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Trade Between the United States and Eastern Europe

THROUGHOUT MOST OF THE post-World War II era, trade between the United States and Eastern Europe was minuscule. The United States maintained high tariff barriers on imports from most Eastern European countries and also restricted its own exports to these countries. In particular, the United States prohibited the export to these countries of high-technology goods related to national security interests. Eastern Europe also maintained various trade restrictions on imports from the United States. Most Eastern European trade was controlled by the state and conducted within the Council for Mutual Economic Assistance (CMEA), the trade organization of the Soviet bloc countries.

With the disintegration of the Soviet system and the collapse of the CMEA trading bloc, Eastern European countries began to re-orient their trade to the West. As these countries undertook political and economic reforms, the United States reduced its tariff restrictions on their products. Consequently, trade between the United States and Eastern Europe has expanded substantially since 1988. This paper examines the growth and pattern of trade between the United States and the three Eastern European countries which have made the greatest progress in adopting market reforms: the Czech and Slovak Federal Republic (CSFR), Hungary and Poland.[1]

Studies have shown that the U.S. economy is likely to be one of the principal beneficiaries of economic liberalization in Eastern Europe.[2] U.S. exports to, and investment in, the region should increase as the restructuring of the economies of Eastern Europe results in an increase in demand for capital goods and technology, and opens new markets for U.S. products. Such gains will be limited, however, if the Eastern European countries reverse the pattern of opening their markets and raise protectionist barriers against products from the United States.

Despite the initial steps taken to reduce trade barriers on Eastern European products, the United States maintains quantitative restrictions and other forms of protectionism on many products from Eastern Europe. Most significantly, the United States maintains a high degree of protection against the importation of textiles and apparel, chemicals, steel and agricultural products from Eastern Europe. These goods

[1] In January 1993, the Czech and Slovak Federal Republic split into two independent countries: the Czech Republic and the Slovak Republic. With the exception of total export and import data, the data used in this paper end before the split occurred.

[2] See, for example, Wang and Winters (1992).

Table 1
Growth in U.S. Trade 1988-93[1]

	U.S. imports ($ millions)			U.S. exports ($ millions)		
	1988	1993	Growth	1988	1993	Growth
CSFR[2]	$87.6	$341.5	289.9%	$55.1	$300.1	444.2%
Hungary	293.9	400.5	36.3	77.5	433.9	459.7
Poland	375.6	454.0	20.2	303.7	916.5	201.8
Combined CSFR, Hungary, Poland	759.0	1,196.0	57.6	436.3	1,650.5	278.3
World	441,282.4	580,054.4	31.6	322,718.3	464,767.2	44.0

[1] Based on nominal dollar values.

[2] The 1993 data for the CSFR were calculated by combining the data for the Czech Republic and the Slovak Republic.

SOURCE: U.S. Department of Commerce, Bureau of the Census

are produced by the sectors in which Eastern Europe is most competitive. The possibility exists for an increase in protectionism in Eastern Europe as these countries have become increasingly frustrated by the lack of progress in securing access to U.S. as well as other Western markets for their products. How the problems stemming from these trade barriers are handled will be an important determinant of future trade flows between the United States and the CSFR, Hungary and Poland.

This paper describes the recent changes in these trade flows and examines the restrictions facing Eastern Europe in its trade with the United States. The structure of the paper is as follows. Section two provides an overview of trade between the United States and the CSFR, Hungary, and Poland. The causes of the recent growth in trade between the United States and Eastern Europe are examined in section three. The product composition of this trade is discussed in section four. Section five examines U.S. restrictions on the products in which the CSFR, Hungary and Poland have their greatest comparative advantage. The conclusions are presented in section six.

OVERVIEW OF TRADE

Trade with the CSFR, Hungary and Poland has always comprised a low percentage of the total international trade of the United States. Neither U.S. exports to these countries nor imports from any of the three constitute more than 1 percent of total U.S. exports or imports. From the perspective of the CSFR, Hungary and Poland, however, trade with the United States constitutes a larger share of the international trade of each country.[3]

Despite its relatively small size, there has been a substantial expansion in trade between the United States and the CSFR, Hungary and Poland following the disintegration of the Soviet bloc. In dollar terms, U.S. imports from the three grew by 58 percent between 1988 and 1993 while U.S. exports to these three countries grew by 278 percent (see Table 1, and Figures 1 and 2).[4] In comparison, total U.S. imports increased by 32 percent between 1988 and 1993 whereas total U.S. exports rose by 44 percent.

