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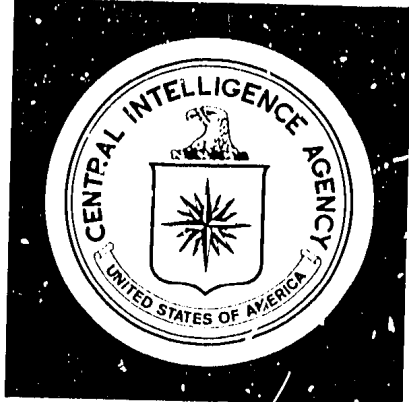
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Economic Intelligence Weekly

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CIA No. 7927/74
21 February 1974

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

Note: Comments and queries regarding this publication are welcomed.

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ECONOMIC INTELLIGENCE WEEKLY

Articles

EC TRADE BALANCE DETERIORATING

Total trade of the European Community increased last year to about \$400 billion, with the balance shifting from a slight surplus to a \$2.7 billion deficit. West Germany registered another record surplus, which was more than offset by large deficits in the United Kingdom, Italy, and Denmark. The other EC countries had small imbalances that roughly netted out.

West Germany – The record 45% jump in West German export earnings in 1973 resulted from an 18% rise in volume and a 23% increase in dollar prices. Because Bonn's anti-inflationary policies curbed domestic demand, West German industry was better able to meet the booming foreign demand for investment goods. Moreover, German producers protected their competitive edge by holding mark export prices practically constant despite a 9% rise in domestic industrial prices. A rise of only 8% in import volume allowed the trade surplus to reach an extraordinary \$13 billion.

Changes in EC Trade Positions

| | Trade | | | | | Oil Price Impact on 1974 Balance ¹ | Reserves 1973 End of Year |
|--------------------|-----------------|---------------------|---------------------|-------------------|------|---|---------------------------------|
| | 1972 Balance | 1973 | | Balance | | | |
| | | Exports (f.o.b.) | Imports (c.i.f.) | | | | |
| Total | +0.8 | 201.2 | 203.9 | -2.7 | -27½ | 68.3 | |
| West Germany | +6.4 | 67.8 | 54.5 | +13.3 | -7 | 33.1 | |
| France | -0.8 | 36.8 | 37.4 | -0.6 | -5½ | 8.5 | |
| Italy | -0.7 | 21.7 ² | 26.9 ² | -5.2 ² | -5 | 6.4 | |
| United Kingdom | -3.5 | 28.5 | 37.5 | -9.0 | -5½ | 6.5 | |
| Netherlands | +0.1 | 23.9 ² | 23.5 ² | +0.4 ² | -2 | 6.5 | |
| Denmark | -0.7 | 6.1 | 7.7 | -1.6 | -1 | 1.3 | |
| Belgium-Luxembourg | +0.5 | 14.2 ² | 13.6 ² | +0.6 ² | -1½ | 5.0 | |
| Ireland | -0.5 | 2.2 ² | 2.8 ² | -0.6 ² | -¼ | 1.0 | |

1. Assuming import volume at 6% below 1973 level and c.i.f. prices of \$10 per barrel for Persian Gulf oil and \$11 per barrel for Libyan, Nigerian, and Venezuelan oil.

2. Estimates for 1973 based on partial-year data.

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Trade Trends, 1973

| | Index (1972=100) | | | | | | |
|----------------|--------------------|---------|---------|---------|---------------------|---------|----------------------|
| | Value ¹ | | Volume | | Prices ¹ | | Terms of Trade |
| | Exports | Imports | Exports | Imports | Exports | Imports | |
| West Germany | 145 | 135 | 118 | 108 | 123 | 125 | 98 |
| France | 139 | 140 | 109 | 110 | 128 | 127 | 101 |
| Italy | 117 | 132 | 101 | 102 | 116 | 130 | 89 |
| United Kingdom | 118 | 134 | 105 | 108 | 112 | 124 | 89 |
| Netherlands | 142 | 139 | 116 | 111 | 122 | 125 | 98 |

1. Indexes computed in dollar terms.

United Kingdom -- Largely because of an 11% deterioration in terms of trade, the British trade deficit soared from \$3.5 billion to \$9.0 billion. Import prices rose 24%, while unit costs of fuels, raw materials, and food -- the United Kingdom's major imports -- increased by 40%. Export prices for British manufactured goods went up only 15%.

