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Economic Intelligence Weekly

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ECONOMIC INTELLIGENCE WEEKLY

13 November 1974

Overview

The World Economy continues to be buffeted from several directions. Industrial production in the seven major OECD countries, already below the August 1973 levels, slid further in September. Japanese production is 7% below 1973 levels, German output 5% below. In France a wave of strikes has combined with growing weakness in consumer and investment demand to cut back industrial growth.

Consumer Prices are still on the rise. Prices in the major Western industrial countries are averaging about 15% above year-earlier levels, with Japanese and Italian indexes up more than 20%. Prices in major LDCs in Asia are 35% higher than a year ago; inflation in Latin America, excluding Chile, is averaging about 20%. Rising labor costs promise to keep the inflation rolling. Despite little or no gain in productivity, labor unions are demanding catch-up pay hikes of 15% to 20%.

Concern Over Current Food Shortages dominated the first week's talk at the World Food Conference. With the Conference expected to settle into working

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sessions, the emphasis should shift to the long-run objectives of improving agricultural productivity, food security, sharing of data, and international trading arrangements. The USSR remains unwilling to commit itself to an exchange of trade data, which delegates consider an integral part of a cooperation effort. Meanwhile, world wheat and feedgrain stocks are estimated by USDA at five weeks' consumption, the lowest level since comprehensive records were initiated in 1960.

Little Progress Was Made in International Meetings last week toward raising prices of iron ore, bauxite, tin, and copper.

- Iron ore producers failed even to agree on forming an organization.

- The International Bauxite Association made no firm decisions in the important areas of pricing and taxation.

- The International Tin Council agreed only to resume discussion of raising support prices in January 1975.

- Copper producers meeting in Lima made no apparent progress on prices; the issue will be on the agenda of a Foreign Ministers' meeting next week.

The Price of Gold soared to a record level in London last week as speculation continued on the effects of private US ownership. The price was fixed at a new high of $183 per ounce on Friday afternoon but declined on rumors that private US ownership might be delayed beyond the end of the year.

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Articles

TRADE NEGOTIATIONS MEETING SET FOR JANUARY

The Tokyo round of multilateral trade negotiations will begin in earnest with the meeting of the Trade Negotiations Committee (TNC) in Geneva on 21 January. Originally scheduled for last month, the meeting has been delayed to allow time for passage of the US Trade Reform Act.

The Geneva session will be important in setting the tone for the negotiations, since US and EC negotiators presumably will enter with approved mandates. The conduct of the participants will reflect the urgency that the respective countries attach to the negotiations. The main task will be to make substantial progress on remaining procedural questions; including whether agricultural negotiations should be conducted separately or integrated with the tariff and non-tariff barriers discussions.

The EC Council is expected to ratify a Community negotiating position before the end of 1974, along the following lines:

- Higher tariff rates should be cut more than lower rates, with the reductions averaging 25% to 50%.

- Non-tariff barriers (NTBs) should be negotiated on a case-by-case basis, and the benefits should be confined to countries participating in the NTB negotiations where reductions go beyond existing GATT provisions.

- GATT Article XIX, which allows import restrictions in case of market disruption, should be retained but with some revision to allow more flexible application.

- Export restrictions should be subject to a general code of conduct, and agreements exchanging price or tariff concessions for guaranteed supplies should be negotiated on a case-by-case basis.

- Agriculture should be handled separately in the negotiations; an international framework for coordinating agricultural policies should be established; and international agreements covering milk, grains, and sugar should be concluded.

Note: Comments and queries regarding the ***Economic Intelligence Weekly*** are welcomed. 25X1

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These guidelines should be acceptable to EC members other than France. Paris prefers a more detailed set of instructions covering only tariffs, selected NTBs, and agriculture. Observers within the Community nonetheless doubt that the French will veto or delay adoption of the guidelines. Less is known of the Canadian and Japanese approaches to the negotiations.

Progress on the thorny issues of tariff harmonization and trade liberalization for agricultural commodities is likely to be slow. Canada and the United States have basic differences with the EC and Japan, which are striving to protect domestic producers while securing guaranteed access to foreign supplies. Wide differences remain on the procedure for negotiating tariff reductions. Canada has proposed sectoral negotiations rather than the across-the-board approach put forward by the United States and the EC. Early resolution of this question by working groups recently established in GATT is unlikely. 25X1