U.S. exports to the CSFR, Hungary and Poland have grown much faster than imports from these countries. Consequently, in 1988 the United

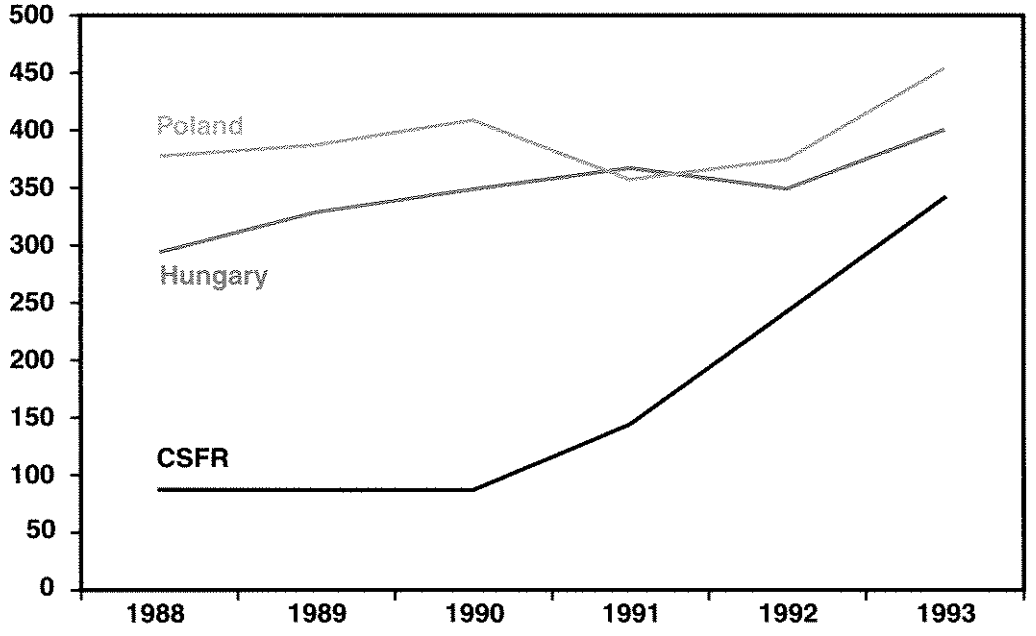
[3] The European Union (Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom) remains the major trading partner for these three Eastern European countries, accounting for more than half of their exports and imports.

[4] Exports from the United States to the three countries combined grew at a faster rate than exports from the European Union (208 percent compared to 180 percent) between 1988 and 1992 (the latest year for which data for the European Union were available). U.S. imports from the three Eastern European countries, however, grew more slowly than European Union imports over the same time period (27 percent compared to 133 percent).

Figure 1

Total Annual U.S. Imports from Eastern Europe

Millions of dollars

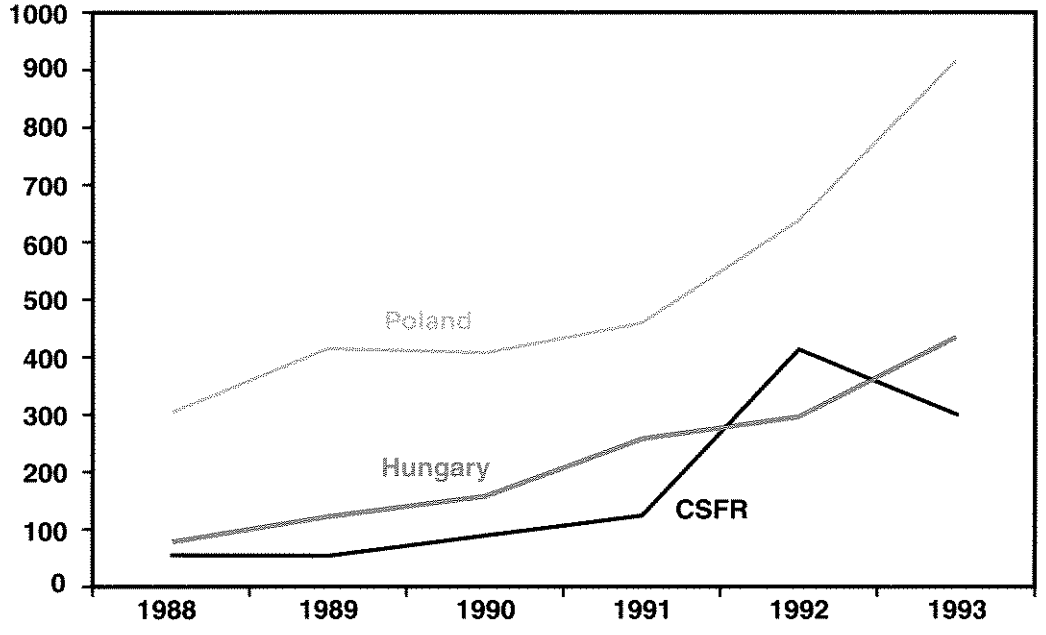


SOURCE: U.S. Department of Commerce, Bureau of the Census

Figure 2

Total Annual U.S. Exports to Eastern Europe

Millions of dollars



SOURCE: U.S. Department of Commerce, Bureau of the Census

The Jackson-Vanik Amendment to the Trade Act of 1974

The Trade Expansion Act of 1951 suspended the most-favored-nation (MFN) status of any country deemed to be "under the control of the world Communist movement." Between 1951 and 1974, the MFN status of Poland and Yugoslavia was restored. The U.S. Trade Act of 1974 reasserted the determination of the United States to withhold MFN status from Communist countries. Section 402 of the Trade Act states that MFN status could not be granted to any nonmarket economy country which did not already have such status. The Act established two exceptions, however, through which MFN status would be granted: 1) the President reported to Congress that the country did not restrict the emigration of its citizens; and 2) the President waived compliance with the freedom of emigration requirement. The Jackson-Vanik amendment established the freedom-of-emigration requirement. This requirement could only be waived if the President determined that doing so would "promote the objective of the amendment."[1] MFN status still could not be granted until the United States had concluded a bilateral trade agreement with the country in question. Furthermore, as is standard, the granting of MFN status was to be done on a reciprocal basis. Both the waiver of the Jackson-Vanik amendment and the trade agreement had to be approved by a congressional resolution. Waivers were granted for a one-year period, ending July 3, but could be renewed each year by the President. Following the renewal of the waiver, Congress was given 30 days to pass a resolution eliminating the waiver.

