# INTERNATIONAL ECONOMIC REVIEW

**United States International Trade Commission**
Office of Economics

Washington DC
20436

**July 1993**

*In This Issue:*

**International Economic Comparisons**

**U.S. Trade Developments**

**International Trade Developments:**

*U.S. trade surplus with Mexico tripled in 1992*

*Will Presidential impeachment reverse Venezuela's economic gains?*

**Statistical Tables**

UNITED STATES
INTERNATIONAL
TRADE COMMISSION

## OFFICE OF ECONOMICS

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# TABLE OF CONTENTS

Page

# INTERNATIONAL ECONOMIC COMPARISONS

## Summary of U.S. Economic Conditions

In the second quarter, demand for manufactures strengthened, personal income rose, the index of leading economic indicators advanced, and employment edged up—signs that the economic recovery might be gathering momentum following the weak 0.7 percent growth rate of the first quarter.

Demand for manufactures strengthened in April 1993 after a large decline in March. The Department of Commerce reported that new orders for manufactured durable goods increased in April at a seasonally adjusted rate of $0.1 billion to $130.3 billion, following a 3.7-percent decrease in March. For the year ending April 1993 new orders increased by 10.4 percent above their level a year ago. Orders for electronic and other electrical equipment recorded the largest increase, rising by $1.1 billion, or 5.9 percent, to $19.2 billion. The overall demand for transportation equipment, however, declined by 0.1 percent, to $32.4 billion, due to a plunge in new orders of motor vehicles and parts, and shipbuilding and tanks, that more than offset an increase in the new orders for aircraft and parts.

Unfilled orders for durable goods, one gauge of future employment expansion, decreased in April by $2.5 billion, or 0.6 percent, to $444.8 billion, the lowest level since November 1988. This decrease can be attributed mainly to a decline in orders for transportation equipment. Unfilled orders for transportation equipment decreased by $3.1 billion, or 1.3 percent, to $235.2 billion. However, excluding transportation equipment, unfilled orders increased by $0.6 billion. Unfilled orders for electronic and other electrical equipment increased by $0.3 billion, to $42.8 billion, or 0.7 percent, following a 2.2-percent decline in March. Unfilled orders for instruments and related products also showed a large increase.

Personal income increased by $1.0 billion (in current dollars) in April, to a seasonally adjusted annual rate of $5,262.0 billion, according to the Department of Commerce. Personal outlays increased by $43.7 billion, to $4,407.0 billion in April, after increasing by $32.3 billion in March. Because of increased tax and nontax payments, disposable personal income (personal income less personal tax and nontax payments) decreased by $1.4 billion, in contrast to an increase of $32.5 billion in March. Because of increased personal spending, personal saving (disposable personal income less outlays) declined to $196.8 billion in April from $241.9 billion in March. Constant-dollar disposable personal income decreased by $13.9 billion in April, in contrast to an increase of $21.2 billion in March.

Further, the Department of Commerce reported that the composite index of leading indicators increased by 0.1 percent in April 1993. The index decreased by 1.0 percent in March and increased by 0.5 percent in February. Six of 11 indicators contributed to the April increase in the index. In order of their contribution to the recovery these six indicators were average workweek, building permits, vendor performance (slower deliveries diffusion index), manufacturers' new orders for consumer goods and materials in 1982 dollars, index of consumer expectations, and average weekly initial claims for state unemployment insurance (including claims made under the July 1992 Emergency Unemployment Compensation amendments). Five of 11 indicators made negative contributions: contracts and orders for plant and equipment in 1982 dollars, money supply in 1982 dollars, change in manufacturers' unfilled orders of durable goods in 1982 dollars, change in sensitive materials prices, and stock prices. The composite index of coincident indicators, a monthly approximation of aggregate economic activity, decreased by 0.4 percent in April to 125.3 (1982=100). The index increased by 0.2 percent in March and by 0.2 percent in February. The composite index of lagging indicators increased by 0.1 percent in April after decreasing by 0.2 percent in March and increasing by 0.5 percent in February.

Employment as measured in the Survey of Establishments rose in May by 209,000, according to the Bureau of Labor Statistics. Total employment, as estimated by the Survey of Households, showed a significant gain of 857,000, growing to 119.3 million. Most of the gains were in construction and services. Construction added 67,000 jobs in May. These gains were spurred by improved weather conditions and low interest rates. Manufacturing jobs decreased, however, by 39,000 jobs in May. Most of the job losses were in durable goods industries, mainly automobile and aircraft manufacturing.

Prospects for growth seem to be improving as U.S. businesses plan for increases in spending. The Department of Commerce's latest survey of business spending plans shows that U.S. business plans to increase investment spending in real terms by 9.1 percent in 1993. Manufacturing industries plan a 2.5-percent increase in spending this year following a decrease of 4.9 percent in 1992. Durable goods industries plan a 5.6-percent increase. Large increases are also planned in other industries, including motor vehicles and electrical machinery.

In the foreign sector the U.S. merchandise trade deficit increased slightly in April 1992. Foreign investment outlays to acquire or to establish U.S. business enterprises fell by 47 percent in 1992, its lowest level since 1983. (See following sections).

# U.S. Economic Performance Relative to Other Group of Seven Members

## *Economic Growth*

Real gross domestic product (GDP)—the output of goods and services produced in the United States measured in 1987 prices—grew at a revised annualized rate of 0.7 percent in the first quarter of 1993 following a growth rate of 4.7 percent in the fourth quarter of 1992.

The annualized rate of real economic growth in the first quarter of 1992 was -5.6 percent in Germany and 1.4 percent in the United Kingdom. The annualized rate of real economic growth in the fourth quarter of 1992 was -2.0 percent in France, 3.5 percent in Canada, -0.3 percent in Japan and -2.3 percent in Italy.

## *Industrial Production*

Seasonally adjusted U.S. nominal industrial production increased by 0.2 percent in May, the same rate as in April and March. Total industrial capacity utilization in manufacturing, mining, and utilities remained unchanged at 81.6 percent. For the year ending May 1993 industrial production increased by 3.5 percent above its level in May 1992.

Other Group of Seven (G-7) member countries reported the following annual growth rates of industrial production: for the year ending April 1993, Japan reported a decrease of 3.8 percent and Germany reported a decrease of 7.7 percent; for the year ending March 1993, the United Kingdom reported an increase of 1.5 percent, Canada reported an increase of 6.2 percent, France reported a decrease of 2.8 percent, and Italy reported a decrease of 5.2 percent.

## *Prices*

The seasonally adjusted Consumer Price Index (CPI) edged up 0.1 percent in May after rising by 0.4 percent in April. The CPI advanced by 3.2 percent during the 12 months ending May 1993.

During the 1-year period ending May 1993, prices increased by 4.2 percent in Germany and 4.0 percent in Italy. During the year ending April 1993, prices increased by 1.8 percent in Canada, 2.1 percent in France, 0.9 percent in Japan, and 1.3 percent in the United Kingdom.

## *Employment*

The U.S. Department of Labor reported that the unemployment rate declined in May to 6.9 percent from the 7.0 percent rate of the previous 3 months.

Unemployment in April 1993 was 11.4 percent in Canada, 8.0 percent in Germany, 10.4 percent in Italy, 10.9 percent in France, 2.3 percent in Japan, and 10.5 percent in the United Kingdom. (For foreign unemployment rates adjusted to U.S. statistical concepts, see the tables at the end of this issue.)

