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CONTENTS

International Economic Indicators

Prospects for further economic expansion in the West are good over the next 18 months. U.S. real GNP increased at an estimated 2.8 percent annualized rate during the fourth quarter of 1984, a significant upturn from the third quarter's sluggish 1.6 percent. New assessments of growth prospects have toned down alarm outside the United States about the negative effects of a moderating U.S. growth on the Western recovery. However, the persistence of high unemployment rates in several industrialized countries, the deep-rooted problem of world debts, and the U.S. budget deficit continue to cloud the horizon of the world economy.

Industrial production

U.S. industrial production in November increased by 0.4 percent, bringing it 6.2 percent above its November 1983 level.

The annual rates of industrial growth in the key industrial countries, calculated by taking the latest available monthly output data over the output level in the corresponding month one year before, were as follows: Canada, 5.2 percent; France, 1.6 percent; West Germany, 4.6 percent; Italy, 4.9 percent; and Japan, 12.1 percent. Although industrial production in the United Kingdom was 0.6 percent lower in October 1984 than one year before, U.K. industrial output edged up by 0.8 percent from September to October. After a summer of weak industrial growth in the United Kingdom, and business failures which made 1984 the worst year on record, the prospects for a continued expansion in U.K. industrial output now appear favorable.

Employment

The rate of unemployment in the United States was 7.1 percent in December, up from 7.0 percent in November (on a total labor force basis including military personnel). Unemployment in Canada was 11.3 percent in November. Japan's rate of unemployment was 2.8 percent in October.

Unemployment in the United Kingdom remained at 13.4 percent in December, unchanged from October and November but lower than the September rate of 13.6 percent. French unemployment increased to 10.6 percent during November. This signals more unemployment in France than during the two preceding months but less than at the beginning of 1984. (For foreign unemployment rates adjusted to U.S. statistical concepts, see tables at the back of this issue.) The EC's annual economic report says that an average annual growth rate of 2.5 percent would be required in the Community in order to stabilize the Community's current unemployment rate of 11 percent. In fact, the Commission forecasts a 2.3 percent growth for the Community in 1985.

External balances

The November U.S. merchandise trade deficit was $9.9 billion, compared with $9.2 billion in October. The 1984 U.S. merchandise trade deficit amounted to $125-$150 billion, according to various estimates and forecasts. The trade gap was $69 billion in 1983.

The United States ranked first, China second, and South Korea third among importers of Japanese high-tech licences during the April 1983-March 1984 fiscal year, according to data recently released by the Japanese Government. Spending on research and development amounted to 2.6 percent of Japan's GNP during that period. This is roughly comparable with the percentage of GNP spent on research and development in the Unites States during calendar year 1983.

Amounting to roughly one-third of the total U.S. trade deficit in 1984, the U.S. deficit in trade with Japan is in the neighborhood of $35 billion. In a meeting on January 2 between President Reagan and Prime Minister Nakasone, the U.S. and Japanese Governments agreed on steps that may in the future improve the balance of trade between the two countries.

According to the EC Commission, the 10-nation community's balance of payments on current account remained in equilibrium in 1984. France had a $1.5 billion deficit on its current account in the first half of 1984. In the second and third quarters of 1984, the British current account showed a $1.6 billion deficit and that of West Germany a $0.9 billion deficit.

Prices

The U.S. consumer price index rose by 0.2 percent in November 1984 and it was 4.0 percent higher than in November 1983. For the second year in a row U.S. consumer price inflation has remained at a moderate 4 percent rate. Among its other effects, the strong dollar has played a significant role in controlling price inflation in the United States. By generating strong import competition in U.S. markets, it has prevented domestic manufacturers from raising their prices.

In November, the annualized rate of consumer-price inflation was 4.0 percent in Canada, 2.1 percent in West Germany, 8.6 percent in Italy and 4.9 percent in the United Kingdom. France's consumer prices rose at annual rate of 6.9 percent in October.

Inflation in the 10-nation European Community was an estimated 5.0 percent in 1984. Following the second oil shock, European inflation peaked at 11.0 percent in 1980. At 5.0 percent, the average rate of inflation in the 24 OECD countries in 1984 was the lowest since 1972.

