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INTERNATIONAL ECONOMIC COMPARISONS

Summary of U.S. Economic Conditions

Monthly statistics recently released by the U.S. Department of Commerce (Commerce) and the Federal Reserve show loss of momentum in some key sectors and gains in others, partly due to the impact of Hurricane Andrew on income and production and the reduction in defense spending. Personal income declined by 0.5 percent in August, mainly reflecting the effects of Hurricane Andrew. The hurricane resulted in uninsured losses of residential and business property, which reduced rental income; work interruptions, which reduced wages and salaries; and crop damages, which reduced proprietor's income. Real disposable income declined by 0.6 percent, and personal consumption expenditure increased by only 0.1 percent.

Commerce data also show a continuing weakness in the demand for manufactured goods. New orders for manufactured goods declined by 1.9 percent in August, the third drop in the past 4 months. This decrease followed a drop of 0.9 percent in July. The August decline was widespread among industries, except for gains in orders for transportation and defense equipment. New orders for transportation equipment increased by 4.2 percent and orders for defense equipment surged by 16.7 percent. However, orders for capital goods, a measure of future capital spending, declined by 0.4 percent, and orders for electrical machinery dropped by 4.0 percent. Shipments decreased by 2.4 percent, the largest decrease since December 1991. The number of unfilled orders, a measure of future employment gains, fell by 0.8 percent, the 12th consecutive monthly decline. As a result, inventories increased by 0.5 percent, the largest increase in the past 3 months.

The net effect was reflected in the decline of the composite index of leading economic indicators by 0.2 percent in August, following a slight increase of 0.1 percent in July, according to estimates released by Commerce. Seven of the eleven indicators contributed to the August decline in the index. These indicators were changes in sensitive material prices, average weekly initial claims for State unemployment insurance, vendor performance (slower deliveries diffusion index), changes in manufacturers' unfilled orders in 1982 dollars, manufacturers' new orders for consumer goods and materials in 1982 dollars, building permits, and the money supply in 1982 dollars. Three of the eleven indicators made positive contributions: index of consumer expectations, stock prices, and contracts and orders for plant and equipment. The composite index of coincident indicators, a monthly approximation of aggregate economic activity, decreased by 0.9 percent in August as a result of the effects of Hurricane Andrew on personal income less transfer payments and on industrial production. This index increased by 0.4 percent in July and decreased by 0.1 percent in June.

In contrast, retail sales and housing recorded gains. Retail sales rose in September by 0.3 percent after declining by 0.5 percent in August, according to Commerce data. Whereas the August decline was widespread except for increases in the drug, food, and general merchandise industries, the September increase in retail sales was sparked by higher demand for construction supplies, furniture, and gasoline. Sales of building supplies jumped 2.6 percent and sales of furniture jumped 1.9 percent. In the housing sector, housing starts jumped by 10.4 percent at an annual rate in August. The gains in housing starts were widespread—particularly in the South, where building activity to replace the homes destroyed by Hurricane Andrew has begun. In addition, construction of single-family homes and apartments rose by 1.4 percent in September to the highest level in 6 months. This rise, combined with a 3.7 percent rise in building permit applications, might signal the beginning of a turnaround in the housing industry.

Meanwhile, the reduction in defense spending was a major cause for the September decline in the U.S. total industrial production. Industrial production declined in September by 0.2 of a percentage point, following a 0.4 percentage point decline in August, according to the Federal Reserve statistics. Most of the production losses in September were concentrated in defense and space equipment, construction supplies, and durable materials.

In the foreign sector, the U.S. merchandise trade deficit increased by $1.7 billion because of the large decline in exports. August's total exports declined by $2.3 billion from July's, mainly reflecting the decline in exports of industrial supplies and materials, capital goods, automotive parts and engines, and consumer goods. On an annual rate, the January-August 1992 deficit rose to $77.8 billion, from $65.4 billion in January-August 1991.

U.S. Economic Performance Relative to Other Group of Seven (G-7) Members

Economic Growth

Real GDP—the output of goods and services produced in the United States measured in 1987 prices—grew in the second quarter of 1992 by a revised annual rate of 1.5 percent after growing in the first quarter of 1992 by 2.9 percent at an annual rate. Real GDP declined by 1.2 percent in 1991, the first annual decline since 1982.

The annualized rate of real economic growth in the second quarter of 1992 was -0.7 percent in the United Kingdom, 0.4 percent in France, -1.1 percent in Germany, 0.7 percent in Canada, and 0.7 percent in Japan. The annualized rate of real economic growth in the first quarter was 2.4 percent in Italy.

Industrial Production

Seasonally adjusted U.S. industrial production declined in nominal terms by 0.2 percent in September, following a decline in August of 0.4 percent and a revised increase of 0.8 percent in July. The September decline was due to significant losses in the output of defense and space equipment, construction supplies, and durable materials. Most of the August decline was due to Hurricane Andrew, which reduced the output of gas and petroleum products, and to a strike at General Motors, which reduced automobile production. Capacity utilization in manufacturing, mining, and utilities decreased by 0.3 of a percentage point to 78.4 percent in September 1992. Total industrial output in September 1992 was about the same as in August 1991. For the third quarter as a whole, industrial production rose at an annual rate of 1.6 percent after growing at a 5.2 percent annual rate in the second quarter, having fallen by 2.9 percent in the first quarter.

Other G-7 member countries reported the following annual growth rates of industrial production: for the year ending August 1992, Japan reported a decrease of 7.6 percent, and Germany reported an increase of 0.5 percent; for the year ending July 1992, the United Kingdom reported a decrease of 1.4 percent, and Canada reported a decrease of 1.8 percent. For the year ending June 1992, France reported a decrease of 0.5 percent, and Italy reported a decrease of 3.3 percent.

Prices

The seasonally adjusted U.S. consumer price index rose by 0.2 percent in September after rising 0.3 percent in August and 0.1 percent in July 1992. The consumer price index rose by 3.0 percent during the 12 months ending September 1992.

During the 1-year period ending September 1992, prices increased 3.6 percent in Germany and 5.0 percent in Italy; and, during the 1-year period ending August 1992, prices increased 3.6 percent in the United Kingdom, 1.4 percent in Canada, 2.7 percent in France, and 1.7 percent in Japan.

Employment

The seasonally adjusted rate of unemployment in the United States declined to 7.5 percent in September, from 7.6 percent in August and 7.7 percent in July 1992.

In August 1992, unemployment was 11.6 in Canada, 6.8 percent in Germany, 10.2 percent in France, 9.9 percent in the United Kingdom, 2.2 percent in Japan, and 10.6 percent in Italy. (For foreign unemployment rates adjusted to U.S. statistical concepts, see the tables at the end of this issue.)