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WEST GERMANY: TIGHT POLICIES AGGRAVATE EUROPEAN TRADE DEFICITS

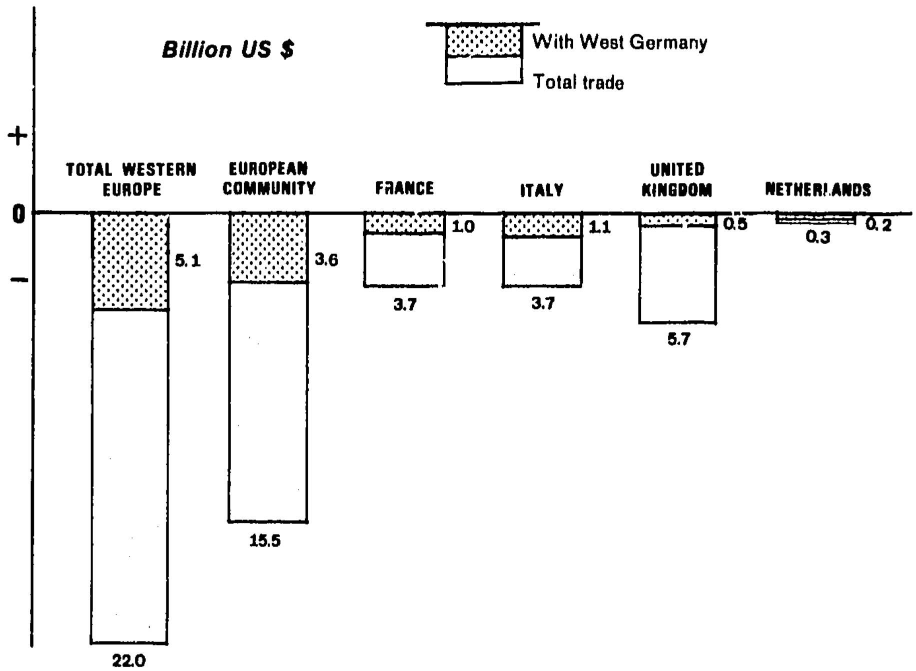
Bonn's decision in early 1973 to control inflation at the expense of growth has been adding to the monumental payments problems of its neighbors.

Other West European countries have seen a near doubling in their combined trade deficit with West Germany during January-August, compared with the same period last year. Trade with West Germany accounted for $5 billion of the $22 billion rise in the total deficit incurred by the rest of Europe in this period. Purchases of German industrial products, such as steel, paper, and machinery, rose markedly while sales of non-oil products to West Germany lagged far behind. The trade balance with the rest of the world, excluding oil producers, improved by about $5 billion.

The mounting surplus with Europe is tied directly to the impact of Bonn's austerity program on domestic demand, down 3% since early 1973. German import demand has stagnated in real terms.

In contrast, growth in most other West European countries continued at a rapid pace into early 1974, buoying demand for German products. German export sales to Western Europe were 39% higher in the first eight months of this year than in the comparable 1973 period. Volume change accounted for about one-third of the rise.

Changes in West European Trade Balances*
Jan-Aug 1974 Compared With Jan-Aug 1973



*Excluding West Germany.

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France and Italy have suffered the worst deterioration in trade balances with West Germany. These two countries' combined deficit increased $2.1 billion in January-August, which accounted for nearly one-third of the rise in their total deficits.

Because the economic slowdown has spread to much of Western Europe, the German trade surplus with neighboring countries has been narrowing in recent months. In July and August, it averaged $1.2 billion, compared with $1.5 billion during the first half. The total for the year will be about $15 billion.

West Germany: Trade with Other West European Countries

Million US $

	Jan-Aug 1973 Balance	Jan-Aug 1974 Balance	Jan-Aug 1974 Exports (f.o.b.)	Jan-Aug 1974 Imports (f.o.b.)
France	1,012	2,016	7,014 (27.6)[1]	4,998 (7.2)
Italy	234	1,317	4,912 (39.9)	3,595 (9.7)
United Kingdom	800	1,272	2,753 (39.9)	1,481 (25.3)
Belgium-Luxembourg	182	629	4,437 (29.1)	3,808 (15.9)
Netherlands	-385	-174	5,882 (32.8)	6,056 (25.4)
Total EC	2,338	5,897	26,463 (33.6)	20,566 (18.0)
Total Western Europe	6,200	11,289	35,594 (39.0)	24,305 (18.1)

1. Data in parentheses indicate percentage change over comparable period in 1973.

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WESTERN EUROPE: DARKENING SKIES FOR THE CIVIL AIRCRAFT INDUSTRY

Major manufacturers of civil aircraft in Western Europe – concentrated in France, the United Kingdom, West Germany, and the Netherlands – have been rocked by a new series of unfavorable developments:

- a flood tide of red ink in the financial reports of many international airlines, including several in Western Europe;

- cancellation by Iberia Airlines of its order for four of the consortium-built A-300 Airbuses; and

- Hawker-Siddeley's decision to halt development work on the new four-engine HS-146, 100-passenger feeder-line aircraft.

