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Economic Intelligence Weekly

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

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

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ECONOMIC INTELLIGENCE WEEKLY

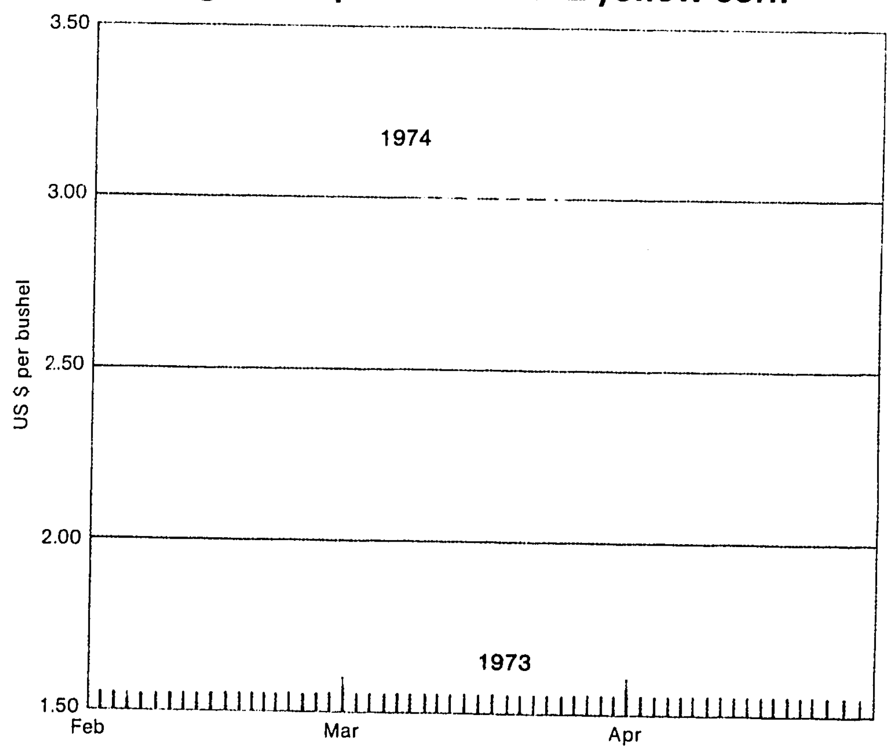
Articles

FOREIGN DEMAND FOR US CORN EASES

Bumper corn harvests in Argentina and South Africa along with cancellation of precautionary contracts by Japanese and European buyers are easing the pressure on US supplies and reducing world corn prices.

The Argentine and South African corn harvests will allow exports of 6.8 million and 1.7 million tons, respectively, in the marketing year ending 30 September – 2.3 million tons more than was projected two months ago and 2 million tons more than in the preceding year. About 80% of this corn will be available for export between now and September, although it might not all be moved in this period because of limited port facilities.

Chicago cash prices for no. 2 yellow corn



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Both the increased availability of corn and the diminished threat of US restrictions on grain exports have induced buyers in Japan and Europe to cancel some contracts for US corn. These buyers over-contracted earlier in the year as a hedge against possible US export restrictions. During March, US net export commitments increased much less than expected, with new commitments largely offset by a 1.7 million ton reduction in commitments to EC countries, Eastern Europe, and Japan. The increase in the world export supply should reduce US exports in the current marketing year by perhaps one million tons below the 32.7 million tons estimated by CIA in February. As a result of decreased pressure on supplies, the price of the important number 2 yellow corn on the Chicago market has dropped from its late February peak of $3.33 per bushel. In spite of some speculative buying, the price has remained below that level for the last nine weeks.

The market will remain sensitive to the following factors:

- changes in prospects for the 1974 US corn crop,
- the rate of growth in demand for meat in the developed countries,
- the availability of relatively low-cost protein meal,
- the severity of drought conditions in Eastern Europe and India, and
- the decisions in the EC on whether to use wheat or feedgrains in feeding livestock. 25X1

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US AND USSR TO MEET ON EXCHANGE OF AGRICULTURAL INFORMATION

Soviet willingness to cooperate in exchanging agricultural information important to US farm and foreign trade policies will be tested two weeks from now.

The second meeting of the Joint Working Group on Agricultural Economic Research and Information, established last November under the US-USSR Agricultural Agreement, will convene in Washington on 13 May for a five-day session. The agenda includes the outlook for agricultural trade and output in each country, as well as problems encountered in the information exchange.