Italy -- Because of a 30% increase in import prices compared with a 16% rise in export prices, the trade deficit grew by \$4.5 billion. Widespread strikes early in the year also depressed export earnings.

Denmark -- A \$900 million worsening in the trade deficit was caused by removal of the surcharge that had hampered import demand in 1972 and by deteriorating terms of trade.

The outlook for EC trade balances this year is bleak; the combined oil import bill will increase by an estimated \$27.5 billion. West Germany is in the strongest position of any European country because it holds nearly half of the Community's foreign reserves and starts with the advantage of a huge trade surplus. Other countries -- the United Kingdom and Italy, in particular -- will be hard pressed by the further deterioration in their trade balances, caused by higher oil prices. To protect their reserves, some countries are borrowing on a large scale in foreign capital markets and arranging barter deals with oil producers.

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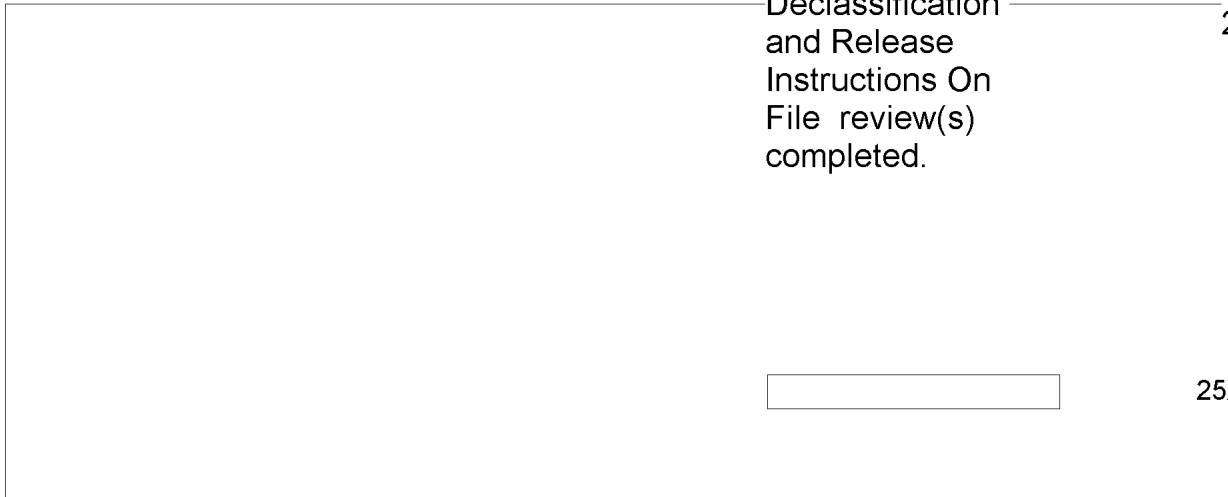
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STRONG EXPORT DEMAND FOR US WHEAT CONTINUES

Export pressure on the scanty supplies of US wheat still available for delivery by 1 July has pushed prices to a new high.

As of 3 February, export commitments for FY 1974 delivery of US wheat, plus shipments since 1 July 1973, totaled 32 million tons. USDA had forecast exports of 32.7 million tons for FY 1974.



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Reflecting the high demand, Kansas City spot prices for wheat have risen sharply from \$5.45 a bushel on 4 February to a seasonal high of \$6.12 a bushel on 15 February. On the same day, March futures reached a historic high of \$6.34 a bushel.

These high prices may not check export demand, in view of the following factors:

- EC countries have practically stopped exporting wheat because of the high prices for imported corn needed to replace the wheat.
- Other major exporters – Canada, Argentina, and Australia – are largely booked through June.
- World carryover stocks of wheat by 1 July will be the lowest since 1947.

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- Some Middle Eastern countries are stockpiling wheat.
- Importing countries fear that the United States will place export controls on wheat.
- Importers fear that fertilizer shortages may push wheat prices even higher next year.