# Forecasts

Forecasters expect real growth in the United States to improve in the second quarter to a 2.9-percent annual rate, compared with the first quarter growth rate of 0.9 percent. The real growth rate is expected to increase to 3.9 percent in the third quarter and to decline to 3.3 percent in the fourth. The average growth rate for 1993 is expected to be 3.4 percent. Factors that are likely to restrain the recovery include the general slowdown in foreign economic growth (particularly in Japan, Germany, and France) and the uncompleted structural adjustments in the financial and nonfinancial sectors. Consumer confidence and spending have improved in recent months. However, forecasters expect consumer spending to moderate unless personal incomes keep rising strongly enough to encourage more spending. Also, the expected tax increase and the cuts in government spending, if passed by Congress, could reduce consumer spending and confidence and thus moderate the recovery. Table 1 shows macroeconomic projections for the U.S. economy for April 1993 to March 1994, 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 could be working in favor of growth rates stronger than those projected for 1993, including:

- An improvement in general economic conditions as adjustments in the business

**Table 1**
**Projected quarterly percentage changes of selected U.S. economic indicators, Apr. 1993-Mar. 94**
*(In percent)*

| 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 | | | | |
| 1993: | | | | | |
| Apr.-June | 5.4 | 5.4 | 4.8 | 6.0 | 5.4 |
| July-Sept. | 7.0 | 6.0 | 5.8 | 7.6 | 6.6 |
| Oct.-Dec. | 5.7 | 6.0 | 5.4 | 7.2 | 6.2 |
| 1994: | | | | | |
| Jan.-Mar. | 6.1 | 5.9 | 6.9 | 5.9 | 6.1 |
| | GDP constant (1987) dollars | | | | |
| 1993: | | | | | |
| Apr.-June | 2.6 | 3.0 | 2.7 | 3.2 | 2.9 |
| July-Sept. | 3.8 | 3.5 | 3.4 | 4.7 | 3.9 |
| Oct.-Dec. | 3.0 | 3.5 | 2.8 | 4.1 | 3.3 |
| 1994: | | | | | |
| Jan.-Mar. | 3.0 | 3.1 | 3.9 | 2.1 | 3.0 |
| | GDP deflator index | | | | |
| 1993: | | | | | |
| Apr.-June | 2.7 | 2.3 | 2.0 | 2.8 | 2.5 |
| July-Sept. | 3.1 | 2.3 | 2.3 | 2.8 | 2.6 |
| Oct.-Dec. | 2.6 | 2.4 | 2.5 | 2.9 | 2.6 |
| 1994: | | | | | |
| Jan.-Mar. | 3.0 | 2.7 | 2.8 | 3.7 | 3.1 |
| | Unemployment, average rate | | | | |
| 1993: | | | | | |
| Apr.-June | 6.9 | 7.0 | 6.9 | 6.9 | 6.9 |
| July-Sept. | 6.7 | 7.0 | 6.9 | 6.8 | 6.8 |
| Oct.-Dec. | 6.5 | 6.9 | 6.8 | 6.5 | 6.7 |
| 1994: | | | | | |
| Jan.-Mar. | 6.4 | 6.8 | 6.5 | 6.3 | 6.5 |

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: May 1993.
Source: Compiled from data provided by the Conference Board. Used with permission.

sector continue and as consumer confidence, income, and spending strengthen;

- The planned increase in real spending on investment (9.1 percent) by U.S. businesses in 1993. The spending increase will include both the manufacturing and nonmanufacturing sectors.

- A further rise in investment spending due to the reduction of the budget deficit and the ensuing release of funds crowded out by federal borrowing. Lower long-term interest rates and the moderation of inflation rates will be stimulating factors.

- An expected increase in export growth as a result of the relative moderation of the foreign value of the dollar, and the anticipated improvement in the industrial countries' economic conditions.

The average of the forecasts points to a decline in unemployment throughout 1993 to 6.7 percent. Inflation (as measured by the GDP deflator) is expected to moderate, averaging about 2.6 percent. The slow rise in wages and compensations are expected to hold down inflation below the 3-percent rate throughout 1993.

# Foreign investment outlays in the United States

The U.S. Department of Commerce reported that foreign investors' outlays to acquire or establish U.S. business enterprises fell by 47 percent in 1992, to $13.5 billion from $25.5 billion in 1991. Outlays for new foreign direct investment in the United States in 1992 were at their lowest level since 1983. The 47-percent decline in outlays in 1992 follows declines of 61 percent in 1991, 7 percent in 1990, and 2 percent in 1989. The sharp declines in foreign investment outlays in 1991 and 1992 reflect several factors:

1) The relatively low profitability of U.S. investments due to slow economic recovery in the United States;

2) The recessionary pressures that constrained the abilities of potential investors' in Japan and Europe to finance ventures abroad;

3) Investors' need to rebuild their balance sheets by paying off debts, thus reducing investors' outlays for new overseas investment; and

4) The diversion of investment funds away from the United States towards areas of faster growth in the European Communities, Eastern Europe, the newly industrialized countries in East Asia, and in parts of Latin America.

As a result of the drop in outlays, total capital flows for foreign direct investment in the United States shifted from a net inflow (or investment) of $11.5 billion in 1991 to an estimated net outflow (disinvestment) of $3.9 billion in 1992.

By industry the 1992 drop in outlays was particularly large in banking, finance except banking, insurance, retail trade, and machinery manufacturing. Outlays increased in only two industries: "other manufacturing" and "other industries," table 2. By country of ultimate beneficial owner (UBO), declines in outlays were largest for France and Japan. The only countries with significant increases in outlays were Mexico and Venezuela (table 3).

U.S. businesses acquired or established in manufacturing accounted for the most outlays ($5.3 billion). Within manufacturing, most outlays were in "other manufacturing" and in chemicals and allied products. In "other manufacturing," the largest transaction was a joint venture between a Mexican glass manufacturer and a specialty glass company. In chemicals, the largest transaction was a German company's acquisition of a fragrance and cosmetics unit of a pharmaceutical company. Outside manufacturing, outlays were largest in "other industries" ($2.2 billion), real estate ($1.9 billion), and services ($1.5 billion). The largest transaction in "other industries" was the acquisition of a mineral unit of a petroleum company by a U.S. affiliate of a Belgian chemicals group. In real estate the largest transaction was the purchase of an office building by a U.S. affiliate of a German media group.

In services the largest transaction was the acquisition of a biotechnology research company by a U.S. affiliate of a Swiss pharmaceutical and chemical company. By country of UBO the largest investors were Japan, Great Britain, and Germany. Outlays of Japanese UBOs were $2.3 billion. The largest transaction was the acquisition of a steel manufacturer. Outlays of British UBOs were $2.2 billion. The largest transaction was the acquisition of the credit card unit of a bank by a U.S. affiliate of a British bank. Outlays of German UBOs were $1.8 billion. The largest transaction was the previously mentioned acquisition of a fragrance and cosmetics unit of a pharmaceutical company. Total assets of U.S. businesses acquired or established by foreign direct investors were $30.9 billion in 1992, down from $152.1 billion in 1991. U.S. businesses acquired in 1992 had assets of $22.3 billion, employed 104,000 workers, and owned 36,000 acres of U.S. land. U.S. businesses established in 1992 had assets of $8.6 billion, employed 16,000 workers, and owned 85,000 acres of land.