Between 1974 and 1988, no country was certified to have met the Jackson-Vanik requirement. Under a waiver of this amendment, however, three countries were granted MFN status: Romania in 1975, Hungary in 1978, and China in 1980. In October 1989, Hungary was accorded permanent MFN status following the passage of a freedom-of-emigration law. The Czech and Slovak Federal Republic was granted waiver status in November 1990, and permanent MFN status in October 1991 in accordance with the Jackson-Vanik amendment. Although such status was referred to as "permanent," the Jackson-Vanik amendment required that the President report to Congress semiannually on a country's compliance with the emigration criteria. Countries which were not subject to the Jackson-Vanik requirements (such as Poland) had unconditional MFN status. In 1992, President Bush asked Congress to remove Hungary and the CSFR from the Jackson-Vanik restrictions, and these countries were granted unconditional MFN status.

[1] United States International Trade Commission (June-July 1990, p. 7).

States ran a trade deficit with all three, but by 1993 the deficit had turned to a trade surplus with Hungary and Poland.

CAUSES OF GROWTH IN U.S.–EASTERN EUROPEAN TRADE

The recent growth in U.S. trade with Eastern Europe is due in part to a general increase in trade between the former nonmarket economy countries and the West. The collapse of intra-CMEA trade due to a movement to market pricing and the settlement of accounts in convertible currencies rather than the system of official exchange rates tied to the Soviet ruble, also played a part in re-orienting trade to the West. As these countries sought to modernize their production processes, they looked to the West as a source of capital and technology. Exports to the West provided a source of foreign currency with which to purchase these capital goods and were also a source of economic growth following

the shrinkage of the domestic market resulting from the collapse of the old economic system.[5]

REDUCTION IN U.S. TRADE BARRIERS FACING EASTERN EUROPE

The growth in trade between the United States and the CSFR, Hungary and Poland also reflects the reduction of trade barriers by all parties. In the initial euphoria following the collapse of the Soviet bloc, the United States pledged to open its markets to Eastern European products in order to aid these countries in developing a market system. One of the first steps the United States took to encourage reform in Eastern Europe was to grant most-favored nation (MFN) status to these countries, leading to a substantial reduction in the tariff rates on imports from Eastern Europe.[6] Poland was originally granted MFN status in 1960, but this status was suspended in January 1981, following the imposition of martial law. It was not until November 1989 that Poland regained its MFN standing. Hungary was granted MFN status in 1978 under the waiver provision to the Jackson-Vanik Amendment to the 1974 Trade Act (see shaded insert on the opposite page for more on this amendment). The CSFR was the last of the three countries to gain MFN status, in November 1990. The importance of MFN status can be illustrated with reference to the textile and apparel industry. The MFN tariff rates on U.S. imports of textile and apparel range from 20 percent to 35 percent. In contrast, non-MFN tariff rates range from 50 percent to over 100 percent.[7]

Additional changes in the U.S. treatment of imports from these countries have occurred as well. In November 1989, Hungary was designated as a "beneficiary developing country," making it eligible for tariff reductions granted under the generalized system of preferences (GSP).[8] In January 1990, Poland was deemed eligible for the GSP and in April 1991 the CSFR was deemed eligible. As part of the Trade Enhancement Initiative for Central and Eastern Europe (TEI) undertaken by the Bush administration in 1991, the United States expanded the list of products for which tariff reductions are granted to GSP countries to include products proposed by the CSFR, Hungary and Poland. The United States also concluded bilateral trade agreements with each country, increasing their import quotas on textiles and apparel.[9]

REDUCTIONS IN EASTERN EUROPEAN TRADE BARRIERS FACING THE UNITED STATES

The Eastern European countries also sharply reduced their barriers to imports. In the CSFR, most quantitative restrictions on imports were eliminated or converted into tariffs.[10] The average unweighted tariff rate was 5 percent until January 1992, when the CSFR requested and received GATT approval to raise its average tariff rate to 6 percent.[11] Hungary has an average unweighted tariff rate of 13 percent on imports in addition to a 2 percent customs clearance fee, while the average tariff on imports in Poland is 13.6 percent. Both countries have also eliminated most quantitative restrictions, although Hungary does maintain quotas on some consumer goods, while Poland limits imports of some alcoholic beverages.[12] In comparison, the United States maintains a 6.8 percent average tariff rate on imports, while the tariff rate for the European Union and Japan is 6.5 percent.[13] All of these entities also maintain nontariff barriers. Furthermore, the tariff rates in the CSFR, Hungary and Poland are lower than most countries at a comparable stage of development.[14]

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[5] Although output data for the former nonmarket economies are not totally reliable, estimates by the International Monetary Fund (1993) indicate that between 1988 and 1992, the economy of the CSFR shrank by 23 percent, the Hungarian economy shrank by 21 percent, and the Polish economy shrank by 16 percent.

