted] 25X1

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PETROLEUM SITUATION AGGRAVATES WORLD FERTILIZER SHORTAGE

Petroleum shortages are aggravating the tight world fertilizer situation by undermining plans, pushing up prices, and creating shipping problems.

The developed nations, which produce a major portion of their fertilizer needs, will fare better than the LDCs, which rely heavily on imports. Western Europe, the United States, and Canada can all probably avoid serious domestic shortages in 1974 by reducing exports. The major concern in developed countries is the recent 20%-50% rise in fertilizer prices attributable to rising demand and the soaring costs of petroleum feedstocks and phosphate rock.

Asian countries are particularly vulnerable to the fertilizer shortage. High yields from "miracle seeds," which account for much of the increase in grain production in recent years, depend on heavy applications of fertilizers. [redacted] 25X1

Overall nitrogen exports to the Asian market are expected to be reduced by about 15% in 1974. Deliveries in the Far East are running six-eight weeks behind schedule, and any increase in the rate of output (assuming oil supplies are improved) will be too late for the fall crops. Because Japan needs Indonesian and Chinese oil, it probably will maintain fertilizer exports to these countries.

India's fertilizer supplies for the current crop year will be about 15% less than last year's, with supplies falling 30%-40% below the level desired for this year's spring wheat crop. New Delhi is attempting to increase domestic fertilizer output by reducing gasoline use by 25%.

The Philippines expects to import only about one-half of the nitrogen fertilizer originally planned for 1974. Domestic production, normally accounting for half of the country's needs, is off about 30% because of shortages of refinery gas and diesel oil; imports, mostly from Japan, were off by 50% in the last quarter of 1973. The Philippine government is considering having farmers revert to the older rice strains because of the fertilizer shortage.

Indonesia plans to produce about 100,000 tons of nitrogen in 1974 but expects imports to fall 140,000 tons short of the 500,000 tons needed.

The further tightening of the world fertilizer situation reduces the prospects of substantial gains in world food output in 1974. Even though weather remains the key determining factor in the short run, the failure of fertilizer supplies to increase in many LDCs will be a blow to plans for rapid increases in food output. 25X1

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DOMESTIC ECONOMIC INDICATORS

GNP*
Constant Market Prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since: 1970	1 Year Earlier	Previous Quarter
United States	73 III	0.9	5.0	5.7	3.7
Japan	73 III	0.5	8.5	10.0	2.0
West Germany	73 III	0.1	3.3	5.3	0.5
France	73 II	0.7	6.2	8.7	2.9
United Kingdom	73 III	0.9	4.5	11.3	3.9
Italy	73 I	0.8	3.1	5.2	3.4
Canada	73 III	0.4	5.7	6.9	1.7

WHOLESALE PRICES
Industrial

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since: 1970	1 Year Earlier	3 Months Earlier
United States	Dec 73	2.7	6.6	15.0	32.0
Japan	Dec 73	7.1	8.9	29.0	61.6
West Germany	Nov 73	1.1	5.1	8.2	8.3
France	Nov 73	3.3	8.6	19.9	27.4
United Kingdom	Dec 73	1.2	8.0	10.2	15.8
Italy	Nov 73	1.6	9.0	21.1	17.5
Canada	Nov 73	1.1	10.2	24.8	6.1

INDUSTRIAL PRODUCTION*

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since: 1970	1 Year Earlier	3 Months Earlier**
United States	Dec 73	-0.2	5.6	5.4	1.3
Japan	Nov 73	0.4	9.3	16.8	14.0
West Germany	Oct 73	-1.1	3.8	6.5	7.7
France	Nov 73	1.5	7.3	7.4	-2.6
United Kingdom	Nov 73	0.4	3.5	4.1	1.6
Italy	Nov 73	10.1	7.0	20.2	35.3
Canada	Sep 73	1.8	6.0	8.3	-3.4