**Table 2**
**Investment outlays by industry of U.S. business enterprise, 1986-92**
*(Billion dollars)*

| Industry | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 (revised) | 1992 (preliminary) |
|---|---|---|---|---|---|---|---|
| Total | 39.2 | 40.3 | 72.7 | 71.0 | 66.0 | 26.0 | 14.0 |
| Petroleum | 1.0 | 1.1 | 4.8 | 1.2 | 1.1 | 0.7 | 0.5 |
| Manufacturing: Total | 16.8 | 19.8 | 36.1 | 36.0 | 23.9 | 11.5 | 5.3 |
| Food and kindred products | 1.0 | 4.2 | 3.3 | 6.5 | 1.0 | 1.3 | 0.4 |
| Chemicals and allied products | 7.1 | 4.0 | 2.9 | 11.6 | 7.5 | 2.9 | 1.7 |
| Primary and fabricated metals | 0.8 | 1.1 | 3.4 | 3.6 | 2.5 | 0.8 | 0.7 |
| Machinery | 2.4 | 2.8 | 7.7 | 4.4 | 3.8 | 4.9 | 0.7 |
| Other manufacturing | 5.5 | 7.6 | 18.8 | 10.0 | 9.2 | 1.6 | 1.8 |
| Wholesale trade | 1.6 | 1.3 | 2.5 | 2.6 | 1.7 | 0.6 | 0.6 |
| Retail trade | 5.3 | 1.2 | 8.0 | 1.9 | 1.3 | 1.6 | 0.2 |
| Banking | 0.3 | 0.9 | 1.8 | 0.4 | 0.9 | 0.5 | 0.1 |
| Finance, except banking | 1.8 | 1.6 | 1.0 | 4.2 | 2.1 | 2.2 | 1.0 |
| Insurance | 1.7 | 0.2 | 5.9 | 1.9 | 2.1 | 2.1 | 0.3 |
| Real estate | 5.2 | 4.8 | 3.5 | 6.4 | 7.8 | 3.8 | 1.9 |
| Services | 4.3 | 7.6 | 5.6 | 10.1 | 19.4 | 2.3 | 1.5 |
| Other industries | 1.3 | 1.9 | 3.6 | 6.6 | 5.7 | 0.3 | 2.2 |

Note.—Because of rounding, figures may not add to totals shown.

Source: U.S. Department of Commerce, "Foreign Investment Outlays in the United States," press release," June 8, 1993.

**Table 3**
**Investment outlays by country of ultimate beneficial owner, 1986-92**
*(Billion dollars)*

| Country or region | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 (revised) | 1992 (preliminary) |
|---|---|---|---|---|---|---|---|
| Canada | 6.5 | 1.3 | 11.4 | 4.4 | 3.4 | 3.5 | 1.0 |
| Europe: Total | 21.1 | 25.5 | 37.2 | 40.7 | 36.0 | 14.0 | 7.5 |
| France | 2.5 | 2.0 | 4.2 | 3.5 | 10.2 | 5.0 | 0.2 |
| Germany | 1.4 | 4.7 | 2.1 | 2.4 | 2.4 | 1.9 | 1.8 |
| Netherlands | 4.7 | 0.4 | 2.2 | 3.6 | 2.3 | 1.7 | 1.3 |
| United Kingdom | 8.6 | 15.1 | 22.6 | 23.1 | 13.1 | 2.2 | 2.2 |
| Other Europe | 4.0 | 3.3 | 6.1 | 8.1 | 8.1 | 3.3 | 2.1 |
| Latin America and other Western Hemisphere | 0.8 | 1.5 | (1) | 1.1 | 0.8 | 0.4 | 1.6 |
| South and Central America | 0.4 | 0.4 | (1) | 0.7 | 0.4 | 0.1 | 1.3 |
| Other Western Hemisphere | 0.4 | 1.1 | 0.2 | 0.4 | 0.4 | 0.3 | 0.3 |
| Africa | (1) | (1) | 0.3 | (1) | (1) | (1) | (1) |
| Middle East | 0.7 | 0.9 | 1.6 | 0.2 | 0.5 | 1.0 | (1) |
| Asia and Pacific | 9.5 | 10.9 | 21.8 | 24.5 | 23.2 | 6.6 | 2.9 |
| Australia | 3.2 | 2.7 | 4.6 | 4.6 | 1.4 | 0.3 | 0.2 |
| Japan | 5.4 | 7.1 | 16.2 | 17.4 | 19.9 | 5.4 | 2.3 |
| Other Asia and Pacific | 0.8 | 1.2 | 1.1 | 2.6 | 1.8 | 1.0 | 0.5 |
| European Community | 19.0 | 22.9 | 33.7 | 33.9 | 30.7 | 12.0 | 6.4 |
| OPEC | 0.9 | 1.1 | 1.9 | 0.4 | 0.4 | 1.1 | 1.0 |

1 Suppressed to avoid disclosure of data of individual companies.

Note.—Because of rounding, figures may not add to totals shown.

Source: U.S. Department of Commerce, "Foreign Investment Outlays in the United States," press release, June 8, 1993.

# U.S. TRADE DEVELOPMENTS

The U.S. Department of Commerce reported that seasonally adjusted exports of $38.4 billion and imports of $48.9 billion in April 1993 resulted in a merchandise trade deficit of $10.5 billion, virtually the same as the March deficit. The April deficit was 66.7 percent higher than the deficit registered in April 1992 ($7.0 billion), 34.6 percent higher than the average monthly deficit registered during the previous 12 months ($7.8 billion), and was the highest monthly deficit since May 1989.

Seasonally adjusted U.S. merchandise trade in billions of dollars as reported by the U.S. Department of Commerce is shown in table 4.

Nominal export changes and trade balances in May 1993 for specified major commodity sectors are shown in table 5. U.S. bilateral trade balances on a monthly and year-to-date basis with major trading partners are shown in table 6.

**Table 4**
**U.S. merchandise trade, seasonally adjusted, Apr.-Mar. 1993**

| | Exports | | Imports | | Trade balance | |
|---|---|---|---|---|---|---|
| Item | Apr. 93 | Mar. 93 | Apr. 93 | Mar. 93 | Apr. 93 | Mar. 93 |
| Current dollars— | | | | | | |
| Including oil | 38.4 | 38.9 | 48.9 | 49.4 | (10.5) | (10.5) |
| Excluding oil | 37.8 | 38.4 | 43.9 | 44.9 | (6.2) | (6.5) |
| 1987 dollars | 36.5 | 37.1 | 47.0 | 47.5 | (10.5) | (10.4) |
| Three-month-moving average | 38.1 | 37.8 | 46.7 | 45.5 | (9.6) | (8.7) |
| Advanced-technology products (not seasonally adjusted) | 9.0 | 9.8 | 6.2 | 6.9 | 2.8 | 2.9 |

Source: *U.S. Department of Commerce News, (FT 900)*, June 1993.