[6] MFN status guarantees that the tariffs imposed on a country's products will be no higher than those imposed on the imports of any other country. MFN tariff rates have been reduced substantially through successive trade rounds held under the General Agreement on Tariffs and Trade (GATT). For the period covered in this paper, the average MFN tariff rate on manufactured goods imported into the United States was 4 percent. In contrast, non-MFN tariff rates are set by the Smoot-Hawley Tariff Act of 1930.

[7] Erzan and Holmes (1992, p. 4).

[8] The Generalized System of Preferences is a program whereby developed countries grant preferential tariff rates to products from developing countries. It is allowed under GATT rules as an exception to the MFN principle. The United States first granted preferences as part of the Trade Reform Act of 1974. As noted in the text, not all products are covered under the GSP.

[9] Quotas set a limit on the quantity of a product which a country can sell to another country.

[10] OECD (1991, p. 84).

[11] Green (February 6, 1992).

[12] Rodrik (1992, pp. 3-4).

[13] USITC (August 1991, p. 6).

[14] Rodrik (1992, p. 2).

Tariff rates in the CSFR, Hungary and Poland also tend to be lowest on capital goods and raw materials, the major U.S. export products to these countries. In contrast, as discussed below, trade restrictions in the United States are highest on the goods for which the three Eastern European countries have a comparative advantage.

PRODUCT COMPOSITION OF TRADE

More than half of all U.S. merchandise exports to the CSFR and Hungary, and slightly less than one-half of U.S. exports to Poland, are capital goods (Table 2). Although capital goods were one of the largest categories of U.S. exports to the CSFR, Hungary and Poland in both 1988 and 1992, there was a clear shift during this period from industrial supplies and materials to capital goods. Put simply, there was an increase in the demand for capital due to industrial restructuring.

Another factor contributing to the shift toward imports of capital goods is the easing of the Coordinating Committee on Multilateral Export Controls (COCOM) restrictions. COCOM was created in 1949 to control the exportation to the Soviet bloc countries of products and technology which could be used for military purposes.[15] The importance of the relaxation of COCOM restrictions is highlighted by the growth in U.S. exports of computers, semiconductors and telecommunications equipment—high-technology industries, relying heavily on research and development conducted by highly skilled workers. Such exports grew from 4.9 percent to 20.3 percent of total exports to the CSFR, from 4.4 percent to 12.4 percent for Hungary, and from 1.0 percent to 10.9 percent of total U.S. exports to Poland.

In contrast, the CSFR, Hungary and Poland are countries whose productive resources are characterized by relatively large amounts of semiskilled labor, and all suffer from a lack of up-to-date capital. These factors, in combination with their relatively low-wage rates, point to production cost advantages in products requiring large amounts of semiskilled labor. The product composition of U.S. imports from the CSFR, Hungary and Poland does fit this pattern (Table 3). In 1992, consumer goods, particularly apparel and footwear, accounted for the largest category of U.S. imports from each country.

Table 2

Major Product Composition of U.S. Exports, by End-Use Category (percent of total)

	CSFR		Hungary		Poland	
	1988	1992	1988	1992	1988	1992
Food & beverages	0.8	3.9	0.7	2.1	38.1	15.4
Industrial supplies	44.2	4.3	37.8	8.9	24.3	7.9
Capital goods	46.2	73.8	40.3	61.5	15.2	45.8
Automotive	0	2.7	11.4	7.0	1.3	2.7
Consumer goods	5.8	12.0	7.9	17.0	7.8	13.0
Exports, n.e.c.	3.1	3.3	1.9	3.4	13.4	15.2

The CSFR and Poland have increased their exports of capital goods to the United States, although these goods are not high-technology products. For the CSFR and Poland, nearly all capital goods exported to the United States are nonelectrical machinery and parts. Within this group, industrial and agricultural machinery, and machine tools are the most important.

A more formal way to analyze the exports of a country is to calculate an index of relative comparative advantage (RCA). This index is calculated as follows:

$$(1)\ RCA^n = \frac{X^n_{ij}}{X_{ij}} \div \frac{X^n_{-ij}}{X_{-ij}}$$

where X^n are exports of commodity n; i is the country of origin; j is the country of destination; and $-i$ is the rest of the world (all countries excluding country i). Equation 1 indicates that the relative comparative advantage of country i in any good n depends on the share of that good in country i's exports to country j relative to the share of good n in the rest of the world's exports to country j. In general, if this ratio is greater than 1, then country i has a comparative advantage in producing that product relative to the rest of the world.[16]

[15] COCOM was disbanded on April 1, 1994. The members of COCOM were Australia, Belgium, Canada, Denmark, France, Germany, Greece, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey, the United Kingdom and the United States.

[16] For more details on this index and its use in determining the comparative advantages of Eastern European countries, see Murrell (1990) and USITC (1991).