Forecasts

The OECD is hopeful about the prospects of continued Western economic recovery over the next 18 months. The Organization believes that economic growth in the United States is slowing less than previously thought and that the expansion of West European and Japanese economies will take up any slack in the recovery caused by the moderation of U.S. growth. The OECD now predicts a 3.0 percent growth for the U.S. economy in 1985. (The U.S. Government's official growth forecast remains 4.0 percent for 1985.) According to the OECD, the Japanese economy will grow 4.5-5.0 percent and the combined growth rates of West European economies will be 2.5-3.0 percent in 1985. Predictions about the immediate prospects of European growth show a considerable range. Although the European Commission forecasts only 2.3 percent growth in the Community for 1985, it suggests that short-term growth could be increased to 3.5-4.0 percent if the member countries decided to stimulate their economies. But according to the Chemical Bank of New York, the aggregate average growth rate in Western Europe will remain at just 2 percent in 1985.

Bank of America economists predict that the world economy will grow 3.2 percent in 1985 compared with 4.4 percent in 1984. They believe that a convergence in regional growth rates will occur in 1985 as a result of a moderation in the rates of Western and Asian growth, and an increase in Latin American and African growth.

Analysts generally agree that the U.S. merchandise trade deficit will be smaller in 1985 than in 1984. The greater slowdown in U.S. than in foreign economic expansion, an anticipated weakening of the dollar later this year (both increasing exports and slowing imports), and efforts by the U.S. Government to reduce the deficit lend support to this expectation.

Many Japanese foreign exchange experts predict a further strengthening of the U.S. dollar against the Japanese yen in the next few months. This prediction is based on the anticipation that the long-term interest rate gap between the two countries will further widen, mainly as a result of the persistent U.S. budget deficit. These analysts generally agree, however, that the U.S. currency will begin to deteriorate vis-a-vis the yen during the second half of 1985 as joint U.S.-Japanese efforts to improve the bilateral trade balance begin to take effect.

International Trade Developments

National studies on services trade issues lay groundwork for multilateral discussion

In response to the GATT Council of Ministers' statement of November 1982, 13 countries have submitted so-called "national examinations" of international services trade issues. International trade in services, which has been estimated at one-third to one-fourth of the value of merchandise trade, is distorted by a vast array of trade barriers. Under the 1985 GATT work program on services, information compiled by individual GATT members in these studies will be formally exchanged to provide a basis for multilateral discussion. This research may eventually lead to the establishment of an international set of trading rules.

The 13 countries that have already submitted national studies on trade in services are the United States, Canada, Japan, the European Communities, the United Kingdom, West Germany, Belgium, the Netherlands, Italy, Switzerland, Denmark, Sweden, and Norway. Less developed countries have been wary of bringing services trade into the GATT, and none have yet participated in the national examinations program.

The United States has received copies of 11 of these studies. The majority of them are descriptive in character and address the following points: (1) the growth of the international service economy; (2) the inadequacy of services trade data; (3) domestic activity and regulations in specific service sectors; and (4) the impediments to international trade in services.

The studies show clearly that services industries are very important in the domestic economies of these 11 developed countries. In 1980, at least 48 percent of all workers in each country were employed in service industries. In addition, in 1979, the growth rate of the services sector outpaced growth in other economic sectors in most developing countries as well as in the industrialized world.

Yet, despite the growth in the world services economy, each study noted that a clear definition of trade in services is unavailable, and that services trade data are incomplete. Because goods and services may be intricately connected in international transactions, it is often difficult to isolate the services component in international trade statistics. Countries now base services trade analyses on highly aggregated balance of payments statistics that are often misleading in international comparisons.

In order to foster understanding of the international services economy, each study outlines domestic activity in important service sectors and government regulations and policies affecting them. No country claims to present an exhaustive study of its regulatory framework since heavy regulation is common in many service industries, particularly in financial, communication, and transportation services. While legitimate objectives may lie behind these regulatory practices (for example, national security), the studies acknowledge that the variety of regulations exercised by different countries significantly complicates trade.

Also, most of the studies survey major foreign trade barriers either on a sector-by-sector basis or according to how they affect services trade as a whole. The wide variety of barriers to trade cited in these reports includes restrictions on market access, operating constraints which affect the conduct of business by foreign firms, and measures restricting currency movements.