**Table 5**
**Nominal U.S. exports and trade balances, not seasonally adjusted, of specified manufacturing sectors and agriculture, Jan. 1992-Apr. 1993**

| Sector | 1993 Exports Jan.-Apr. 1993 | 1993 Exports Apr. 1993 | Change Jan.-Apr. 1993 over Jan.-Apr. 1992 | Change Apr. 1993 over Mar. 1993 | Share of total Jan.-Apr. 1993 | Trade balances Apr. 1993 |
|---|---|---|---|---|---|---|
| | Billion dollars | | Percent | | | Billion dollars |
| ADP equipment & office machinery | 9.0 | 2.1 | 1.9 | (19.7) | 5.9 | (4.01) |
| Airplane | 7.4 | 2.2 | (25.8) | 7.0 | 4.8 | 6.35 |
| Airplane parts | 3.1 | 0.7 | (1.6) | (8.6) | 2.0 | 2.19 |
| Electrical machinery | 11.8 | 3.0 | 12.7 | (7.1) | 7.7 | (2.49) |
| General industrial machinery | 6.4 | 1.7 | 2.7 | (3.5) | 4.2 | 0.78 |
| Iron & steel mill products | 1.2 | 0.3 | (5.6) | 0 | 0.8 | (1.32) |
| Inorganic chemicals | 1.4 | 0.3 | 6.1 | (3.0) | 0.9 | 0.37 |
| Organic chemicals | 3.8 | 1.0 | 1.9 | (3.0) | 2.5 | 0.64 |
| Power-generating machinery | 6.4 | 1.6 | 11.8 | (19.7) | 4.2 | 0.79 |
| Scientific instruments | 5.0 | 1.3 | 4.8 | ( 9.3) | 3.3 | 2.40 |
| Specialized industrial machinery | 5.8 | 1.5 | 6.6 | (14.1) | 3.8 | 1.48 |
| Telecommunications | 4.0 | 1.0 | 15.1 | (4.8) | 2.6 | (3.70) |
| Textile yarns, fabrics and articles | 1.9 | 0.5 | 0 | (7.7) | 1.3 | (0.77) |
| Vehicle parts | 6.5 | 1.7 | 18.7 | (6.5) | 4.3 | 0.57 |
| Other manufactured goods[1] | 8.8 | 2.3 | (3.1) | 4.1 | 5.7 | (2.35) |
| Manufactured exports not included above | 37.2 | 9.8 | 8.5 | (4.4) | 24.3 | (30.15) |
| Total manufactures | 119.6 | 30.9 | 4.0 | (6.4) | 78.2 | (29.22) |
| Agriculture | 14.7 | 3.6 | 0.2 | (6.1) | 9.6 | 6.52 |
| Other exports | 18.7 | 4.8 | 0.8 | (5.5) | 12.2 | (6.93) |
| Total | 153.1 | 39.3 | 3.2 | (6.2) | 100.0 | (29.63) |

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

Note.—Because of rounding, figures may not add to totals shown.

Source: *U.S. Department of Commerce News (FT 900)*, Apr. 1993.

**Table 6**
**U.S. merchandise trade deficits and surpluses, not seasonally adjusted, with specified areas, Jan. 1992-Apr. 1993**

*(Billion dollars)*

| Area or country | Apr. 1993 | Mar. 1993 | Apr. 1992 | Jan. Apr. 1993 | Jan. Apr. 1992 |
|---|---|---|---|---|---|
| Canada | (0.93) | (0.66) | (0.58) | (3.54) | (1.82) |
| Mexico | 0.26 | 0.30 | 0.57 | 1.26 | 2.31 |
| Western Europe | 0.45 | 0.44 | 0.60 | 4.04 | 7.33 |
| European Community (EC) | 0.05 | 0.86 | 0.91 | 4.07 | 7.85 |
| Germany | (0.70) | (0.61) | (0.72) | (2.15) | (1.35) |
| European Free Trade Association(EFTA)[1] | (0.01) | (0.60) | (0.40) | (0.92) | (0.85) |
| Japan | (5.50) | (5.26) | (4.35) | (18.79) | (15.40) |
| China | (1.49) | (1.46) | (1.10) | (5.70) | (4.53) |
| NICs[2] | (0.67) | (0.97) | (0.92) | (2.84) | (3.61) |
| Eastern Europe/ FSR | 0.45 | 0.19 | 0.34 | 1.00 | 1.14 |
| Former Soviet Republics | 0.23 | 0.12 | 0.24 | 0.59 | 1.05 |
| Russia | 0.09 | 0.03 | 0.15 | 0.29 | 0.35 |
| Other EE | 0.22 | 0.07 | 0.10 | 0.42 | 0.09 |
| OPEC | (1.41) | (1.04) | (0.35) | (4.53) | (1.91) |
| Other countries | (0.40) | (0.63 | (0.30) | (1.75) | (1.27) |
| World | (8.73) | (8.89) | (5.77) | (29.63) | (16.95) |

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

[2] NICs 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)*, June 1993.

# INTERNATIONAL TRADE DEVELOPMENTS

## U.S. Trade Surplus With Mexico Tripled in 1992

Last year was a banner year for U.S. trade with Mexico. The merchandise trade surplus that the United States had registered in 1991 for the first time in 10 years more than tripled in 1992. Two-way trade reached a record level of $73.5 billion (figure 1). Mexico continued to rank third in 1992, after Canada and Japan, as a source of U.S. imports, and replaced Japan as the second-leading market for U.S. manufactured products. Despite its third-ranked position among U.S. trading partners in 1992, Mexico accounted for only 9.3 percent of overall U.S. exports and 6.5 percent of total U.S. imports. By contrast, Mexico depended on the United States for an estimated 70.0 percent of its exports and an estimated 62.1 percent of its imports.

### *Merchandise Trade Balance*

The U.S. trade balance with Mexico shifted to a deficit in 1982, the year when Mexico's foreign debt crisis became apparent and rigorous Mexican import controls were imposed. The U.S. trade deficit with Mexico reached $7.9 billion in 1983, but began to shrink in subsequent years as Mexico gradually relaxed its stringent protectionism. The contraction of the U.S. deficit accelerated since 1988, the year when more ambitious liberalization of Mexican imports began to be felt. Then, in 1991, the U.S.-Mexican trade balance returned to its pre-crisis profile by favoring the United States. The 1991 U.S. surplus amounted to $1.8 billion, but widened considerably to $5.7 billion last year.

Manufactured goods were the main contributors to the U.S. trade surplus with Mexico in 1992, but there was a U.S. surplus in all major categories of goods except food. Manufactures accounted for 80.1 percent of U.S. exports and 72.4 percent of U.S. imports in 1992 (figure 2). Two-way trade in manufactures can be characterized as largely "intra-industry," since a considerable portion of trade in both directions takes place within the same large product categories, such as "machinery and transportation items" and "products made of steel and textiles." A portion of intra-industry trade is generated by production sharing between U.S. and Mexican plants.