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PARIS CLUB CONSIDERS RENEGOTIATION OF CHILEAN DEBTS

Chile's major Western creditors -- the Paris Club -- are meeting to consider Santiago's request to reschedule 95% of its \$641 million current obligation to the group. The Club holds \$2.2 billion, or two-thirds, of Chile's foreign debts. In 1972, Chile rescheduled \$426 million of Paris Club debt.

The attitude of the creditors toward the new government -- generally hostile after the September coup -- has improved. They have been impressed by Chile's economic recovery efforts, successful negotiation for standby IMF

Chile: Debt to Paris Club Members¹

| | Million US \$ | |
|----------------|-----------------|-----------------|
| | Yearend 1971 | Yearend 1972 |
| Total | 2,060 | 2,145 |
| United States | 1,306 | 1,324 |
| United Kingdom | 201 | 210 |
| West Germany | 143 | 148 |
| France | 89 | 107 |
| Italy | 88 | 100 |
| Spain | 62 | 73 |
| Japan | 63 | 65 |
| Canada | 26 | 26 |
| Switzerland | 26 | 26 |
| Netherlands | 20 | 25 |
| Belgium | 16 | 17 |
| Sweden | 9 | 10 |
| Denmark | 6 | 6 |
| Other | 5 | 8 |

1. The debt of \$2,159 million at yearend 1973 cannot be distributed by creditor.

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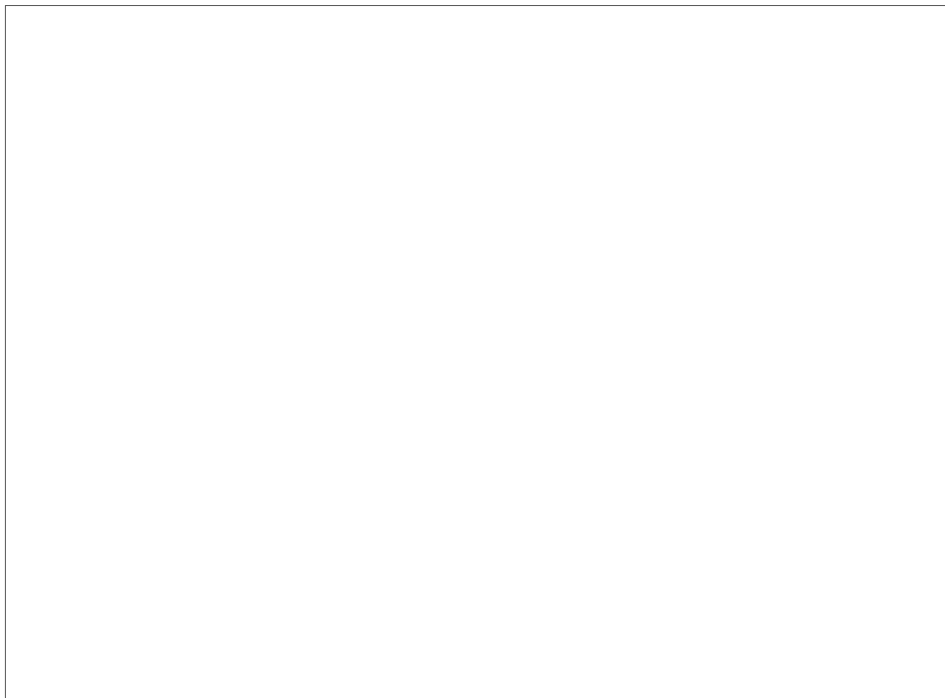
credit, progress in arranging compensation for nationalized industries, and renegotiation of its 1971/72 US debt. Moreover, Chilean officials have conducted extensive bilateral discussions during the past few weeks and may have reached some understandings with Bonn, Paris, London, and Madrid. Nevertheless, political factors continue to cloud European relations with the Chilean junta.

