



Business Trends

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STEEL IMPORTS HIGHER

In recent weeks, the steel industry has been the focus of attention in regard to pricing, production, and employment. One consideration which has an important bearing on each of these topics--as well as on the total balance of payments of the United States--is the recent record of imports and exports of U.S. steel mill products.

U.S. as a Net Importer of Steel. During June, the latest month for which data are available, imports of steel mill products to the U.S. totaled 277,000 tons, while exports of U.S. steel mill products amounted to 146,000 tons. The gap between imports and exports of steel mill products for June (amounting to 131,000 tons) was the largest for any month this year. From January to June, 1961, imports of steel mill products climbed higher each succeeding month, while exports of U.S. steel mill products, after allowance for minor fluctuations, tended to remain fairly steady during the same period. Nevertheless, imports of steel mill products during the first half of 1961 amounted to less than 3% of the total U.S. steel production.

To some extent, the rapid increase in imports of steel mill products during a period of expansion in U.S. industrial production is to be expected. At such a time, manufacturers, builders and other users of steel expand their

production and thereby demand more steel mill products from home and foreign sources. During the first half of 1961, the rise in imports of steel mill products followed a pattern which was roughly the same as that which had occurred during a similar period of industrial expansion during the last half of 1958.

Even so, during the first six months of 1961 the dollar value of exports from U.S. steel mills (as distinct from tonnage) was larger than the dollar value of imports of steel mill products from abroad. On balance, the surplus of exports amounted to \$37 million, and this sum represents an item which aided in reducing the total deficit in the U.S. balance of payments during the same period.

Changing World Markets. During the period of reconstruction in Western Europe and Japan which followed World War II, the U.S. provided large quantities of steel mill products to the Western European nations and Japan through the Marshall Plan and other public and private sources. As the decade of the 'fifties progressed, several of the Western European nations and Japan greatly increased their output of steel mill products. Moreover, during the same period, the U.S. became an increasingly important market for many steel mill products of these same countries. While the U.S. was a net exporter of steel mill prod-

ucts from the end of World War II through the year 1958, during the years 1959 and 1960, the U.S. became a net importer, on a tonnage basis, of steel mill products. During the first half of 1961, all the major steel producing countries in Western Europe, except Italy, were net exporters of steel mill products to the U.S., on a tonnage basis.

Between the last half of 1960 and the first half of 1961, shipments of U.S. steel mill products to England, Canada, several European countries, and Japan declined. However, shipments of steel mill products to certain other countries, e.g. Brazil, Pakistan, and Italy, increased during the same period, but not enough to prevent a decline in the total of steel exports.

Imports from Industrialized Countries. During the first half of 1961, the major sources of supply of steel mill products from abroad were the European Coal and Steel Community, and Japan. (The European Coal and Steel Community consists of Western Germany, France, The Netherlands, Belgium-Luxembourg, and Italy.) Imports of steel mill products included a relatively large number of items, largely for use in the construction industry. Among the countries which shipped steel mill products to the U.S. during the first six months of 1961, Belgium-Luxembourg accounted for the largest share of total imports (34%), as measured by tonnage, with relatively large shipments of concrete reinforcement bars, other bars, and structural shapes. Japan ranked second in shipments of total steel mill products to the U.S. (21%) and supplied principally round wire rods, wire nails, welded steel pipe and tubing, and concrete reinforcement bars. Western Germany and France were also important suppliers of steel mill products to the

U.S. during the same period and shipped primarily welded steel pipe and tubing, and wire rods.

Exports for Industrial Development. With the exception of Canada, the principal steel customers of the U.S. during the first half of 1961 tended to be the less highly industrialized countries, especially countries in South America and Asia. Exports to the latter countries consisted mainly of products which were essential to the development of local manufacturing and transport industries.

During the first half of 1961, Canada was the largest importer of U.S. steel mill products. Slightly less than one-quarter of the total exports of U.S. steel mills, on a tonnage basis, went to Canada with structural shapes forming the most important item. Twelve countries of South America accounted for more than one-fifth of all U.S. exports of steel mill products, with Brazil, Argentina, and Venezuela taking the largest shares of the South American exports. Looking toward the future, the recently announced long-term plan for U.S. aid to South America (Charter of Punta del Este) is likely to increase shipments of steel mill products to this area of the Western Hemisphere.

Partially through aid provided by U.S. financing, India and Pakistan accounted for 9% of the total U.S. exports in steel mill products, as measured by tonnage, during the first half of 1961. Nearly all of the shipments to Pakistan consisted of rails to aid in the development of that country's railway system, while shipments of cold rolled steel and tin plate accounted for a large part of the exports of steel mill products to India.