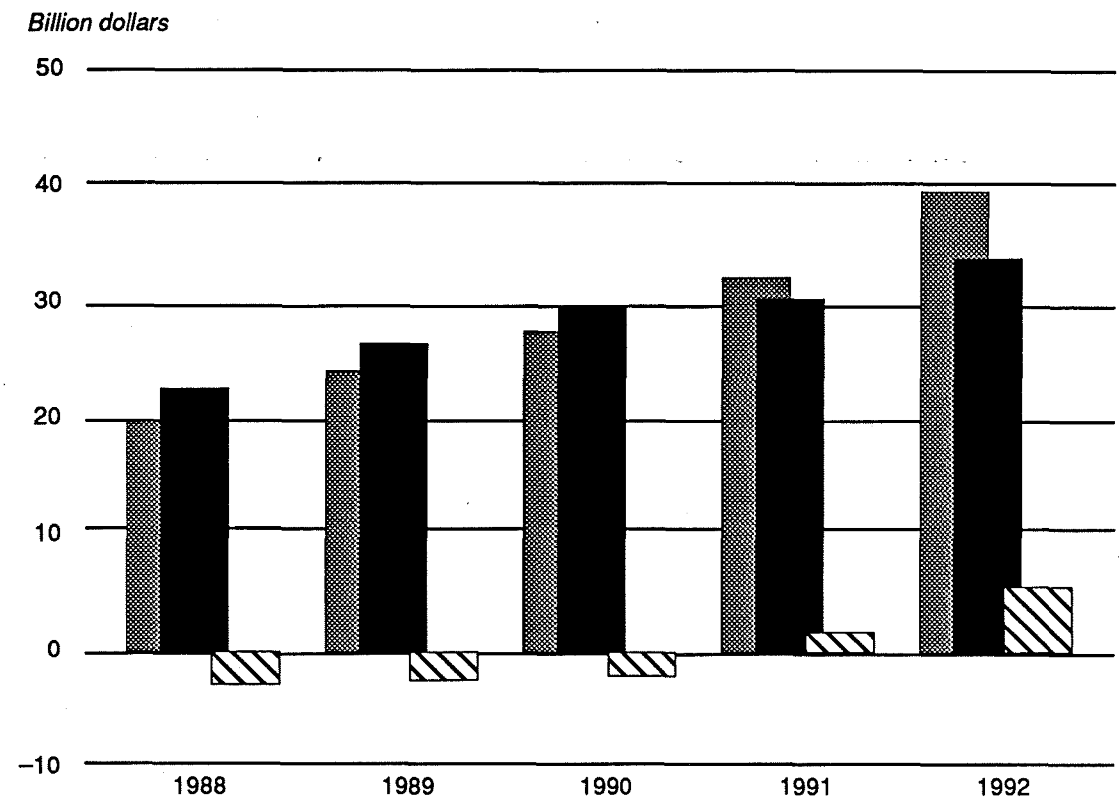
### *U.S. Exports*

For the last six years, Mexico's 82 million consumers, who have a strong preference for U.S. goods, have constituted the fastest-growing U.S. export market. In 1992, U.S. exports surged by 23.0 percent, amounting to a record $39.6 billion. The engine of this rapid increase, shown in figure 1, was Mexico's radical economic restructuring and trade liberalization. Reforms made it possible for Mexicans to meet their pent-up demand for U.S. goods. The vigor of the Mexican economy and the Government's exchange-rate policy, which maintained the relative strength of the peso, were additional factors boosting Mexican imports. In a recent analysis of the North American Free-Trade Agreement (NAFTA), the Conference Board of Canada projected that Mexico will replace Canada within 30 years as the leading U.S. trading partner, if existing trends continue.

In 1992, automobile parts destined for U.S. production facilities in Mexico were the top U.S. export. (The Mexican automobile industry consists principally of subsidiaries of the Big Three U.S. automakers, Volkswagen and Nissan.) After Canada, Mexico has been consistently the second-biggest market for U.S. auto parts and the fastest-growing market for these items for more than a decade. In addition, telecommunications products (sold mainly to TELMEX, Mexico's newly privatized telephone monopoly), electrical machinery, and refined oil products and chemicals continued to be major U.S. manufactures exports. U.S. exports of machinery, electronics, and textile exports were largely destined for production-sharing facilities in Mexico, to be returned to the United States after further processing. Such production sharing accounts for some 25 percent of overall U.S. exports to Mexico.

Commodity groups with notable U.S. export gains included refined oil and agricultural products. U.S. exports of soybeans and grains sorghum soared, reflecting discontinued price supports in Mexico for all crops, except the national staples of corn and dried beans. Since Mexican farmers are increasingly shifting their production from sorghum to corn, further gains in U.S. sorghum exports are expected in the future.

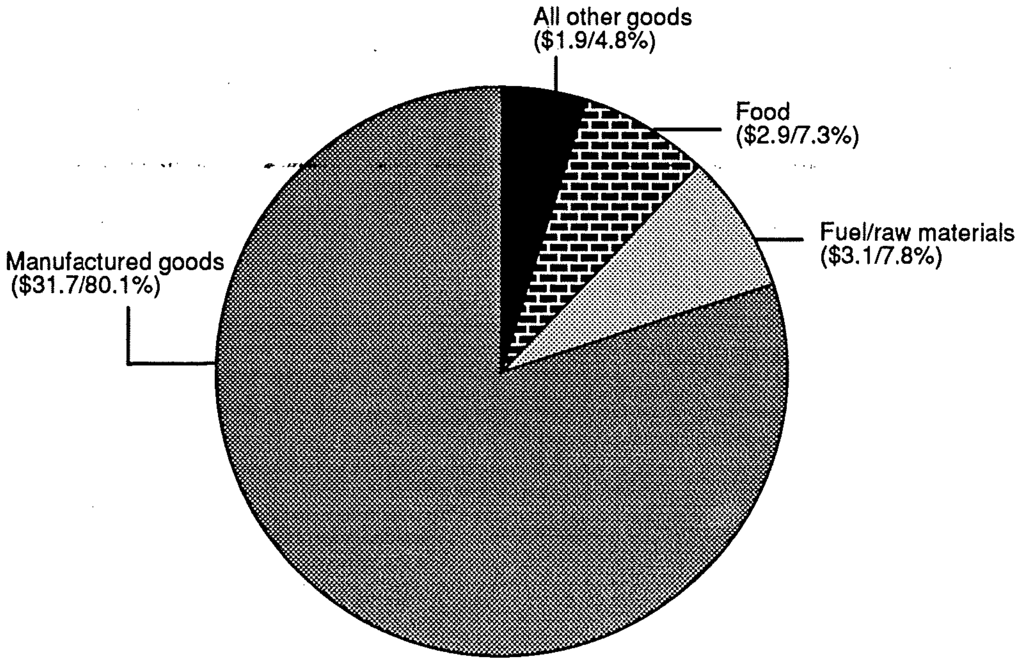
**Figure 1**
**U.S. trade with Mexico: Exports, imports, and trade balance, 1988–92**



