U.S. Balance of Trade and Current Account by World Area

1975 - AUGUST, 1977
(Billions of Current U.S. Dollars)

			TOTAL	CANADA	LATIN AMERICA	WESTERN EUROPE	(OF WHICH) EEC	EASTERN EUROPE	JAPAN	NEAR EAST	OTHER(a) LDCs
BALANCE, MERCHANDISE TRADE-FAS(b)		1975	11.6	N.M.	1.1	9.2	6.3	2.1	(1.7)	2.9	(2.6)
		1976	(5.6)	(2.1)	(0.1)	9.6	7.5	2.6	(5.3)	0.2	(10.9)
	Jan-Aug	1976	(2.5)	(1.1)	0.2	5.5	4.5	1.9	(3.4)	0.4	(6.5)
	Jan-Aug	1977	(17.9)	(2.0)	(3.1)	4.4	3.2	1.1	(5.0)	(2.1)	(11.4)
a. Balance, Agricultural Trade		1975	12.4	0.8	(1.4)	5.6	4.5	1.5	3.0	1.0	1.2
		1976	11.8	0.9	(2.4)	6.0	4.4	2.2	3.5	0.8	0.6
	Jan-Aug	1976	7.4	0.6	(1.6)	3.4	2.9	1.6	2.2	0.5	0.4
	Jan-Aug	1977	6.3	0.6	(2.7)	4.2	3.5	N.M.	2.5	0.7	(0.1)
b. Balance, Fuels Trade(c)		1975	(22.0)	(3.9)	(7.2)	0.7	0.5	(0.2)	1.6	(4.9)	(8.2)
		1976	(29.8)	(3.5)	(6.8)	0.5	0.5	(0.2)	1.2	(8.4)	(12.6)
	Jan-Aug	1976	(19.1)	(2.4)	(4.5)	0.4	0.4	(0.1)	0.8	(5.3)	(8.1)
	Jan-Aug	1977	(27.3)	(2.1)	(6.0)	(0.5)	(0.3)	(0.1)	0.7	(8.2)	(11.2)
c. Balance, Manufactures Trade		1975	20.6	5.3	10.0	0.5	(0.6)	0.7	(7.7)	5.1	3.6
		1976	12.7	3.7	10.2	0.6	N.M.	0.8	(11.5)	6.2	0.7
	Jan-Aug	1976	9.5	2.8	6.5	0.3	(0.1)	0.4	(7.4)	4.3	0.8
	Jan-Aug	1977	3.3	1.8	6.0	(1.0)	(1.4)	0.2	(9.3)	4.0	(0.6)

Note: (a) Includes Indonesia, Algeria, Libya, Nigeria, and the non-OPEC LDCs of Asia and Africa. (b) Basic Merchandize trade balance. Does not include transport and service charges; includes re-exports and "exports not classified by area." (c) Including fuel and petroleum products.

Source: U.S. Department of Commerce

Exclusive Report On The N.Y. Maritime Regulation Conference

Trade War Brewing In The Shipping Industry

The governments of maritime nations Britain and the United States are verging on adoption of protectionist measures that will prevent cheaper, more efficient Japanese and Soviet carriers from biting into a shrunken world maritime trade, and block "creeping competition" from Third World nations trying to develop their own carrying trades. This emerging policy stance was highlighted at a Nov. 15-16 conference on International Regulation of Maritime Transportation sponsored by the Fordham University's Corporate Law Institute in New York City.

Over the past year threats have been made by the United States and Great Britain to respond to the worsening collapse of world trade, reflected in decreasing shipping tonnages, by erecting restrictive maritime barriers. Paralleling moves limiting Japanese imports of steel and other finished and semifinished products, maritime protectionist moves by the U.S. have included the introduction to Congress of a cargo preference bill stipulating that a certain percentage of imported petroleum be carried on U.S. flag ships.

At the same time, Great Britain has charged the Soviet Union with "dumping" practices in international maritime trade. A June 18 article in the London Economist *charged the Soviets with "encroaching" on British trade through "swashbuckling price-cutting." The article, however, admitted that the Soviet fleet accounts for less than 2 percent of total world shipping tonnage.*

Following are excerpts from speeches given by the conference participants during a session titled "Regulation of the Maritime Industry Abroad." Included are private comments made by various speakers following their formal presentations.

GREAT BRITAIN

F.J.J. Cadwallader, Institute of Science and Technology of Wales School of Marine Law and Policy:

"The government and entire shipping community of the United Kingdom are firmly against the adoption by any country of discriminatory regulations against foreign flags. This should not lead outsiders, however, to think that the UK lies unprotected in this area. The Merchant Shipping Act of 1974 provides for the invoking of very stern measures in such an event. So wide-ranging indeed are these provisions that at the time of their passing, promises were given in relation to the conditions under which they would be invoked... Those who believe in the total freedom of shipping at a national level must continue to hope that this will remain the case and that no change in the mood of internal politics will see a more sinister operation of the powers."