Forecasts

Forecasters lowered their expectations of real growth in the United States, partly because of the effects of Hurricane Andrew on income and production, to an average annual rate of 1.4 percent in the third quarter and 2.3 percent in the fourth quarter of 1992. In 1993, the real growth rate would range from 2.4 percent to 3.0 percent in the first half of the year. In addition to the effects of Hurricane Andrew, other factors that are likely to throttle the recovery include the general slowdown in global economic growth, particularly in industrialized countries, and the uncompleted structural adjustments in the financial and nonfinancial sectors that have been impeding a vigorous economic recovery in the United States and abroad. Chief among these are the large fiscal deficits, the slowdown in the manufacturing sector, and the high consumer and business debts. Table 1 shows macroeconomic projections for the U.S. economy for July 1992-June 1993, by four major forecasters, and the simple average of these forecasts. Forecasts of all the economic indicators except unemployment are presented as percentage changes over the preceding quarter, on an annualized basis. The forecasts of the unemployment rate are averages for the quarter.

Several factors appear to be working in favor of stronger growth, of about 2.4 percent to 3.0 percent, during the first half of 1993. These factors include a probable improvement in the general economic conditions as the process of adjustments in the business sector continues and as consumer confidence and spending strengthen; expected gains in employment and a subsequent rise in incomes; an expected rise in investment spending because of the moderation of wage increases, cost cutting and corporate restructuring, and low interest and inflation rates; an expected increase in export growth as a result of the

relative moderation of the foreign value of the dollar; and an increase in foreign demand for U.S. exports as a result of the anticipated improvement in the industrial countries' economic conditions. The average of the forecasts points to an average unemployment rate of 7.6 percent throughout the first quarter of 1993 and a slight decline in the second quarter. Inflation (as measured by the GDP deflator) is expected to rise in the last quarter of 1992 and the first quarter of 1993, and then decline in the second quarter of 1993.

Table 1
Projected quarterly percentage changes of selected U.S. economic indicators, April 1992-June 1993

Quarter	*UCLA Business Fore-casting Project*	*Merrill Lynch Capital Markets*	*Data Resources Inc.*	*Wharton E.F.A. Inc.*	*Mean of 4 fore-casts*
			GDP current dollars		
1992					
July-September	3.4	3.1	3.0	3.5	3.3
October-December	4.3	4.3	5.1	5.4	4.8
1993					
January-March	5.0	5.1	5.8	5.9	5.5
April-June	5.2	5.5	6.3	5.5	5.6
			GDP constant (1987) dollars		
1992					
July-September	0.7	1.5	1.7	1.6	1.4
October-December	1.8	1.6	2.9	2.7	2.3
1993					
January-March	2.0	1.8	2.9	3.0	2.4
April-June	2.8	2.6	3.5	3.2	3.0
			GDP deflator index		
1992					
July-September	2.6	1.6	1.3	1.9	1.9
October-December	2.5	2.6	2.1	2.7	2.5
1993					
January-March	2.9	3.2	2.9	2.9	3.0
April-June	2.4	2.9	2.8	2.3	2.6
			Unemployment, average rate		
1992					
July-September	7.6	7.7	7.7	7.5	7.6
October-December	7.7	7.7	7.6	7.5	7.6
1993					
January-March	7.7	7.6	7.5	7.5	7.6
April-June	7.5	7.4	7.4	7.4	7.4

Note.—Except for the unemployment rate, percentage changes in the forecast represent compounded annual rates of change from preceding period. Quarterly data are seasonally adjusted. Date of forecasts: October 1992.

Source: Compiled from data provided by The Conference Board. Used with permission.

U.S. TRADE DEVELOPMENTS

The seasonally adjusted U.S. merchandise trade deficit rose from $7.3 billion in July to $9.0 billion in August 1992. A $2.3 billion drop in August's exports and a $570 million decrease in imports accounted for the $1.7 billion worsening in the monthly balance. Exports decreased to $35.5 billion in August, and imports decreased to $44.5 billion. The trade deficit increased to $51.9 billion in January-August 1992, from $42.7 billion in the corresponding period of 1991. At an annual rate, the deficit increased from $63.6 billion in January-August 1991 to $78.0 billion in the corresponding period in 1992. Seasonally adjusted U.S. merchandise trade in billions of dollars as reported by the U.S. Department of Commerce is shown in table 2.

The August 1992 deficit was 50 percent higher than the $6.0 billion average monthly deficit registered during the previous 12-month period and 36.4 percent higher than the $6.6 billion deficit registered in August 1991. With oil excluded, the August 1992 merchandise trade deficit increased by $1.9 billion from the previous month.

Nominal export changes and trade balances in August 1992 for specified major commodity sectors are shown in table 3. Vehicle parts, textile yarns, fabrics and articles, iron and steel mill products, and airplanes were the only sectors that recorded export increases from July to August. Airplanes recorded the largest trade surplus in the January-August 1992 period.

The U.S. agricultural trade surplus declined in August from July at $1.2 billion. The agricultural surplus had reached $11.4 billion in January-August 1992 and was running 16.3 percent above the level recorded in the January-August 1991 period ($9.8 billion). The U.S. oil import bill decreased from $3.8 billion to $3.5 billion.

U.S. bilateral trade balances on a monthly and year-to-date basis with major trading partners are shown in table 4. In August 1992, the United States registered an increase in bilateral merchandise trade deficits with Canada, and NIC, and a decrease with Japan, Germany, the European Free Trade Association (EFTA), the Organization of Petroleum Exporting Countries (OPEC), and China. The U.S. deficit with Japan decreased by $200 million. From January-August 1991 to the corresponding period in 1992, the United States registered a significant decline in its bilateral trade deficits with OPEC, and deficit increases with Japan, Canada, Germany, EFTA, NIC, and China. The U.S. trade surpluses with the EC and Western Europe declined, and the trade surpluses with Mexico and the former Soviet Union increased.

Table 2
U.S. merchandise trade, seasonally adjusted

	Exports		*Imports*		*Trade balance*	
Item	*August 92*	*July 92*	*August 92*	*July 92*	*August 92*	*July 92*
Current dollars—						
Including oil	35.5	37.8	44.5	45.1	-9.0	-7.3
Excluding oil	34.9	37.1	40.0	40.3	-5.1	-3.2
1987 dollars	33.7	35.8	42.0	42.5	-8.3	-6.6
Three-month-moving average	37.2	37.2	44.8	44.3	-7.7	-7.1
Advanced-technology products (not seasonally adjusted)	7.7	8.1	6.1	5.9	+1.6	+2.1

Source: *U.S. Department of Commerce News, FT (900)*, Oct. 1992

Table 3
Nominal U.S. exports and trade balances, not seasonally adjusted, of specified manufacturing sectors and agriculture, January 1991-August 1992