Chile: External Debt Service Payments

| | Million US \$ | | | | | |
|---------------------------|----------------------|------------------------------|-------|-------------------------------|-------|-------|
| | Paris Club Countries | | | International Institutions | Other | Total |
| | United States | Other Member Countries | Total | | | |
| 1973 | | | | | | |
| Debt service payments due | 240.2 | 213.9 | 454.1 | 29.7 | 34.4 | 518.2 |
| Estimated payments | 37.6 | 78.8 | 116.4 | 21.7 | 22.3 | 160.4 |
| Debt relief | 202.6 | 135.1 | 337.7 | 8.0 | 12.1 | 357.8 |
| 1974 | | | | | | |
| Debt service payments due | 314.9 | 326.1 | 641.0 | 39.3 | 61.9 | 742.2 |
| Carried over from 1973 | 170.2 ¹ | 135.1 | 305.3 | 8.0 | 12.1 | 325.4 |
| Falling due in 1974 | 144.7 | 191.0 | 335.7 | 31.3 | 49.8 | 416.8 |

1. Excluding \$32.4 million previously renegotiated with US banks.

Despite political misgivings, all Paris Club members except Italy are attending the meetings, and all generally favor a settlement.



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SECRET**US-EAST GERMAN TRADE:
STANDING BY FOR RECOGNITION***

US trade with East Germany -- the most highly industrialized of the East European countries -- has doubled since 1970, reaching \$100 million in 1973. Once diplomatic relations are established, trade should rise to a level more consistent with East Germany's economic status.

| | Million US \$ | | | |
|-------------|---------------|------------|------------|------------|
| | Total | US Exports | US Imports | US Balance |
| 1965 | 12.7 | 6.7 | 7.0 | -0.3 |
| 1970 | 49.3 | 40.2 | 9.1 | 31.1 |
| 1971 | 74.0 | 64.5 | 9.5 | 55.0 |
| 1972 | 78.2 | 69.5 | 8.7 | 60.8 |
| 1973 (est.) | 100.0 | 91.0 | 9.0 | 82.0 |

Source: East German data, except for 1973.

Agricultural commodities -- soybean meal, corn, and wheat -- accounted for 90% of US sales to East Germany in 1973. The most important US imports were printing, textile, and photographic equipment, products that the GDR markets successfully in the West. US-GDR trade should increase slightly in 1974 since demand for feeds needed to support the GDR's high-priority livestock program is expected to remain strong.

US companies have been trying to expand non-agricultural exports. In 1973, for example, GM proposed a joint project involving automobile production, and several firms were negotiating for contracts to expand the large oil refinery at Schwedt. East Germany thus far has held US firms at arm's length, announcing that trade and joint ventures with the United States can expand rapidly once diplomatic recognition is granted and trade barriers are reduced.

The GDR has already turned to the West to fill growing needs for advanced machinery, chemicals, and metals not available in the Communist world. The GDR in turn has the greatest potential in Eastern Europe for expanding sales to the West -- particularly of fertilizers, plastics, chemicals, optical equipment, and consumer manufactures ranging from clothing to toys.

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* This is the sixth in a series of articles on current developments and prospects for US economic relations with the East European countries.

SECRET**Notes****Peru to Compensate US Firms**

Peru has agreed to pay \$150 million compensation for US firms nationalized since 1968. Initial claims of the firms amounted to \$300 million, while Peru valued the property at about \$70 million. On Tuesday, Lima paid \$74 million directly to five companies, \$58 million to Cerro de Pasco Corporation alone. The remaining \$76 million will be paid in a lump sum to the US Government for distribution in one year among 12 claimants, including Cerro, Morrison Knudsen, Standard Oil of California, W.R. Grace, and five fishing companies.

[redacted] Peruvian officials hope that the settlement will pave the way for renewed Ex-Im Bank credits and private financing to its mining industry.

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Soviets Shop for Service Station Equipment

The USSR is interested in buying the equipment for 500 to 1,000 service stations from the United States during 1974 to help meet its 1975 auto services plan. A group of five US service equipment firms is proposing to equip stations on main routes connecting Moscow, Leningrad, and Kiev. The \$50 million to \$100 million deal, if followed through, would be a major shot in the arm for the harassed Soviet car owner. The USSR urgently needs to expand services for the 5 million cars expected by the end of 1975.

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China Seeks US Roller Bearings Plant

China has requested Rollway Bearing Company of Syracuse, New York, to submit a proposal for a turnkey plant for the manufacture of roller bearings. The Chinese want the latest automated equipment in the plant, which will cost between \$15 million and \$20 million. Plans call for a capacity of more than 1 million bearings annually, to be used in railway equipment, machine tools, and electric motors. In 1972, China imported roller and ball bearings valued at nearly \$14 million.