Rising fuel costs and lagging traffic have caused carriers to hold down their commitments for additional aircraft.

Both the Anglo-French Concorde and the Airbus are faltering. French support of the Concorde, formerly unwavering, was shaken when government officials mentioned a $90 million price for aircraft past the initial production run of 16. At the current $45 million price, which itself is triple the original estimate, only nine Concordes have been sold – all to the captive markets of Air France and British Airways. Iran, the only other potential customer in the near future, may buy two by the end of 1974.

Orders for the A-300 Airbus – a joint effort of France, United Kingdom, West Germany, the Netherlands, and Spain – have been slow. Delays in production schedules in 1969-70 allowed US manufacturers to get a two-year jump on deliveries of the competing wide-bodied McDonnell Douglas DC-10 and Lockheed L-1011. Sales to date of 23 aircraft are less than one-tenth of the estimated breakeven point of 250.

France has experienced a host of difficulties with other new aircraft, including the 150-passenger Mercure, the short-haul Falcon 30, and the Corvette executive jet. In the United Kingdom, the heavy costs of the Concorde have absorbed funds needed for the development of other aircraft. West Germany and the Netherlands, less involved in the major consortiums, have had some success with two short-range aircraft, the jointly manufactured F-28 and the new VFW Fokker 614.

The civil aircraft industry in Western Europe, more so than in the United States, is underpinned by the extensive military aircraft program. Thus the current debate about a new NATO fighter has enormous implications for the economic viability of the entire West European aerospace industry. [redacted] 25X1

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WORLD EDIBLE OIL PRICES TO REMAIN HIGH

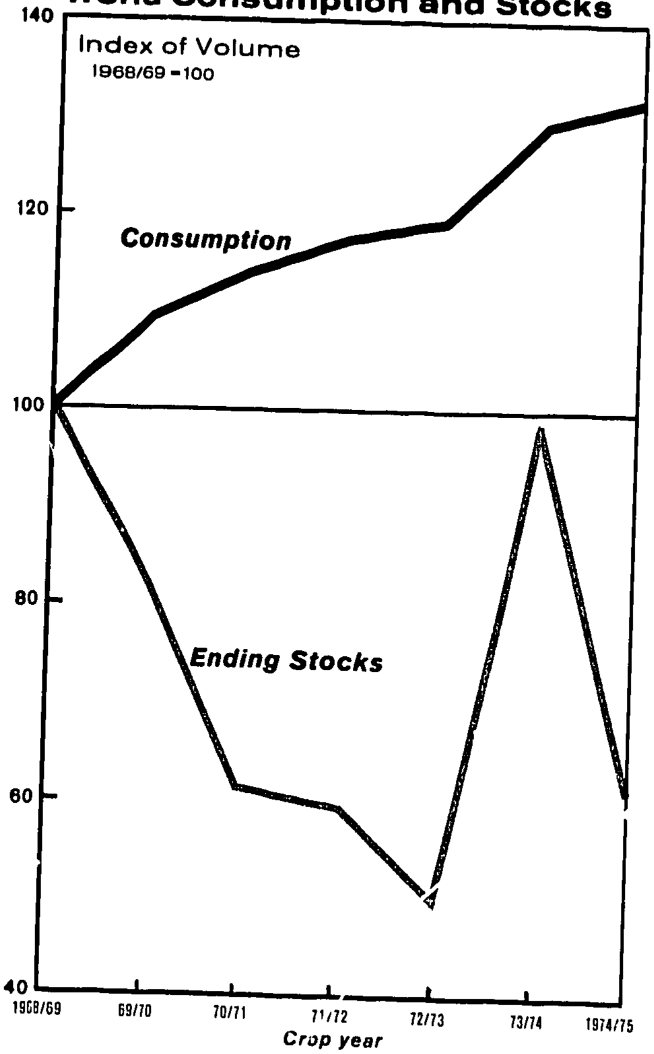
World prices of edible oil are expected to remain near record levels for at least another year.