Table 3

Major Product Composition of U.S. Imports (percent of total)

	CSFR		Hungary		Poland	
	1988	1992	1988	1992	1988	1992
Food & beverages	5.6	4.1	20.5	17.0	35.9	15.0
Industrial supplies	21.6	23.2	20.4	17.2	26.9	29.3
Capital goods	16.6	22.2	6.3	13.5	10.5	18.3
Automotive	5.0	3.8	13.9	14.5	0.8	1.4
Consumer goods	49.3	43.1	38.2	36.8	24.7	33.9
Exports, n.e.c.	2.0	3.6	0.8	1.0	1.2	2.2

For example, in 1992 the CSFR exported $242 million of merchandise to the United States, with shipments of footwear accounting for $14 million of this total. In contrast, world merchandise exports to the United States totalled $532 billion in 1992, and footwear exports accounted for $7 billion of this total. Thus, whereas footwear comprised nearly 6 percent of the merchandise exports of the Czech and Slovak Federal Republic to the United States, it accounted for slightly more than 1 percent of world exports to the United States. Since the share of footwear in the CSFR's exports to the United States was larger than the share of footwear in world exports to the United States, the CSFR is said to have a relative comparative advantage in this product ($RCA^{footwear}>1$).[17] If the share of footwear in the CSFR's exports to the United States had been smaller than the share of footwear in world exports to the United States, the CSFR would have a relative comparative disadvantage in this product ($RCA^{footwear}<1$).

Using the index of relative comparative advantage, it is possible to determine in which product categories each of the three Eastern European countries has the greatest relative comparative advantage, and also to look at changes in each country's comparative advantage as each has initiated the transition to a market economy.[18]

Table 4 shows the relative comparative advantage indexes for each of the three Eastern European countries, by principal end-use category of exports in 1988 and 1992, based on U.S. Bureau of the Census data. Appendix tables provide the RCAs for each country using five-digit, end-use categories in each year from 1988 to 1992.

CHANGES IN RELATIVE COMPARATIVE ADVANTAGE

Two major developments occurred between 1988 and 1992 that may have affected the relative comparative advantages of the Eastern European countries. The first was the progress made in moving from a command system of production to a market-oriented one. Producer and consumer prices were decontrolled, government subsidies to industry were reduced or in many cases eliminated, and privatization programs were implemented. These measures should eventually result in more efficient production leading to an index of comparative advantage more directly related to market forces.

The second development was the easing of trade restrictions by the United States. As noted above, only Hungary enjoyed MFN status in its trade with the United States in 1988, and none of the three countries was considered eligible for GSP status.[19] By 1992, all three had both MFN and GSP status, as well as increased quotas for textiles and apparel. The relaxation of these restrictions should allow the computed relative comparative advantage to more accurately reflect the true comparative advantage of each country.

Despite these two developments, the evidence presented in Table 4 and the Appendix does not

[17] More precisely, the index of relative comparative advantage for footwear from the CSFR is

$$\frac{14,270,978}{242,077,791} \div \frac{7,294,287,012}{532,017,422,033} = .05895 \div .01371 = 4.3$$

[18] Another standard method used is revealed comparative advantage, which is calculated by

$$\frac{X_i^n - M_i^n}{X_i^n + M_i^n},$$

the difference between country i's exports of good n and its imports of good n divided by the sum of country i's exports and imports of good n. This index was used by Fieleke (1990) and Collins and Rodrik (1991) to calculate the comparative advantages of the Eastern European countries in trade with the West prior to economic liberalization. Both of these studies calculate the index of comparative advantage only for major product categories, but their results are similar to the results based on 1988 data used in this paper.

[19] The United States did not extend GSP benefits to the Soviet bloc countries.

Table 4

Relative Comparative Advantage Indexes: By Principal End-Use Category

		CSFR		Hungary		Poland	
	Category	1988	1992	1988	1992	1988	1992
Foods, feeds & beverages	0	1.00	0.78	3.64	3.26	6.41	2.87
Agricultural	00	1.41	1.07	5.14	4.51	8.44	3.49
Nonagricultural	01	0.05	0.05	0.18	0.10	1.70	1.28
Industrial supplies & materials	1	0.81	0.89	0.76	0.66	1.01	1.13
Energy products	10	0.00	0.00	0.02	0.02	0.00	0.04
Paper & paper products	11	0.04	0.01	0.01	0.00	0.00	0.00
Textile supplies & related materials	12000 & 121	4.81	7.45	5.48	1.55	3.74	4.82
Chemicals, excluding medicinals	125	0.40	1.27	0.97	1.16	0.63	1.31
Building materials, except metals	13	0.52	0.20	0.02	0.00	0.08	0.39
Metals	14	2.19	0.73	0.64	0.39	1.89	0.75
Metallic products	15	0.81	0.80	2.50	4.07	2.54	4.75
Nonmetallic minerals & nonmetallic prods.	16	0.73	0.48	0.53	1.07	0.23	0.14
Capital goods except automotive	2	0.72	0.88	0.27	0.54	0.46	0.72
Electric generating machinery, electric apparatus & parts	20	0.31	0.07	0.31	1.29	0.12	0.79
Nonelectric incl. parts & attachments	21	0.93	1.11	0.30	0.50	0.48	0.74
Transportation equipment, except auto.	22	0.00	0.06	0.01	0.05	0.68	0.51
Automotive vehicles, parts & engines	3	0.25	0.22	0.70	0.84	0.04	0.08
Consumer goods (nonfood), except auto.	4	2.25	1.87	1.75	1.59	1.13	1.46
Consumer nondurables, manufactured	40	2.68	1.84	2.72	2.29	1.49	1.62
Consumer durables, manufactured	41	1.59	1.44	1.08	1.06	0.92	1.45
Unmanufactured consumer goods	42	4.68	6.17	0.01	0.02	0.12	0.08
Exports not elsewhere counted	50	0.68	1.09	0.26	0.31	0.43	0.65