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SECRET**Publications of Interest****Chinese Economic Prospects for 1974-75**

(CIA ER IM 74-1, February 1974, [redacted])

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In 1974 and 1975, the last two years of the Fourth Five-Year Plan, the Chinese economy will move forward at a moderate pace, forging closer ties with the United States, Japan, and Western Europe. China will be drawing still farther ahead of other major LDCs such as India, Pakistan, and Indonesia. At the same time, the PRC may not be closing the gap with the fast-moving high-technology nations. This memorandum includes a table with extensive unclassified data on the Chinese economy in 1952 and 1957-73.

India: Import Policies and Practices

(CIA ER RP 74-3, February 1974, [redacted])

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To preserve scarce foreign exchange and encourage domestic production, India has maintained rigid controls over imports. New Delhi has been generally successful in reducing dependence on imports and shifting the composition of imports from finished manufactures to raw materials and components. In the process, import controls have fostered a corrupt bureaucracy, retarded industrial growth, and postponed essential imports in the face of rising world prices.

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DOMESTIC ECONOMIC INDICATORS

GNP*

Constant Market Prices

| | Latest Quarter | Percent Change from Previous | | Average Annual Growth Rate Since | | |
|----------------|----------------|------------------------------|------|----------------------------------|------------------|--|
| | | Quarter | 1970 | 1 Year Earlier | 3 Months Earlier | |
| United States | 73 IV | 0.3 | 4.7 | 4.0 | 1.3 | |
| Japan | 73 III | 0.5 | 8.5 | 10.0 | 2.0 | |
| West Germany | 73 III | 0.1 | 3.3 | 5.3 | 0.5 | |
| France | 73 II | 0.7 | 6.2 | 8.7 | 2.9 | |
| 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 III | 0.4 | 5.7 | 6.9 | 1.7 | |

WHOLESALE PRICES

Industrial

| | Latest Month | Percent Change from Previous | | Average Annual Growth Rate Since | | |
|----------------|--------------|------------------------------|------|----------------------------------|------------------|--|
| | | Month | 1970 | 1 Year Earlier | 3 Months Earlier | |
| United States | Jan 74 | 2.5 | 7.2 | 17.3 | 38.9 | |
| Japan | Jan 74 | 5.5 | 10.4 | 34.0 | 84.8 | |
| West Germany | Dec 73 | 0.9 | 5.3 | 8.8 | 11.0 | |
| France | Dec 73 | 2.7 | 9.2 | 20.9 | 37.3 | |
| United Kingdom | Dec 73 | 1.2 | 8.0 | 10.2 | 15.8 | |
| Italy | Nov 73 | 1.6 | 9.0 | 21.1 | 17.5 | |
| Canada | Nov 73 | 1.8 | 8.5 | 18.4 | 23.3 | |

INDUSTRIAL PRODUCTION*

| | Latest Month | Percent Change from Previous | | Average Annual Growth Rate Since | | |
|----------------|--------------|------------------------------|------|----------------------------------|--------------------|--|
| | | Month | 1970 | 1 Year Earlier | 3 Months Earlier** | |
| United States | Dec 73 | -0.2 | 5.6 | 5.4 | 1.3 | |
| Japan | Dec 73 | -2.0 | 8.7 | 11.9 | 13.3 | |
| West Germany | Oct 73 | -1.1 | 3.8 | 6.5 | 7.7 | |
| France | Dec 73 | -4.4 | 5.7 | 2.1 | 0 | |
| United Kingdom | Dec 73 | -4.1 | 2.1 | -1.0 | -5.0 | |
| Italy | Dec 73 | -7.5 | 4.4 | 12.8 | 22.3 | |
| Canada | Oct 73 | 1.8 | 6.4 | 7.5 | -4.4 | |

