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MERCHANDISE TRADE IN THE FIRST QUARTER 1981
-- Balance of Payments Basis --

The U.S. merchandise trade balance was in deficit by \$3.7 billion in the first quarter of 1981, compared with a deficit of \$6.0 billion (revised) in the fourth quarter of 1980, according to preliminary estimates of the Bureau of Economic Analysis, U.S. Department of Commerce. These preliminary estimates are seasonally adjusted and are measured on a balance of payments basis, which excludes military trade of U.S. defense agencies, and reflects adjustments for timing, coverage, and valuation to the trade data reported by the Census Bureau on the f.a.s. transactions value basis.

The decline in the deficit was due to a sharper increase in exports than in imports. Exports increased \$5.2 billion, or 9 percent, to \$61.9 billion. About one-fourth of the increase was due to higher prices; volume increased 7 percent. (Prices are measured by the Census Bureau's unit value index; first-quarter data are incomplete.) Imports increased \$2.9 billion, or 5 percent, to \$65.6 billion; volume increased 2 percent. Both agricultural and nonagricultural exports increased, as did petroleum and nonpetroleum imports.

The 7-percent increase in the volume of exports contrasts with a 4-percent decline in the fourth quarter of 1980, and reflects strong foreign demand in certain countries, particularly Canada and the developing countries in Latin America, Asia and Africa. Exports to Western Europe were virtually unchanged.

The surplus with Latin America increased, and the deficit with Canada and the developing countries in Asia and Africa declined; partly offsetting was a decline in the surplus with Western Europe, and an increase in the deficit with Japan.

First-Quarter Exports

Agricultural exports increased \$1.6 billion, or 15 percent, to \$12.6 billion; volume increased 11 percent. Wheat and soybean exports, especially to the developing countries in Latin America and Africa, accounted for the increase.

Nonagricultural exports increased \$3.6 billion, or 8 percent, to \$49.3 billion; volume increased 6 percent. Most of the increase was in machinery, up \$1.1 billion, and industrial supplies, up \$0.5 billion. Within machinery, exports of construction and drilling equipment, and scientific and business machinery, were particularly strong.

First-Quarter Imports

Petroleum imports increased \$1.4 billion, or 7 percent, all in price, to \$20.8 billion. The average number of barrels imported daily was nearly unchanged at 6.57 million. The average price per barrel increased to \$34.59 from \$32.25.

Nonpetroleum imports increased \$1.5 billion, or 4 percent, to \$44.9 billion; volume increased 2 percent. Industrial supplies were up \$0.9 billion; consumer goods, up \$0.6 billion; and capital goods, up \$0.4 billion. Despite the increase in sales of imported cars, the number of cars imported from areas other than Canada was nearly unchanged. The foreign car share of total U.S. auto sales remained at the 1980 rate of 27 percent.

Merchandise Trade--Balance of Payments Basis
(Millions of dollars, seasonally adjusted, f.a.s. transactions value)

	1980 Annual	1980				1981	Change: IV '80- I '81
		I	II	III	IV	I	
EXPORTS							
Merchandise exports, Census basis, including reexports, excluding military grant shipments-----	220,626	52,669	54,654	56,181	57,180	60,023	2,843
Adjustments:							
Gold exports, nonmonetary-----	317	77	19	35	186	321	135
Inland freight (to Canada) valuation adjustment----	1,043	262	257	265	259	295	36
U.S.-Canada reconciliation adjustments, n.e.c., net	2,613	585	623	624	781	826	45
Exports transferred under U.S. military agency sales contracts identified in Census documents----	-3,318	-702	-899	-739	-978	-1,085	-107
Other adjustments to Census exports-----	500	1,411	375	-600	-744	1,552	2,296
Equals: Merchandise exports, adjusted to balance of payments basis, excluding "military"-----	221,781	54,302	55,029	55,766	56,684	61,932	5,248
IMPORTS							
Merchandise imports, Census basis (general imports)--	244,871	63,868	60,706	58,792	61,644	66,065	4,421
Adjustments:							
Gold imports, nonmonetary-----	2,749	1,154	637	736	222	476	254
U.S.-Canada reconciliation adjustments, n.e.c., net							
Imports of U.S. military agencies identified in Census documents-----	-400	-78	-136	-124	-62	-65	-3
Other adjustments to Census imports-----	1,915	62	1,075	-249	888	-854	-1,742
Equals: Merchandise imports, adjusted to balance of payments basis, excluding "military"-----	249,135	65,006	62,282	59,155	62,692	65,622	2,930
BALANCE (Excess of exports +)							
Merchandise trade, Census basis-----	-24,245	-11,199	-6,052	-2,611	-4,464	-6,042	-1,578
Merchandise trade, adjusted to balance of payments basis, excluding "military"-----	-27,354	-10,704	-7,253	-3,389	-6,008	-3,690	2,318
Memoranda:							
Exports of agricultural products-----	41,979	10,223	9,985	10,760	11,011	12,629	1,637
Exports of nonagricultural products-----	179,802	44,079	45,044	45,006	45,673	49,303	3,600
Imports of petroleum and products-----	78,919	21,174	21,029	17,387	19,329	20,750	1,421
Imports of nonpetroleum products-----	170,216	43,832	41,253	41,768	43,363	44,872	1,509