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U.S. TRADE OUTLOOK FOR 1980

Based on seasonally adjusted figures for the first nine months, the U.S. trade deficit for 1980 is projected to reach \$22-23 billion.\* If current trends continue, it is likely therefore that the 1980 deficit will only marginally differ from the 1979 figure of \$24.5 billion.

In this eventuality, the U.S. trade deficit will have averaged \$26 billion over the period 1977-1980, a trend which shows little sign of reversal in the short term.

U.S. Trade 1975-1980

	<u>Imports</u>	<u>Exports</u>	<u>Balance</u>
1975	96.1	107.1	11.0
1976	120.7	114.8	- 5.9
1977	146.8	120.1	-26.7
1978	172.0	143.7	-28.3
1979	206.3	181.6	-24.7
1980**	240.6	218.4	-22.4

The final deficit figure will largely depend on the course of the U.S. economy during the final quarter. If economic growth continues to pick-up, then the deficit may be higher as import demand increases. On the other hand, U.S. export performance may be impeded by a period of slower economic growth abroad.

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\*F.A.S. Value basis

\*\* January-September 1980, annualized

U.S. TRADE PERFORMANCE, JANUARY-JUNE 1980

Imports increased 28 percent to \$122.6 billion in the period January-June 1980 over 1979. (See table 1). While agricultural imports remained sluggish (+5 percent), non-agricultural imports rose 31 percent. This was led by a 70 percent increase in imports of petroleum products which totalled \$39.0 billion for the period.

The category "commodities and transactions not classified elsewhere" rose 57 percent mainly reflecting increased gold billion imports which increased 200 percent to \$1.2 billion.

Other large increases were experienced in manufactures, machinery and transport equipment and miscellaneous manufactures.

Latest data (through September) show steel imports running at an annualized rate 11 percent lower than 1979's 17,518,000 tons. Imports from the E.C. are running 29 percent less than the 1979 total of 5,405,000 tons.

Exports reached \$109.6 billion for the first half of the year, a 30 percent increase over 1979 (see table 2). Increases were registered in all major SITC categories led by manufactured goods and mineral fuels exports. Exports of manufactured goods by material rose 47 percent to \$11.3 billion while mineral fuels exports were up 44 percent to \$3.6 billion. Coal exports increased 27 percent to \$7.9 billion with exports to the E.C. accelerating 76 percent to \$0.7 billion.

Chemical exports were up 31 percent to \$10.5 billion with large increases in exports of synthetic resins, and rubber or plastic material.

Agricultural exports rose 28 percent to \$20 billion with wheat exports up 44 percent to \$2.6 billion. Exports of soybeans rose marginally to \$3.0 billion.

Much of the improvement in the overall trade deficit since mid-1978 has been due to an improvement in the manufactured goods balance which shifted into a \$4.3 billion surplus in 1979\*. This trend has continued into the first half of 1980 with a surplus of \$9.1 billion.

\*) Manufactured goods accounted for 65 percent of exports and 55 percent of imports in 1979

MANUFACTURED TRADE BALANCE

(January-June 1980, \$ billion f.a.s.)

	<u>Imports</u>	<u>Exports</u>	<u>Balance</u>
Chemicals.....	4.5	10.5	+6.0
Manufactured goods by material.....	16.7	11.3	-5.4
Machinery and transport equipment.....	30.1	41.3	+11.2
Miscellaneous manufac- tures.....	11.2	8.5	-2.7
<u>Total manufactures</u>	62.5	71.6	+9.1

TRADE BALANCE BY REGION

U.S. bilateral trade balances underwent significant shifts in 1979, most notably the tripling of its surplus with the E.C. to a record \$9.3 billion.

U.S. TRADE BALANCE BY WORLD REGION

(\$ Billion, f.a.s.)

<u>Area</u>	<u>1978</u>	<u>1979</u>
E.C.	+3.0	+9.3
Canada	-5.2	-5.0
Japan	-11.6	-8.7
Petroleum exporting LDCs	-16.3	-30.2
Non-oil LDCs	-2.1	+0.8
Communist countries	+2.7	+4.9

The U.S. surplus with the Community exceeded this figure during the first six months of 1980 with a surplus of \$10.3 billion. The U.S. six month deficit with Japan totalled \$4.8 billion; with Canada \$2.7 billion.