CONSUMER PRICES

| | Latest Month | Percent Change from Previous | | Average Annual Growth Rate Since | | |
|----------------|--------------|------------------------------|------|----------------------------------|--------------------|--|
| | | Month | 1970 | 1 Year Earlier | 3 Months Earlier** | |
| United States | Dec 73 | 0.7 | 5.2 | 8.9 | 9 | |
| Japan | Dec 73 | 3.6 | 9.1 | 19.1 | 21.3 | |
| West Germany | Dec 73 | 0.9 | 6.2 | 7.9 | 12.4 | |
| France | Dec 73 | 0.6 | 6.7 | 8.5 | 10.9 | |
| United Kingdom | Jan 74 | 1.9 | 9.3 | 12.0 | 14.5 | |
| Italy | Dec 73 | 1.4 | 7.7 | 12.5 | 14.5 | |
| Canada | Dec 73 | 0.6 | 5.6 | 9.1 | 6.7 | |

RETAIL SALES*

Current Prices

| | Latest Month | Percent Change from Previous | | Average Annual Growth Rate Since | | |
|----------------|--------------|------------------------------|------|----------------------------------|--------------------|--|
| | | Month | 1970 | 1 Year Earlier | 3 Months Earlier** | |
| United States | Jan 74 | 2.5 | 10.4 | 5.9 | 0.8 | |
| Japan | Sep 73 | 4.8 | 13.9 | 25.3 | 28.0 | |
| West Germany | Oct 73 | 4.1 | 9.1 | 9.2 | 1.2 | |
| France | Nov 73 | -2.4 | 5.6 | 15.2 | 20.1 | |
| United Kingdom | Nov 73 | 0.7 | 12.1 | 14.8 | 21.9 | |
| Italy | Aug 73 | 8.7 | 12.4 | 19.0 | 5.0 | |
| Canada | Nov 73 | 0.3 | 10.1 | 10.5 | 8.0 | |

MONEY SUPPLY*

| | Latest Month | Percent Change from Previous | | Average Annual Growth Rate Since | | |
|----------------|--------------|------------------------------|------|----------------------------------|--------------------|--|
| | | Month | 1970 | 1 Year Earlier | 3 Months Earlier** | |
| United States | Jan 74 | -0.5 | 7.2 | 5.4 | 7.9 | |
| Japan | Oct 73 | -0.1 | 18.2 | 22.7 | 15.0 | |
| West Germany | Nov 73 | 2.5 | 8.9 | 4.4 | -1.6 | |
| France | Nov 73 | -0.6 | 1.9 | 5.2 | 7.2 | |
| United Kingdom | Dec 73 | -0.2 | 9.6 | 3.8 | -8.9 | |
| Italy | Aug 73 | 1.1 | 20.8 | 23.4 | 28.5 | |
| Canada | Dec 73 | 3.0 | 13.0 | 11.7 | 2.9 | |

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 | 8 Feb | 8.13 | 5.88 | 7.75 |
| Japan | Call money | 1 Feb | 12.00 | 5.12 | 8.75 |
| West Germany | Interbank loans (3 Months) | 8 Feb | 11.00 | 8.00 | 14.00 |
| France | Call money | 8 Feb | 12.63 | 7.88 | 10.88 |
| United Kingdom | Local authority deposits | 8 Feb | 15.94 | 7.49 | 12.19 |
| Canada | Finance paper | 8 Feb | 1.63 | 5.25 | 9.00 |
| Euro-Dollars | Three-month deposits | 8 Feb | 8.44 | 7.75 | 9.19 |

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

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EXTERNAL ECONOMIC INDICATORS

EXPORTS*

f.o.b.

| | Latest Month | Cumulative | | | Percent Change |
|----------------|--------------|---------------|--------|--------|----------------|
| | | Million US \$ | | | |
| | | 1973 | 1972 | | |
| United States | Dec 73 | 0,930 | 70,790 | 49,221 | 43.8 |
| Japan | Jan 74 | 3,051 | 30,192 | 28,032 | 29.1 |
| West Germany | Dec 73 | 5,436 | 67,755 | 46,727 | 45.0 |
| France | Jan 74 | 3,468 | 36,036 | 26,398 | 39.5 |
| United Kingdom | Dec 73 | 2,384 | 28,481 | 22,875 | 24.4 |
| Italy | Nov 73 | 2,004 | 10,831 | 16,549 | 19.8 |
| Canada | Dec 73 | 2,206 | 24,829 | 20,175 | 23.1 |

