

UNITED STATES DEPARTMENT OF
COMMERCE
NEWS
WASHINGTON, D.C. 20230

BUREAU OF
ECONOMIC ANALYSIS

FOR WIRE TRANSMISSION 10:00 A.M. EST, TUESDAY, FEBRUARY 7, 1984

Howard Murad: 523-0668
D. Anne Fisher: 523-0601

BEA 84-06

Merchandise Trade in the Fourth Quarter and Year 1983
-- Balance of Payments Basis --

The U.S. merchandise trade balance was in deficit by \$18.8 billion in the fourth quarter, compared with a deficit of \$18.2 billion (revised) in the third, according to preliminary estimates of the Commerce Department's Bureau of Economic Analysis. These estimates are seasonally adjusted and are 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.-Customs valuation basis.

Imports increased \$1.6 billion, or 2 percent, to \$70.3 billion. Volume increased 6 percent; prices decreased 4 percent. (Prices are measured by the Census Bureau's unit value index; fourth-quarter data are incomplete.) The increase was more than accounted for by nonpetroleum imports; petroleum imports decreased. Exports increased \$1.0 billion, or 2 percent, to \$51.5 billion; volume increased 1 percent. Both agricultural and nonagricultural exports increased.

The trade deficit with Japan increased to \$6.1 billion in the fourth quarter, from \$4.3 billion in the third, and the deficit with non-OPEC developing countries increased to \$8.1 billion, from \$6.4 billion. The deficit with Canada decreased to \$2.4 billion, from \$2.7 billion, and trade with Western Europe was in balance, compared with a deficit of \$0.9 billion.

Fourth-Quarter Imports

Nonpetroleum imports increased \$4.0 billion, or 8 percent, to \$56.2 billion; volume increased 7 percent. The largest increases were in automotive products from areas other than Canada, up \$1.3 billion; consumer goods, up \$1.1 billion; capital goods, up \$1.0 billion; and automotive products from Canada, up \$0.5 billion. The increases in automotive products were in response to increased sales of both domestic -- up 4 percent -- and foreign -- up 17 percent -- cars in the fourth quarter.

Petroleum imports decreased \$2.4 billion, or 14 percent, to \$14.1 billion; all the decrease was in volume. The average number of barrels imported daily decreased to 5.45 million, from 6.37 million. The average price per barrel was unchanged at \$28.29. The decreases in petroleum imports were mostly from OPEC members, down \$1.0 billion; Western Europe, down \$0.6 billion; and Mexico, down \$0.4 billion.

Fourth-Quarter Exports

Agricultural exports increased \$0.3 billion, or 3 percent, to \$9.6 billion; volume decreased 2 percent. The average price of soybeans increased 12 percent; wheat, 7 percent; corn, 3 percent; and cotton, 2 percent. In volume, corn increased 37 percent, and both wheat and cotton were unchanged. Soybean exports decreased 30 percent. The Soviet Union purchased a total of 3.91 million metric tons of corn, wheat, and soybeans. These purchases were part of the new grain sales agreement, effective October 1, 1983, under which the Soviet Union agreed to purchase a minimum of 9 million metric tons of corn and wheat annually, in roughly equal proportions. The Soviet Union has the option to substitute 1 million metric tons of soybeans for either corn or wheat.

Nonagricultural exports increased \$0.7 billion, or 2 percent, to \$41.8 billion; volume increased 1 percent. Increases were in civilian aircraft and parts, up \$0.4 billion; automotive products to Canada, up \$0.3 billion; and machinery, up \$0.2 billion. Exports to Canada increased \$1.0 billion and to Western Europe \$0.5 billion. Exports to the developing countries decreased \$0.7 billion.

Developments in 1983

The U.S. merchandise trade deficit increased to \$60.6 billion in 1983, from a deficit of \$36.4 billion in 1982. Imports increased \$13.0 billion, or 5 percent, to \$260.6 billion; volume increased 12 percent. The increase was more than accounted for by nonpetroleum imports; petroleum imports decreased. Exports decreased \$11.2 billion, or 5 percent, to \$200.0 billion; volume decreased 6 percent. Both agricultural and nonagricultural exports decreased.

The strength in imports and the weakness in exports reflected rapid U.S. economic expansion, dollar appreciation against major currencies, and limited recovery in major foreign markets. These effects were most evident in trade balances with the major industrialized areas. The surplus with Western Europe decreased to \$1.0 billion, from \$6.8 billion; and the deficit with Japan increased to \$19.5 billion, from \$17.0 billion. Trade with the developing countries was primarily affected by their severe debt problems, which necessitated the imposition of strict import controls, especially in Latin America. Largely as a result of reduced U.S. exports, the deficit with Mexico increased to \$7.8 billion, from \$3.8 billion, and the deficit with other Latin American countries increased to \$8.4 billion, from \$1.6 billion.

Petroleum imports decreased \$7.4 billion, or 12 percent, to \$53.8 billion. Most of the decrease was in price; the average price per barrel decreased to \$28.37, from \$31.26 in 1982. The average number of barrels imported daily decreased to 5.20 million, from 5.36 million. The decrease in average prices resulted from a worldwide glut, and culminated in a March 14 agreement by OPEC members to cut the official crude petroleum price 15 percent to \$29.00 per barrel. In the United States, consumption decreased 1 percent to 15.1 million barrels per day, and stocks, excluding those for the Strategic Petroleum Reserve, decreased 3 percent; production was unchanged. The decrease in consumption was the fifth consecutive annual decrease since the 1978 peak of 18.8 million barrels per day. The decrease in imports was accompanied by a significant restructuring of petroleum sources. Imports of petroleum from OPEC members outside Latin America decreased 31 percent in 1983, following a 42-percent decrease in 1982. The combined petroleum imports from Mexico, Venezuela, and Canada increased 5 percent in 1983, following a 6-percent increase. In 1983, 32 percent of petroleum imports were from OPEC members outside Latin America, down from the peak of 66 percent in 1978. The combined share from Mexico, Venezuela, and Canada increased to 33 percent, from 16 percent in 1978.