Sector	Exports: January-August 1992	Exports: August 1992	Change: January-August 1992 over January-August 1991	Change: August 1992 over July 1992	Share of total January-August 1992	Trade balances January-August 1992
	Billion dollars		Percent			Billion dollars
ADP equipment and office machinery	17.2	2.0	1.4	-1.0	5.9	-5.54
Airplanes	18.0	1.8	19.4	4.6	6.1	15.66
Airplane parts	6.2	0.7	-6.3	-6.6	2.1	3.84
Electrical machinery	20.9	2.5	4.5	0.4	7.1	-4.69
General industrial machinery	12.4	1.4	8.8	-5.4	4.2	1.90
Iron and steel mill products	2.4	0.3	-15.7	7.4	0.8	-3.11
Inorganic chemicals	2.9	0.4	5.5	-12.5	1.0	0.54
Organic chemicals	7.4	0.9	-2.9	-4.4	2.5	1.50
Power-generating machinery	11.6	1.4	6.6	-3.6	3.9	1.31
Scientific instruments	9.4	1.1	5.8	-4.4	3.2	4.59
Specialized industrial machinery	11.1	1.4	0.2	-2.9	3.8	3.40
Telecommunications	7.1	0.9	10.6	-8.6	2.4	-9.16
Textile yarns, fabrics and articles	3.8	0.5	6.7	11.6	1.3	-1.42
Vehicle parts	10.9	1.3	18.5	22.9	3.7	0.53
Other manufactured goods[1]	18.4	2.3	14.3	-1.8	6.3	-2.83
Manufactured exports not included above	69.0	8.0	6.4	-5.3	23.4	-57.06
Total manufactures	228.7	26.7	6.7	-2.0	77.6	-50.54
Agriculture	27.1	3.0	10.2	-5.3	9.2	11.36
Other exports	38.8	4.9	0.5	-12.1	13.2	-9.12
Total	294.6	34.6	6.2	-3.8	100.0	-48.30

[1] This is an official U.S. Department of Commerce commodity grouping.

Note: Because of rounding, figures may not add to total shown.

Source: *U.S. Department of Commerce News, (FT 900)*, Oct. 1992.

Table 4
U.S. merchandise trade deficits (-) and surpluses (+), not seasonally adjusted, with specified areas, January 1991-August 1992
(In billion of dollars)

Area or country	August 1992	July 1992	August 1991	January-August 1992	January-August 1991
Japan	-3.73	-3.93	-3.75	-29.52	-26.66
Canada	-0.83	-0.35	-0.63	-4.42	-3.58
Western Europe	-0.08	-1.15	+0.72	+6.85	+11.72
EC	+0.07	+0.79	+0.66	+8.31	+11.89
Germany	-0.72	-0.78	-0.47	-4.04	-2.80
European Free Trade Association (EFTA)[1]	-0.29	-0.53	-0.05	-2.51	-1.19
NIC[2]	-2.08	-1.71	-1.47	-9.12	-7.46
USSR (former)	+0.26	+0.24	+0.18	+1.88	+1.57
China	-1.88	-2.05	-1.31	-11.15	-7.20
Mexico	+0.18	+0.63	+0.21	+3.90	+1.25
OPEC	-1.27	-1.47	-1.36	-6.50	-9.86
Total trade balance	-9.89	-9.60	-7.40	-48.30	-39.17

[1] EFTA includes Austria, Finland, Iceland, Liechtenstein, Norway, Sweden, and Switzerland.

[2] NIC includes Hong Kong, the Republic of Korea, Singapore, and Taiwan.

Note.— Country/area figures might not add to totals because of rounding. Also, exports of certain grains, oilseeds and satellites were excluded from country/area exports but were included in total export table.

Source: *U.S. Department of Commerce News, (FT 900)*, Oct. 1992.

INTERNATIONAL TRADE DEVELOPMENTS

National Referendum Held on Canadian Constitutional Reform

On October 26, 1992, in a nonbinding referendum, one simple question was put to the population of Canada's 10 Provinces and 2 Territories: "Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?" This single question had far-reaching implications. A unanimous "yes" vote from the Provinces and Territories would have effectively squelched the secessionist tendencies that the Province of Quebec has entertained for years and would have overhauled the entire Canadian political structure. However, the mixed vote that ensued—"yes" votes from the four Provinces of Newfoundland, New Brunswick, Prince Edward Island, and Ontario, and "no" votes from the six Provinces of Quebec, Nova Scotia, Manitoba, Saskatchewan, Alberta, and British Columbia—points not only to a lack of consensus in Canada, but an uneasy future of continued uncertainty.

Questions on the value of the Canadian confederacy have abounded since the first days of confederation in 1867. More recently, controversy has focused on the question of whether Quebec, with its French linguistic and cultural heritage, should secede from the rest of Canada, which is predominantly English-speaking. In 1976, the separatist Parti Quebecois (PQ) won Quebec's provincial election and began to explore the feasibility of greater independence for the Province. In 1980, the PQ sought a mandate from the people of Quebec to negotiate a new status called "sovereignty association," which would combine political independence and continued economic association with the rest of Canada. Sixty percent of Quebeckers rejected the proposal. Subsequently, Quebec succeeded in persuading the Federal Government to recognize explicitly its distinct, special status within the Canadian Federation. In return for this recognition, embodied in the Meech Lake Constitutional Accord of 1987, Quebec would have endorsed the 1982 Canadian Constitution—which, alone among the Provinces, it has consistently refused to ratify. In June 1990, however, the Provinces of Newfoundland and Manitoba failed to approve the Meech Lake Accord, arguing that it gave Quebec too much power. The issue has remained unresolved since that time.

Occasioned by a desire to bring Quebec into the constitution willingly and to put an end to long-simmering fears of a political breakup of Canada, the new constitutional proposal that was voted on in October 1992 resulted from a long series of consultations across Canada. In August 1992, the leaders of each of the 10 Provinces, the 2 Territories, Prime Minister Brian Mulroney, and 4 aboriginal leaders met in Charlottetown, Prince Edward Island. The purpose of the meeting was to fashion an agreement that would be unanimous yet responsive to a growing list of political demands. What started out as an effort to stop the possibility of Quebec's secession, though, turned into a massive horse-trading session. As a result, the so-called Charlottetown accord calls for an extensive overhaul of Canada's Constitution. It includes provision for an elected Senate and an expanded House of Commons, recognition of Quebec as a "distinct society," a more efficient division of powers between the Federal and Provincial Governments, native (that is, aboriginal) self-government, enhanced protection for linguistic minorities, and changes to the constitutional amendment process.

The Charlottetown accord calls for adding a "Canada clause" as an introduction to the Constitution. This clause outlines the fundamental characteristics of the country and is designed to serve as a guide to the courts in interpreting the Constitution and the Charter of Rights and Freedoms. This clause, among other things, recognizes that aboriginal governments are the third order of government (after the Provincial and Federal Governments); establishes Quebec as a "distinct society" based on its French-speaking majority and civil law tradition; guarantees equality to all races, genders, and ethnicities; and confirms the principle of equality of the Provinces while recognizing their diverse characteristics.