In terms of timing, the meeting could hardly be more opportune for US interests. Reports from Moscow of above-normal winterkill and delays in spring seeding have aroused concern over Soviet grain prospects. By mid-May, the USSR should know whether the situation is really serious.

Last fall the Soviets agreed to a schedule for the release to the United States of 10 categories of previously unpublished agricultural statistics. So far, the data have been late and incomplete. In particular, the Soviets have balked at supplying some of the data on grain output and livestock inventories. The United States wants this information in order to judge the likely position of the USSR in the world grain market.

The Soviets have also been reluctant to set up the promised discussions on foreign trade. To avoid a confrontation on this issue, the Soviets proposed in March that the Joint Commercial Commission on Trade deal with the foreign trade aspects of the agricultural agreement. The United States rejected the proposal on the grounds that the Commission would be unable or unwilling to devote much attention to agricultural trade. Subsequently, Minister of Agriculture Polyansky told US Ambassador Stoessel that the trade data should be supplied by the Ministry of Foreign Trade. Other recent statements by Soviet officials also indicate that the Soviet delegation is likely to dodge questions concerning grain purchases from the United States. 25X1

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PORTUGAL: LOOSENED ECONOMIC TIES WITH AFRICAN TERRITORIES

Leaders of Portugal's coup are considering a unified "commonwealth," which would result in looser economic ties with Angola, Mozambique, and Portuguese Guinea.

A commonwealth arrangement presumably would lead to the softening of pre-coup policies that discouraged (a) non-Portuguese investment in the territories, (b) the development of local industries in competition with the metropole, and (c) the purchase by the territories of manufactured goods from the cheapest source.

Serious economic disruption would follow if Portugal, under rising insurgent pressure, were to withdraw its forces. The resulting white emigration would severely damage the economy because few black citizens are prepared to step into the administrative, managerial, and technical posts. Loss of Portuguese technical assistance, development loans, and trade credits would hamper economic growth, at least until alternative sources were found.

By far the major cost to Lisbon of continuing its rule in the territories has been military expenditures for combating insurgency, estimated at about \$200 million annually. Portuguese economic aid to the territories has consisted mainly of long-term loans for development projects. Outright grants from the metropole of about \$6 million to \$7 million a year have been used to pay for technical assistance and administrative personnel. Portugal has provided short-term loans and tolerated substantial arrearages in payments to help finance the territories' trade with the metropole.

Aside from its political and social stakes, Portugal has benefited mainly from trade and investment opportunities. The territories have provided protected markets for Portuguese manufactured goods and have been reliable suppliers of important raw materials. Recently, the Arab oil embargo of Portugal forced Lisbon to rely heavily on crude oil from Angola, up from about 8,000 b/d in 1973 to 50,000-55,000 b/d in 1974 – roughly half of Portugal's needs. The territories also have made a substantial contribution to the common balance of payments. Portuguese control has insured metropolitan businessmen a favorable position in high-return territorial investments.

Lisbon's policies have stimulated economic growth mainly in urban coastal areas of Angola and Mozambique; the policies have done little for the blacks, who make up 95% of the population and are mainly engaged in agriculture. Real economic growth has exceeded 6% annually in both territories since 1970, and trade has expanded by more than 9% per year. Comprehensive economic data for Portuguese Guinea, the poorest of the three territories, are lacking.

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JAPAN: SLOWING THE CAPITAL DRAIN

Japan's success in slowing the export of capital is cushioning the impact of high import prices on the balance of payments.

By discouraging loans and purchases of securities abroad, the government has substantially reduced capital outflows without cutting direct investments that increase access to foreign oil and raw materials.

The decline in capital outflows has been caused by changes in the regulations, by administrative guidance, and by a stringent domestic monetary policy. Foreigners no longer are permitted to place bonds privately with Japanese banks – a prominent source of outflows last year – and securities firms have been admonished not to let customers increase their holdings of foreign stock. Controls also have been placed on some forms of direct investment. The Ministry of Finance may soon request a broadening of these controls, probably to include deferment of investment in manufacturing ventures in developed countries.

