

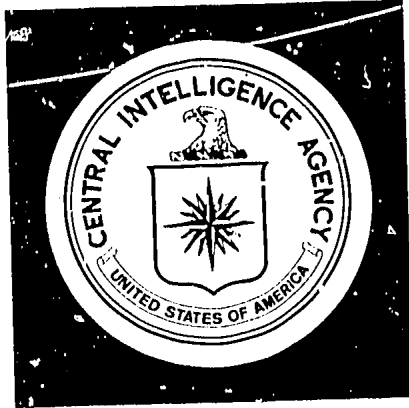
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Economic Intelligence Weekly

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CIA No. 8035/74
22 May 1974

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CONTENTS

	<u>Page</u>
Articles	
Brazil: Inflation and Indexing <i>Brazil has gradually lowered its inflation rate from 90% to 15%.</i>	1
Concern Over Eurodollar Market Stability Grows <i>Rapid influx of oil money strains system.</i>	2
Pakistan Renegotiating Consortium Aid <i>The United States proposes a 75% increase in the amount of debt rescheduling recommended by the IBRD.</i>	3
US Cotton Exports to Decline <i>Higher foreign production of cotton and sluggish world economy depress demand.</i>	4
Jamaica: Implications of Tax Increase on Bauxite <i>Other bauxite exporters are likely to increase levies.</i>	5
Climatologists Bearish on World Food Outlook <i>The world's favorable climate seems to be changing, with a potentially serious effect on agriculture.</i>	7
Notes	
Soviets Sign with IBM for Kama Computers	8
Gulf Withdraws from Sakhalin Project	8
Canton Fair: More US Firms, Less Business	8
Indonesia Gets Large-Scale Aid	8
Dollar Decline May Be Over	9
Publication of Interest	
Summary of a Recent Publication	9
Comparative Indicators	
Recent Data Concerning Internal and External Economic Activities	A-1

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.

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ECONOMIC INTELLIGENCE WEEKLY

Articles

BRAZIL: INFLATION AND INDEXING

Since the military coup of 1964, Brazil has gradually lowered the rate of inflation from 90% to 15% through a mixture of controls, with the help of a system of "indexing." The success of the anti-inflation program is largely attributable to the government's pervasive authoritarian control over the economy. Meanwhile, Brazil has enjoyed one of the world's highest growth rates, averaging about 10% since 1967.

Indexing is the annual adjustment (according to the wholesale price index) of the book value of inventories and fixed assets, contracts and commercial paper, savings accounts, loans, government securities, mortgages, and rents. The increases in nominal value are not regarded as real income and are not taxed. Wages are not directly indexed. Minimum wage rates and official wage guidelines, however, are adjusted periodically according to formulas that take productivity gains into account and compensate labor for past and expected inflation. The exchange rate is devalued every 30 to 60 days to compensate for the difference between domestic and international inflation. Finally, Brazil's personal income tax is adjusted annually so that nominal gains in earnings will not force the taxpayer into higher tax brackets.

Monetary correction, the Brazilian term for indexing, has helped to restore financial order to an economy threatened with chaos. The market for government securities, which had disappeared during the early 1960s, has been restored. Brasilia can now borrow from the public rather than resort to inflationary financing by the Central Bank. Moreover, open market operations in government securities have strengthened the monetary authorities' ability to control the money supply. Finally, by restoring the attractiveness of savings accounts and other financial assets, indexing has encouraged private savings.

Indexing has had the broadest possible application and has provided every economic interest with basic protection against inflation. The favorable psychological climate created by indexing helped the government both to restrain excessive wage demands and to force business to improve its efficiency and absorb some cost increases through lower profits. During the first years after the military coup, labor bore the brunt of the stabilization program and real wages were reduced. Subsequently, profits have been squeezed fairly steadily and business enterprise has been under heavy pressure to help contain further price increases.

The stabilization program made steady progress until 1973, when inflationary pressures began to build up. Accelerating consumer demand, the elimination of

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22 May 1974

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excess industrial capacity, and sharply rising prices for petroleum and other imports resulted in a 15% price increase in the first four months of 1974 - about the same increase as for all of last year. The recent feeling among Brazilian officials that indexing could be phased out now seems premature.

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CONCERN OVER EURODOLLAR MARKET STABILITY GROWS

The turbulent growth of the Eurodollar market as a consequence of the inflow of oil producers' funds has heightened concern that the market is overextended.

