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## U.S. - EC TRADE DEVELOPMENTS IN 1978

The European Community remains the U.S.'s biggest export market, according to the most recent figures made available by the U.S. Department of Commerce. In 1978, the nine European Community nations took 22% of all U.S. exports (over \$32 billion). U.S. imports from the European Community last year amounted to \$29 billion, giving the U.S. an overall 1978 trade surplus with the EC of \$3 billion. In contrast, U.S. trade with Canada and Japan in the same period showed overall deficits of \$5.2 billion and \$11.6 billion.

Following the Congressional approval of the Trade Agreements Act (1979), this background paper sets out a summary of U.S.-EC trade developments during 1978, the last period for which figures are available.

It shows, among other things, that U.S. agricultural exports to the European Community reached a record \$7,176 million and that the U.S. agricultural trade surplus with the EC reached \$5,278 million.

U.S. agricultural exports to the European Community reached \$7.2 billion in 1978, an increase of 8% over 1977, and the U.S. agricultural trade surplus with the European Community was a record \$5.3 billion. In non-agricultural products, U.S. exports to the EC were 26% up on last year, but in this sector the U.S. continues to run a trade deficit with the EC (\$ 2.9 billion in 1978).

The Community contributed 16.9 per cent of U.S. imports, the second year of moderate increases following the period 1970-1976 when its share fell from 23.1 per cent to 14.8 per cent.

Regarding trade with the individual member states, the U.K. and the Federal Republic of Germany both accounted for 22 per cent of U.S. exports to the EC while Germany and the U.K. accounted for 34 per cent and 22 per cent respectively of U.S. imports from that region in 1978.

U.S. TRADE WITH THE EC BY MEMBER STATE 1978

The table gives a detailed breakdown of U.S. trade with each member state. Germany was edged out of its position as chief market for U.S. exports to the EC during 1978. The U.K. now ranks first with both countries accounting for approximately 22 per cent of U.S. exports.

On the import side, Germany continued to be the main EC supplier of the goods to the U.S. with 34 per cent. The U.K. was in second place with 22 per cent. The following table summarizes the rankings for all the member states in their trade with the U.S. in 1978.

RANKING OF MEMBER STATES' TRADE WITH THE U.S.  
(\$ million)

Rank	U.S. Exports To			U.S. Imports From		
	Country	Value	%	Country	Value	%
1	U.K.	7,119	22	Germany	9,961	34
2	Germany	6,957	22	U.K.	6,513	22
3	Netherlands	5,683	18	Italy	4,103	14
4	France	4,116	13	France	4,054	14
5	Bel-Lux	3,653	11	Bel-Lux	1,762	6
6	Italy	3,360	10	Netherlands	1,603	6
7	Denmark	585	2	Denmark	694	2
8	Ireland	527	2	Ireland	320	1

Source: Commerce Department FT 990

ORIGINS OF U.S. IMPORTS

The EC share of U.S. imports increased from 15 per cent to 17 per cent in 1978 to a total of \$29 billion. This increase reverses the declining trend experienced from 1970 to 1976 when the EC share fell from 23 per cent to 15 per cent.

The Japanese and East Asian Shares also increased slightly (+1%) to 14 per cent and 11 per cent respectively while Africa's share increased from 3 per cent to 5 per cent. Canada, the U.S.'s leading supplier fell 1 per cent to 19 per cent and OPEC's share declined 4 per cent to 18 per cent.

DESTINATION OF U.S. EXPORTS

As mentioned, the EC remains the largest buyer of U.S. goods, accounting for 22 per cent of exports in 1978. This share has been fairly constant since 1974 and, in 1978, represented a value of over \$32 billion.

Canada, the second largest purchaser of U.S. exports, registered a 1 per cent decline to 20 per cent in 1978. The share of OPEC (12 per cent) and Japan (9 per cent) remained constant from the previous year while East Asia and Latin America both experienced increases of 1 per cent to reach 9 per cent and 11 per cent respectively.