Nonpetroleum imports increased \$20.4 billion, or 11 percent, to \$206.8 billion; volume increased 13 percent. There were substantial increases in nearly every major commodity group. The largest increases were in consumer goods and nonfuel industrial supplies, each up \$5.2 billion; automotive products from areas other than Canada, up \$4.2 billion; automotive products from Canada, up \$3.6 billion; and capital goods, up \$2.7 billion. The increase in imports of automotive products both from Canada and elsewhere reflected the 18-percent increase in sales of domestic autos and the 7-percent increase in sales of foreign autos in 1983. Nearly half of the increase in automotive products from areas other than Canada were in parts and engines, mostly from Japan, Mexico, and Brazil. By area, the largest increases in nonpetroleum imports were from non-OPEC developing countries, up \$8.4 billion; Canada, up \$5.0 billion; Japan, up \$3.5 billion; and Western Europe, up \$2.6 billion.

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

	ANNUAL			Quarterly 1983				Change: III-IV
	1982	1983	Change	I	II	III	IV	
EXPORTS								
Merchandise exports, Census basis, including reexports, excluding military grant shipments-----	212,193	200,486	-11,707	50,470	48,648	50,646	50,979	333
Adjustments:								
Gold exports, nonmonetary-----	883	350	-533	224	99	--	27	27
Inland freight (to Canada) valuation adjustment----	967	1,028	61	243	249	265	271	6
U.S.-Canada reconciliation adjustments, n.e.c., net	4,481	4,657	176	719	1,355	1,213	1,370	157
Exports transferred under U.S. military agency sales contracts identified in Census documents---	-7,370	-6,578	792	-1,701	-1,805	-1,898	-1,174	724
Other adjustments to Census exports-----	63	66	3	-603	213	203	-4	-207
Equals: Merchandise exports, adjusted to balance of payments basis, excluding "military"-----	211,217	200,009	-11,208	49,352	48,759	50,429	51,469	1,040
IMPORTS								
Merchandise imports, Census basis (general imports)--	243,952	258,048	14,096	58,561	62,310	66,907	70,390	3,483
Adjustments:								
Gold imports, nonmonetary-----	1,462	290	-1,172	117	89	40	44	4
Inland freight in Canada-----	1,167	1,351	184	335	342	313	361	48
Imports of U.S. military agencies identified in Census documents-----	-427	-406	21	-70	-118	-108	-110	-2
Other adjustments to Census imports-----	1,452	1,322	-130	-722	847	1,489	-412	-1,901
Equals: Merchandise imports, adjusted to balance of payments basis, excluding "military"-----	247,606	260,605	12,999	58,221	63,470	68,641	70,273	1,632
BALANCE (Excess of exports +)								
Merchandise trade, Census basis-----	-31,759	-57,562	-25,803	-8,091	-13,662	-16,261	-19,411	-3,150
Merchandise trade, adjusted to balance of payments basis, excluding "military"-----	-36,389	-60,596	-24,207	-8,869	-14,711	-18,212	-18,804	-592
Memoranda:								
Exports of agricultural products-----	37,230	36,604	-626	8,908	8,731	9,336	9,629	293
Exports of nonagricultural products-----	173,987	163,405	-10,582	40,444	40,028	41,093	41,840	747
Imports of petroleum and products-----	61,201	53,825	-7,376	10,401	12,909	16,435	14,080	-2,355
Imports of nonpetroleum products-----	186,405	206,780	20,375	47,820	50,561	52,206	56,193	3,987

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Balance of Payments Division.

Agricultural exports decreased \$0.6 billion, or 2 percent, to \$36.6 billion; volume decreased 5 percent. Except for wheat, average prices of major commodities increased. These price increases resulted from the U.S. acreage reduction program and from severe weather conditions in the United States and other producing areas, which sharply reduced current production and carryover stocks. Average prices of corn increased 17 percent; cotton, 8 percent; and soybeans, 7 percent. In volume, cotton exports decreased 14 percent; soybeans, 11 percent; and corn, 3 percent. In contrast, average wheat prices decreased 3 percent and volume was unchanged. World wheat supplies were plentiful and carryover stocks in the United States remained large, despite the acreage reduction program.

Nonagricultural exports decreased \$10.6 billion, or 6 percent, to \$163.4 billion; all the decrease was in volume. Decreases were in industrial supplies, down \$4.7 billion; construction machinery, down \$3.9 billion; industrial machinery, down \$3.1 billion; automotive products to areas other than Canada, down \$1.9 billion; and consumer goods, down \$0.8 billion. Increases were in automotive products to Canada, up \$3.1 billion; computers and parts, up \$1.7 billion; and civilian aircraft and parts, up \$1.0 billion. Nonagricultural exports to nearly all areas decreased. The largest decreases were in exports to Latin America, down \$8.3 billion; Western Europe, down \$3.6 billion; and developing countries in Asia and Africa, down \$2.2 billion. A major exception was in exports to Canada, up \$4.7 billion, due largely to the strength of autos and civilian aircraft and parts.

###