CONSUMER PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since: 1970	1 Year Earlier	3 Months Earlier
United States	Nov 73	0.7	5.1	8.4	7.6
Japan	Nov 73	1.0	8.2	15.9	18.4
West Germany	Nov 73	1.3	6.1	7.4	9.5
France	Nov 73	0.9	6.7	8.4	12.1
United Kingdom	Nov 73	0.8	8.9	10.4	15.7
Italy	Dec 73	1.7	7.7	12.3	13.4
Canada	Dec 73	0.6	5.6	9.1	6.7

RETAIL SALES*
Current Prices

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since: 1970	1 Year Earlier	3 Months Earlier**
United States	Dec 73	-1.3	10.2	7.8	4.1
Japan	Aug 73	-0.1	12.6	21.0	16.9
West Germany	Oct 73	4.1	9.1	9.2	1.2
France	Oct 73	2.2	6.5	12.5	3.1
United Kingdom	Aug 73	0.7	11.1	12.1	14.8
Italy	Aug 73	6.7	12.4	19.0	5.0
Canada	Nov 73	0.3	10.1	10.5	8.0

MONEY SUPPLY*

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since: 1970	1 Year Earlier	3 Months Earlier**
United States	Dec 73	0.6	7.2	4.9	3.7
Japan	Sep 73	4.0	18.7	27.0	6.8
West Germany	Oct 73	-0.5	8.3	-0.6	-8.9
France	Oct 73	0.4	12.0	7.4	2.5
United Kingdom	Dec 73	-0.2	9.6	3.8	-7.1
Italy	Jun 73	2.8	20.8	22.2	26.5
Canada	Nov 73	-2.2	12.3	9.6	4.9

MONEY-MARKET RATES

	Representative Rates	Latest Date		Percent Rate of Interest: 1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Prime finance paper	18 Jan	7.75	5.38	7.75	8.75
Japan	Call money	11 Jan	11.50	4.88	8.75	10.00
West Germany	Interbank loans (3 Months)	18 Jan	11.75	8.00	14.38	13.00
France	Call money	18 Jan	13.25	7.00	11.00	11.88
United Kingdom	Local authority deposits	18 Jan	15.50	5.81	12.88	15.94
Canada	Finance paper	18 Jan	9.38	5.25	9.00	9.50
Euro-Dollars	Three-month deposits	18 Jan	9.63	6.06	9.75	11.00

*Seasonally adjusted.
**Average for latest 3 months compared with average for previous 3 months.

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EXTERNAL ECONOMIC INDICATORS

EXPORTS*
f.o.b.

	Latest Month	Million US $	Cumulative Million US $ 1973	1972	Percent Change
United States	Nov 73	6,820	63,860	44,660	43.0
Japan	Dec 73	3,404	35,930	27,878	28.9
West Germany	Nov 73	6,751	62,405	42,469	46.9
France	Dec 73	3,178	36,836	26,398	39.5
United Kingdom	Dec 73	2,384	28,461	22,875	24.4
Italy	Nov 73	2,004	19,831	16,549	19.8
Canada	Oct 73	2,149	20,233	16,420	23.2

EXPORT PRICES
US $

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Nov 73	1.4	9.2	21.5	13.8
Japan	Sep 73	1.7	13.2	25.1	39.9
West Germany	Oct 73	2.0	15.5	38.2	-5.2
France	Sep 73	[illegible]	15.5	35.2	11.5
United Kingdom	Sep 73	-1.8	9.6	12.8	-8.1
Italy	Aug 73	2.4	10.7	18.4	40.5
Canada	Sep 73	2.2	7.5	17.0	33.5

IMPORTS*
f.o.b.

	Latest Month	Million US $	Cumulative Million US $ 1973	1972	Percent Change
United States	Nov 73	6,730	63,086	50,551	24.8
Japan	Dec 73	3,452	31,905	18,995	68.0
West Germany	Nov 73	4,972	47,270	34,465	37.2
France	Dec 73	2,972	35,428	25,268	40.2
United Kingdom	Dec 73	3,154	33,946	24,627	37.8
Italy	Nov 73	1,981	21,973	15,296	43.6
Canada	Oct 73	2,106	19,020	15,463	23.0

EXPORT PRICES
National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Nov 73	1.4	9.2	21.5	18.8
Japan	Sep 73	1.8	3.3	10.2	41.4
West Germany	Oct 73	1.7	1.8	4.6	4.5
France	Sep 73	2.7	6.3	14.3	12.4
United Kingdom	Sep 73	0.5	9.1	12.8	15.5
Italy	Aug 73	0.8	7.6	16.7	30.0
Canada	Sep 73	2.2	6.3	18.7	33.5

TRADE BALANCE*
f.o.b./f.o.b.