Major Outflows of Long-Term Capital

Million US $

	1973	1974	
	Monthly Average	Jan	Feb
Loans	257	151	95
Purchases of securities	142	82	17
Direct investment	160	289	163

Tokyo has been less successful in attracting foreign capital. Foreigners continue to reduce their holdings of Japanese stocks, and direct investment in Japan remains small. More helpful is overseas borrowing by Japanese firms, which amounted to $180 million in March. In the aggregate, net outflows of long-term capital fell from $800 million in January to $500 million in February and $300 million in March. This decline, to 60% of the 1973 monthly average, suggests that Japan will achieve its goal of halving net outflows to $5 billion this year.

Last year a $5.2 billion jump in the net outflow of long-term capital to a record $9.7 billion was a major factor in turning a substantial balance-of-payments surplus into a $10.1 billion deficit. As a consequence, official foreign exchange reserves were drawn down from $18.4 billion to $12.2 billion during the year. The remainder of the deficit was covered by drawing on non-official holdings and by short-term borrowing abroad by Japanese banks. The capital outflow in 1973 stemmed from three years of government encouragement of investment abroad aimed at reducing embarrassingly large reserves. This outflow turned out to be more than Tokyo desired when currency adjustments and sharply higher import prices slashed the trade surplus.

The expected deterioration in the current account balance in 1974 would leave a balance-of-payments deficit comparable to last year's, even if the Japanese succeeded in cutting capital outflows to $5 billion. Official reserves may be held above the $10 billion benchmark level by heavy short-term borrowing and drawing down unofficial holdings. Unofficial holdings, which consist mainly of dollar deposits in commercial banks, now amount to about $8 billion.

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US PROPOSES AID FOR EGYPT

In its first major economic overture to Egypt since the mid-1950s, Washington has proposed a $250 million aid package for FY 1975 --

- $150 million for repair of war damage and resumption of economic development,
- $80 million for commodity assistance, and
- about $20 million for clearing the Suez Canal.

The proposal places the United States on the growing list of nations willing to contribute to the $1 billion cost of rehabilitating the Canal area. Sadat's call for international help in clearing and widening the Canal brought immediate pledges of aid. Japan committed $140 million and may provide an additional $140 million later, Kuwait's Fund for Arab Economic Development committed $35 million, and the World Bank Group probably will ante up $40 million during 1974. Further aid will be forthcoming from Arab, European, Soviet, and other sources.

British and US naval teams began clearing work at the Canal last month and should complete their work within a year. About 100 US military advisers also are already training Egyptians to remove mines and other explosives.

In addition to the $150 million of proposed US aid for FY 1975, other substantial sums for reconstruction and development are surfacing.

- The World Bank Group is considering the allocation of as much as $150 million for 1974.
- Japan has committed $50 million, over a longer time period, for reclamation, transportation, and other projects.
- West German and Soviet officials also have expressed willingness to provide new assistance.

Cairo has been slow to accept Moscow's aid offers for both rehabilitation of the Canal and repair of war damage. No new economic aid has been forthcoming since 1971, although an Egyptian delegation has recently returned from Moscow. Soviet aid may well be confined largely to continuing work on existing Soviet projects.

Moscow's day as the principal economic aid donor ended with the June 1967 war, when other Arab nations agreed to underwrite the Egyptian economy with $250 million annually in grants. Saudi Arabia has supplemented its share of these grants with cash transfers for general budget support, the most recent for $100 million.

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EUROPEAN COMMUNITY: EXPORT DRIVE TO THE EAST

Intensified Soviet and East European efforts to buy Western equipment resulted in huge increases in trade with the European Community in 1973. The EC countries accommodated their Eastern customers by offering credit at good terms and allowing some purchases to be repaid through future commodity deliveries.

Thanks mainly to growing sales to the USSR and Poland, EC exports to the East jumped by 46%, to $9.1 billion, in 1973. This represents a sizable increase in physical volume, even after allowances for inflation and currency realignments. Soaring prices for food, fuels, and industrial raw materials permitted Soviet and East European sales to rise almost as fast, to $8.3 billion.

Moscow decided in 1971 to devote more resources to Western technology in order to improve the performances of its motor vehicle, fuels, and chemical industries. At about the same time, Warsaw also went on a buying spree. Less burdened by hard-currency debt than most other East European countries, Poland decided to buy large amounts of Western equipment to expand and modernize its shipbuilding, food processing, petrochemical, steel, and electronic industries.

Community members responded by offering liberal credit terms and, in some cases, by agreeing to accept commodities in repayment. As a result, they have rung up some $5 billion in machinery and equipment orders in a little more than two years. A handful of huge projects sold to the Soviets during the last 16 months account for half of this total.