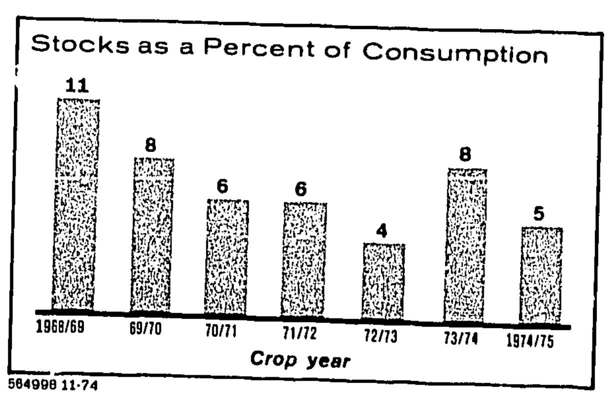
The price of US soybean oil—pacesetter for edible oil prices--has risen $210 above last year's peak level, to $950 per ton. Preferred substitutes, such as peanut and sunflower seed oil, are selling at even higher prices—about double prices in the fall of 1973.

Prices of edible oil have been soaring in the last two years because of

- accelerating demand in the face of a 2% decline in world production of edible oil in 1973;
- a drop in world oilseed stocks to rock-bottom levels in mid-1973, necessitating temporary US export controls;
- continuing limitations on sales of Brazilian soybean oil and Soviet sunflower seed oil, which have further cut export supplies; and

Major Oilseeds: World Consumption and Stocks





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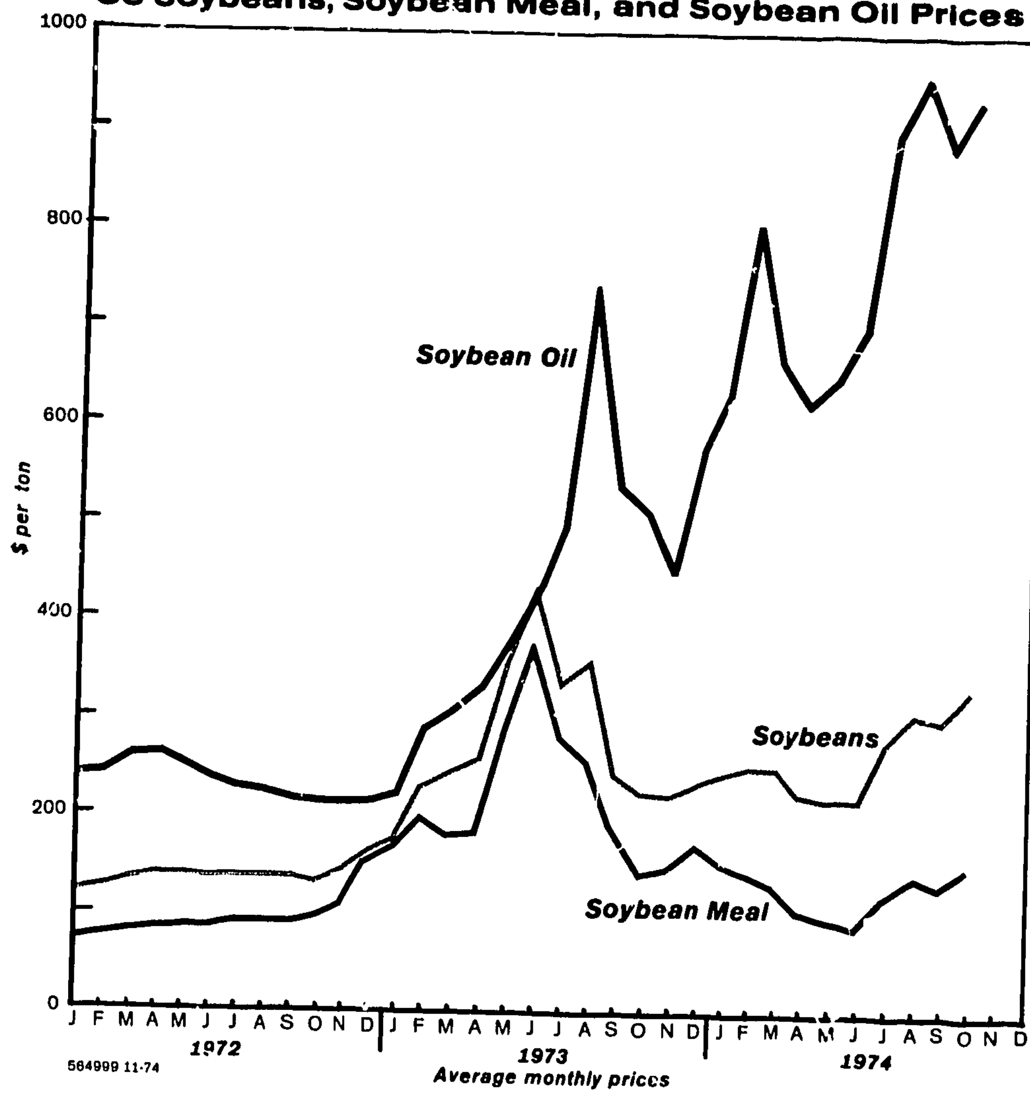
- the failure of oil production in 1974 to keep pace with current consumption and the need to rebuild stocks.