show major shifts in relative comparative advantage between 1988 and 1992. In general, the product categories in which a country exhibited a relative comparative advantage (RCA>1) in 1988 are the same as those in 1992, and vice versa.[20] Furthermore, Hungary, which had made the most progress toward reforming its economy at the start of 1988 and faced the lowest tariffs on its exports to the United States of the three countries, had no fewer shifts in its relative comparative advantage (movements from RCA>1 to RCA<1, and vice versa) between 1988 and 1992 than the CSFR or Poland.

The lack of major shifts in relative comparative advantage is not surprising given the years needed to restructure the production of the formerly command-based economies. Such restructuring could change the pattern of comparative advantage of the Eastern European countries. There is some evidence, however, that the estimates given in this paper may be close to reflecting the comparative advantage of each country which will prevail after the transition to a market-based system is completed within the CSFR, Hungary and Poland. The product composition of each country's trade with the West was different from

[20] Another method to determine changes in relative comparative advantage is to compute a rank correlation coefficient for each country. A rank correlation coefficient of 1 indicates no change in the ordering of industries by the RCA index between 1988 and 1992, zero indicates no relationship between the 1988 ordering and the 1992 ordering, and -1 indicates a complete reversal in the ordering. The rank correlation coefficients are .74 for the CSFR, .77 for Hungary, and .63 for Poland, using the five-digit product categories.

its trade with the other CMEA members. As noted by Collins and Rodrik (1991), Eastern Europe's trade with the West was less distorted than its intra-CMEA trade and, thus, more likely to be reflective of its comparative advantage.[21] With respect to intra-CMEA trade, the products traded and their prices were set through bilateral government agreements.[22] In contrast, products exported to Western countries and the prices of these products were subject to international competition. An OECD study of Hungary found that even prior to 1989, Hungary based its trade with the West on its comparative advantage.[23] There is little evidence that the CSFR, Hungary or Poland have redirected their intra-CMEA sales to the West.[24]

Relative Comparative Advantage in 1992

The one-digit, end-use categories show that the CSFR, Hungary and Poland exhibited a relative comparative advantage in consumer goods in 1992. The latter two countries also had a comparative advantage in foods, feeds and beverages.

On a more disaggregated basis, all three countries in 1992 exhibited a relative comparative advantage in agricultural goods, textile supplies & related materials, chemicals (excluding medicinals), and manufactured consumer goods. Among consumer goods, all three countries had a relative comparative advantage in some type of textile apparel & household goods made from textiles, and footwear.[25] In addition, Hungary and Poland had a relative comparative advantage in metallic products.

In summary, these three Eastern European countries exhibit a relative comparative advantage in agricultural products, chemicals, textiles, apparel and footwear, with the exception of the CSFR in metallic products.[26] This pattern of comparative advantage fits the typical pattern for developing countries.[27]

If these sectors do indeed represent the comparative advantage of the CSFR, Hungary and Poland, one would expect to see further increases in the export to the United States of these products. Furthermore, as these countries become more adept at marketing and supplying goods for export, trade in these products should increase.

In actuality, however, the potential for increased exports to the United States of the products in which the three have a comparative advantage is limited by the fact that these goods fall into the "sensitive sectors" categorization. These are products typically produced by sectors in decline and are highly protected from international competition.

U.S. TRADE RESTRICTIONS ON EASTERN EUROPEAN PRODUCTS

The initial emphasis in the United States on opening its markets to Eastern European products has given way to protectionist sentiments as the CSFR, Hungary and Poland have shown that they can compete successfully with certain Western industries and, as a consequence, imports to the United States from these countries have expanded. As noted above, many sectors in which Eastern Europe is most competitive are highly protected in the United States. For example, the textile, apparel and footwear industries enjoy the highest level of tariff protection of all U.S. manufacturing industries. Tariff rates for textiles and apparel average 18 percent ad valorem, while tariffs on certain footwear products range as high as 40 percent.[28] The U.S. dairy industry also enjoys a high level of tariff protection, with rates ranging from 10 percent to 25 percent.[29] Furthermore, none of these products are eligible for GSP tariff reductions.

In addition to the tariff barriers facing Eastern Europe on the products in which it has a comparative advantage, most of these products are subject to nontariff barriers. For example, the

[21] Collins and Rodrik (1991, p. 50).

[22] OECD (1992, p. 83).

[23] OECD (1993, p. 91).