Booming economic conditions in the Community helped spur EC purchases from the USSR and Eastern Europe last year. Demand for rolled steel, meat, and lumber increased sharply, despite higher prices. Soviet and Romanian earnings from petroleum sales to the West rose substantially, even though volume remained almost unchanged.

West Germany -- by far the most active participant – increased its trade surplus with the USSR and Eastern Europe to $1.5 billion last year.

France, Belgium-Luxembourg, and the Netherlands also enlarged their surpluses. Despite substantially increased trade deficits for other EC countries, the Community's overall surplus was about twice that in 1972.

Major Soviet Orders for Machinery and Equipment from EC Countries 1973 - Jan-Mar 1974

Supplier	Project	Million US $	Terms
West Germany/ France	Kama River truck plant	600-700	French deliveries are being covered by an official line of credit, under which large contracts are financed at 6.05% over 8-1/2 years. The German contract for a $140 million transmission plant signed in May 1973 called for seven years' credit at 6-1/4%.
West Germany	Kursk steel complex	800	Cash.
Italy	Seven chemical plants	500	Repayment in ammonia or other chemicals over 10 years.
France/ West Germany/ Italy/United Kingdom	Other chemical plants	400	Mostly long-term credits.

Soviet and East European Orders of Machinery and Equipment

Million US $

	1972	1973	Jan-Mar 1974
Total	**1,555**	**2,355**	**1,095**
West Germany	485	685	825[1]
France	555	475	40
Italy	200	860	110
United Kingdom	230	240	120
Other EC	85	95	....

1. Including the Kursk steel complex agreement; specific contracts have not yet been awarded.

EC Exports to the USSR and Eastern Europe

Million US $

	Total		USSR		Eastern Europe	
	1972	1973	1972	1973	1972	1973
Total EC	**6,268**	**9,125**	**1,713**	**2,669**	**4,555**	**6,456**
West Germany	3,119	4,883	712	1,182	2,407	3,701
France	938	1,308	336	576	602	732
United Kingdom	689	791	226	238	463	553
Italy	780	954	268	347	512	607
Belgium-Luxembourg	264	494	89	208	175	286
Denmark	141	192	27	35	114	157
Netherlands	329	487	54	81	275	406
Ireland	8	16	1	2	7	14

EC Imports from the USSR and Eastern Europe

Million US $

	Total		USSR		Eastern Europe	
	1972	1973	1972	1973	1972	1973
Total EC	**5,834**	**8,300**	**1,825**	**2,835**	**4,009**	**5,465**
West Germany	2,268	3,359	421	761	1,847	2,598
France	710	1,007	291	433	419	574
United Kingdom	983	1,342	562	808	421	534
Italy	1,104	1,435	325	428	779	1,007
Belgium-Luxembourg	265	393	105	184	160	209
Denmark	159	272	37	94	122	178
Netherlands	305	440	78	120	227	320
Ireland	40	52	6	7	34	45

EC trade with the East should continue to increase rapidly during the next few years. Probably less than half of the capital goods ordered in the last two years or so has been delivered. Soviet and East European sales will be buoyed by repayments in kind for Western-financed projects and by higher prices, particularly for oil. EC oil payments to Communist countries are expected to triple in 1974, to $1.8 billion.

The scramble by Community members for energy supplies and for export earnings to offset higher oil bills is generating new thrusts to the East:

- The French see the USSR and Eastern Europe as a prime target for export expansion. Meanwhile, they are negotiating with the Soviets to exchange advanced technology for oil exploration and exploitation rights on the Kamchatka Peninsula and to sell them LNG tankers.

- Paris has agreed to double its official line of credit to Warsaw, to $1 billion. Part of the additional financing will cover French sales of steelmaking equipment and a cable plant.