Every study recognizes the rising importance of the services sector and the consequent need for all countries to reassess the role services should play in trade policy. The broader understanding of the international services economy gained through the exchange of information gathered in these reports may lead to some agreement on the problems and issues in services trade and on their possible solutions. Some of the countries specifically suggest that their ultimate goal is trade liberalization by means of an internationally agreed set of trading rules, similar to the framework which exists for merchandise trade. The United States and the United Kingdom both advocate negotiating a multilateral "framework of principles" to govern services trade as a whole rather than on a sector-by-sector basis. At the next regular GATT session in November 1985, further movement towards international cooperation may take place when Contracting Parties "consider whether any multilateral action in these matters is appropriate and desirable."

New graduation rules in the revised GSP

On January 5, 1985, the Generalized System of Preferences Renewal Act of 1984 took effect. It is a revised version of the original Generalized System of Preferences (GSP) of the United States, originally set up in 1976. As part of the Trade and Tariff Act of 1984, Congress extended the GSP program last October for eight and a half more years, until July 4, 1993.

The purpose of the GSP import preference scheme is to assist developing countries in their economic growth and diversification by giving them preferential access to the U.S. market. The program grants nonreciprocal duty-free treatment on several thousand products imported from GSP beneficiaries. The GSP of the United States is part of a worldwide program geared to open the markets of advanced countries to products from developing countries. Currently 20 advanced industrial nations offer some form of trade preferences to developing countries. With the renewal of the U.S. program, all 20 programs will continue in force.

In the United States, renewal was preceded by an intense legislative debate. Some proposals, supported mostly by labor interests, would have severely restricted or even terminated GSP. The main issue was how to "graduate" the so-called newly industrialized countries (NIC's) out of the program. (In the context of the U.S. G.S.P. program, graduation is the term for a determination that a beneficiary country no longer needs preferential treatment to be competitive in the U.S. market.) It was noted that the major share of GSP benefits has gone to the NIC's, who no longer needed the preference, while not providing significant help to the least developing countries that needed it most. A legislative proposal considered in the House would have automatically excluded three NIC's that have been major GSP beneficiaries: South Korea, Taiwan and Hong Kong.

The dispute ended with the Administration's success in softening the graduation criteria proposed by the House. The new GSP, although not requiring the complete exclusion of any NIC from the program, does provide criteria for differentiation among beneficiaries according to their need for special treatment. Notably, eligibility for GSP preferences will be phased out over a two-year period for more affluent countries, following a determination that the per capita GNP of a beneficiary exceeds $8,500, adjusted for inflation.

By the same token, the new program favors the least developed countries by exempting their products across the board from "competitive need" limits. (Under product-specific competitive need provisions, a beneficiary's product loses GSP eligibility if U.S. imports from that country in the preceding year exceeded 50 percent of that item's total U.S. import value or if they amounted to more than a specified dollar value.)

The new Act also gives the President great flexibility--in the form of a competitive-need waiver authority--in implementing new graduation rules. In exercising his waiver authority on a product-by-product basis, the President will favor less affluent countries--those having a per capita GNP of $5,000 or less. The President is directed to assure that these countries enjoy a specified share of overall benefits flowing from waivers. However, the President is authorized to apply this waiver only if doing so would not adversely affect U.S. interests. The International Trade Commission will advise the President whether a U.S. industry is likely to be adversely affected by the exercise of his waiver authority.

In all GSP determinations relating to both country eligibility and product-specific benefit levels the President will be required to consider a wide range of factors. Although GSP will remain a one-way preference system, the new program directs the President to take account of the beneficiary countries' overall trade and investment relations with the United States. Specifically, the President will be required to consider the extent to which a beneficiary

- provides reasonable access to its markets and refrains from unreasonable export practices;
- provides adequate protection of U.S. intellectual property rights (e.g. patents, copyrights and trademarks);
- reduces trade-distorting investment practices and barriers to trade and services; and
- honors internationally recognized workers' rights.