The flow of oil producers' surplus funds continues to be concentrated in the Eurodollar market. If present trends continue, the value of Eurodollar assets and liabilities will jump nearly 50% by the end of this year, to about \$150 billion. This rapid expansion is causing many financial analysts to reevaluate the market's weaknesses. These include:

- c The potential instability of the deposit base, particularly when a few oil producers control a substantial and growing proportion of the market's deposits.
- The absence of a lender of last resort to assist a bank in the event of an unexpected drawdown of deposits or other development that would erode the bank's liquidity.
- The extremely low and continually declining equity ratios of most of the banks active in the market.
- Recent financial difficulties, most evident in the Franklin National Bank, the Union Bank of Switzerland, and the Westdeutsche Landesbank, but involving other banks as well; these difficulties stem from unsuccessful speculation in foreign exchange.

Although the failure of a major Eurodollar bank is still unlikely, the potential has increased. A recent decision by some Swiss banks to move about \$200 million from London to the United States indicates that fears of a failure are becoming strong enough for some banks to accept lower US interest rates in return for the increased protection the US capital market offers.

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US parent banks with access to the Federal Reserve as a lender of last resort would probably support an imperiled overseas branch but would be under no legal obligation to do so. Parent banks of other nationalities might have more difficulty in securing assistance and will likewise be under no obligation to support their Eurodollar banking affiliates.

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PAKISTAN RENEGOTIATING CONSORTIUM AID

Islamabad began negotiations with consortium members last week in Paris, with debt division, rescheduling, and new aid the main items on the agenda. The United States, as the major creditor, has taken a leading role in the talks by proposing a 75% increase over the \$360 million in debt rescheduling previously recommended by the IBRD. Several creditors will refrain from considering new aid until Pakistan and Bangladesh work out the division of liability for aid drawn prior to Bangladesh's independence in 1971. Without rescheduling and new aid commitments, the possibility of Pakistan's declaring a debt moratorium appears strong.

Pakistan claims that its total liability to the consortium was \$2.4 billion when Bangladesh became independent. Islamabad has indicated a willingness to accept responsibility for nearly \$900 million of pre-1971 nonproject assistance to Dacca if (1) it is granted debt relief of \$1.2 billion and (2) a major rescheduling of its remaining debt is included. Islamabad has cited two major reasons for seeking relief.

- Its debt service burden, including the accepted portion of the pre-1971 debt, will average more than 30% of foreign exchange earnings during the remainder of the 1970s.
- Its anticipated 1974 trade deficit will be on the order of \$400 million, with little likelihood of improvement before the end of the decade.

The consortium is considering accepting the US rescheduling proposal of \$600 million to \$650 million for FY 1975-78 - about 50% of repayments due in that period on aid disbursed prior to 1971. The consortium at this time will not consider rescheduling aid drawn since 1971. IBRD estimates that currently committed aid and new aid flows for FY 1975 could approximate \$350 million. This amount would be sufficient to cover a rescheduled debt of the size being proposed by the United States and to provide net aid of more than \$100 million.

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US COTTON EXPORTS TO DECLINE

Growing weakness in international cotton markets points to a drop in US export prospects for the 1974/75 marketing year, reversing the trend of the last several years.

The value of US cotton exports during the current marketing year ending on 31 July should total about \$1.4 billion, a 75% increase over the value of exports in 1972/73. Strong foreign demand is boosting export volume 13% to 1.3 million tons - nearly 30% of world exports. A relatively poor US crop and resulting concern about possible supply shortfalls contributed to a more than doubling in cotton prices.

In 1974/75, both the volume and price of US cotton exports should be lower:

- Foreign production (including Communist) is expected to increase 3% to a record 10.4 million tons. Most of the increase will take place in traditional exporting nations such as Pakistan, Turkey, Iran, Syria, Mexico, and Brazil.
- Growth in foreign consumption will probably slow to less than 3% because of sluggish economic conditions in developed countries and foreign exchange stringencies in LDCs.
- Importer stocks, which will be at record levels by 31 July, will be drawn down if the market continues weak.

Foreign contracts for about 700,000 tons of US cotton from the 1974/75 crop were negotiated before the end of 1973; sales have subsequently dwindled as the softness of the market has become evident. Some countries are now trying to renege on contracts, and others are delaying purchases in the expectation of lower prices. China, for example, has contracted for only 85,000 tons so far from the US 1974/75 cotton crop, compared with 225,000 tons in 1973/74.