EXPORT PRICES

US \$

| | Latest Month | Percent Change from Previous Month | | Average Annual Growth Rate Since | |
|----------------|--------------|------------------------------------|----------------|----------------------------------|-------|
| | | 1970 | 1 Year Earlier | 3 Months Earlier | |
| | | 1970 | 1 Year Earlier | 3 Months Earlier | |
| United States | Dec 73 | 4.1 | 10.3 | 26.7 | 44.7 |
| Japan | Oct 73 | 1.8 | 13.6 | 25.8 | 28.8 |
| West Germany | Nov 73 | -0.3 | 13.1 | 29.9 | -16.5 |
| France | Oct 73 | 2.2 | 15.8 | 31.8 | 20.5 |
| United Kingdom | Nov 73 | -0.6 | 8.9 | 18.6 | 2.3 |
| Italy | Sep 73 | 2.3 | 11.3 | 22.4 | 37.6 |
| Canada | Oct 73 | 1.7 | 7.9 | 19.5 | 30.8 |

IMPORTS*

f.o.b.

| | Latest Month | Cumulative | | | Percent Change |
|----------------|--------------|---------------|--------|--------|----------------|
| | | Million US \$ | | | |
| | | 1973 | 1972 | | |
| United States | Dec 73 | 5,990 | 69,076 | 55,553 | 24.3 |
| Japan | Jan 74 | 3,428 | 32,455 | 19,061 | 70.3 |
| West Germany | Dec 73 | 4,520 | 51,727 | 37,991 | 36.2 |
| France | Jan 74 | 3,568 | 35,428 | 25,268 | 40.2 |
| United Kingdom | Dec 73 | 3,154 | 33,946 | 24,827 | 37.8 |
| Italy | Nov 73 | 1,981 | 21,973 | 15,296 | 43.6 |
| Canada | Dec 73 | 2,189 | 23,341 | 18,835 | 23.9 |

EXPORT PRICES

National Currency

| | Latest Month | Percent Change from Previous Month | | Average Annual Growth Rate Since | |
|----------------|--------------|------------------------------------|----------------|----------------------------------|------|
| | | 1970 | 1 Year Earlier | 3 Months Earlier | |
| | | 1970 | 1 Year Earlier | 3 Months Earlier | |
| United States | Dec 73 | 4.1 | 10.3 | 26.7 | 44.7 |
| Japan | Oct 73 | 2.0 | 3.8 | 11.1 | 31.5 |
| West Germany | Nov 73 | 0.3 | 1.9 | 4.7 | 14.1 |
| France | Oct 73 | 1.8 | 6.6 | 10.7 | 34.9 |
| United Kingdom | Nov 73 | 1.4 | 9.0 | 16.4 | 20.5 |
| Italy | Sep 73 | 0.8 | 7.7 | 18.7 | 21.4 |
| Canada | Oct 73 | 1.7 | 6.7 | 21.3 | 30.3 |

TRADE BALANCE*

f.o.b./f.o.b.

| | Latest Month | Cumulative (Million US \$) | | | |
|----------------|--------------|----------------------------|--------|--------|--------|
| | | Million US \$ | | | |
| | | 1973 | 1972 | Change | |
| United States | Dec 73 | 940 | 1,714 | -6,332 | 8,046 |
| Japan | Jan 74 | 223 | 3,737 | 8,971 | -5,234 |
| West Germany | Dec 73 | 916 | 16,028 | 8,735 | 7,293 |
| France | Jan 74 | -100 | 1,408 | 1,129 | 278 |
| United Kingdom | Dec 73 | -770 | -5,485 | -1,751 | -3,734 |
| Italy | Nov 73 | 23 | -2,143 | 1,253 | -3,395 |
| Canada | Dec 73 | 17 | 1,487 | 1,340 | 147 |