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TABLE I

Source: U.S. Department of Commerce,  
FT 990, Tables E-3, I-6

TREND OF U.S. TRADE WITH THE EC 1970-1978  
(Millions of dollars, f.a.s. value basis)

	<u>U.S. Imports from EC</u>	<u>% of Total U.S. Imports</u>	<u>U.S. Exports to EC*</u>	<u>% of Total U.S. Exports</u>	<u>BALANCE</u>
<u>EC (6 countries), + U.K., Ireland, Denmark</u>					
1970	9,222	23.1%	11,299	26.1%	+2,077
1971	10,431	22.9%	11,141	25.2%	+710
1972	12,480	22.5%	11,900	23.9%	-589
<u>EC (9 countries)</u>					
1973	15,605	22.5%	16,745	23.5%	+1,140
1974	19,035	19.0%	22,068	22.4%	+3,033
1975	16,610	17.3%	22,865	21.3%	+6,255
1976	17,844	14.8%	25,409	22.1%	+7,558
1977	22,209	15.0%	27,092	22.3%	+4,883
1978	29,009	16.9%	32,051	22.3%	+3,042

\* Exports include both domestic and foreign merchandise

Sources: FT 990, Dec. 1978, Dec. 1977,  
U.S. Department of Commerce

U.S. EXPORTS TO THE EC AND TO ALL DESTINATIONS  
(Millions of dollars, f.a.s. value basis)

Product	Total Exports		Exports to EC		Exports to EC as % of total	
	1977	1978	1977	1978	1977	1978
Grand total...	117,963	141,154	25,864	31,354	22%	22%
Agricultural commodities...	23,671	29,407	6,626	7,176	28%	24%
Nonagricultural commodities...	94,292	111,747	19,238	24,177	20%	22%
<u>Food and live animals</u> .....	14,103	18,333	3,479	3,406	25%	19%
<u>Beverages and tobacco</u> .....	1,847	2,293	547	836	30%	36%
<u>Crude materials, except fuels (inedible)</u> ....	12,815	15,553	4,159	4,769	32%	31%
<u>Mineral fuels, lubricants and related materials</u> .....	4,179	3,878	883	757	21%	20%
<u>Oils &amp; fats -- animal, vegetable</u> ..	1,341	1,521	226	209	17%	14%
<u>Chemicals &amp; related products</u> .....	10,827	12,618	2,926	3,554	27%	28%
<u>Manufactured goods classified chiefly by material</u> .....	11,270	12,466	2,212	2,513	20%	20%
<u>Machinery &amp; Transport equipment</u> .....	51,037	59,270	8,771	10,979	17%	19%
<u>Misc. manufactured goods</u> .....	7,321	10,191	2,095	2,946	29%	29%
<u>Commodities &amp; transactions not classified elsewhere</u> .....	3,224	5,030	168	1,024	5%	20%

U.S. IMPORTS FROM THE E.C. AND FROM ALL ORIGINS

(Millions of dollars, f.a.s. value basis)

Product	Total Imports		Imports from EC		Imports from EC as % of total	
	1977	1978	1977	1978	1977	1978
Grand total	146,817	172,026	22,087	29,009	15%	17%
Agricultural commodities	13,538	14,961	1,377	1,898	10%	13%
Nonagricultural commodities	133,278	157,065	20,710	27,112	16%	17%
<u>Food and live animals</u>	12,490	13,521	812	980	7%	7%
<u>Beverages and tobacco</u>	1,663	2,221	886	1,336	53%	60%
<u>Crude materials, except fuels (inedible)</u>	7,944	9,334	335	407	4%	4%
<u>Mineral fuels, lubricants and related materials</u>	44,287	42,105	1,343	1,499	3%	4%
<u>Oils and fats -- animal and vegetable</u>	538	511	31	36	6%	7%
<u>Chemicals and related products</u>	5,432	6,427	2,188	2,787	40%	43%
<u>Manufactured goods classified chiefly by material</u>	21,414	27,237	4,794	6,144	22%	23%
<u>Machinery and transport equipment</u>	35,494	47,626	8,205	11,106	23%	23%
<u>Miscellaneous manufactured articles</u>	14,864	19,062	2,883	3,952	19%	21%
<u>Commodities and transactions not classified elsewhere</u>	2,692	3,981	610	763	23%	19%

## ERRATUM

European Community News No 27/1979 gave an extract from a statement by George S. Vest, Assistant Secretary of State for European Affairs, before the House Foreign Affairs Subcommittee on Europe and the Mideast on Thursday, July 12.

In the summary of his answers to questions on the European Monetary System, the last sentence of the final paragraph should have read: " I think it helped that the British were ready to go into it [EMS] to the extent that they did".