Cotton prices have declined nearly 30% since January and are likely to go lower. Favorable growing weather and a 19% increase in US planted acreage have contributed to the recent price decline. Prices are not expected to fall to the level

US Cotton: Spot Prices¹

	Cents per Pound	
	1973	1974
Jan	32.29	78.08
Feb	33.15	68.56
Mar	35.04	62.38
Apr	40.24	63.35
May	45.15	58.20 ²
Jun	45.98	
Jul	52.09	
Aug	66.94	
Sep	80.50	
Oct	75.29	
Nov	66.71	
Dec	76.62	

1. Monthly average for strict low middling, 1-1/16 inch in 11 major markets.

2. Average for first 20 days.

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of early 1973; for one thing, prices of substitute man-made fibers have been rising rapidly because of increases in the cost of petroleum feed stocks and labor. Because of the low level of US stocks, cotton prices will remain sensitive to changes in crop prospects.

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JAMAICA: IMPLICATIONS OF TAX INCREASE ON BAUXITE

Jamaica, source of one-half of US bauxite supplies, plans to raise taxes and royalties from \$2 to about \$11 a ton in the next few weeks. This increase will hike the cost of Jamaican bauxite to US aluminum smelters by about 80% but will add only about 8% to the cost of the final aluminum. Most other bauxite exporters probably will take similar action.

The government also plans to set minimum production quotas at the record level of last year. Jamaica thus should gain about \$160 million from the bauxite industry in 1974, compared with \$25 million in 1973. Bauxite revenues henceforth are to be linked to US aluminum prices and could reach \$200 million by 1976.

For the short term, the aluminum companies have little alternative but to go along with Jamaica's plans.

- It would take six months to a year to replace one-fourth of Jamaican supplies with production elsewhere and at least two years to replace all Jamaican output.
- Although the US stockpile still equals a year's supply of Jamaican bauxite, large increases in aluminum output in the last nine months have sharply reduced world bauxite stocks.
- Failure to comply with the minimum production quotas could expose the companies' \$850 million investment to expropriation.

The aluminum companies have no pressing financial reasons to resist the tax rise. Bauxite represents only 10% of aluminum costs. A near-doubling in bauxite prices will add only 2-1/2 cents to US aluminum costs; the price of US aluminum currently is controlled at 31.5 cents per pound. Since aluminum demand is strong and rising, the producers should have little difficulty passing on the hike after US aluminum prices are decontrolled 1 August.

Since bauxite normally makes up two-thirds of Jamaica's export earnings, the jump in revenues would eliminate this year's prospective balance-of-payments squeeze. A \$100 million increase in oil imports this year and large increases in the cost of grain and other food imports already have forced the government to

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**Bauxite Holdings of the Six Aluminum Companies Operating in Jamaica
1973**

	Total Bauxite Production Capacity (Thousand Tons)	Location of Bauxite Production Capacity	
		Country	Percent of Com- pany Total
Alcan Aluminium, Ltd.	5,600	Jamaica	55
		Guinea	14
		Malaysia	11
		Other	20
Aluminum Company of America	12,200	Surinam	38
		Australia	23
		Dominican Republic	12
		Jamaica	11
		Other	16
Anaconda Company	910	Jamaica	100
Kaiser Aluminum and Chemical Corporation	11,850	Jamaica	58
		Australia	40
		Other	2
Revere Copper and Brass, Inc.	510	Jamaica	100
Reynolds Metals Company	8,000	Jamaica	58
		Australia	40
		Other	2

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tighten import curbs. These restrictions have accelerated inflation and have helped hold down the real economic growth rate to about 3% -- half the long-term average. The new bauxite revenues would raise government receipts 30%-40% permitting expanded public investment to alleviate the serious unemployment problem.

Kingston's lead probably will be followed by other bauxite-exporting countries. Six other exporters -- Australia, Guinea, Guyana, Sierra Leone, Surinam, and Yugoslavia -- recently joined Jamaica in forming an Intergovernmental Bauxite

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Association. The seven countries account for three-fourths of Free World bauxite exports and 70% of commercially exploitable bauxite reserves.