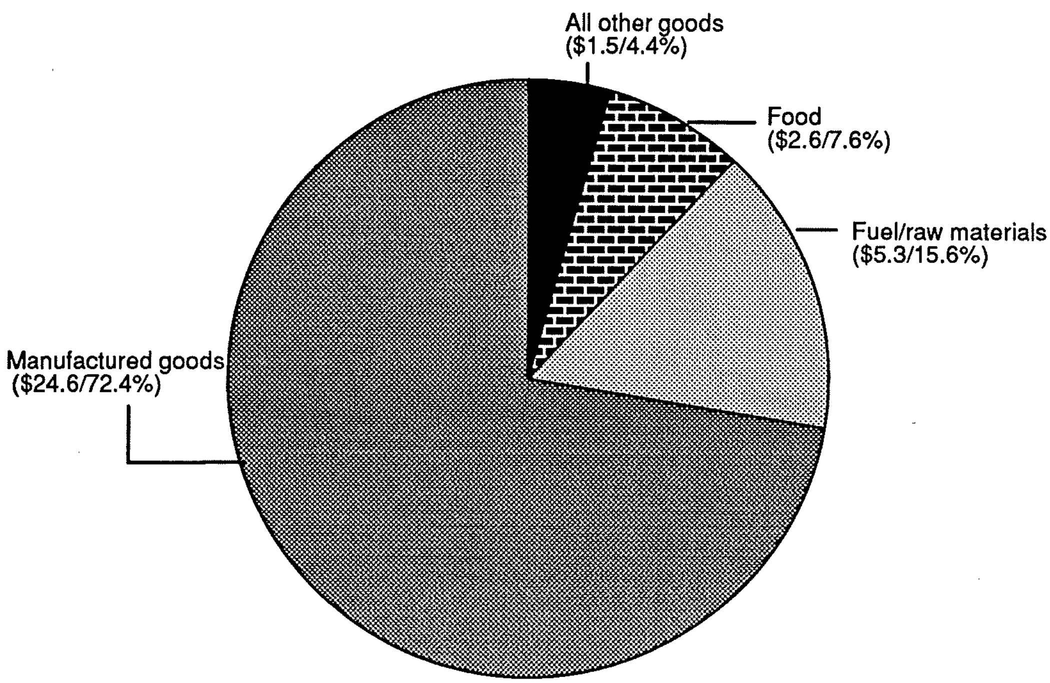

| | 1988 | 1989 | 1990 | 1991 | 1992 |
|---|---|---|---|---|---|
| Exports | $19.8 | $24.1 | $27.5 | $32.2 | $39.6 |
| Imports | $22.6 | $26.5 | $29.5 | $30.4 | $33.9 |
| Balance | –$2.8 | –$2.4 | –$2.0 | –$1.8 | $5.7 |

Source: Compiled from official statistics of the U.S. Department of Commerce.

**Figure 2**
**U.S. trade with Mexico: Exports and imports by product sector, 1992**




**Exports**




**Imports**

Source: Compiled from official statistics of the U.S. Department of Commerce.

According to a report released by U.S. Commerce Secretary Ronald H. Brown on May 1, 1993, virtually all U.S. States benefited from rapid export growth to Mexico from 1987 to 1992. The Secretary's report points out that the top 10 U.S. States, in terms of their exports to Mexico, represented diverse areas of the United States, but Texas led by a wide margin, followed by California.

## *U.S. Imports*

U.S. imports from Mexico also set a record in 1992. They amounted to $33.9 billion, up by 11.5 percent. As on the export side, a major portion consists of machinery and equipment, especially auto parts. Mexico is the chief U.S. import supplier of motors, auto radios, gasoline tanks, mufflers, seats, seatbelts, and windshields. Other major U.S. imports from Mexico are telecommunications items and office machinery.

As shown in table 7, U.S. imports from Mexico contained two large components deserving special note: (1) imports under HTS subheading 9802, much of it resulting from production sharing and entering at reduced rates, and (2) Mexican products completely free of duty under the U.S. program of the Generalized System of Preferences (GSP) for which Mexico is eligible as a developing country.

In the first category, the United States levies duties only on the part of imports that represents value added in Mexico; the U.S. content of a product re-enters the United States duty-free under HTS subheadings 9802.00.60 or 9802.00.80 after being further processed or assembled in Mexico. The facilities involved in production sharing on the Mexican side are generally "maquiladoras," in-bond production facilities established since 1965 under Mexico's Border Industrialization Program. The output of maquiladoras, considered a separate sector of the economy, ranks as Mexico's second-largest industry after petroleum production.

U.S. imports under subheadings 9802.00.60 and 9802.00.80 (table 7) accounted for 47.9 percent of total U.S. imports from Mexico in 1992, of which 53.0 percent was U.S. content returned duty-free. Thus, U.S. content returned was responsible for one-quarter of all U.S. imports from Mexico. The U.S. content returned from production sharing with Mexico is higher than the comparable figure for any other country. The 1992 figures for U.S. content returned from production sharing with Canada and with the rest of the world were 33 percent and 15 percent, respectively.

A record 14.2 percent of U.S. imports from Mexico in 1992 entered duty-free in the U.S. GSP program. Mexico, which is the leading beneficiary of the U.S. GSP program, accounted for 28.7 percent of U.S. imports under GSP from all countries. Major Mexican products receiving GSP duty-free treatment include furniture, household electrical appliances, float glass, toys, games, and sporting goods. The share of U.S. imports from Mexico benefiting from GSP rose sharply in both 1991 and 1992 (table 7).

Petroleum dominated U.S. imports from Mexico before the Mexican Government embarked on a highly successful export diversification program. In 1982 petroleum accounted for more than one-half of overall U.S. imports from Mexico. Although petroleum continues to be the leading U.S. import item, its share of total imports from Mexico dropped to 12.6 percent by 1992.

# Will Presidential Impeachment Reverse Venezuela's Economic Gains?

The May 21, 1993 suspension of Venezuelan President Carlos Andres Pérez, pending his impeachment trial on embezzlement charges, could adversely affect the economic gains made by Venezuela over the past 4 years. The provisional government slated to remain in power until February 1994 may be less inclined to continue the domestic liberalization program launched by the Pérez administration. Moreover, in the short run President Pérez's absence could diminish Venezuela's participation in nascent economic integration efforts with its Andean Pact neighbors of Bolivia, Colombia, Ecuador, and Peru.

## *Economic Reforms*

The administration of President Pérez began deregulating and overhauling the Venezuelan economy after taking office in 1989. To bring the national budget into balance, President Perez introduced an economic austerity program entailing draconian cuts in Government subsidies, layoffs of Government employees, and new and higher taxes. The Perez administration unified the exchange rate, lifted exchange restrictions, devalued the currency, lowered tariffs, and moved to decrease the country's extreme dependence on oil exports. The administration also opened previously restricted sectors of the economy to foreign investors, renewed a long-stalled privatization program, and lifted most price controls. These economic measures helped boost Venezuela's economy from a recession in 1989 to growth rates of 10.4 percent and 7.3 percent in 1991 and 1992, respectively. Despite Venezuela's macroeconomic recovery, the short-term impact of the austerity measures and the slow improvement in the domestic economy undercut much of Pérez's political and popular support. Numerous riots and two coup attempts in February and November of last year reflected the depth of public discontent in some quarters, but the coups failed for lack of broad popular support.

**Table 7**
**Value of U.S. imports from Mexico entered under HTS items 9802.00.60 and 9802.00.80 and under GSP provisions and percent of total, by years, 1988-92**
*(Million dollars)*

| HTS and GSP | Year | Value | Percent of total |
|---|---|---|---|
| HTS: | | | |
| 9802.00.60 | 1988 | 131.0 | .6 |
| | 1989 | 181.1 | .7 |
| | 1990 | 188.3 | .6 |
| | 1991 | 183.5 | .6 |
| | 1992 | 228.6 | .7 |
| 9802.00.80 | 1988 | 10,653.5 | 47.1 |
| | 1989 | 11,766.7 | 44.3 |
| | 1990 | 12,836.3 | 43.5 |
| | 1991 | 14,150.6 | 46.5 |
| | 1992 | 16,249.0 | 47.2 |
| Subtotal | 1988 | 10,784.5 | 47.7 |
| | 1989 | 11,947.8 | 45.0 |
| | 1990 | 13,024.6 | 44.1 |
| | 1991 | 14,334.1 | 47.1 |
| | 1992 | 16,477.6 | 47.9 |
| GSP | 1988 | 2,192.3 | 9.7 |
| | 1989 | 2,470.8 | 9.3 |
| | 1990 | 2,688.6 | 9.1 |
| | 1991 | 3,838.2 | 12.6 |
| | 1992 | 4,832.3 | 14.2 |
| Total U.S. imports from Mexico | 1988 | 22,617.2 | 100.0 |
| | 1989 | 26,556.6 | 100.0 |
| | 1990 | 29,505.9 | 100.0 |
| | 1991 | 30,445.1 | 100.0 |
| | 1992 | 33,934.5 | 100.0 |

Source: Compiled from official statistics of the U.S. Department of Commerce.