Under the new system, the President is required to complete a general review of the GSP program by January 1987. As a result of that review, the President will determine which products from given beneficiaries are "sufficiently competitive." For the products/countries so designated, the competitive need limits will become 25 percent of the prior year's overall imports of the product (instead of the previous 50 percent), or $25 million in imports in the prior calendar year subject to indexing (the limit applied in 1983 was $57.7 million.)

New foreign investment policy in Canada

Canada's Foreign Investment Review Agency (FIRA) has come to symbolize the country's concern with maintaining a distinct national identity in the face of significant foreign investment from the United States. The process by which FIRA reviewed proposed investments into Canada had come to be viewed as increasingly burdensome and even to constitute an unreasonable impediment to foreign direct investment. In a recent survey of potential investors the Conference Board of Canada found that Government regulations and foreign investment controls had a deterring effect on foreign investors. (A Fit Place for Investment? The Conference Board of Canada, Study No. 81, Ottawa, 1984.)

The fact that Canada has come to be viewed as less inviting to foreign investors has been recognized by the leadership of the new Government. After campaigning to make investors more welcome in Canada, the new Government went on record as wanting to distinguish its position on foreign investment from that of the previous government. Joint ventures and industrial partnerships with foreign companies and entrepreneurs were to be encouraged.

In December 1984 legislation was introduced into Parliament to change the name of FIRA to Investment Canada. The new name is intended to underscore the agency's revised mandate to encourage investment. Its role is intended to be positive rather than restrictive in order to emphasize the Government's efforts to foster investment. The agency will continue to review major investment proposals of national economic significance. It will also assume the more positive role of facilitating "job-creating investment" and assisting in identifying new ideas, new technologies, and new export opportunities for investment in Canada. Priority sectors where increased capital investment is expressly desired are: energy, rail transportation, applied technology, and basic infrastructure.

The Investment Canada Act exempts all new investments from Canadian Government review. It also raises the threshold value for exemption from reviews of takeovers of Canadian companies from $3 million to $5 million. The legislation should result in faster, simpler decision-making, with the total number of investments subject to review being reduced by 90 percent. The basic criterion for determining whether proposed investments are of "significant" benefit to Canada has been eased. The new legislation requires only that a proposed investment be of "net" benefit to Canada.

China's economic reform program implies significant benefits, though possibly a few new problems, for foreign companies

The reforms outlined in a document recently released by the Central Committee of the Chinese Communist Party will amount, if successfully implemented, to a complete reshaping of China's urban, industrial economy. The program calls for retaining state or collective ownership of most of the industrial sector, but will reduce the central government's participation in the planning of production and distribution. Mandatory central plans will continue to apply to only a few critical industrial goods. The state may have an advisory role in the production and marketing of other commodities, but the ultimate responsibility for production decisions, budgets, profits, and losses will fall upon enterprise managers. A restructuring of the price system--the gradual removal of subsidies that now place a severe strain on the central government budget--is the key factor in the reform program. Supply and demand will play an increasingly important role in determining both commodity prices and wages.

Such comprehensive reforms cannot fail to have an impact on foreign companies doing business in China. They are likely to find a substantial increase in the efficiency of most Chinese organizations with which they must deal, whether these are their own joint venture partners, factories buying equipment and technology, or trading companies. The productivity of individuals within these organizations is also likely to increase, since included in the reform program is a proposal for widening the differences between the wages of various trades and jobs and for making more extensive use of bonuses to award performance. Particular recognition is given to the need to increase remuneration for "mental work," i.e., the salaries of professionals. Foreign firms are also likely to experience more intense competition for their goods and services as the economy becomes more decentralized, and companies seeking joint ventures with Chinese partners can expect to operate their enterprises as autonomous units.

Some Western observers expect the planned labor reforms, if carried to the limit, to provide the biggest advantage for foreign companies investing in China. At present, joint ventures must still accept workers assigned by the provincial employment corporation regardless of their training, interest, or industriousness. Moreover, they are usually forced to take far more workers than are needed and to adhere to a pay scale dictated by the state, which is relatively high for a developing country. The reason is that only a small portion, often roughly 10 percent, of the wage paid is received by the worker and the rest is remitted to the state. Direct contact with the labor market, if that occurs, will permit joint ventures to hire workers on the basis of merit, to hire only those they need, and, possibly, to negotiate salaries with prospective workers.