Higher bauxite costs will make alternative aluminum-bearing ores more competitive. Although these ores are available in the United States in vast quantity, exploitation has been confined to four small pilot plants. A substantial shift to their use would require replacement of a corresponding share of alumina refinery capacity and would take at least a decade.

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CLIMATOLOGISTS BEARISH ON WORLD FOOD OUTLOOK

At a recent private meeting, seven top-drawer Anglo-American climatologists endorsed the following conclusions:

- The favorable global climate of the last 50 years seems to be changing, with a potentially serious effect on world agricultural output. The expected deterioration includes lowered temperatures in certain areas and redirection of rain-bearing winds in others. There is a lack of consensus as to what areas of the world would be most adversely affected.
- None of the climatological forecasting techniques are advanced enough to be applied operationally other than to forecast the general direction of change over 5 to 10 years. Shorter term forecasts (one to five years), in either direction or magnitude, are not currently possible.
- Climatological forecasting based on correlation analysis of key statistical series has the best chance for an early payoff, although the dynamic mathematical models based on global patterns of air circulation must ultimately be used to explain climatic change.

Past climatic changes of this kind have lasted from several decades to several centuries. Since the United States has a more stable climate and yields than other major agricultural countries, we may play an even more important role in supplying future world food needs.

The adverse effects from climatic changes can be offset in time by (a) shifts in the location and extent of sown acreage, (b) development of plant varieties to match better the new weather patterns, and (c) increases in inputs of fertilizer, cultivating machinery, and irrigation equipment.

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Notes

Soviets Sign with IBM for Kama Computers

According to the US Embassy in Moscow the USSR recently signed a contract with IBM to provide a "complete computer system" for the Kama River Truck Plant. Details are not available. IBM had been negotiating for more than two years for the sale of a highly automated production and management system for Kama valued at \$60 million to \$70 million. The package includes six large model 370 general purpose computers; 70 process control computers; extensive disc storage, data transmission, and display equipment; software; and training.

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Gulf Withdraws from Sakhalin Project

Gulf Oil informed Japanese firms last Friday that it is no longer interested in participating in Sakhalin offshore oil exploration. A month ago the USSR and Japan signed a memorandum on the project which provided for a maximum return of \$200 million on a \$100 million investment and zero recoupment of costs if oil was not found. Japan has already arranged for the \$100 million in credits and at this stage the success of the project is keyed more to the availability of US technology than capital. Although Gulf considers the profit arrangements insufficient in view of the risks, it is willing to provide technical assistance on a contract basis. Japan probably acceded to the terms because of its intense interest in securing additional sources of crude oil.

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Canton Fair: More US Firms, Less Business

The recently concluded spring Canton Fair was a disappointment to US businessmen. In spite of attendance by a record 175 US firms, US purchases were only about \$15 million, compared with the \$25 million level at the 1973 fall fair. US sales were also off from the \$15 million total of last fall. Only 10% of the US firms invited were exporters and few of these were major US manufacturers. Because of the lackluster fair, US imports from China in 1974 may not reach the earlier expected level of \$100 million. Shortage of Chinese manufactures and raw materials available for export was a major cause of the low volume of transactions.

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Indonesia Gets Large-Scale Aid

Indonesia was recently assured of continued large-scale foreign assistance. Nine of the 13 members of the IGGI (Inter-Government Group on Indonesia),* the IBRD, and the ADB have together pledged roughly \$770 million in spite of the

* The members of IGGI, who provide bilateral assistance, are: Australia, Austria, Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, New Zealand, Switzerland, the United Kingdom, and the United States.

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improved economic picture brought by increased oil revenues. Unsure of the validity of Indonesian aid requests, Japan has yet to pledge. If Japan should provide its usual one-third of the bilateral portion, total aid could reach a record high of \$910 million, exceeding the \$850 million request. [redacted]

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Dollar Decline May Be Over

Press reports of a central bank agreement to halt the dollar's decline helped push the dollar up sharply last week. The psychological impact of the reported agreement, given credence by token West German dollar purchases, convinced the market that authorities would force its exchange rate up. High US interest rates are also contributing to its strength. The dollar's extended decline -- which dates back to mid-January -- may finally be over. [redacted]

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Publication of Interest

The Middle East: An Arms Race
(CIA ER IM 74-6, May 1974, [redacted])

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The Middle East constitutes the most lucrative arms market in the less developed world. Arms purchases by Middle Eastern countries jumped from an annual average of \$1.1 billion during 1967-69 to almost \$5 billion in 1973 and appear to be headed still higher during the next few years.