USDA projects world production of edible oil in 1975 at 45.5 million tons, a 1% decline from the 1974 level. A 20% drop in the current US soybean harvest—the source of one-fourth of world oil export supplies—is the major factor in this anticipated decline. Soviet sunflower seed and Indian peanut crops are also lower than last year's bumper crops. These declines should be partially offset by the good soybean harvest expected in Brazil next spring and higher output of Nigerian peanut, Philippine coconut, and Malaysian palm oils.

US Soybeans, Soybean Meal, and Soybean Oil Prices



World Edible Oils[1] : Production and Exports

Million Tons

	1972	1973	1974[2]	1975[3]
Production				
World	42.8	42.0	45.9	45.5
US	10.3	10.6	12.1	10.6
Foreign	32.5	31.4	33.8	34.9
Of which soybean	6.6	7.3	9.0	8.0
US	5.3	5.8	7.1	5.7
Foreign	1.3	1.5	1.9	2.3
Exports				
World	13.1	12.6	13.9	14.2
US	4.5	4.5	5.3	4.6
Foreign	8.6	8.1	8.6	9.6
Of which soybean	3.0	3.2	4.2	3.7
US	2.7	2.8	3.2	2.7
Foreign	0.3	0.4	1.0	1.0

1. Including the oil equivalent of oilseeds, animal fats, and marine oils. Oil production is estimated on the basis of average extraction rates and crushings. Exports include the oil equivalent of exported oil-bearing materials. Data refer to calendar years and are computed for the most part using oil-bearing materials produced in the fall of the previous year and the spring of the year stated.
2. Preliminary.
3. Forecast.

Continuing strong demand and the expected dip in oilseed production could reduce carryover stocks next fall nearly to the low point reached in 1973. The achievement of the meager 350,000-ton rise in export supplies of edible oil, forecast by USDA for 1974, depends on heavy drawdowns of exporters' stocks. If Brazil and the USSR continue to restrict sales, their stocks would be protected, possibly at the expense of further price hikes. Even if other countries loosen up on exports, the United States will have to cut into stocks to meet demand.

European consumers of high-priced edible oil have shown some buyer resistance, but overall demand has been buoyed by rising consumption in developing countries, particularly in the Middle East. Should the world economic slowdown become more pronounced, softening demand could reduce prices. Such a development is more likely, however, to merely keep prices from going higher.

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CIPEC: MORE TALKS ON ACTION TO SUPPORT COPPER PRICES

The search by the four-member Intergovernmental Council of Copper Exporting Countries (CIPEC) for a way to reverse the decline in world copper prices is not likely to succeed.

Faced with falling copper export earnings, Chile, Peru, Zaire, and Zambia will meet in Paris later this month to mull over various support schemes. Since last April, copper prices have plummeted about 60% because of depressed economic activity in industrial countries and sizable Japanese exports of refined copper. [redacted]

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An agreement by CIPEC to cut exports, together with a moratorium on new Japanese export licenses (as announced by Tokyo last week), would temporarily bolster prices. Nonetheless, growing copper stockpiles in CIPEC countries and possibly Japan would eventually exert downward pressure on prices.

Additional factors argue against successful sustained action by CIPEC. The member countries lack the financial resources to absorb a large loss in foreign exchange earnings. Furthermore, CIPEC countries are concerned about maintaining their share of Free World exports, already cut from 70% to 60% over the past seven years. [redacted]

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CANADA: FERTILIZER PLANS THREATENED

The ambitious expansion plans for Canadian output of nitrogen fertilizer will have to be cut back because of competing demands for natural gas. Many of the expansion projects involve US-owned facilities intended to provide important additional supplies for the US market. Canadian officials want much of the gas to be used in other petrochemical plants that would generate more employment and value-added.

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Most of the growth in fertilizer capacity is planned for Alberta – the leading producer of natural gas, which is used as feedstock to produce ammonia for nitrogen-based fertilizer. The province has received more than 20 proposals for new fertilizer plants in the last two years. Some industry observers estimate that if all these facilities were built, Canadian capacity for ammonia production would rise to 28,000 tons per day by 1980, eight times present capacity. At this level, Canada would account for 45% of projected North American capacity, compared with 8% today.

Alberta officials are concerned that the proliferation of fertilizer plants will cut into gas supplies needed for other large petrochemical projects now under study. The province attaches great importance to these projects, which would involve investments by US and Canadian companies of more than $1 billion. Edmonton has indicated that it considers six to eight new fertilizer plants as the optimum number. This number would add 7,000-10,000 tons per day to ammonia production capacity by 1980, equal to 6%-9% of projected worldwide growth. So far, Alberta has approved construction of three plants with a combined capacity of 3,300 tons per day.