The U.S. trade balance with developing countries (\$29.3 billion deficit in 1979) continued to worsen, reflecting higher oil prices. For the first six month of 1980 the U.S. deficit with this bloc totalled \$20.5 billion.

## TRADE AFFAIRS

U.S. IMPORTS JANUARY - JUNE

(\$ Billion, f.a.s.)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>Percentage Change 1979-80</u>
<u>GRAND TOTAL</u> .....	83.8	95.5	122.6	+28
<u>Agricultural Commodities</u> .....	7.7	8.6	9.0	+ 5
<u>Non-agricultural Commodities</u> .....	76.1	86.9	113.7	+31
Food and live animals.....	6.8	7.6	8.0	+ 5
Beverages and tobacco.....	1.1	1.2	1.3	+ 8
Crude materials, except fuels	4.4	5.2	5.4	+ 4
Mineral fuels, lubricants and related materials.....	20.6	24.6	41.9	+70
Oils and fats--animal and vegetable.....	0.2	0.3	0.3	-
Chemicals and related products.....	3.2	3.6	4.5	+25
Manufactured goods classified by material.....	13.6	14.3	16.7	+17
Machinery and transport equipment.....	23.2	26.9	30.1	+12
Miscellaneous manufactured articles.....	8.6	9.6	11.2	+17
Commodities and transactions not classified elsewhere.....	1.9	2.1	3.3	+57

Source: U.S. Department of Commerce, FT 990

## TRADE AFFAIRS

U.S. EXPORTS JANUARY - JUNE

(\$ Billion, f.a.s.)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>Percentage Change 1979-80</u>
<u>GRAND TOTAL</u> .....	66.8	84.0	109.6	+30
<u>Agricultural Commodities</u> .....	14.4	15.6	20.0	+28
<u>Non-agricultural Commodities</u> .....	52.4	68.4	87.5	+28
Food and live animals.....	8.8	9.2	12.4	+35
Beverages and tobacco.....	0.9	1.1	1.3	+18
Crude materials, except fuels	7.7	9.8	13.1	+34
Mineral fuels, lubricants and related materials.....	1.6	2.5	3.6	+44
Oils and fats--animal and vegetable.....	0.7	0.9	1.1	+22
Chemicals and related products.....	5.8	8.0	10.5	+31
Manufactured goods classified by material.....	5.9	7.7	11.3	+47
Machinery and transport equipment.....	28.2	34.7	41.3	+19
Miscellaneous manufactured articles.....	4.9	6.0	8.5	+42
Commodities and transactions not classified elsewhere.....	2.3	4.0	4.5	+13

Source: U.S. Department of Commerce, FT 990

Table 3

## ANNUAL VALUE OF U.S. EXPORTS, IMPORTS AND MERCHANDISE BALANCE, 1970-1979

(Billions of dollars)

	<u>Exports</u> (f.a.s.)	<u>Imports</u> (f.a.s.)	<u>Balance</u> (f.a.s.)	<u>Imports</u> (c.i.f.)	<u>Balance</u> (Exports f.a.s.; Imports c.i.f.)
1970	42.7	40.1	2.6	42.6	A*
1971	43.6	45.8	- 2.2	48.6	- 5.0
1972	49.2	55.9	- 6.7	59.2	-10.0
1973	70.9	69.8	1.0	73.9	- 3.1
1974	98.0	100.5	- 2.7	108.4	-10.4
1975	107.6	96.6	11.0	103.8	3.7
1976	115.2	121.0	- 5.9	129.9	-14.7
1977	121.2	147.7	-26.5	157.6	-36.4
1978	143.6	172.0	-28.5	183.1	-39.6
1979	181.8	206.3	-24.5	218.9	-37.1

A\* less than \$500 million

Source: U.S. Department of Commerce, Overseas Business Report, FT 990 December 1979