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INTERNAL ECONOMIC INDICATORS

GNP*

Constant Market Prices

	Percent Change		Average Annual Growth Rate Since		
	Latest Quarter	from Previous Quarter	1970	1 Year Earlier	Previous Quarter
United States	74 I	-1.8	3.9	0.2	-8.3
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	5.8	6.1	3.8
United Kingdom	73 IV	-0.4	3.1	3.9	-1.4
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

	Percent Change		Average Annual Growth Rate Since		
	Latest Month	from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Apr 74	2.4	8.8	20.8	30.2
Japan	Apr 74	0.7	11.2	35.8	22.9
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	Apr 74	3.3	10.7	23.9	45.2
Italy	Nov 73	1.3	8.6	21.2	17.8
Canada	Feb 74	1.5	9.7	19.8	27.8

INDUSTRIAL PRODUCTION*

	Percent Change		Average Annual Growth Rate Since		
	Latest Month	from Previous Month	1970	1 Year Earlier	3 Months Earlier**
United States	Apr 74	0.4	4.6	0.7	-6.2
Japan	Mar 74	-0.7	7.8	5.7	-8.5
West Germany	Jan 74	-0.6	3.2	0.6	-4.3
France	Feb 74	-0.8	6.8	5.0	1.1
United Kingdom	Mar 74	2.0	1.7	-4.0	-21.1
Italy	Mar 74	-2.1	3.9	13.3	-2.8
Canada	Feb 74	1.2	6.7	4.5	8.7

CONSUMER PRICES

	Percent Change		Average Annual Growth Rate Since		
	Latest Month	from Previous Month	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	Mar 74	0.3	6.2	7.2	7.7
France	Mar 74	1.2	7.5	12.2	18.0
United Kingdom	Mar 74	0.9	9.6	13.6	19.8
Italy	Mar 74	2.6	9.0	16.0	28.8
Canada	Apr 74	0.7	6.0	9.9	11.4

RETAIL SALES*

Current Prices

	Percent Change		Average Annual Growth Rate Since		
	Latest Month	from Previous Month	1970	1 Year Earlier	3 Months Earlier**
United States	Apr 74	1.4	10.6	3.3	10.8
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	0.8	16.2	29.1	56.7
Canada	Feb 74	3.4	12.0	14.0	18.8

MONEY SUPPLY*

	Percent Change		Average Annual Growth Rate Since		
	Latest Month	from Previous Month	1970	1 Year Earlier	3 Months Earlier**
United States	Apr 74	0.7	8.8	6.7	7.8
Japan	Jan 74	1.7	17.6	18.3	11.1
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	Apr 74	2.7	9.3	3.0	1.0
Italy	Oct 73	1.6	20.7	23.0	21.4
Canada	Mar 74	0.7	12.9	11.6	15.4

MONEY-MARKET RATES

	Representative Rates	Percent Rate of Interest			
		Latest Date	1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Prime finance paper	3 May 8.50	6.75	7.88	8.50
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	26 Apr 11.75	7.62	15.00	11.88
United Kingdom	Local authority deposits	28 Apr 13.63	7.28	15.81	16.00
Canada	Finance paper	12 Apr 10.00	5.75	8.88	8.38
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.

22 May 1974
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EXTERNAL ECONOMIC INDICATORS

EXPORTS*

	Latest Month	Cumulative			Percent Change
		Million US \$			
		1974	1973		
United States	Mar 74	7,074	22,304	15,421	45.2
Japan	Apr 74	4,207	16,293	10,941	39.8
West Germany	Mar 74	0,801	20,342	14,022	45.1
France	Mar 74	3,004	10,541	7,001	33.0
United Kingdom	Apr 74	3,112	10,814	8,001	22.9
Italy	Feb 74	2,095	4,001	3,003	32.0
Canada	Feb 74	2,458	4,802	3,841	24.4

EXPORT PRICES

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous			
		Month	1970	1 Year Earlier	3 Months Earlier
United States	Feb 74	3.5	11.0	27.0	38.3
Japan	Nov 73	-0.8	13.2	27.4	11.0
West Germany	Feb 74	7.1	12.5	23.9	5.0
France	Dec 73	-1.7	13.4	27.4	-0.1
United Kingdom	Dec 73	0.1	8.7	17.4	12.0
Italy	Oct 73	2.1	11.0	23.7	29.1
Canada	Jan 74	4.0	11.3	31.5	63.2