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PRC-JAPANESE CIVIL AIR ACCORD

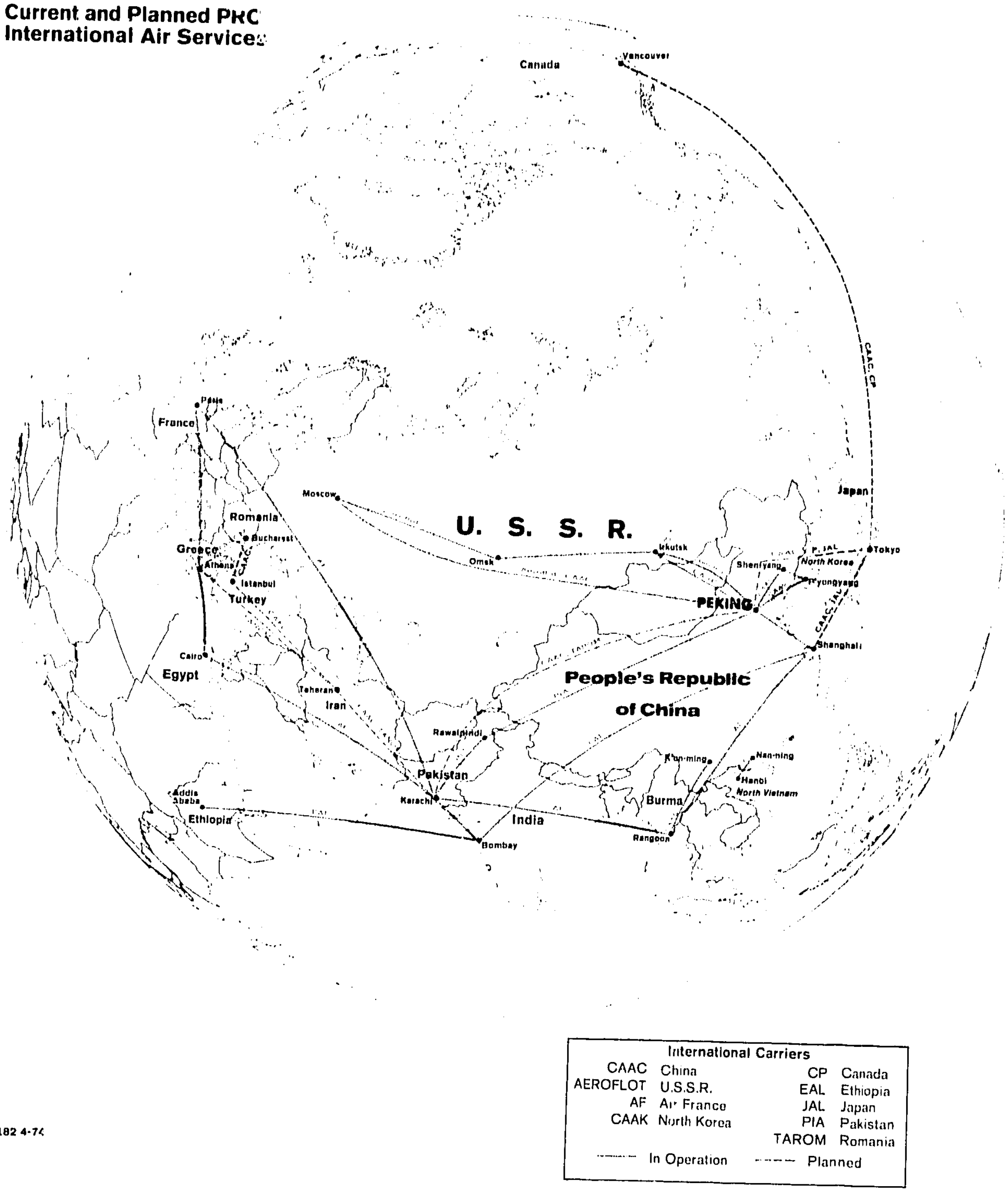
In negotiating the civil air accord with Japan, Peking gave little and got much.

While working its will vis-a-vis Taiwan, the PRC was able to emerge with an agreement in keeping with its longrun interest in extended international operations. The accord gives Peking landing and beyond rights at Tokyo -- a major aviation crossroad -- thus facilitating future service to North America and Europe.

By acceding to Peking's demand for abrogating the Japan-Taiwan air agreement, the Japanese gave up one of their most profitable high-density routes. For example, the 37 flights per week to Taiwan have accounted for about 20% of Japan Air Lines' (JAL) total weekly international flights and 10% of total revenues.

From Taiwan's vantage point, the PRC-Japanese agreement further undermined its legitimacy as a nation-state. The text of the accord, although permitting continued service to Taiwan, specified that civil air relations between Tokyo and Taipei were non-governmental.

Current and Planned PRC International Air Services



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Japan did offer Taipei a compromise that provided for continued service to Taiwan. The main ingredients:

- China Air Lines (CAL), Taiwan's national carrier, could maintain a Tokyo service, provided the airline changed its name.