The accord also dictates the restructuring of the Canadian Parliament. The Senate, which is currently appointed and largely powerless, would become an elected body. Each Province would have six senators and each Territory would have one. The Province of Alberta pushed for this "elected, equal, and effective" Senate because it would give the smaller Provinces more political clout against the larger Provinces, much like the Senate in the United States. In the House of Commons, like the U.S. House of Representatives, the

number of seats is based on population. To make up for losses in the Senate, the largest Provinces will gain seats in the Commons, with Ontario and Quebec gaining 18 seats each, British Columbia 4 seats, and Alberta 2. Quebec is also guaranteed to always have at least 25 percent of the seats in Commons, even if its population diminishes. Reapportionment will be moved up to 1996, because British Columbia felt that its rapidly growing population would soon be underrepresented. To further quell the concerns of Quebec, the Senate would have the power to trigger a joint sitting of the two houses, rather than the veto power that the western Provinces had desired.

The accord also set out to clarify the division of powers between Federal and Provincial Governments. The original Canadian Constitution Act of 1867 (British North American Act) outlines an explicit division of powers, but through the years this division has become clouded. In the accord, the Federal Government has continued to spend money and create programs that were originally within the jurisdiction of the Provinces. The Federal Government and the Provinces agreed to develop a constitutionally entrenched "framework" that would limit Federal spending power. The Federal Government agreed to withdraw completely from six areas of exclusive Provincial jurisdiction, if a Province so desired. These jurisdictions are: housing, tourism, mining, forestry, recreation, and urban affairs. Medicare and unemployment insurance would still be left under Federal control.

Key social and economic goals were outlined for the first time in the section titled "The Social and Economic Union." The nonbinding social objectives include universal health care, quality education and reasonable access to higher education, adequate social services, collective bargaining rights, and preservation of the environment. The economic objectives are the free movement of goods, services, people, and capital; a reasonable standard of living; full employment; and sustainable and equitable development. While earlier approved as a goal of Federal policy, the dismantling of interprovincial trade barriers—a significant problem in Canada—was not addressed by the accord. The Canadian business sector was upset because it felt that the accord should more decisively define the removal of interprovincial trade barriers, whereas supporters of this section of the accord felt that the removal of interprovincial trade barriers should be accomplished through legislation and not entrenched in the Constitution. The complete economic integration of Canada is, therefore, not accomplished under the accord.

When the accord was first announced, it received strong support throughout Canada, including Quebec. According to a Canadian news poll (Angus Reid/Southam News) taken shortly after the announcement of the accord, 61 percent of the people outside Quebec were willing to accept the deal, and 18 percent were undecided; in Quebec, 49 percent said they would accept the accord and 13 percent were undecided. However, support waned significantly in subsequent weeks, sinking to 38 percent "yes" in Quebec and 36 percent "yes" in the rest of Canada by mid-September, according to another Angus Reid poll. This downswing was attributed in great part to the fact that the Charlottetown accord was so strongly linked to Prime Minister Mulroney, whose approval rating has hovered in the vicinity of a meager 18 percent in recent months. It may also have been linked to the tremendous range of individuals and organizations who opposed the accord. The Quebec separatist PQ, for example, was against the accord because the party favors a sovereign, independent Quebec. Former Prime Minister Pierre Trudeau was against the accord because he maintained that it weakened the role of the Federal Government. The National Coalition of Women refused to endorse the accord because it foresaw a lessening of feminist concerns in the devolution of more powers from the central government to the Provinces. A number of aboriginal groups were dissatisfied with the terms of the accord and withheld their endorsement. Certain Provinces in western Canada reacted negatively to what they perceived as a guarantee of power for Quebec under the accord. In short, if anyone found anything in the accord with which he or she disagreed, the easiest course of action was to oppose the agreement. Thus, a national mood of political mistrust resulted in more voters coalescing around the "no" position. There were more people in opposition to one or more terms of the accord than there were in complete agreement with the package.

The consequences of the October 26 mixed vote are complicated and highly politicized for both Canada and the United States. Even though Prime Minister Mulroney needs only the consent of 7 Provinces that represent at least 50 percent of the population to put a constitutional amendment into effect, he maintained before the vote that, given the significance of the issues included in the accord, he would proceed only if the Provinces unanimously approved the agreement. Further, although the results from the referendum are nonbinding, many of the Provincial ministers said that the outcome would guide their attitudes toward any further discussions of constitutional reform. Since Quebec was one of the dissenting Provinces in the October 26 vote, any further action on this particular accord is unlikely.

Yet another consideration is the meaning of the vote itself. Some argue that the major issue is the continued existence of the Canadian confederation as it is currently constituted. Others maintain that Canadians are tired of the prolonged constitutional discussions by political leaders, that the issues of principal interest are economic ones, and that the electorate has sent a message of its disenchantment to the "political elite." A number of Canadian political analysts have argued that the lack of consensus on the entire constitutional issue reflects the public's feeling that the whole matter is less than relevant and not worth the long, national political preoccupation. In short, they say, politicians

have expended more time and effort on the question than is warranted.

The question of Canadian unity remains unanswered by the referendum results. Quebec separatists will undoubtedly press onward, even insisting on an eventual Provincial referendum on sovereignty, although it is unclear whether a refusal on the part of the French-speaking Province to accept the accord can be converted into a vote for separation from the rest of Canada. Roughly 55 percent of Quebec voters were against the accord.

EC Summit Leaders Vow to Press Forward with Maastricht Treaty

The razor-thin margin of approval of the Maastricht Treaty by French voters on September 20 brought a sigh of relief to the EC Commission, which was concerned about the survival of the treaty following Denmark's earlier "no" vote. Voters throughout the EC have voiced concerns over the Maastricht Treaty, which they believe grants too many powers to Community institutions at the expense of member states. The weak French support for the treaty served to focus the EC's attention on the need to address these concerns and raised questions about the future shape of the treaty and the timeframe for its ratification. On October 16, a special European Summit was held in Birmingham, England, to determine how to proceed.

The Maastricht Treaty (or, as it is officially known, the Treaty on European Union), was adopted at the December 1991 European Council meeting in Maastricht, the Netherlands. It was signed in the same town by the 12 EC member states on February 7, 1992. The treaty advances the EC's goal to create more binding economic, political, and institutional ties among the member states. Among its objectives are economic and monetary union, leading to a common currency in 1999, and political union, including a common foreign and security policy. The treaty would also expand the power of the European Parliament, grant new rights to European citizens, and extend the EC's powers in such fields as consumer protection, public health, and environmental policy.

