TRENDS IN U.S. FOREIGN TRADE, 1960–67 AND JANUARY–APRIL 1968

1960–67

U.S. trade has expanded strongly in both directions during the 1960's. Rising at an average annual rate of 6.7%, exports, excluding military grant-aid, climbed from $19.6 billion[1] in 1960 to $30.9 billion in 1967. Our purchases from abroad increased by roughly the same amount during this period, from $15.0 billion to $26.8 billion. This represented an average growth rate of 8.6% a year.

The gross merchandise trade balance totaled $4.1 billion in 1967, about half a billion dollars less than in 1960. In the intervening years, the surplus fluctuated widely, reaching a high of $7.0 billion in 1964 and dropping to a low of $3.8 billion in 1966. During the eight-year period between 1960 and 1967, the trade balance averaged $5 billion.

The strong increase in U.S. exports in the sixties was characterized by sizable shifts in commodity composition. Solid gains in sales of machinery and transport equipment, products which have a high technological content, helped boost finished manufactures to 61% of the total in 1967 from 54% in 1960. In the last three years, rapidly growing shipments of automotive products to Canada under the duty-free provisions of the 1965 U.S.–Canadian Automotive Agreement have contributed significantly to the expansion.

As the share of finished manufactures in our exports increased, there was a corresponding decline in the proportion of total U.S. shipments accounted for by semimanufactures and crude materials. Both, however, were higher in value in 1967 than in 1960. In the case of semimanufactures, the advance was slowed by reduced shipments of steel and by a large dip in copper sales in 1967 as the long strike reduced quantities available for export. Exports of crude materials were retarded by sharply lower deliveries of cotton. The share of foodstuffs remained at 14% of the export total.

Government assistance programs have played a relatively minor role in the $11 billion growth in our exports from 1960 to 1967. Shipments of agricultural products under Government programs, largely wheat and other grains to various developing countries, amounted to $1.5 billion in 1967. This level of assistance was only 5% higher than in 1960. In that year, these programs accounted for 30% of our domestic agricultural exports; by 1967, their share dropped to 24% as commercial exports expanded at a considerably faster rate than Government-financed shipments.

Disbursements for merchandise exports under AID programs last year totaled $1.3 billion, a sharp rise from the $0.4 billion of goods sent abroad in 1960. This expansion, however, primarily represented the tying of our economic assistance to purchases in the United States after 1960. Around three-fifths of AID-financed shipments in 1967 involved machinery, chemicals, and transport equipment to countries in Asia and Latin America.

(Estimated exports under these programs continued in the first quarter at about the same $2.8 billion rate as last year.)

Exports to both the developed and developing countries rose strongly in 1960–67. Increasing by $8.3 billion over the eight-year period, shipments to the former group accounted for 68% of the export total last year, up from 65% in 1960. About three-fourths of the gain represented greater sales to Canada and Western Europe. Shipments to the developing areas expanded by $3.0 billion, or by nearly a half. Increasing relatively rapidly were shipments to East and South Asia, the Near East, and Africa, while those to Latin America, our latest market among the developing areas, lagged.

Stimulated by the expansion of the domestic economy in recent years, U.S. imports have also increased rapidly. The change in import composition between 1960 and 1967 was even more marked than that in exports. Although imports of all major types of goods purchased abroad expanded, the faster growth in capital equipment and consumer goods increased the share of these products in our total imports. Arrivals of capital equipment, mostly machinery, accounted for 10% of our imports in 1967, more than twice the ratio in 1960. These imports increased particularly rapidly in the last few years as the pressure of demand strained domestic capacity and stretched the delivery schedules of U.S. manufacturers.

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[1] The statistics used here are official U.S. trade statistics as published by the Bureau of the Census. They differ somewhat from the adjusted figures presented in balance of payments statements. The most important adjustments in the payments figures are the exclusion of shipments and receipts of military goods and the inclusion of silver.