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A note on the relative performance of
U.S. exports of manufactures

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A note on the relative performance of U.S. exports of manufactures

The U.S. share of world exports of manufactures is often used as an indicator of the performance of U.S. goods in world markets and hence as a measure of U.S. competitiveness. This note presents the latest available and comprehensive statistics from which such a comparison can be derived, together with a brief commentary on the figures.

The United States share of exports of manufactures fell from 35 per cent in 1953 to 22 per cent in 1963. During the same period, the shares of both the U.K. and Canada also fell slightly, from 19 per cent to 15 per cent for the U.K., and from 6 per cent to 4 per cent for Canada. On the other hand, the E.E.C. countries' share of this trade rose from 31 per cent to 45 per cent (including trade among the E.E.C. members); while Japan's share rose from 3 per cent in 1953 to 7 per cent 10 years later. (See Table 2)

As can be seen in Table 1, total exports of manufactures nearly doubled over the 10-year period. If the U.S. share of this trade had remained at, say, 31 per cent (the average share for 1953-55 and assuming total exports of manufactures rose as they did, U.S. exports of manufactures would have been almost \$20 billion in 1963, or \$5 billion more than their actual level. This shortfall is sometimes taken as a measure of the shift in the competitiveness of U.S. products.

One reason for the large rise in the E.E.C. share of exports of manufactures, at the expense of the U.S. share, has been the rapid growth of trade among the E.E.C. countries. With the restoration of

trade lines that had been disrupted by the war and its aftermath and with the formation of the Common Market, these countries have assumed more and more the characteristics of a single economic unit, which the post-war economic boom in Europe has knitted together. The rapid growth of trade within the E.E.C. as compared with the growth in world trade is thus not surprising, and is not necessarily indicative of changes in competitiveness.

In an attempt to take account of this development, Table 3 shows percentage shares of exports of manufactures in which intra-E.E.C. trade in manufactures is excluded from the total and from the E.E.C.'s exports. Excluding intra-E.E.C. trade, the rise from 1958 to 1963 in the E.E.C. share of total trade in manufactures is damped down -- to 0.4 percentage points compared to a 5 percentage point rise over this period when intra-E.E.C. exports are included. (See Table 1) The exclusion of intra-E.E.C. trade reduces the decline in the U.S. share of this trade from 4.5 percentage points to less than 3 percentage points. The shares of the other countries are also affected, although to a lesser degree. Rather than steadily declining since 1958, as indicated in Table 2, the U.K. share is unchanged in 1962 and 1963; Canada's share is up slightly in 1963 instead of leveling out; and Japan's growth is even greater than when intra-E.E.C. trade is included.

The greatest decline in the U.S. share as shown in Table 3, occurred between 1958 and 1959. From 1959 to 1961, the U.S. share declined only slightly further while in 1962 and 1963 a small improvement appears to have been registered. Conversely, the E.E.C. share rose

steadily through 1961 and then declined in 1962 and 1963. These developments coincide fairly closely with the emergence of price stability in the United States since 1959, and a period in which there have been marked price increases in Europe.

A more exhaustive study of these and other data would be necessary before firm conclusions about the changing competitiveness of U.S. goods in world markets could be reached. Among the factors to be investigated would be the recent influence of the structure of U.S. trade. An earlier study^{1/} found that between 1953 and 1958 the structure of U.S. export markets was such as to help explain the decline in the U.S. share of world trade. A similar study by the Commerce department^{2/} found the same factors at work in the same directions up through 1961.

^{1/} Romanis, Anne "Relative growth of exports of manufactures of the United States and Other Industrial Countries" -- IMF Staff Papers, 1960-1961.

^{2/} Supplement to International Commerce, 1962.

Table 1

Exports of Manufactures
(Billions of dollars)

	Total	U.S.	U.K.	E.E.C.	Canada	Japan	excl. intra-E.E.C.	
							Total	E.E.C.
1953	31.55	11.08	5.88	9.85	1.87	1.05		
1954	32.51	10.10	6.08	11.11	1.88	1.39		
1955	35.62	10.00	6.69	13.01	2.07	1.75		
1956	40.68	11.88	7.34	14.63	2.25	2.18		
1957	44.71	12.85	7.71	16.60	2.35	2.54		
1958	43.88	11.72	7.46	17.25	2.23	2.52	39.31	12.68
1959	47.02	11.31	7.86	19.48	2.39	3.04	41.54	14.00
1960	54.02	13.00	8.40	23.13	2.52	3.62	47.04	16.15
1961	56.54	12.87	8.73	25.03	2.47	3.76	48.30	16.79
1962	60.34	13.88	8.91	26.55	2.60	4.39	50.75	16.96
1963	65.25	14.97	9.43	29.18	2.83	4.95	53.60	17.53

Note: Manufactures are defined as those products included in sections 5-8 of the Standard International Trade Classification.

Source: U.N. Monthly Bulletin of Statistics -- the total represents the 11 countries which together account for 88 per cent of free world exports of manufactures. Source of intra-E.E.C. trade: O.E.C.D. Foreign Trade Statistical Bulletin Series B.

Table 2

Shares of Exports of Manufactures
(in per cent of total)

	<u>U.S.</u>	<u>U.K.</u>	<u>E.E.C.</u>	<u>Canada</u>	<u>Japan</u>
1953	35.1	19.0	31.2	5.9	3.3
1954	31.1	18.7	34.2	5.8	4.3
1955	28.1	18.8	36.5	5.8	4.9
1956	29.2	18.0	36.0	5.5	5.4
1957	28.7	17.2	37.1	5.3	5.7
1958	26.7	17.0	39.3	5.1	5.7
1959	24.1	16.7	41.4	5.1	6.5
1960	24.1	15.5	42.8	4.7	6.7
1961	22.8	15.4	44.3	4.4	6.7
1962	23.0	14.8	44.0	4.3	7.3
1963	22.5e	14.7	44.5	4.3	7.4

e = estimate.

Source: See note to Table 1.

Table 3

Shares of Exports of Manufactures
Intra-E.E.C. Trade in Manufactures
 (in per cent of total)

	Percentage share of Total				
	<u>U.S.</u>	<u>U.K.</u>	<u>E.E.C.</u>	<u>Canada</u>	<u>Japan</u>
1958	29.8	19.0	32.3	5.7	6.4
1959	27.2	18.9	33.7	5.8	7.3
1960	27.6	17.9	34.3	5.4	7.7
1961	26.6	18.1	34.8	5.1	7.8
1962	27.3	17.6	33.4	5.1	8.7
1963	27.0	17.6	32.7	5.3	9.2

Source: See note to Table 1.