- Taipei service to Tokyo would terminate at the old airport of Haneda and not at the new, modern airport of Narita.

- Japanese service to Taipei would be handled by a specially established dummy, subsidiary corporation of JAL.

Ironically, the use of a dummy company was the same tactic used by Japan in the 1960s for establishing maritime service to mainland China while maintaining main line shipping service to Taiwan.

Taipei rejected the compromise, severing all air links with Japan and closing Taiwanese airspace to JAL. The latter action adds as much as 300 miles on JAL flights to the South Pacific and South Asia.

Yet, the compromise would have been good economics for CAL. Haneda airport is only 12 miles (30 minutes) from Tokyo; Narita more than 40 miles (1-1/2 hours). As most international carriers, including the PRC's national airline, CAAC, will be using Narita, CAL would have had a key advantage in offering close-in service to Tokyo.

The impact of the Sino-Japanese air accord on future US-PRC civil air negotiations is uncertain. Whereas JAL is the only Japanese international carrier, the United States has several carriers in the Far East – including Pan Am, TWA, and Northwest Orient. Among these three, only Pan Am does not serve Taiwan. Pan Am already has made overtures to establish a PRC service. The ultimate decision on a US-PRC air accord may rest on whether the PRC is willing to relax its demand for the abrogation of US-Taiwan civil air accords as a necessary condition for a US-PRC agreement. [redacted] 25X1

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Notes

World Rice Market Eases

Rice prices declined about 10% in April, reflecting slightly larger exportable supplies and consumer resistance to prices over $600 per ton. The new Venezuelan crop is meeting urgent needs in Ecuador and possibly in the Philippines. Thailand is expected to resume taking orders soon; the earlier halt to new export contracts appears to have ensured adequate domestic supplies at reduced prices. Countries that have been holding supplies in anticipation of higher prices are getting nervous. Italy, for example, offered 60,000 tons for sale last week.

If the new US crop continues to progress favorably, the price of rice may slip further below its present high level. [redacted] 25X1

Price Increases for Phosphate Fertilizer

Pending rises in the cost of phosphate rock will drive up phosphate fertilizer prices still further. Prices for rock exported from the United States more than doubled in January and will go up by an additional 32% in July. [redacted] 25X1 Togo announced recently that its export prices will be based on Morocco's and voided all existing contracts. Phosphate rock prices have been a major factor in the spiraling cost of important fertilizers such as diammonium phosphate and triple superphosphate, now routinely selling at $250-$300 per ton, compared with $115-$140 six months ago.

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US Investment Prospects at Itaipu Strengthened

The appointment of Jose Costa Cavalcanti as president of the Brazilian organization building the $3 billion Itaipu hydroelectric project strongly enhances US chances for participation. Cavalcanti is friendly to the United States and favors US equipment for the project, to be constructed on the Brazil-Paraguay border. Some Brazilian officials are less enthusiastic about US companies, and contracts probably will be signed with other countries as well. The USSR still has great interest in furnishing the large turbines for Itaipu, claiming superior equipment, favorable prices, and generous financial terms. Although Brazil has bought Soviet hydroelectric equipment in the past, it has moved cautiously in dealings with Moscow on this project, particularly since Paraguay has expressed opposition to Soviet involvement.

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Publication of Interest

China: Railroad Construction Since 1970
(CIA ER RP 74-7, April 1974,

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By the end of 1973 the Chinese rail network had been extended to 44,000 kilometers, twice the length of the pre-Communist network. This publication, which updates previous research, focuses on railroad construction in China since 1970. It describes the boom in railroad construction in 1971-72 and the sharp falloff in 1973. An Appendix contains information on both major and minor standard-gauge lines, including many branch lines. An outline map gives the general pattern of railroad development in China, and a foldout map provides detail on the whole system as of February 1974.