The removal of President Pérez may slow Venezuela's liberalization program for two reasons. First, legislation to continue Pérez's ambitious economic reforms probably will be put aside until after the trial and possibly will be postponed until after the December presidential election. Currently, a number of key legislative proposals likely to have a major impact on economic prospects are waiting congressional approval. The bills include a sales and assets tax package and a reform program to open up the financial/insurance sector to foreign investment. Pérez's privatization program, in particular, a plan to bring foreign participation back into the oil industry, seems to be most in jeopardy. Numerous foreign investors, including many U.S. oil companies, are waiting anxiously to gain access to Venezuela's lucrative oil market.

Second, some sources have indicated that interim President Ramon Jose Velasquez may not be as strong a supporter of economic reform as his predecessor. President Velasquez already is under stiff pressure to reverse and ease some of the economic reforms introduced by the Pérez economic team. Furthermore, some analysts believe that the Venezuelan presidency itself has been weakened by recent events and that any new leader will be less able to resist the political pressures from those who suffered from the austerity programs and from the old social democratic postulates who are calling for more participation by the state in the nation's economy.

## *Regional Integration*

Venezuela has played a leading role in the revitalization of the Andean Pact over the past 4 years. The Andean Pact, originally conceived as a means to support an import-substitution strategy in which domestically produced goods would gradually replace imports, was extensively revitalized in the late 1980s and early 1990s, partially based on Pérez's initiatives. Venezuela has the largest economy, the fastest growth rate, and the highest per capita income in the Andean region. Venezuela also is the largest market in the region for U.S. exports. Between 1989 and 1992, U.S. exports to Venezuela grew by 70 percent, with machinery and equipment leading the way. Venezuela was the second largest recipient of U.S. exports in all of South America and it was the largest recipient of U.S. foreign direct investment in the Andean region.

In recent years, the Andean Pact countries have increased the level of regional economic integration and have moved closer toward the creation of a common market. These countries have pledged to establish a common agricultural policy; to eliminate exchange-rate, financial, and fiscal subsidies; and to implement common customs procedures by 1997. On March 5, 1993, the Andean Pact members established a common external tariff on imports from countries outside of the region, with tariff rates ranging from 5 to 20 percent.

Interim President Velasquez has announced that certain regional issues will be put aside until the next administration assumes office in 1994. The possible absence of Venezuela from the forefront of the Andean Pact as it tries to restore domestic political stability could effectively stall further Andean integration in the near term. A slowdown in Andean Pact integration could hinder other subregional integration efforts in Latin America as well as the region's further integration into the hemispheric economy.

## *Outlook*

Even before President Pérez's removal from office some analysts were projecting a decline in GDP growth to 4 percent due to cuts in oil production, state spending, and higher interest rates. The political vacuum created by the removal of President Pérez could exacerbate the decline in GDP, slow recent economic growth and delay the implementation of necessary corrective measures. Moreover, the suspension of Pérez, and the retracting of the Venezuelan economic liberalization program, could have an adverse affect on Andean Pact integration and development.

# STATISTICAL TABLES

**Industrial production, by selected countries and by specified periods, January 1990-April 1993.**

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

| Country | 1990 | 1991 | 1992 | 1992 II | 1992 III | 1992 IV | 1993 Dec. | I | Jan. | Feb. | Mar. | Apr. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| United States | 1.0 | -1.9 | 2.1 | 5.2 | 2.3 | 3.9 | 6.0 | 2.4 | 3.6 | 6.0 | 0.0 | 1.2 |
| Japan | 4.5 | 2.2 | (1) | -2.6 | 3.0 | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Canada | 0.3 | -1.0 | (1) | 2.6 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Germany | 5.9 | 3.2 | (1) | -2.2 | -2.2 | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| United Kingdom | -0.6 | -3.0 | (1) | -0.8 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| France | 1.3 | 0.6 | (1) | -0.7 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Italy | -0.6 | -1.8 | (1) | -1.8 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |

[1] Not available.

Source: *Economic and Energy Indicators*, U.S. Central Intelligence Agency, November 20, 1992, The Federal Reserve Statistical release, February 18, 1993 and *International Financial Statistics*, International Monetary Fund, April 1993.

**Consumer prices, by selected countries and by specified periods, January 1990-April 1993**

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

| Country | 1990 | 1991 | 1992 | 1992 I | 1992 II | 1992 III | 1992 IV | 1992 Nov. | 1992 Dec. | 1993 I | Jan. | Feb. | Mar. | Apr. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| United States | 5.4 | 4.2 | 2.7 | 2.8 | 3.4 | 3.2 | 1.7 | 1.7 | -0.8 | 4.0 | 6.0 | 3.6 | 1.2 | 4.8 |
| Japan | 3.1 | 3.3 | (1) | 0.7 | 2.6 | 5.8 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Canada | 4.8 | 5.6 | (1) | 1.6 | 1.9 | 1.0 | (1) | 2.7 | (1) | (1) | (1) | (1) | (1) | (1) |
| Germany | 2.7 | 3.5 | (1) | 3.0 | 4.1 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| United Kingdom | 9.5 | 5.9 | (1) | 4.3 | 4.0 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| France | 3.4 | 3.1 | (1) | 3.2 | 2.7 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Italy | 6.1 | 6.5 | (1) | 5.1 | 5.6 | 4.4 | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |

[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, November 20, 1992. *Consumer Price Index data*, U.S. Department of Labor, May 14, 1993.

**Unemployment rates, (civilian labor force basis)[1] by selected countries and by specified periods, January 1990-April 1993**

| Country | 1990 | 1991 | 1992 | 1992 I | 1992 II | 1992 III | 1992 IV | 1992 Dec. | 1993 I | Jan. | Feb. | Mar. | Apr. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| United States | 5.5 | 6.7 | 7.4 | 7.3 | 7.5 | 7.5 | 7.3 | 7.3 | 7.0 | 7.1 | 7.0 | 7.0 | 7.0 |
| Japan | 2.1 | 2.1 | 2.2 | 2.1 | 2.1 | 2.2 | 2.3 | 2.4 | (5) | 2.3 | 2.4 | 2.3 | (5) |
| Canada | 8.1 | 10.3 | 11.3 | 10.7 | 11.3 | 11.5 | 11.4 | 11.5 | 11.0 | 11.0 | 10.8 | 11.0 | 11.4 |
| Germany[2] | 5.2 | 4.4 | 4.7 | 4.4 | 4.6 | 4.8 | 5.0 | 5.1 | 5.4 | 5.4 | 5.5 | 5.6 | 5.7 |
| United Kingdom | 6.9 | 8.9 | 10.0 | 9.6 | 9.7 | 10.1 | 10.6 | 10.8 | 10.7 | 10.7 | 10.6 | 10.6 | 10.6 |
| France | 9.2 | 9.8 | 10.2 | 10.2 | 10.2 | 10.2 | 10.5 | 10.4 | 10.6 | 10.5 | 10.6 | 10.8 | 10.9 |
| Italy[3] | 7.0 | 6.9 | 7.3 | 6.9 | 6.9 | 7.0 | 8.3 | (4) | 9.4 | (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 Labo 1993.