[24] See, for example, Rodrik (1992, p. 18) and OECD (1993, pp. 91-3).

[25] See the Appendix for details.

[26] These findings are supported by changes in prices relative to the overall producer price indexes in Hungary and Poland between 1989 and 1991. In conjunction with the liberalization of prices, reductions in subsidies, and the progress made in making their currencies convertible, Hungary and Poland both experienced a decline in the prices of textiles, clothing, leather and metal products relative to their producer price indexes. Hungary also saw a drop in the relative price of food, while Poland experienced a fall in the relative price of chemicals. The decline in the relative prices of these products was due primarily to the availability of lower cost inputs and an increase in production efficiency. See the Organization for Economic Co-operation and Development (1993) for the details of the relative price changes.

[27] Bank for International Settlements (1993, p.70) and Collins (1991, p. 223).

[28] For a further discussion of U.S. tariff protection, see Finger (1992) and Ray (1991).

[29] U.S. Harmonized Tariff Schedule 1993.

United States maintains quotas on textiles, apparel and some agricultural products, most notably dairy products, a category in which the CSFR, Hungary and Poland have a relative comparative advantage. In addition, quotas on steel exports to the United States from these countries, as well as from many others, were in place during most of the period covered in this paper.

Although many of the quotas which apply to the CSFR, Hungary and Poland remain underutilized, they still may act as an effective restraint on trade. Quotas are not applied by major product category but to specific products. Thus, rather than setting a limit on the importation of wool clothing, the United States places limits on specific types of wool clothing—for example, men's and boy's wool suit-coats. The quota limit on a specific product may be so low that it is not profitable to export such a small quantity. Furthermore, the quota agreement may require that exports be spread out over each year, further limiting the profitability of trade. For example, the agreement limiting the export of Polish steel to the United States prohibited Poland from exporting more than 60 percent of its yearly quota allotment in any two consecutive quarters.[30] The 1992 textile agreement between the United States and the CSFR requires the latter to space its exports to the United States "within each category evenly throughout each agreement period."[31]

The United States has restricted the flow of certain goods simply by threatening to place limits on their importation. For example, the most recent textile agreement between the United States and Poland lists products for which no quotas are set, but for which the United States reserves the right to "consult" with the government of Poland to restrain the trade of these products if the United States believes such products are causing "market disruption" or the "risk of market disruption." The agreement even sets limits on imports of these products while consultations are in progress.[32] Another method used to restrict exports of sensitive products to the United States is anti-dumping regulations.[33]

Tariff barriers, nontariff barriers and anti-dumping measures have all been used to restrict the flow of goods from the CSFR, Hungary and Poland to the United States. Although some relief has been granted to Eastern Europe in recent years, restrictions still prevail on the products in which these countries have a relative comparative advantage.[34] The importance of these restrictions for each sector are discussed below.

Steel

The granting of MFN status to the CSFR and Poland reduced the tariffs they faced on steel exports to the United States from an average of 20-25 percent to an average of less than 5 percent.[35] However, quota restrictions and anti-dumping measures act as limits on steel products. Until March 1992, steel from the CSFR, Hungary and Poland was subject to quantitative restrictions. These limits were raised in 1989 and 1991, and, as part of the Trade Enhancement Initiative for Central and Eastern Europe, the United States committed itself to adjusting the ceilings further, either through increased flexibility in the administration of the quotas, or increasing the actual quotas.[36] This commitment, however, was never acted upon. At the end of March 1992, the United States allowed all of the quantitative restrictions on steel to elapse.

The end of quantitative restrictions on U.S. steel imports did not open the U.S. market to steel products from Eastern Europe. Within two months of the elimination of quotas, the U.S. steel industry accused every significant foreign supplier of steel to the United States of dumping their product in the U.S. market. In the summer of 1993, the USITC ruled that steel producers in 19 countries had dumped their products in the U.S. market, and that this action had resulted in injury or the potential for injury to the U.S. steel industry. In accordance with this finding, the

[30] USITC (March 1990, p. 11-8).

[31] United States Department of State (July 21, 1992, p. 4).

[32] See U.S. Department of State (January 28, 1992, pp. 8-10).

[33] Dumping is the practice of selling a product in foreign markets at a lower price than in the home market, or at price below the cost of production. For an analysis of the use of anti-dumping regulations as a protectionist device, see Coughlin (1991).

[34] The United States is not alone in restricting access to products from Eastern Europe. The European Union, despite concluding association agreements with the CSFR, Hungary and Poland, still maintains restrictions on many products, most notably, agricultural, chemicals, iron and steel, textiles and apparel, and footwear.

[35] See USITC (November 1991, p. 117).

[36] As noted in the text, not only did the United States place limits on each type of steel product but even in the amount which could be imported during subperiods of the year.

USITC imposed duties ranging from 18 percent to 109 percent of the value of the steel product on imports from the dumping countries. Dumping duties on Polish exports to the United States of carbon steel plate were levied at 62 percent, effectively eliminating Polish exports of this product to the U.S. market. Although no charges of dumping were filed against the CSFR and Hungary, the size and extent of the dumping duties is likely to limit the growth of steel exports to the United States from all countries.[37]

Prior to the anti-dumping case, the CSFR, Hungary and Poland had begun programs to make their "steel enterprises more market-oriented, cost-conscious and perhaps more export oriented."[38] Use of anti-dumping measures by the United States is an indication to these countries that even if they follow the prescriptions of the West and develop an efficient industry, they still may be denied access to U.S. markets.

