

ANNEX

Trends in U.S. Trade, 1969-1974

U. S. exports expanded 38 percent in 1974, a rate considerably more rapid than the 1969-1974 average annual rate of 21 percent.

U. S. imports increased 45 percent in 1974, almost double the 1969-1974 average (annual growth) rate of approximately 23 percent. The 1974 trade advances primarily reflect price, rather than volume, trends; export and import prices increased almost 25 and 44 percent, respectively.

Agricultural exports rose 24 percent in 1974, slower than the 1969-1974 average annual rate of approximately 30 percent. Exports of nonagricultural commodities increased 43 percent in 1974, significantly greater than the 19 percent average rate of the past five years. The proportion of domestic merchandise exports accounted for by agricultural products fell from 25.2 percent in 1973 to 22.6 percent in 1974. Although the value of agricultural exports is still very high by historical standards, it is doubtful that their recent rapid growth can be sustained. Agricultural prices and export volumes are likely to recede as foreign harvests become more abundant, recover from recent setbacks, and/or reflect new agricultural investment projects. Hence, as supplies increase both in the U. S. and abroad, partly as a result of previous high prices, the value and volume of agricultural exports could easily decline.

The largest proportion of export receipts is generated by overseas sales of machinery and transport equipment. The value of

these sales increased 37.2 percent in 1974 to reach \$38.2 billion. This expansion is more than double the 1969-1974 average annual growth rate of 18.4 percent. Products which have paced the advance in this sector between 1969 - 1974 include commercial aircraft and construction, excavating and mining machinery. Export sales of commercial aircraft increased at a 22.1 percent average annual rate while construction, excavating and mining machinery exports increased at a 20.1 percent rate.

Import developments have been dominated by escalating costs - price changes accounted for almost all the import expansion registered in 1974. Despite a decline in absolute volume, the cost of imported petroleum and products increased from \$7.5 billion in 1973 to \$24.2 billion in 1974; since 1969, the petroleum and products import bill has increased almost ten-fold. Since the price of petroleum will probably not retreat very far and since alternative sources of domestic energy are not readily available, the import component of the U. S. trade balance has been fundamentally altered.

Other imports which have been expanding rapidly between 1969 and 1974 are: 1. machinery and transport equipment, an average annual growth rate in excess of 20 percent, 2. manufactures, 18 percent per annum, and 3. agricultural commodities, 16 percent per annum.

The geographic distribution of U. S. export sales has changed little since 1969. Western Europe and Canada received 29.1 percent and 20.2 percent, respectively, of total U. S. exports in 1974. In 1969, Western Europe purchased 32.6 percent of total U. S. exports,

Canada 24.1 percent. Export sales to Japan totaled \$10.7 billion in 1974 and accounted for 10.8 percent of U. S. exports. Sales to Japan have grown at a 25 percent average annual rate since 1969.

A rapidly expanding market for U. S. goods and services is the Middle East. U. S. exports to Iran and Saudi Arabia, for example, increased 125 percent and 89 percent, respectively, in 1974 compared to 1973 levels. The petroleum exporting countries as a bloc should provide the most rapidly expanding market for U. S. overseas sales in the near future.

Western Europe and Canada remain principal suppliers of U. S. imports. Imports from Canada totaled \$22.3 billion in 1974, or 22.1 percent of U. S. imports. The comparable figures for Western Europe were \$23.7 billion and 23.5 percent. Japan supplied 12.3 percent of U. S. imports in 1974, which is less than the 13.6 percent supplied in 1969.

Two other areas have significantly enhanced their roles as suppliers of U. S. imports. Africa, which supplied 2.9 percent of imports in 1969, supplied 6.6 percent in 1974. This advance was paced by a rapid rise in imports from Nigeria, up 404 percent in 1974 compared to 1973. Imports from the Middle East (Asia) totaled almost \$4.7 billion in 1974, 4.6 percent of total imports. The comparable 1969 figures are \$345.6 million and 1 percent. Higher oil prices are largely responsible for the increased purchases from both Africa and the Middle East.