The treaty is scheduled to enter into effect on January 1, 1993, following ratification by each of the 12 member states. France was the fourth country to ratify the treaty, after Ireland, Greece, and Luxembourg. The EC Commission welcomed the French victory, which made clear that the ratification process can move forward. Had the French voted "no," the ratification process could have been derailed, at least in the near future. German Chancellor Helmut Kohl said that despite the close vote, the victory was still an endorsement of the unity process and should give European integration a new impetus.

However, many viewed the narrow French victory as a warning signal that support for the unification process could wither unless the decision-making process becomes more democratic. Jacques Delors, President of the EC Commission, predicted just 4 days before the French referendum that "either Europe will become more democratic..., or Europe will be no more." Ratification still faces an uncertain future: British support for Maastricht is particularly weak and a solution to the Danish "no" vote must be found.

On October 16, British Prime Minister John Major, current President of the EC Council of Ministers, held a special summit of the European Council to restore confidence in the Maastricht Treaty. In a communique issued at the end of the meeting, summit leaders reaffirmed the goals and benefits of the treaty, but also attempted to address the concerns raised by the voting public. They pledged to "make the Community more open, to ensure a better informed public debate on its activities." More specifically, the leaders requested that foreign ministers recommend ways, before the next summit in Edinburgh in December, of "opening up the work of the Community's institutions," including increased consultations by the Commission before proposing legislation and improved public access to information. The communique also reaffirmed that "decisions must be taken as closely as possible to the citizen." This concept, referred to as the "subsidiarity principle," says that the EC is granted jurisdiction only for those policies that cannot be effectively handled at lower levels of government—that is, national, regional, or local (see *IER*, August 1992). EC leaders requested studies be conducted so that the Edinburgh summit can decide on the appropriate guidelines and criteria for the application of the subsidiarity principle in practice, for example, to the procedures of the EC's Council of Ministers. Finally, the communique pledged that EC institutions would do more to publicize the benefits of the Maastricht Treaty.

Summit leaders rejected reopening the treaty for negotiation. Instead, the communique commits them to make more detailed decisions on work procedures at the Edinburgh summit in December. Delors has warned that taking subsidiarity too far would risk institutional paralysis. On the other hand, some have said that addressing the subsidiarity issue would not be enough. and that the EC's institutional structure will have to be changed to make the Community more democratic. Advocates of institutional change note that currently, members of the EC's Council of Ministers and the EC Commission are appointed; only the European Parliament is directly elected, but its powers in the legislative process are limited.

Danish officials now have until the Edinburgh summit to decide how they propose to turn the negative Danish vote around. Danish Prime Minister Schluter has proposed negotiating legally binding additions to the Maastricht Treaty, which would clearly define EC decision-making powers. The Danish Government has also suggested incorporating clauses that would permit Denmark to opt out of economic and monetary union

and out of a common EC defense policy. Should negotiations between Denmark and the other 11 member states be unsuccessful, "it will be impossible to get Maastricht implemented in its present form," according to Henning Christophersen, Vice President of the EC Commission. Danish officials have indicated they are prepared to call a second referendum in the summer or fall of 1993. British Prime Minister John Major recently indicated that he will ask Parliament to ratify the treaty as soon as possible, perhaps before the end of 1992, and will not call a referendum.

Article R of the treaty says that it "shall enter into force on 1 January 1993, provided that all the instruments of ratification have been deposited, or, failing that, on the first day of the month following the deposit of the instrument of ratification by the last signatory State to take this step." Because the ratification process will not be complete, the January 1 deadline will not be met. Moreover, some officials have suggested that the overall schedule for achieving economic and monetary union (for instance, the establishment of a single currency by January 1, 1999) may have to be delayed. Some have proposed establishing a "two-speed Europe," whereby some member states would move more quickly toward economic and monetary union than other member states. A two-speed Europe envisions only a small group of countries achieving a common currency by 1999; countries outside this core would remain at a lesser level of integration until they were ready and willing to join the core. However, German, French, and British leaders have all firmly rejected the idea of a two-speed Europe, which they feel would only jeopardize European unity.

Despite the dire predictions about a complete derailment of the integration process in the wake of September's currency crisis, most officials agree that the drive toward deeper EC integration will continue, regardless of the short-run circumstances. The EC 92 single-market initiative, which aims to remove obstacles to the free movement of capital, goods, services, and people among member states by January 1, 1993, has not been delayed. About 90 percent of the directives needed to create the single market have already been adopted by the EC Council. EC officials also argue that the drive toward closer economic and political ties, as envisioned in the Maastricht Treaty, will also move forward, even if the pace is interrupted in the short term.

U.S. and Korea Agree on Trade and Investment Measures

On September 17, 1992, the United States and the Republic of Korea (Korea) reached final agreement on a set of measures aimed at reducing non-tariff barriers to trade and increasing bilateral investment. The two countries have been involved in extensive discussions on trade and investment liberalization since January of this year, when President Bush, during his visit to Seoul, asked Korean President Roh for a series of talks on market-opening measures. Much to the surprise of the Bush administration, the Korean Government agreed to the negotiations under the auspices of the Presidents' Economic Initiative (PEI), and an agenda was set to resolve trade barriers within 12 months.

Similar in nature, if not in depth, to the discussions held with Japan under the so-called Structural Impediments Initiative (SII), the bilateral talks with Korea have focused on "informal" obstacles to trade and investment. In contrast to the much-publicized SII talks with Tokyo, however, the negotiations with Seoul have received little media attention and have reportedly been much less acrimonious. The Bush administration kept most of the details of the negotiations secret until the final package of market-opening measures was agreed to at the September summit held in Washington. The recommended measures contained in the PEI report focus on four main areas: standards and regulatory procedures, customs procedures, technology, and investment. Although Korea made few new concrete obligations, the PEI report does set the stage for closer bilateral cooperation on these structural barriers to trade and investment. Each of the areas covered in the PEI report is examined in more detail below.

Standards and Regulatory Procedures

Perhaps the most significant aspect of the PEI report lies in the recommended measures to improve the transparency of Korean standards and regulatory procedures. This has reportedly been an area of great concern to U.S. exporters, who claim that unclear standards and regulations have been used to block the sale of their merchandise in the Korean market. The report recommends that both governments, in line with their obligations as members of the GATT Agreement on Technical Barriers to Trade (TBT),[1] move toward a system that requires clear public notification of the adoption of new standards. The United States and Korea should also allow a "reasonable period of time" between the introduction of a proposed standard or technical regulation and its final adoption to allow exporters to adjust to the new requirements. As called for in the TBT Agreement, the two sides also agreed to a regularized exchange of technical information and to the opportunity for interested parties to comment during each country's standards-making and regulatory processes. Finally, the PEI report recommended that technical regulations be based on sound scientific

[1] For more information on the Agreement on Technical Barriers to Trade (commonly known as the Standards Code), see USITC, *The Year in Trade, 43d Report, 1991*, USITC publication No. 2554, Aug. 1992, p. 43.

information and respond to legitimate public policy objectives.