The relaxation of state administrative controls over export and import activities is the proposed change likely to have the greatest impact on foreign firms trading with China. This reform was announced separately from the communique approving major industrial reforms; however, it reversed a policy of more centralized control announced only 6 months previously and was apparently made to bring the operation of the foreign trade sector into the general program of decentralization. The monopolistic control of 14 national foreign trade corporations (NFTCs) will be significantly reduced as trading activities are gradually turned over to specialized enterprises acting as agents that will compete for representation rights. Except for imports of turnkey plants and a few basic commodities, which will still be handled by one of the 14 national corporations, exporters and importers will be able to freely choose their agents. These new foreign trade enterprises will act as independent units and will not be able to cover their foreign exchange losses with state funds, as has been the practice of the NFTCs. This restructuring of the trade sector is intended to promote efficiency and trade growth and, if successfully implemented, will bring the prices accepted by Chinese exporters and those paid by importers more into line with world market conditions. Its success will ultimately depend, however, upon China dismantling the array of subsidies that currently exacerbate the disparity between its internal price structure and world prices.

Among the less positive consequences of the reforms will be the higher prices that foreign companies investing in China will have to pay for their materials, both domestic goods and imports, as subsidies are removed. It is also likely to be more difficult to determine what organizations, among numerous decentralized units, can provide the goods or services they want. In addition, foreign firms will be subject to changes in the status of their investment or trading partners. As decisionmaking becomes more the responsibility of individual industrial and foreign trade units and market forces play a larger role, enterprises will be expected to operate at a profit. This may also mean that those which continue to incur losses will be forced out of business. For Western firms, however, this prospect offers the advantage of doing business in China according to a familiar set of rules.

Trade balances
(Billions of U.S. dollars, f.o.b. basis, seasonally adjusted at annual rate)

Country	1981	1982	1983	1983 III	1983 IV	1984 I	1984 II	1984 III	1984 June	July	Aug.	Sept.	Oct.	Nov.
United States 1/	-27.5	-31.6	-57.5	-65.2	-77.6	-104.8	-104.8	-128.8	-92.4	-148.8	-102.0	-135.6	-94.8	-104.4
Canada	6.1	14.4	14.4	13.2	14.8	14.4	16.4	16.4	19.2	19.2	13.2	18.0		
Japan	20.1	18.6	31.5	33.2	34.8	40.0	43.2	40.4	68.4	39.6	31.2	50.4		
West Germany	11.9	21.1	16.6	15.2	12.4	18.8	12.8	20.0	4.8	19.2	20.4	21.6		
United Kingdom	7.9	4.1	-0.8	2.4	0.8	-0.4	-6.8	-8.4	-2.4	-2.4	-9.6	-12.0	-12.0	
France	-9.3	-14.0	-5.9	-1.6	-0.8	-6.0	-4.8	1.6	-7.2	-1.2	4.8	1.2		
Italy	-15.9	-12.8	-7.9	-10.0	-3.2	-9.6	-12.8	-6.4	NA	-2.4	-9.6	-7.2		

1/ Exports, f.a.s. value; imports, customs value.

Source: Economic and Energy Indicators, U.S. Central Intelligence Agency, January 4, 1985.

U.S. trade balance, by major commodity categories and by selected countries
(Billions of U.S. dollars, customs value basis for imports, 1/ seasonally adjusted unless otherwise indicated)