Ottawa may move to curb the growth of the fertilizer industry if provincial officials do not. It has ordered a crash study of the impact of the expansion plans on natural gas supplies. The action reflects concern about Alberta's ability to supply gas to eastern Canadian consumers as well as to all proposed petrochemical plants. Production of natural gas is expected to rise slowly until about 1980, when completion of a Mackenzie Valley pipeline should make Arctic supplies available. Federal officials hint that they might have to start restricting fertilizer exports in the next few years to slow the growth of production capacity.

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OPEC OIL RECEIPTS TO DECLINE IN EARLY 1975

If oil prices remain at recent levels, the receipts of OPEC countries will decline by almost $4 billion -- or over 10% -- from the current quarter to the first quarter of 1975. Receipts probably will drop by about $2 billion even if

- the price increase of 50 cents per barrel just announced by certain Persian Gulf producers is widely adopted and

- another 50-cent hike is instituted on 1 January to compensate for the rise in the cost of imports from developed countries in the fourth quarter.

The decline in OPEC receipts will result from the usual lags in company payments for oil and the completion in the fourth quarter of most retroactive payments for oil shipped in the first half of 1974.

OPEC Countries: Oil Export Revenues and Receipts

Million US $

	Accrued Earnings	Actual Receipts
1974		
1st qtr	26,185	12,071
2d qtr	27,228	22,028
3d qtr	25,595	29,697
4th qtr[1]	26,396	30,504
1975		
1st qtr[1]	25,792	26,851

1. Projected.

Oil prices have increased only moderately since January. During the same period, oil production has been cut because of the drop in demand induced by high prices and the worldwide economic slowdown. As a result, OPEC government earnings, on an accrual basis, have remained fairly stable since early 1974.

Meanwhile, the actual receipts of the producing countries have been rising substantially from quarter to quarter. In the second half of 1974, OPEC receipts will exceed accrued earnings by about $8 billion, mainly because of retroactive payments for government-owned oil lifted earlier. These payments were delayed while new participation contracts were being negotiated in several countries.

The oil bills of importing countries reflect accrued earnings rather than actual receipts of OPEC countries. Throughout 1974, the international companies have been charging for oil on the basis of expected costs. The second-half bulge in payments thus is being covered largely by transfers from escrow accounts set up earlier in anticipation of retroactive obligations. 25X1

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Notes

Philippine Sugar Difficulties Exaggerated

The outlook for Philippine sugar exports to non-Communist countries seems brighter than suggested by last week's speculation. Both the rumors of a sale of 400,000 to 500,000 tons to the USSR and the export embargo (imposed because of typhoon damage) were overreactions to minor developments. Reports of a large Soviet purchase, subsequently trimmed in market gossip to 200,000 tons, apparently stemmed from the visit of a Philippine trade delegation to Moscow, but that team was not authorized to sign any trade documents. The embargo is likely to be removed soon because typhoon damage turned out to be slight. [redacted]

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Canada: Income Tax Indexing

Canadians will receive tax relief on 1974 income under an innovative scheme that links income tax rates to the consumer price index. Canada is the only major developed country to ease the impact of inflation on the rates paid under a progressive income tax system. Approved by parliament in 1973, the scheme provides for increases in personal exemptions and in tax brackets to reflect the price change during the 12 months ending the previous September. The adjustment for 1974 income amounts to 6.6% and is expected to cost Ottawa $500 million in revenues. A further adjustment of 10.1% already has been announced for 1975 income and will cut revenues by an additional $750 million. [redacted]

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Publication of Interest*

Communist Aid and Trade Activities in Less Developed Countries, October 1974
(ER RP 74-24, [redacted] November 1974)

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This issue of the monthly publication provides a summary of significant developments in Communist economic and military relations with less developed countries in October. Moscow's largest new undertaking is the extension of $300 million in additional credits for a steel mill in Pakistan, now under construction.