In addition to reaffirming their obligations under the GATT TBT Agreement, the two sides broke new ground in the PEI report with respect to bilateral cooperation. The two sides agreed that closer contact between such agencies as the Korean Ministry of Health and Social Affairs (MOHSA) and the U.S. Food and Drug Administration, the Korean Ministry of Agriculture, Fisheries and Forestry (MAFF) and the U.S. Department of Agriculture, and Korean Industrial Advancement Administration (IAA) and the U.S. National Institute for Standards and Technology (NIST) could be beneficial, and contact points to facilitate this cooperation would be established by November 1992. The United States and Korea also agreed to make best efforts to initiate consultations on standards related to telecommunications equipment, manufacturing practices for pharmaceuticals, and the importation of biological products—all areas of U.S. export interest.

Customs and Other Import-Clearance Procedures

The Korean customs and clearance system was another area targeted for discussion by the PEI agenda. Typically, merchandise moves between the United States and Korea in less than 24 hours by direct air routes. In contrast to this speedy trans-Pacific movement of goods, however, the transfer of merchandise from the point of arrival to an importer's place of business may take much longer because of prolonged clearance procedures. The complaint on the U.S. side was that such lengthy clearance procedures, insofar as they delay the delivery of goods, can make U.S. products uncompetitive in the Korean market. The PEI report calls for the two countries to ensure that customs and other clearance procedures are not so burdensome or lengthy as to make imported merchandise uncompetitive with domestic goods. Further, the report recommends closer bilateral cooperation between the relevant government agencies, greater transparency of customs regulations and procedures, and efforts to make customs information more accessible to members of the international trade community.

Technology

Technology transfer and cooperation were other issues taken up by the United States and Korea during the PEI discussions. The working group on technology made recommendations in four areas: information exchange, promotion of commercial technology cooperation, intellectual property rights (IPR), and science and technology cooperation. The PEI report calls for the two countries to intensify their efforts to coordinate existing national programs to promote the expansion of trade among firms in technology-intensive industries, with special attention to new-to-market small and medium-sized businesses. Both sides agreed to make "best efforts" to strengthen IPR enforcement activities. Further, Korea pledged to (1) review and limit its information requirements regarding potential commercial technology cooperation, transfer, and investment by foreign firms, (2) limit the review of business information supplied with applications and approvals to government research institutes, and (3) further enhance its efforts to protect the confidentiality of such business information.

In return for Korea's agreement to the above measures, the United States indicated in the PEI report that Korea could, upon meeting certain export control requirements, receive preferential licensing arrangements otherwise reserved for members of the Coordinating Committee for Multilateral Export Controls (COCOM).[2] Under section 5(k) of the U.S. Export Control Act, the Secretary of State, in consultation with the Secretaries of Commerce and Defense, is authorized to negotiate with non-COCOM countries regarding the control of strategic products and technology related to national security. In return for the adoption of effective export control measures by non-COCOM countries, the Secretary of Commerce may grant some or all of the preferential licensing benefits that are otherwise reserved for COCOM partners. Korea, along with Austria, Ireland, and Sweden, received partial 5(k) benefits in 1991. In the PEI report, the United States affirmed that full 5(k) benefits, including intra-COCOM trade, could be granted if Korea were to achieve a COCOM-comparable control system and demonstrate an ability to implement the COCOM common standard level of effective protection. Granting of intra-COCOM trade benefits, however, would not be a strictly bilateral matter and would require a consensus among COCOM member states that Korea has met the common standard.

Investment

Perhaps the most difficult phase of the PEI negotiations dealt with easing Korean restrictions on foreign investment. The Korean Government currently prohibits foreign investment in 57 industrial sectors, and restricts investment in another 181 categories. In other sectors, joint ventures are often required for foreign firms to enter the Korean market and, in all sectors, the Korean Government reportedly maintains elaborate screening and approval processes. Since the launching of the PEI discussions, Korea has announced several modest measures liberalizing investment restrictions in certain sectors and dropping some

[2] The current members of COCOM are the United States, Australia, Belgium, Canada, Denmark, France, Germany, Greece, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey, and the United Kingdom.

joint-venture requirements. The following sectors are now open to foreign investment: maritime freight forwarding and brokerage services, the import and wholesaling of alcoholic beverages, securities businesses, and data communications services. Further, Korean officials have pledged to submit legislation removing many of the approval requirements on foreign investment to their National Assembly during the first six months of 1993. The working group on investment will hold an additional meeting before the end of 1992 to address such issues as land acquisition by foreign firms, financing for foreign firms, further liberalization of sectoral restrictions on foreign investment, and improvements in notification and approval procedures.

Reportedly, the U.S. delegation did not achieve all it had hoped for in the area of investment liberalization. Many barriers remain to foreign investment in Korea, and the United States had apparently hoped for a broader scope of reform. Although Korea has reportedly been somewhat receptive to the idea of liberalizing its foreign investment regulations, there is apparently some concern that lowering current barriers might expose the country to a wave of Japanese investment. Japan currently holds a very strong direct investment position in Korea (estimated at $4.4 billion in 1991 by Japan's Ministry of Finance) and is also the source of one of Korea's largest trade deficits (roughly $3.4 billion for the first half of 1992). Any significant increase in Japan's investment position could also lead to a larger trade deficit for Korea. The investment working group will nevertheless continue its discussions on liberalization through the end of 1992.

STATISTICAL TABLES

Industrial production, by selected countries and by specified periods, January 1989-June 1992

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

				1991			1992							
Country	*1989*	*1990*	*1991*	*IV*	*Nov.*	*Dec.*	*I*	*II*	*Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*Jun.*
United States	2.6	1.0	-1.9	-0.7	-3.3	-7.5	-3.1	4.4	-8.6	7.0	4.6	5.7	5.7	-4.3
Japan	6.2	4.5	2.2	-5.1	0	-14.9	-11.7	-9.1	-13.4	-5.6	-27.0	1.0	-19.8	-27.2
Canada	2.0	0.3	-1.0	-2.1	-1.1	-1.1	2.1	2.5	1.1	-9.3	1.1	-1.1	6.9	0
Germany	5.3	5.9	3.2	-2.9	-1.0	-13.8	4.6	(1)	11.5	22.8	-4.7	-12.0	-3.9	(1)
United Kingdom	0.3	-0.6	-3.0	-0.5	-5.5	-4.4	-3.7	(1)	-10.8	-14.6	-7.6	3.5	-10.8	(1)
France	3.7	1.3	0.6	-1.4	-8.1	-13.8	0.6	(1)	22.2	-9.1	-2.1	18.3	-17.3	(1)
Italy	3.9	-0.6	-1.8	-2.0	25.6	-31.3	3.4	-1.8	24.7	9.8	-2.0	-9.8	22.9	-27.5

[1] Not available.

