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EC-US TRADE RELATIONS

1. EC¹

During the first 9 months of 1979, the Community had a trade deficit of \$20.2 billion as opposed to \$4.8 billion in the corresponding period of 1978. The bilateral trade deficit with the United States was \$9 billion, almost double the deficit of \$4.7 billion recorded during the first 9 months of 1978, and considerably above the previous record annual deficit of \$7.3 billion in 1976.

The widening of the EC-US trade gap in 1979 was due to several factors including the dollar depreciation, the slow-down of the US economy and increased European imports of capital equipment, particularly in connection with the development of North Sea oil. It was not due to any increase in the US surplus on agricultural trade with the EC which has remained steady at just over \$5 billion for several years (the surplus for the first 9 months of 1979 was only \$3.7 billion).

The EC's trade balances with other industrialised countries (EFTA, Japan, Canada) remained relatively stable in 1979.

	<u>World</u>	<u>United States</u>	
	<u>1978 (9 m.)</u>	<u>1979 (9 m.)</u>	<u>1978 (9 m.)</u>
EC Imports	162.6	210.4	25.8
EC Exports	157.8	190.2	21.1
Balance	- 4.8	- 20.2	- 4.7
			- 9.0

2. US¹

According to preliminary figures released by the US Department of Commerce, the overall US trade deficit in 1979 came to \$24.7 billion as opposed to \$28.4 billion in 1978.

The bilateral balances with the other major industrialised powers all moved in favour of the US. During the first 9 months of 1979, the US deficit with Canada was \$3.3 billion as opposed to \$3.9 billion during the equivalent period of 1978, the deficit with Japan was \$6.6 billion as opposed to \$9.3 billion, while the surplus with the EC rose to \$5.9 billion as opposed to \$1.3 billion. At the same time, the US deficit with the LDC's dropped from \$14.3 billion during the first 9 months of 1978 to \$20.2 billion during the same period in 1979, largely due to increased deficits with the oil producers.

¹EC figures are on a FOB (exports) - CIF (imports) basis,
US figures on a FOB - CIF basis.