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INTERNAL ECONOMIC INDICATORS

GNP*
Constant Market Prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since 1970	1 Year Earlier	Previous Quarter
United States	74 III	-0.7	3.2	-2.3	-2.9
Japan	74 II	0.6	5.7	-3.3	2.4
West Germany	74 II	- 0.7	3.1	1.1	- 2.9
France	73 IV	1.7	-3.6	6.0	7.0
United Kingdom	74 I	-3.5	1.9	-4.4	-13.3
Italy	73 IV	1.9	3.7	5.3	7.7
Canada	74 II	0	5.7	4.9	0

WHOLESALE PRICES
Industrial

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Sep 74	0.8	9.8	27.9	26.5
Japan	Sep 74	0.1	11.1	30.7	9.5
West Germany	Sep 74	0.2	6.8	14.6	6.9
France	Sep 74	-1.0	11.8	27.9	7.1
United Kingdom	Sep 74	1.5	11.5	25.7	19.9
Italy	Aug 74	0.5	16.1	45.9	23.2
Canada	Jul 74	2.0	11.2	24.6	12.2

INDUSTRIAL PRODUCTION*

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier**
United States	Sep 74	0.3	4.0	-1.0	-0.2
Japan	Sep 74	0.2	5.2	-6.9	-13.5
West Germany	Aug 74	0	2.5	-3.8	-7.9
France	Aug 74	0	6.2	4.1	12.4
United Kingdom	Aug 74	1.2	2.9	1.2	7.5
Italy	Sep 74	1.7	4.0	-1.6	-12.3
Canada	Aug 74	0.4	5.8	5.3	-3.6

CONSUMER PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Sep 74	1.1	6.6	12.1	13.7
Japan	Sep 74	1.6	11.7	23.8	19.1
West Germany	Oct 74	0.5	6.1	7.1	4.1
France	Sep 74	1.1	8.3	14.7	13.3
United Kingdom	Sep 74	1.1	10.4	17.1	8.7
Italy	Sep 74	3.3	10.9	24.6	35.8
Canada	Sep 74	0.6	6.7	10.9	9.7

RETAIL SALES*
Current Prices

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier**
United States	Sep 74	-1.2	9.7	8.6	17.8
Japan	Jun 74	2.7	13.4	16.4	6.2
West Germany	Jun 74	-1.5	7.7	2.0	1.5
France	May 74	6.2	8.5	18.1	1.3
United Kingdom	Jun 74	3.3	11.9	14.7	8.3
Italy	Apr 74	0.9	17.4	27.0	34.0
Canada	Aug 74	2.7	12.5	19.4	24.9

MONEY SUPPLY*

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier**
United States	Sep 74	0.1	5.8	5.8	2.2
Japan	Jul 74	-2.3	16.7	13.0	15.0
West Germany	Aug 74	0.8	9.1	9.6	10.9
France	Jun 74	1.4	12.6	8.7	16.2
United Kingdom	Sep 74	-0.4	8.5	2.4	5.1
Italy	Jan 74	0.1	20.6	20.5	19.6
Canada	Sep 74	-0.7	11.8	6.6	-6.1

MONEY-MARKET RATES

	Representative Rates	Latest Date	Percent Rate of Interest	1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Dealer-placed finance paper	Nov 6	9.00	7.50	11.63	10.13
Japan	Call money	Oct 23	12.50	8.75	13.50	13.00
West Germany	Interbank loans (3 Months)	Nov 6	9.43	14.19	9.50	9.66
France	Call money	Oct 9	13.13	11.13	14.00	13.75
United Kingdom	Sterling interbank loan (3 mo.)	Nov 6	11.48	12.44	12.70	11.63
Canada	Finance paper	Nov 6	10.65	9.13	11.63	11.23
Euro-Dollars	Three-month deposits	Nov 6	10.00	9.89	13.19	11.64

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

13 November 1974
Office of Economic Research/CIA

Note: US data provided by US government agencies

EXTERNAL ECONOMIC INDICATORS

EXPORTS*
f.o.b.

	Latest Month		Cumulative		
		Million US $	Million US $ 1974	1973	Percent Change
United States	Sep 74	8,286	71,575	50,428	41.9
Japan	Sep 74	4,494	38,859	25,796	50.6
West Germany	Sep 74	7,220	65,823	48,743	35.0
France	Sep 74	4,007	34,305	26,950	27.3
United Kingdom	Sep 74	3,295	26,698	21,148	26.2
Italy	Sep 74	2,659	21,685	15,589	39.1
Canada	Sep 74	2,808	23,829	18,445	29.2

EXPORT PRICES
US $

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Sep 74	0.7	12.8	20.9	30.7
Japan	Sep 74	-0.9	15.9	23.7	-3.9
West Germany	Aug 74	-0.6	14.8	13.4	-3.3
France	Jun 74	2.5	14.7	11.5	33.5
United Kingdom	Jul 74	1.7	13.5	25.4	30.4
Italy	Jul 74	4.8	14.6	28.6	35.7
Canada	Jul 74	0.7	14.3	41.5	9.4

IMPORTS*
f.o.b.