Item	1981	1982	1983	1983 III	1983 IV	1984 I	1984 II	1984 III	1984 June	July	Aug.	Sept.	Oct.	Nov.
Commodity categories:														
Agriculture	26.8	21.6	20.0	5.2	5.4	5.2	4.4	4.3	1.3	1.1	1.4	1.5	1.2	1.7
Petroleum and selected products, unadj	-73.0	-54.6	-49.1	-14.6	-13.2	-13.1	-13.4	-13.2	-4.5	-4.9	-4.2	-4.1	-4.6	-4.5
Manufactured goods	11.5	-4.9	-31.3	-7.9	-11.2	-19.0	-18.1	-25.1	-5.1	-9.4	-6.6	-9.1	-5.1	-6.1
Selected countries:														
Western Europe	13.5	7.6	1.2	-0.1	0.2	-3.6	-2.9	-4.5	-.7	-1.7	-1.0	-1.8	-1.0	-1.6
Canada	-6.9	-12.6	-12.1	-3.4	-3.7	-4.3	-5.1	-5.3	-1.7	-1.8	-1.2	-2.3	-1.5	-1.8
Japan	-15.8	-17.0	-19.6	-4.4	-6.2	-7.0	-7.8	-11.0	-2.5	-4.3	-2.9	-3.8	-2.8	-2.5
OPEC, unadj	-27.9	-8.3	-8.2	-3.5	-3.1	-2.6	-3.7	-3.7	-1.3	-1.4	-1.3	-1.0	-1.0	-1.0
Unit Value (per barrel) of U.S. imports of petroleum and selected products, unadj	$34.28	$31.48	$28.60	$28.49	$28.43	$28.31	$28.45	$27.98	$28.36	$28.41	$27.90	27.64	27.79	27.78

1/ Effective January 1982, the Census Bureau replaced f.a.s. value with customs value in various reports on the U.S. trade balance. Data presented in this table for January 1982 and thereafter reflect the customs value for imports. Data presented for December 1981 and before reflect the f.a.s. value.

Source: Summary of U.S. Export and Import Merchandise Trade, U.S. Dept. of Commerce, November 1984.

Money-market interest rates
(Percent, annual rate)

Country	1981	1982	1983	1983 III	1984 I	1984 II	1984 III	1984 IV	1984 July	Aug.	Sept.	Oct.	Nov.	Dec.
United States	15.9	12.4	9.1	9.6	9.7	10.9	11.5	9.4	11.6	11.5	11.3	10.4	9.2	8.6
Canada	18.4	14.4	9.5	9.4	10.0	11.4	12.5	11.2	13.0	12.4	12.2	12.0	11.1	10.4
Japan	7.5	6.8	6.8	6.6	6.4	6.3	6.3	6.3	6.3	6.4	6.3	6.3	6.3	6.3
West Germany	12.1	8.8	5.7	5.7	5.9	6.0	6.0	5.9	6.1	6.0	5.8	6.1	5.9	5.8
United Kingdom	13.8	12.2	10.1	9.7	9.2	9.2	11.1	10.1	11.4	11.1	10.8	10.6	9.9	9.7
France	15.3	14.6	12.4	12.3	12.4	12.3	11.4	10.7	11.7	11.4	11.0	10.8	10.5	10.7
Italy	20.0	20.0	18.0	17.5	17.5	17.0	16.8	17.0	16.7	16.5	17.3	17.1	17.1	16.9

Note.--The figure for a quarter is the average rate for the last week of the quarter.

Source: Statistics provided by Federal Reserve Board.

Effective exchange rates of the U.S. dollar, unadjusted and adjusted for inflation differential
(Index numbers, 1980-82 average=100; and percentage change from previous period)

Item	1981	1982	1983	1983 III	1984 I	1984 II	1984 III	1984 IV	1984 July	Aug.	Sept.	Oct.	Nov.	Dec.
Unadjusted:														
Index number	99.5	109.8	114.2	116.3	117.2	118.8	125.1	128.2	124.1	124.0	127.3	128.5	126.8	129.4
Percentage change	9.7	10.4	4.0	2.9	0.7	1.4	5.3	2.5	3.2	-0.1	2.7	0.9	-1.3	2.1
Adjusted:														
Index number	100.7	109.8	112.4	114.1	114.4	114.9	120.8	123.2	119.8	119.9	122.6	123.6	121.6	124.3
Percentage change	12.5	9.0	2.4	2.7	0.1	0.5	5.1	1.0	3.0	0.1	2.3	0.8	-1.6	2.2

Note.—The foreign-currency value of the U.S. dollar is a trade-weighted average in terms of the currencies of 15 other major nations. The inflation-adjusted measure shows the change in the dollar's value after adjusting for the inflation rates in the U.S. and in these other nations; thus a decline in this measure suggests an increase in U.S. price competitiveness.

Source: World Financial Markets, Morgan Guaranty Trust Company of New York.