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INTERNAL 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	74 I	-1.4	4.0	0.4	-5.8
Japan	73 IV	1.4	8.3	7.0	5.8
West Germany	73 IV	-0.1	3.1	3.4	-0.3
France	73 III	0.9	5.6	6.1	3.8
United Kingdom	73 III	1.3	3.9	6.0	5.2
Italy	73 I	0.8	3.1	5.2	3.4
Canada	73 IV	2.8	6.1	7.2	11.6

WHOLESALE PRICES
Industrial

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Mar 74	2.9	8.1	19.6	30.7
Japan	Mar 74	0.7	11.2	35.4	48.2
West Germany	Feb 74	2.3	6.5	11.9	26.5
France	Mar 74	4.9	12.8	33.4	72.7
United Kingdom	Mar 74	3.1	10.0	18.7	41.3
Italy	Nov 73	1.3	8.6	21.2	17.8
Canada	Jan 74	3.3	9.4	19.8	27.8

INDUSTRIAL PRODUCTION*

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier**
United States	Mar 74	-0.4	4.4	0	-7.9
Japan	Feb 74	-0.5	8.2	8.7	-2.9
West Germany	Jan 74	-0.6	3.2	0.8	-4.3
France	Feb 74	-0.5	6.6	4.1	2.0
United Kingdom	Jan 74	-6.4	0.1	-6.6	-17.0
Italy	Feb 74	-2.2	4.6	18.7	-2.5
Canada	Feb 74	1.2	6.7	4.5	8.7

CONSUMER PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Mar 74	1.1	5.8	10.3	14.0
Japan	Mar 74	0.7	10.9	24.0	39.4
West Germany	Feb 74	0.9	6.3	7.6	10.2
France	Mar 74	1.2	7.5	12.2	18.0
United Kingdom	Mar 74	0.9	9.6	13.6	19.8
Italy	Jan 74	1.6	8.0	13.2	18.3
Canada	Feb 74	1.0	5.8	9.6	9.9

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	Mar 74	2.0	10.5	4.8	5.5
Japan	Nov 73	3.4	14.6	27.4	32.0
West Germany	Dec 73	0.5	7.8	5.8	7.6
France	Jan 74	-2.7	7.0	16.3	29.2
United Kingdom	Jan 74	-1.3	11.5	13.1	16.9
Italy	Oct 73	0.6	16.2	29.1	56.7
Canada	Jan 74	2.9	11.2	12.9	15.9

MONEY SUPPLY*

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier**
United States	Mar 74	0.8	6.8	6.5	5.7
Japan	Dec 73	0	17.5	16.7	14.7
West Germany	Jan 74	0.1	8.9	0.6	9.8
France	Jan 74	1.1	13.2	12.3	18.7
United Kingdom	Mar 74	-0.2	8.8	2.7	0.5
Italy	Oct 73	1.6	20.7	23.0	21.4
Canada	Feb 74	0	13.0	11.6	13.3

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	29 Mar	8.00	6.63	8.00	7.25
Japan	Call money	15 Mar	12.50	5.50	12.00	12.00
West Germany	Interbank loans (3 Months)	29 Mar	11.38	N.A.	13.00	10.38
France	Call money	22 Mar	11.88	7.25	N.A.	12.75
United Kingdom	Local authority deposits	29 Mar	16.00	7.32	16.91	14.63
Canada	Finance paper	29 Mar	9.00	5.13	9.50	8.50
Euro-Dollars	Three-month deposits	29 Mar	10.00	8.63	10.13	8.88

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

1 May 1974
Office of Economic Research/CIA

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EXTERNAL ECONOMIC INDICATORS

EXPORTS*
f.o.b.

	Latest Month		Cumulative		
		Million US $	Million US $ 1974	1973	Percent Change
United States	Mar 74	7,674	22,394	15,421	45.2
Japan	Mar 74	3,739	11,023	8,082	36.4
West Germany	Feb 74	6,527	13,541	9,324	45.2
France	Mar 74	3,671	10,542	7,913	33.2
United Kingdom	Mar 74	2,830	7,704	6,434	19.7
Italy	Jan 74	1,966	1,966	1,494	31.6
Canada	Feb 74	2,458	4,902	3,941	24.4

EXPORT PRICES
US $

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Feb 74	3.5	11.0	27.6	38.3
Japan	Nov 73	-0.8	13.2	27.4	11.6
West Germany	Jan 74	-4.5	10.6	21.8	-37.8
France	Dec 73	-1.7	13.4	27.4	-9.1
United Kingdom	Dec 73	0.1	8.7	17.4	12.0
Italy	Oct 73	2.1	11.6	23.7	29.1
Canada	Dec 73	3.1	10.2	26.8	50.1

IMPORTS*
f.o.b.