Note.—Data presented for Germany includes information only for what was once West Germany. When data for the combined Germanies are available they will be used.

Source: *Economic and Energy Indicators*, U.S. Central Intelligence Agency, September 18, 1992.

Consumer prices, by selected countries and by specified periods, January 1989-July 92

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

				1991		1992								
Country	*1989*	*1990*	*1991*	*Nov.*	*Dec.*	*I*	*II*	*Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*Jun.*	*Jul.*
United States	4.8	5.4	4.2	4.5	2.6	2.8	3.4	0.9	3.5	6.2	2.6	1.7	3.5	(1)
Japan	2.3	3.1	3.3	9.0	-0.9	0.7	2.6	-1.5	1.0	2.6	5.0	-1.0	4.8	-0.2
Canada	5.0	4.8	5.6	2.9	0	1.6	1.9	1.0	1.9	4.8	1.9	-0.9	1.9	(1)
Germany	2.8	2.7	3.5	5.5	1.1	3.0	4.1	0	6.6	6.5	1.1	5.4	3.2	(1)
United Kingdom	7.8	9.5	5.9	5.3	5.9	4.3	4.0	3.3	4.0	4.0	5.0	4.1	0.7	(1)
France	3.5	3.4	3.1	4.2	3.7	3.2	2.6	2.4	3.5	3.3	1.7	3.1	2.2	(1)
Italy	6.6	6.1	6.5	7.2	4.5	5.1	5.6	7.7	-0.5	6.6	5.8	8.2	4.1	4.7

[1] Not available.

Note.—Data presented for Germany includes information only for what was once West Germany. When data for the combined Germanies are available they will be used.

Source: *Economic and Energy Indicators*, U.S. Central Intelligence Agency, September 18, 1992.

Unemployment rates, (civilian labor force basis)[1] by selected countries and by specified periods, January 1989-August 1992

				1992									
Country	*1989*	*1990*	*1991*	*I*	*II*	*Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*Jun.*	*Jul.*	*Aug.*
United States	5.3	5.5	6.7	7.2	7.5	7.1	7.3	7.3	7.2	7.5	7.8	7.7	7.6
Japan	2.3	2.1	2.1	2.1	2.1	2.1	2.0	2.1	2.0	2.1	2.2	2.2	(5)
Canada	7.5	8.1	10.3	10.7	11.3	10.4	10.6	11.1	11.0	11.2	11.6	11.6	11.6
Germany[2]	5.7	5.2	4.4	4.4	4.6	4.4	4.4	4.4	4.6	4.6	4.7	4.7	4.8
United Kingdom	7.1	6.9	8.9	9.6	9.7	10.1	10.3	10.3	10.4	10.5	9.8	9.9	10.1
France	9.6	9.2	9.8	10.0	10.2	10.1	10.1	10.1	10.2	10.2	10.3	10.2	(5)
Italy[3]	7.8	7.0	6.9	7.0	6.9	7.0	(4)	(4)	(4)	(4)	(4)	(4)	(4)

[1] Seasonally adjusted; rates of foreign countries adjusted to be comparable with the U.S. rate.

[2] Formerly West Germany.

[3] Many Italians reported as unemployed did not actively seek work in the past 30 days, and they have been excluded for comparability with U.S. concepts. Inclusion of such persons would increase the unemployment rate to 11-12 percent in 1989-1990.

[4] Italian unemployment surveys are conducted only once a quarter, in the first month of the quarter.

[5] Not available.

e: *Unemployment Rates in Nine Countries*, U.S. Department of Labor, October

Money-market interest rates,[1] by selected countries and by specified periods, January 1989-September 1992

(Percentage, annual rates)

Country	1989	1990	1991	1991 Dec.	1992 I	II	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.
United States	9.3	8.3	5.9	4.4	4.2	3.9	4.5	4.1	4.4	4.0	3.8	3.9	3.4	3.3	3.1
Japan	5.3	6.9	7.5	7.0	6.6	6.3	6.8	6.6	6.5	6.3	6.3	6.3	([2])	([2])	([2])
Canada	12.2	13.0	9.0	7.5	7.3	6.5	7.3	7.3	7.5	6.9	6.5	5.9	5.6	([2])	([2])
Germany	7.1	8.5	9.2	9.6	9.6	9.8	9.5	9.6	9.6	9.9	9.7	9.6	9.7	([2])	([2])
United Kingdom	13.9	14.8	11.5	10.8	10.5	10.2	10.6	10.4	10.7	10.4	10.0	10.0	10.1	([2])	([2])
France	9.4	10.3	9.6	10.1	9.9	9.9	9.9	9.9	10.0	9.9	9.9	10.0	10.2	([2])	([2])
Italy	12.8	12.7	12.1	12.6	12.2	12.9	12.1	12.2	12.3	12.4	12.4	13.7	15.6	([2])	([2])

[1] 90-day certificate of deposit.

[2] Not available.

Note.—Data presented for Germany includes information only for what was once West Germany. When data for the combined Germanies are available they will be used.

Source: *Federal Reserve Statistical Release*, October 13, 1992 *Economic and Energy Indicators*, Central Intelligence Agency, September 18, 1992.

Effective exchange rates of the U.S. dollar, by specified periods, January 1989-September 1992

(Percentage change from previous period)

Item	1989	1990	1991	1992 I	II	III	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.
Unadjusted:														
Index[1]	91.3	86.5	85.5	84.8	85.2	81.4	84.4	86.8	86.4	85.5	83.7	81.7	80.9	81.7
Percentage change	6.4	-5.3	-1.2	.8	.4	-3.8	2.1	2.3	-.4	-1.0	-2.1	-2.4	-.9	.9
Adjusted: Index[1]	91.8	88.1	87.0	86.7	86.9	83.1	86.4	88.6	88.2	87.3	85.4	83.3	82.7	83.3
Percentage[2] change	6.8	-4.0	-1.2	1.3	.2	-3.8	3.1	2.5	-.4	-1.0	-2.2	-2.4	-.7	.7

[1] 1980-82 average=100.

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 United States and in other nations; thus, a decline in this measure suggests an increase in U.S. price competitiveness.

Source: Morgan Guaranty Trust Co.of New York, October 1992.