IMPORT PRICES

National Currency

| | Latest Month | Percent Change from Previous Month | | Average Annual Growth Rate Since | |
|----------------|--------------|------------------------------------|----------------|----------------------------------|------|
| | | 1970 | 1 Year Earlier | 3 Months Earlier | |
| | | 1970 | 1 Year Earlier | 3 Months Earlier | |
| United States | Dec 73 | 4.7 | 13.5 | 32.5 | 65.3 |
| Japan | Oct 73 | 2.4 | 3.5 | 16.8 | 29.4 |
| West Germany | Nov 73 | 4.5 | 2.0 | 9.3 | 33.2 |
| France | Oct 73 | -1.5 | 5.3 | 14.3 | 35.2 |
| United Kingdom | Nov 73 | 4.2 | 15.1 | 38.3 | 52.1 |
| Italy | Sep 73 | 0 | 13.2 | 34.2 | 44.1 |
| Canada | Oct 73 | 1.0 | 5.5 | 13.9 | 9.2 |

BASIC BALANCE**

Current and Long-Term-Capital Transactions

| | Latest Period | Cumulative (Million US \$) | | | |
|----------------|---------------|----------------------------|--------|--------|---------|
| | | Million US \$ | | | |
| | | 1973 | 1972 | Change | |
| United States* | 73 III | 2,540 | 990 | -8,400 | 9,390 |
| Japan | Jan 74 | 675 | -9,770 | 2,137 | -11,907 |
| West Germany | Oct 73 | 925 | 3,445 | 3,867 | -421 |
| France | 73 II | 17 | -559 | -202 | -357 |
| United Kingdom | 73 III | -522 | -1,844 | -1,347 | -497 |
| Italy | 72 IV | 800 | N.A. | 2,983 | N.A. |
| Canada | 73 II | 93 | -151 | 434 | -585 |

EXCHANGE RATES

As of 15 Feb 74

| | Spot Rate | Percent Change from | | | |
|---------------------------------|-----------|---------------------|-------------|------------|------|
| | | 18 Dec 1971 | 19 Mar 1973 | 8 Feb 1974 | |
| | | 1971 | 1973 | 1974 | |
| Japan (Yen) | 0.0034 | 23.81 | 5.20 | -10.18 | 1.15 |
| West Germany (Deutsche Mark) | 0.3670 | 45.98 | 18.27 | 3.64 | 1.10 |
| France (Franc) | 0.2000 | -0.94 | 1.57 | -9.26 | 0.30 |
| United Kingdom (Pound Sterling) | 2.2770 | -18.40 | -12.61 | -7.48 | 1.88 |
| Italy (Lira) | 0.0015 | -4.56 | -11.16 | -13.67 | 0.86 |
| Canada (Dollar) | 1.0265 | 11.29 | 2.88 | 2.89 | 0.73 |

OFFICIAL RESERVES

| | Latest Month | Billion US \$ | | | |
|----------------|--------------|---------------|----------------|------------------|------|
| | | Billion US \$ | | | |
| | | 1970 | 1 Year Earlier | 3 Months Earlier | |
| United States | Dec 73 | 14.4 | 16.3 | 13.2 | 14.0 |
| Japan | Jan 74 | 11.8 | 4.1 | 17.9 | 14.0 |
| West Germany | Dec 73 | 33.1 | 8.8 | 23.8 | 35.3 |
| France | Jan 74 | 8.3 | 4.4 | 10.0 | 10.1 |
| United Kingdom | Jan 74 | 6.2 | 2.8 | 5.7 | 6.8 |
| Italy | Dec 73 | 6.4 | 4.7 | 6.1 | 6.5 |
| Canada | Jan 74 | 5.9 | 4.3 | 6.0 | 5.8 |

TRADE-WEIGHTED EXCHANGE RATES***

As of 15 Feb 74

| | Spot Rate | Percent Change from | | | |
|----------------|-----------|---------------------|-------------|------------|--|
| | | 18 Dec 1971 | 19 Mar 1973 | 8 Feb 1974 | |
| | | 1971 | 1973 | 1974 | |
| United States | -14.15 | -4.87 | 1.78 | -1.00 | |
| Japan | 14.55 | 0.88 | -10.97 | 0.79 | |
| West Germany | 29.27 | 12.40 | 7.41 | 0.03 | |
| France | -18.87 | -5.50 | -7.95 | -0.90 | |
| United Kingdom | -35.39 | -21.21 | -6.85 | 0.99 | |
| Italy | -21.65 | -20.38 | -13.53 | -0.04 | |
| Canada | 9.14 | 2.52 | 4.14 | 0.41 | |

*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.