	Latest Month		Cumulative		
		Million US $	Million US $ 1974	1973	Percent Change
United States	Mar 74	7,845	21,705	16,254	33.5
Japan	Mar 74	4,390	11,949	6,356	88.0
West Germany	Feb 74	4,376	9,363	7,449	25.7
France	Mar 74	3,953	11,226	7,633	47.1
United Kingdom	Mar 74	3,890	10,592	7,313	44.8
Italy	Jan 74	2,170	2,170	1,487	46.0
Canada	Feb 74	2,507	4,733	3,637	30.1

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	Feb 74	3.5	11.0	27.6	38.3
Japan	Nov 73	3.6	4.8	14.9	34.1
West Germany	Jan 74	1.1	2.7	7.1	14.5
France	Dec 73	2.1	7.3	15.0	22.3
United Kingdom	Dec 73	3.1	9.8	18.8	33.0
Italy	Oct 73	2.4	8.3	20.4	17.0
Canada	Dec 73	3.1	8.7	27.0	44.8

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

	Latest Month		Cumulative (Million US $)		
		Million US $	1974	1973	Change
United States	Mar 74	-171	689	-833	1,522
Japan	Mar 74	-651	-926	1,725	-2,651
West Germany	Feb 74	2,151	4,178	1,875	2,303
France	Mar 74	-282	-684	280	-964
United Kingdom	Mar 74	-1,060	-2,888	-878	-2,010
Italy	Jan 74	-205	-205	8	-212
Canada	Feb 74	-49	169	304	-135

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	Feb 74	5.4	15.6	40.6	71.4
Japan	Nov 73	3.7	4.6	19.8	31.0
West Germany	Jan 74	6.2	5.0	19.5	82.3
France	Dec 73	9.0	8.0	16.4	37.3
United Kingdom	Dec 73	4.5	16.3	42.6	50.6
Italy	Oct 73	3.4	14.0	38.7	30.8
Canada	Dec 73	2.4	6.3	15.8	19.5

BASIC BALANCE**
Current and Long-Term-Capital Transac.ions

	Latest Period		Cumulative (Million US $)		
		Million US $	1973	1972	Change
United States*	73 IV	200	1,186	-9,838	11,024
Japan	Mar 74	-1,150	-9,702	2,137	-11,839
West Germany	Feb 74	1,161	3,950	4,566	-616
France	73 IV	-352	-2,391	-369	2,022
United Kingdom	73 IV	-1,394	-3,164	-1,989	-1,175
Italy	72 IV	800	N.A.	2,983	N.A.
Canada	73 IV	27	376	1,155	-779

EXCHANGE RATES Spot Rate
As of 26 April 74

	US $ Per Unit	Percent Change from Dec 66	18 Dec 1971	19 Mar 1973	19 Apr 1974
Japan (Yen)	0.00356	29.18	9.76	-6.28	-1.22
West Germany (Deutsche Mark)	0.40550	61.30	30.68	14.52	2.30
France (Franc)	0.20460	1.34	3.91	-7.17	-0.53
United Kingdom (Pound Sterling)	2.41150	-13.58	-7.45	-2.01	1.13
Italy (Lira)	0.00157	-2.19	-8.95	-11.53	-0.38
Canada (Dollar)	1.03930	12.67	4.16	4.17	0.37

OFFICIAL RESERVES

	Latest Month		Billion US $		
	End of	Billion US $	Jun 1970	1 Year Earlier	3 Months Earlier
United States	Feb 74	14.6	16.3	14.0	14.4
Japan	Mar 74	12.4	4.1	18.1	12.2
West Germany	Feb 74	32.0	8.8	29.7	34.1
France	Mar 74	8.1	4.4	11.2	8.5
United Kingdom	Mar 74	6.4	2.8	6.0	6.5
Italy	Feb 74	5.4	4.7	6.4	6.1
Canada	Mar 74	6.1	4.3	6.2	5.8

TRADE-WEIGHTED EXCHANGE RATES***
As of 26 April 74

	Percent Change from Dec 66	19 Dec 1971	19 Mar 1973	19 Apr 1974
United States	-17.82	-8.39	-1.74	-0.46
Japan	17.37	3.59	-8.34	-1.60
West Germany	35.35	18.11	13.04	1.37
France	-23.02	-9.42	-11.86	-1.94
United Kingdom	-33.78	-19.56	-5.17	0.22
Italy	-25.07	-23.68	-16.75	-1.55
Canada	9.11	2.51	4.15	0.22

*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.