**Money-market interest rates,[1] by selected countries and by specified periods, January 1990-May 1993**
*(Percentage, annual rates)*

| | | | | 1992 | | | | | | 1993 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Country | 1990 | 1991 | 1992 | I | II | III | IV | Nov | Dec. | I | Jan. | Feb. | Mar. | Apr. | May |
| United States | 8.3 | 5.9 | 3.6 | 4.2 | 3.9 | 3.2 | 3.3 | 3.5 | 3.4 | 3.2 | 3.3 | 3.2 | 3.2 | 3.1 | 3.1 |
| Japan | 7.7 | 7.3 | 4.4 | 6.6 | 6.3 | 4.0 | 3.8 | 3.8 | 3.7 | 3.4 | 3.7 | 3.3 | 3.3 | 3.2 | (2) |
| Canada | 13.0 | 9.0 | 6.7 | 7.3 | 6.5 | 5.3 | 7.6 | 7.6 | 7.9 | 6.3 | 7.0 | 6.4 | 5.6 | 5.4 | (2) |
| Germany | 8.4 | 9.1 | 9.4 | 9.6 | 9.8 | 9.6 | 8.8 | 8.8 | 8.9 | 8.2 | 8.5 | 8.3 | 7.8 | 7.8 | (2) |
| United Kingdom | 14.7 | 11.5 | 9.5 | 10.5 | 10.2 | 10.0 | 7.5 | 7.1 | 7.1 | 6.3 | 6.8 | 6.1 | 5.9 | 5.9 | (2) |
| France | 10.2 | 9.5 | 10.1 | 9.9 | 9.9 | 10.3 | 10.3 | 9.5 | 10.7 | 11.4 | 11.7 | 11.7 | 10.9 | 8.7 | (2) |
| Italy | 12.1 | 12.0 | 13.9 | 12.2 | 12.9 | 16.1 | 14.5 | 14.4 | 13.6 | 11.7 | 12.5 | 11.4 | 11.3 | 11.4 | (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*, June 7, 1993 *Federal Reserve Bulletin*, June 1993.

**Effective exchange rates of the U.S. dollar, by specified periods, January 1990-April 1993**
*(Percentage change from previous period)*

| | | | | 1992 | | | | | 1993 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Item | 1990 | 1991 | 1992 | I | II | III | IV | Dec. | I | Jan. | Feb. | Mar. | Apr. | May |
| Unadjusted: | | | | | | | | | | | | | | |
| Index[1] | 86.5 | 85.5 | 84.5 | 84.8 | 85.2 | 81.4 | 86.3 | 87.5 | 88.7 | 88.9 | 89.1 | 88.1 | 86.1 | 85.9 |
| Percentage change | -5.3 | -1.2 | -1.1 | .8 | .4 | -3.8 | 5.6 | -1.8 | 2.7 | 1.5 | .2 | -1.1 | -2.3 | -.2 |
| Adjusted: | | | | | | | | | | | | | | |
| Index[1] | 88.1 | 87.0 | 86.4 | 86.7 | 86.9 | 83.1 | 88.3 | 89.7 | 91.2 | 91.1 | 91.1 | 90.7 | 88.7 | 88.8 |
| Percentage[2] change | -4.0 | -1.2 | -.7 | 1.3 | .2 | -3.8 | 5.8 | 2.8 | 3.1 | 1.5 | 0 | -.4 | -2.2 | .1 |

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, June 1993.

**Trade balances, by selected countries and by specified periods, January 1990-April 1993**
*(In billions of U.S. dollars, f.o.b. basis, at an annual rate)*

| | | | | 1992 | | | 1993 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Country | 1990 | 1991 | 1992 | III | IV | Dec. | I | Jan. | Feb. | Mar. | Apr. |
| United States[1] | -101.7 | -65.4 | -84.3 | -99.2 | -86.3 | -83.5 | -103.1 | -92.0 | -94.8 | -125.4 | -125.8 |
| Japan | 63.7 | 103.1 | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (3) |
| Canada | 9.4 | 6.4 | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (3) |
| Germany[2] | 65.6 | 13.5 | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (3) |
| United Kingdom | -33.3 | -17.9 | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (3) |
| France | -9.2 | -5.4 | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (3) | (3) |
| Italy | -10.0 | -12.8 | (3) | (3) | (3) | (3) | (3) | (3) | (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, November 20, 1992 and *Advance Report on U.S. Merchandise Trade*, U.S. Department of Commerce, June 17, 1993

**U.S. trade balance, [1] by major commodity categories, and by specified periods, January 1990-April 1993**
*(In billions of dollars)*

| | | | | 1992 | | | | 1993 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Country | 1990 | 1991 | 1992 | II | III | IV | Dec. | I | Jan. | Feb. | Mar. |
| Commodity categories: | | | | | | | | | | | |
| Agriculture | 16.3 | 16.2 | 18.6 | 4.0 | 5.7 | 1.7 | 4.9 | 1.6 | 1.8 | 1.5 | 1.5 |
| Petroleum and selected product--(unadjusted) | -54.6 | -42.3 | -43.9 | -12.2 | -11.7 | -3.5 | -11.0 | -3.7 | -3.2 | -4.1 | -4.3 |
| Manufactured goods | -90.1 | -67.2 | -86.7 | -27.9 | -26.5 | -7.8 | -21.0 | -6.1 | -6.4 | -8.5 | -8.1 |
| Selected countries: | | | | | | | | | | | |
| Western Europe | 4.0 | 16.1 | 6.2 | -1.4 | -.8 | -.3 | 3.5 | 1.7 | 1.4 | .4 | .4 |
| Canada[2] | -7.7 | -6.0 | -7.9 | -1.8 | -2.8 | -1.1 | -2.5 | -1.0 | -.9 | -.6 | -.9 |
| Japan | -41.0 | -43.4 | -49.4 | -12.0 | -14.7 | -5.1 | -13.2 | -3.9 | -4.1 | -5.2 | -5.5 |
| OPEC (unadjusted) | -24.3 | -13.8 | -11.2 | -3.9 | -3.4 | -1.0 | -3.0 | -1.1 | -.9 | -1.0 | -1.4 |
| Unit value of U.S.imports of petroleum and selected products (unadjusted) | $19.75 | $17.42 | $16.80 | $18.00 | $17.37 | $15.88 | $16.24 | $15.49 | $15.70 | $16.47 | $16.71 |

[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, June 17, 1993.

UNITED STATES
INTERNATIONAL TRADE COMMISSION

OFFICIAL BUSINESS

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Postage And Fees Paid
U.S. International Trade Commission

U.S. MAIL

**ADDRESS CHANGE**

- ☐ Remove from List
- ☐ Change as Shown

Please detach address label and mail to address shown above