IMPORTS*

	Latest Month	Cumulative			Percent Change
		Million US \$			
		1974	1973		
United States	Mar 74	7,845	21,705	18,254	33.5
Japan	Apr 74	4,076	10,634	8,785	80.3
West Germany	Mar 74	4,934	14,297	11,197	27.7
France	Mar 74	3,945	11,221	7,613	47.4
United Kingdom	Apr 74	4,086	14,055	9,790	49.0
Italy	Feb 74	2,847	5,017	3,298	52.1
Canada	Feb 74	2,507	4,733	3,637	30.1

EXPORT PRICES

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous			
		Month	1970	1 Year Earlier	3 Months Earlier
United States	Feb 74	3.5	11.0	27.0	38.3
Japan	Nov 73	3.0	4.9	14.9	34.1
West Germany	Feb 74	3.4	3.0	11.7	20.5
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	Jan 74	3.7	9.8	30.5	56.7

TRADE BALANCE*

	Latest Month	Cumulative (Million US \$)			Change
		Million US \$			
		1974	1973		
United States	Mar 74	-171	889	-833	1,522
Japan	Apr 74	-409	-1,342	2,156	-3,498
West Germany	Mar 74	1,867	6,045	2,825	3,220
France	Mar 74	-282	-680	278	-958
United Kingdom	Apr 74	-954	-3,841	-995	-2,848
Italy	Feb 74	-752	-957	-235	-722
Canada	Feb 74	-49	189	304	-135

IMPORT PRICES

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous			
		Month	1970	1 Year Earlier	3 Months Earlier
United States	Feb 74	5.4	15.0	40.0	71.4
Japan	Nov 73	3.7	4.0	19.8	31.0
West Germany	Feb 74	3.5	5.9	22.7	75.7
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	Jan 74	2.3	6.8	17.3	25.7

BASIC BALANCE**

Current and Long-Term-Capital Transactions

	Latest Period	Cumulative (Million US \$)			Change
		Million US \$			
		1973	1972		
United States*	73 IV	200	1,180	-9,838	11,024
Japan	Apr 74	-1,005	-9,702	2,137	-11,839
West Germany	Mar 74	1,178	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	378	1,155	-779

EXCHANGE RATES

Spot Rate

	US \$ Per Unit	Percent Change from			
		Dec 66	18 Dec 1971	19 Mar 1973	10 May 1974
Japan (Yen)	0.0036	30.59	10.96	-5.28	0.03
West Germany (Deutsche Mark)	0.4080	62.69	31.81	15.50	-0.99
France (Franc)	0.2051	1.58	4.16	-6.94	-0.77
United Kingdom (Pound Sterling)	2.4105	-13.02	-7.49	-2.05	-0.82
Italy (Lira)	0.0016	-1.50	-8.31	-10.90	-1.62
Canada (Dollar)	1.0381	12.54	4.04	4.05	-0.14

OFFICIAL RESERVES

	Latest Month	Billion US \$			
		End of			
		Mar 1970	1 Year Earlier	3 Months Earlier	
United States	Mar 74	14.6	16.3	14.0	14.4
Japan	Apr 74	12.7	4.1	16.8	11.8
West Germany	Mar 74	32.9	8.8	32.3	33.1
France	Mar 74	8.1	4.4	11.2	8.5
United Kingdom	Apr 74	7.0	2.8	6.1	6.2
Italy	Mar 74	6.7	4.7	6.3	6.4
Canada	Apr 74	6.2	4.3	6.1	5.9

TRADE-WEIGHTED EXCHANGE RATES***

As of 17 May 74

	US \$ Per Unit	Percent Change from			
		Dec 66	18 Dec 1971	19 Mar 1973	10 May 1974
United States		-18.35	-8.89	-2.22	0.41
Japan		18.38	4.53	-7.42	0.24
West Germany		35.22	17.97	12.90	-0.37
France		-23.76	-10.13	-12.58	0.02
United Kingdom		-34.84	-20.36	-5.95	-0.31
Italy		-25.18	-23.78	-18.86	-1.01
Canada		8.83	2.24	3.88	0.01

*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.