Trade balances, by selected countries and by specified periods, January 1989-August 1992

(In billions of U.S. dollars, f.o.b. basis, at an annual rate)

				1991	1992						
Country	*1989*	*1990*	*1991*	*IV*	*I*	*II*	*Apr.*	*May*	*Jun.*	*Jul.*	*Aug.*
United States[1]	-109.1	-101.7	-66.2	-66.8	-59.6	-83.2	-84.7	-85.6	-80.7	-87.3	-108.1
Japan	77.6	63.7	103.1	119.6	131.6	129.2	111.6	142.8	133.2	(3)	(3)
Canada	6.0	9.4	6.4	3.2	6.8	(3)	7.2	12.0	(3)	(3)	(3)
Germany[2]	71.9	65.6	13.5	29.2	(3)	(3)	(3)	(3)	(3)	(3)	(3)
United Kingdom	-40.4	-33.3	-17.9	-18.0	-21.6	-22.4	-28.8	-18.0	-20.4	(3)	(3)
France	-7.0	-9.2	-5.4	1.2	3.6	8.0	16.8	9.6	-2.4	(3)	(3)
Italy	-12.9	-10.0	-12.8	-10.8	-10.4	-18.4	-15.6	-15.6	(3)	(3)	(3)

[1] Figures are adjusted to reflect change in U.S. Department of Commerce reporting of imports at customs value, seasonally adjusted, rather than c.i.f.value.

2 Imports, c.i.f value, adjusted.

[3] Not available.

Note.—Data presented for Germany includes information only for what was once West Germany. When data for the combined Germanies are available they will be used.

Source: *Economic and Energy Indicators*, U.S. Central Intelligence Agency, September 18, 1992 and *Advance Report on U.S. Merchandise Trade*, U.S. Department of Commerce, October 16, 1992

U.S. trade balance,[1] by major commodity categories,and by specified periods, January 1989-August 1992

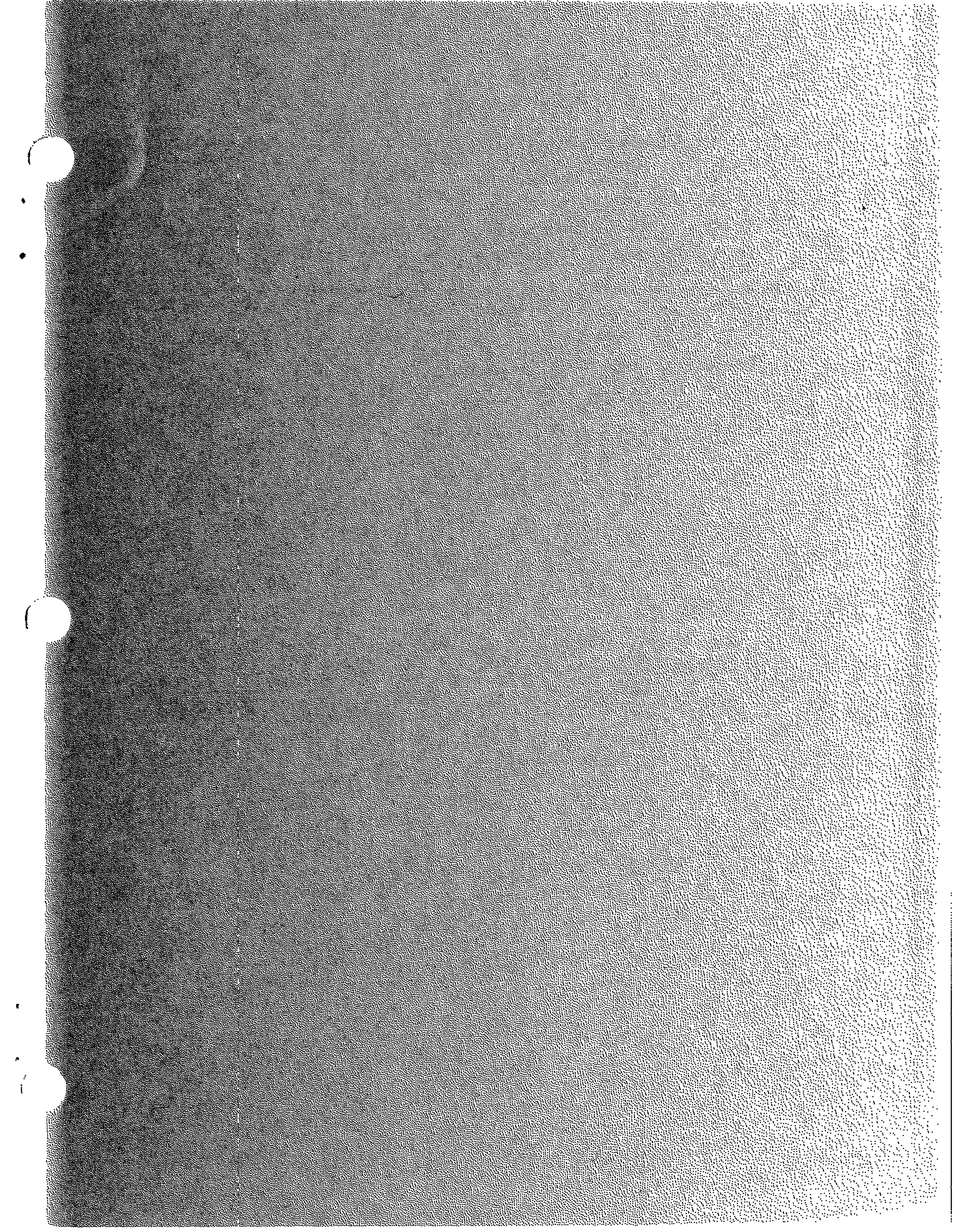
(In billions of dollars)

				1992							
Country	*1989*	*1990*	*1991*	*I*	*II*	*Mar.*	*Apr.*	*May*	*Jun.*	*Jul.*	*Aug.*
Commodity categories:											
Agriculture	17.9	16.3	16.2	5.1	3.7	1.6	1.5	1.1	1.1	1.3	1.2
Petroleum and selected product— (unadjusted)	-44.7	-54.6	-42.3	-8.1	-10.8	-2.9	-3.3	-3.5	-4.0	-4.2	-3.9
Manufactured goods	-103.2	-90.1	-67.2	-14.5	-16.9	-4.9	-5.8	-5.3	-5.7	-9.6	-9.4
Selected countries:											
Western Europe	-1.3	4.0	16.1	6.6	1.4	2.3	.6	.9	-.1	-1.1	-.1
Canada[2]	-9.6	-7.7	-6.0	-1.4	-1.8	-.5	-.6	-.8	-.4	-.3	-.8
Japan	-49.0	-41.0	-43.4	-10.8	-11.1	-4.0	-4.2	-3.5	-3.4	-3.9	-3.7
OPEC (unadjusted)	-17.3	-24.3	-13.8	-1.5	-2.2	-.4	-.3	-.8	-1.1	-1.5	-1.3
Unit value of U.S.imports of petroleum and selected products (unadjusted)	$16.80	$19.75	$17.49	$14.57	$16.82	$14.46	$15.49	$16.72	$18.25	$18.18	$17.96

[1] Exports, f.a.s. value, unadjusted. Imports, customs value, unadjusted.

[2] Beginning with 1989, figures include previously undocumented exports to Canada.

Source: Advance Report on U.S. Merchandise Trade, U.S. Department of Commerce, October 16, 1992.



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