	Latest Month	Million US $	Cumulative (Million US $) 1973	1972	Change
United States	Nov 73	90	774	-5,891	6,665
Japan	Dec 73	- 48	4,024	8,883	- 4,859
West Germany	Nov 73	1,779	15,136	8,004	7,132
France	Dec 73	205	1,408	1,129	278
United Kingdom	Dec 73	- 770	-5,485	-1,751	-3,734
Italy	Nov 73	23	-2,143	1,253	-3,395
Canada	Oct 73	43	1,213	957	257

IMPORT PRICES
National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Nov 73	3.4	12.3	26.5	33.5
Japan	Sep 73	0.7	2.8	14.1	23.4
West Germany	Oct 73	1.9	0.7	4.3	16.8
France	Sep 73	4.0	6.0	11.9	45.1
United Kingdom	Sep 73	5.5	14.8	41.5	65.2
Italy	Aug 73	3.5	13.4	[illegible]	72.6
Canada	Sep 73	0.7	5.4	12.5	11.5

BASIC BALANCE**
Current and Long-Term-Capital Transactions

	Latest Period	Million US $	Cumulative (Million US $) 1973	1972	Change
United States*	73 III	2,540	990	-8,400	9,390
Japan	Nov 73	-1,135	-8,471	1,907	-10,378
West Germany	Oct 73	925	3,445	3,867	-421
France	73 II	17	-559	-202	-357
United Kingdom	73 III	-522	-1,844	-1,347	- 497
Italy	72 IV	800	N.A.	2,983	N.A.
Canada	73 II	93	-151	434	- 585

EXCHANGE RATES
Spot Rate

As of 18 Jan 74

	US $ Per Unit	Percent Change from Dec 66	18 Dec 1971	19 Mar 1973	4 Jan 1974
Japan (Yen)	0.0033	20.80	2.65	-12.36	-6.66
West Germany (Deutsche Mark)	0.3556	41.45	14.60	0.42	-1.03
France (Franc)	0.2018	-0.05	2.49	-8.44	-2.56
United Kingdom (Pound Sterling)	2.1870	-21.63	-16.07	-11.13	-3.91
Italy (Lira)	0.0016	-2.87	- 9.59	-12.15	-3.60
Canada (Dollar)	1.0074	9.22	0.96	0.97	0.02

OFFICIAL RESERVES

	Latest Month End of	Billion US $	Billion US $ Jun 1970	1 Year Earlier	3 Months Earlier
United States	Nov 73	14.4	16.3	13.3	14.0
Japan	Dec 73	12.2	4.1	18.4	14.8
West Germany	Oct 73	39.8	8.8	23.9	42.4
France	Dec 73	8.0	4.4	10.0	9.9
United Kingdom	Dec 73	6.5	2.8	5.6	6.4
Italy	Oct 73	6.2	4.7	6.3	5.7
Canada	Dec 73	5.8	4.3	6.1	5.5

TRADE-WEIGHTED EXCHANGE RATES***
As of 18 Jan 74

	Percent Change from Dec 66	18 Dec 1971	19 Mar 1973	4 Jan 1974
United States	- 11.71	- 2.50	4.13	2.28
Japan	12.85	- 0.77	-12.60	- 6.31
West Germany	28.03	11.23	6.26	1.34
France	- 15.22	- 1.97	- 4.42	- 0.59
United Kingdom	- 37.51	- 23.27	- 8.88	- 2.29
Italy	- 17.57	- 16.38	- 9.57	- 1.88
Canada	7.93	1.30	2.93	0.89

*Seasonally adjusted.
**Converted into US dollars at current market rates of exchange.
***Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.

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