	Latest Month		Cumulative		
		Million US $	Million US $ 1974	1973	Percent Change
United States	Sep 74	8,520	73,922	50,491	46.4
Japan	Sep 74	4,079	39,474	22,737	73.6
West Germany	Sep 74	5,354	47,773	37,050	28.9
France	Sep 74	4,221	37,397	25,709	45.5
United Kingdom	Sep 74	4,174	35,643	24,341	46.4
Italy	Sep 74	3,078	27,415	17,584	55.9
Canada	Sep 74	2,799	23,389	16,863	38.7

EXPORT PRICES
National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Sep 74	0.7	12.8	29.9	30.7
Japan	Sep 74	-0.4	11.0	39.7	23.6
West Germany	Aug 74	2.0	5.8	22.6	24.8
France	Jun 74	3.3	11.1	28.5	42.5
United Kingdom	Jul 74	1.6	13.6	33.3	29.6
Italy	Jul 74	3.9	15.4	42.8	43.4
Canada	Jul 74	1.7	12.[illegible]	38.3	13.5

TRADE BALANCE*
f.o.b./f.o.b.

	Latest Month		Cumulative (Million US $)		
		Million US $	1974	1973	Change
United States	Sep 74	-233	-2,347	-63	-2,284
Japan	Sep 74	415	-616	3,059	-3,674
West Germany	Sep 74	1,866	18,051	11,692	6,358
France	Sep 74	-214	-3,092	1,241	-4,333
United Kingdom	Sep 74	-879	-8,945	-3,193	-5,752
Italy	Sep 74	-418	-5,729	-1,995	-3,735
Canada	Sep 74	9	441	1,581	-1,142

IMPORT PRICES
National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Sep 74	-0.2	19.4	54.3	22.0
Japan	Sep 74	-0.5	16.8	75.6	4.3
West Germany	Aug 74	3.1	7.5	35.3	23.0
France	Jun 74	0	15.6	61.5	37.0
United Kingdom	Jul 74	0.4	21.3	57.1	17.9
Italy	Jul 74	-2.4	24.8	68.5	7.3
Canada	Jul 74	-1.8	11.6	32.5	39.7

BASIC BALANCE**
Current and Long-Term-Capital Transactions

	Latest Period		Cumulative (Million US $)		
		Million US $	1974	1973	Change
United States*	74 II	-2,740	-954	-2,164	1,210
Japan	Sep 74	211	-9,048	-6,674	-2,374
West Germany	Sep 74	503	5,061	6,772	-1,711
France	73 IV	-475	N.A.	-2,472	N.A.
United Kingdom	74 I	84	84	-1,033	1,117
Italy	74 I	-2,037	-2,037	-872	-1,164
Canada	74 II	-445	-613	-6	-608

EXCHANGE RATES Spot Rate
As of 11 Nov 74

	US $ Per Unit	Percent Change from Dec 66	18 Dec 1971	19 Mar 1973	4 Nov 1974
Japan (Yen)	0.0033	20.88	2.71	-12.31	0.21
West Germany (Deutsche Mark)	0.3921	55.97	26.36	10.73	0.85
France (Franc)	0.2138	5.89	8.58	-2.99	-0.09
United Kingdom (Pound Sterling)	2.3380	-16.22	-10.27	-5.00	0.04
Italy (Lira)	0.0015	-6.25	-12.73	-15.20	0
Canada (Dollar)	1.0110	9.61	1.32	1.33	-0.47

OFFICIAL RESERVES

	Latest Month		Billion US $		
	End of	Billion US $	Jun 1970	1 Year Earlier	3 Months Earlier
United States	Sep 74	15.9	14.5	12.9	14.9
Japan	Oct 74	13.5	4.1	14.0	13.2
West Germany	Oct 74	33.7	8.8	35.0	33.9
France	Sep 74	8.5	4.4	11.2	8.2
United Kingdom	Oct 74	7.5	2.8	6.8	6.7
Italy	Sep 74	7.6	4.7	6.5	5.3
Canada	Oct 74	5.8	4.3	5.8	6.0

TRADE-WEIGHTED EXCHANGE RATES***
As of 11 Nov 74

	Percent Change from Dec 66	18 Dec 1971	19 Mar 1973	4 Nov 1974
United States	-14.48	-5.19	1.41	0.01
Japan	12.41	-1.10	-12.92	0.12
West Germany	31.79	14.75	9.69	0.72
France	-16.46	-3.09	-5.55	-0.41
United Kingdom	-35.55	-21.28	-6.83	-0.13
Italy	-28.97	-27.59	-20.63	-0.36
Canada	7.12	0.54	2.18	-0.52

*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.