Industrial production
(Percentage change from previous period, seasonally adjusted at annual rate)

Country	1981	1982	1983	1983 III	1983 IV	1984 I	1984 II	1984 III	1984 June	1984 July	1984 Aug.	1984 Sept.	1984 Oct.	1984 Nov.
United States	2.6	-8.1	6.4	21.8	10.1	11.4	8.6	6.6	10.8	11.5	1.5	-7.0	-5.0	4.9
Canada	0.5	-10.0	5.7	18.5	13.8	2.4	3.5		4.4	60.3	-5.6	-24.9	-0.8	
Japan	1.0	0.4	3.5	14.0	10.3	13.5	11.6	6.6	6.4	3.1	8.5	-11.5	46.8	
West Germany	-2.3	-3.2	0.4	4.9	9.0	1.0	-11.2		21.7	242.4	-27.1	-14.9		
United Kingdom	-3.9	2.0	3.3	5.7	3.3	-2.8	-7.8	-3.0	-7.0	-12.4	1.2	19.6		
France	-2.6	-1.5	1.1	3.1	1.0	7.4	-4.0		NA	57.3	9.3	-36.2	19.9	
Italy	-1.6	-3.1	-3.2	-4.9	17.6	4.5	2.1	7.7	1.3	-15.0	19.1	14.6	-26.7	

Source: Economic and Energy Indicators, U.S. Central Intelligence Agency, January 4, 1985.

Consumer prices
(Percentage change from previous period, seasonally adjusted at annual rate)

Country	1981	1982	1983	1983 III	1983 IV	1984 I	1984 II	1984 III	1984 June	1984 July	1984 Aug.	1984 Sept.	1984 Oct.	1984 Nov.
United States	10.3	6.2	3.2	4.2	4.4	5.0	3.7	3.6	2.0	3.5	5.5	4.3	4.3	2.7
Canada	12.5	10.8	5.8	6.3	4.2	5.7	2.6	3.2	0.6	7.0	1.9	2.9	2.0	8.1
Japan	4.9	2.6	1.8	0.6	3.6	3.6	0.9	1.2	-4.5	6.5	-3.5	4.6	10.0	-6.2
West Germany	6.0	5.3	3.6	5.0	3.0	2.1	1.7	0.6	1.4	-0.6	0.2	1.4	7.3	2.0
United Kingdom	11.9	8.6	4.6	8.2	6.1	4.4	2.8	5.9	5.2	2.1	12.5	6.2	7.7	3.8
France	13.3	12.0	9.5	9.3	8.6	7.2	6.3	7.3	8.0	6.7	7.9	7.1	8.2	4.0
Italy	19.3	16.4	14.9	12.5	11.1	11.1	10.6	7.9	10.3	6.2	8.2	3.5	4.2	

Source: Economic and Energy Indicators, U.S. Central Intelligence Agency, January 4, 1985.

Unemployment rates
(Percent; seasonally adjusted; rates of foreign countries adjusted to be roughly comparable to U.S. rate)

Country	1981	1982	1983	1983 III	1983 IV	1984 I	1984 II	1984 III	1984 July	1984 Aug.	1984 Sept.	1984 Oct.	1984 Nov.	1984 Dec.
United States	7.6	9.7	9.6	9.4	8.5	7.9	7.5	7.5	7.5	7.5	7.4	7.4	7.2	7.2
Canada	7.5	11.0	11.9	11.6	11.2	11.3	11.4	11.3	11.0	11.2	11.8	11.3	11.3	
Japan	2.2	2.4	2.7	2.7	2.6	2.8	2.7	2.8	2.8	2.8	2.8	2.8		
West Germany	4.1	5.9	7.3	7.5	7.3	7.2	7.4	7.5	7.5	7.5	7.5	7.4	7.3	
United Kingdom	10.5	12.2	13.4	13.3	13.0	13.2	13.3	13.6	13.5	13.7	13.8	13.5	13.6	
France	7.7	8.7	8.8	8.8	9.0	9.5	10.0	10.2	10.1	10.2	10.2	10.2	10.3	
Italy	4.3	4.8	5.3	5.2	5.5	5.5	5.8	5.4						

Note.—Italian unemployment surveys are conducted only once a quarter, in the first month of the quarter.

Source: Statistics provided by Bureau of Labor Statistics, U.S. Department of Labor, January 1985.

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