Prof. Cadwallader then departed from his prepared remarks to state that at the recent Brussels meeting of the European Economic Community, Britain made three alternative proposals to regulate Soviet trade. These included the possible restriction of EEC export credits to the Soviets, unilateral sanctions, or changes in specific bilateral agreements. The EEC decided that these measures were "too harsh" and in fact might very well boomerang, so no action was taken. Prof. Cadwallader remarked that Britain may unfortunately have to "enforce the 1974 protectionist laws."

FRANCE

Pierre G. Bonassies, Professor of Law, University of Aix-Marseilles:

Shipping representatives from France and Sweden reluctantly responded to the British war cry by documenting historically how regulated international trade would damage their countries' growth. They concluded, however, that they could see no alternative to protectionism.

Bonassies remarked that in order for French shipbuilders to receive government subsidies, which can amount to 25 percent of the price of the ship, two big shipyards at the most can be in operation, instead of the five or six yards that have operated in the past. The seriousness of the situation is reflected by the fact that the French government has commissioned a study on, "Maritime Transport and National Defense," which will stress the economic and strategic importance of current French shipping problems.

SWEDEN

Jan Rambert, Associate Professor, Faculty of Law, University of Stockholm:

Rambert stated that 90 percent of Swedish shipping is between third parties, making up almost the entire balance-of-trade surplus for the economy. The effect of any drop off in Swedish international trade, therefore, would immediately affect Sweden's ability to import. Remberg recalled that the last era of protectionism in Sweden was in 1723 but that since 1976 the shipping interests have proposed increased public control. He pointed to the danger of escalation of policies of restrictive trade, which could spur "commercial warfare" resulting from the "countermeasures that will be taken by other countries."

JAPAN

Takeo Kubota, Chou University, Tokyo:

Put on the defensive by U.S. claims that government subsidization of shipping and shipbuilding in Japan has produced unfair competition, Kubota denied that the Japanese government interferes in commercial shipping, though changes are under consideration, since 20 countries now discriminate against Japanese flag ships. In contrast to the European representatives, Mr. Kubota saw the agreements recently reached by UNCTAD to assure 20 percent of the freight carried in trilateral deals allocated to the developing sector country involved, as a positive step that would decrease flag ship discrimination.

Under international pressure, the Japanese government modified its subsidy program two years ago, though in order to encourage the use of new technology and lower production costs the government has set up a special company for joint private-public construction projects. Pointing to trade sharing agreements recently negotiated with the People's Republic of China, Mr. Kubota tried to appear hopeful about avoiding international trade war.

In private, the Japanese representative agreed that the Japanese-Soviet agreement to containerize the Trans-Siberian Railroad and destination ports can provide a "land bridge" for finished Japanese goods to Europe. Though the cost of transport would be higher on rail than completely by ship, the land bridge would cut transport time in half and avoid the potentially politically unstable Suez Canal. Nodding his agreement with the fact that Japanese industry is being shut out of U.S. markets due to the cries for protectionism, Mr. Kubota winked and said, "You know what we would really like to sell the Soviets? Steel."

SOVIET UNION

Dr. George A. Maslov, on the Law Faculty of the Institute of Foreign Trade, and president of SOVINFLOT, the Soviet trade organization that negotiates trade agreements for the 16 Soviet shipping companies.

Dr. Maslov began by questioning how helpful his comments could be since the Soviet economy has very different shipping problems than other countries. More than 9 percent of the Soviet labor force is involved in transport, which is of concern in an economy where there is more of a labor demand than supply. Therefore, he explained, the major concern is increasing labor productivity through the application of science to new transport technology, which will decrease the number of workers needed.

For this goal, 15 seamen's trade schools, 13 colleges and 4 university marine programs have been developed. At the present time, one out of every three seamen have had a special college or university level education. Dispelling charges of Soviet plans to corner the world shipping market, Dr. Maslov stated that the United States is not upset that the Soviets have moved from ninth to seventh place in world tonnage shipped, but that the U.S. is still number eight. He finished his remarks by pointedly saying that the Soviets will not raise their rates to help less productive countries, that they will not be penalized by a world economic collapse which they had no part in creating. Soviet shipping is only a threat to the industrialized capitalist sector because of the present economic crisis, Dr. Maslov emphasized.

Parenthetically, Dr. Maslov remarked that western countries complaining about trade imbalances that exist due to higher Soviet imports from their countries than exports should reduce trade imbalances by using more Soviet shipping.