Textiles and Apparel

U.S. imports of textiles and apparel from the CSFR, Hungary and Poland are covered by quotas in accordance with the Multifiber Arrangement.[39] Before the granting of MFN status to the CSFR and Poland, quota utilization rates (which indicate how close a country comes to meeting the quota on a particular product) for these countries were very low, because the tariffs acted as an effective barrier to trade.[40] Even though MFN tariffs are high, utilization rates have increased since the granting of MFN status. Utilization rates rose even as the United States has negotiated new textile and apparel agreements with the CSFR, Hungary and Poland which have increased these quotas.

Under the Trade Enhancement Initiative for Central and Eastern Europe, the United States pledged to take steps to increase its imports of textiles and apparel from Eastern Europe. In accordance with this initiative, the United States raised the quotas on some imports from the CSFR, Hungary and Poland. The United States also promised to consider setting quotas for more broadly defined product categories which would allow the countries more flexibility in meeting the quotas.[41]

Chemicals

Tariffs on industrial chemicals and fertilizers average only 2 percent ad valorem and, thus, since the granting of MFN privileges to all three countries, they do not represent a significant barrier to trade. According to the Organization for Economic Co-operation and Development (OECD), the main obstacle to the growth of Eastern European chemical exports has been the use of anti-dumping measures by the West.[42] For example, the U.S. chemical industry filed dumping charges in 1992 against the imports of sulfanilic acid from Hungary.[43] The USITC found preliminary evidence that the Hungarian producers were dumping this product in the United States and causing harm to the U.S. chemical industry. Temporary duties equal to 58 percent of the value of Hungarian shipments of sulfanilic acid were assessed. These duties were rescinded when, in its final decision in February 1993, the USITC ruled that there was not sufficient evidence that these imports were injuring the domestic industry.

Agriculture

Agricultural exports from the CSFR, Hungary and Poland are affected both by U.S. agricultural subsidies and nontariff barriers. According to the USITC, the only nontariff barriers in agriculture that significantly affect the CSFR, Hungary and

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[37] The imposition of duties which block certain producers from the U.S. market does not necessarily lead to an increase in imports from the "nondumping" producers. The U.S. industry is free to file charges of dumping against foreign competitors at any time. Thus, the finding of dumping may act as a deterrent to other producers to expand their exports to the United States.

[38] USITC (November 1991, p. 117).

[39] The Multifiber Arrangement (MFA) refers to the bilaterally negotiated quota restrictions on textiles and apparel, which are placed by developed countries on imports from developing countries. The MFA is negotiated under the auspices of the GATT committee on textiles. See Hamilton (1990).

If Congress approves the GATT Uruguay Round of mulitilateral trade agreements, the MFA will be phased out over a 10-year period beginning in July 1995. Quota restrictions on textiles and apparel are then to be replaced by GATT-negotiated tariffs.

[40] As noted in the text above, non-MFN tariffs in textiles range from 50 percent to 100 percent, while MFN tariffs range from 20 percent to 35 percent.

[41] See USITC (November 1991, p. 46).

[42] OECD (1992, p. 92).

[43] Sulfanilic acid is a gray-white to white crystalline solid. Its main uses are in the production of synthetic dyes that in turn are used in foods, drugs and cosmetics, and in the production of optical brightening agents. Sulfanilic acid is also used in concrete additives. (USITC, February 1993.)

Poland are the quantitative restrictions on cheese imports.[44] Most cheese products are covered by quotas and those which are not face high tariff barriers. Furthermore, as noted above, cheese products are not eligible for GSP treatment.

As part of the TEI, the United States committed itself to increasing the access of cheese products from these countries into the U.S. market. Nonetheless, no progress has been made on this proposal. For example, in 1991 Hungary petitioned the United States to allow GSP benefits for the importation of goya cheese, one of the few cheeses for which importation into the United States is not limited by quotas. Imports, however, are restricted by a 25 percent tariff. Hungary provided 25 percent of the total U.S. imports of goya cheese in 1990. Although no goya cheese is produced in the United States, the U.S. dairy industry opposed the extension of GSP benefits to goya cheese, arguing that this product was a substitute for domestically produced, hard, Italian-type cheeses.[45] Because of this opposition, the United States refused Hungary's request to add goya cheese to the list of GSP-eligible products.

CONCLUSION

Foreign trade is vitally important for the CSFR, Hungary and Poland to facilitate the re-structuring of their economies. These countries are dependent upon exports to ensure a supply of foreign currency to finance capital purchases (reducing the pressures to incur foreign debt), and to promote economic growth, which in turn is critical to their political stability.

The governments of the CSFR, Hungary and Poland have made great progress over the past few years in reforming their economies. The role of the state has been reduced substantially through the deregulation of prices, the privatization of industries, and the adoption of legislation aimed at fostering the market system. Furthermore, all of these countries have substantially liberalized their trading environments by eliminating quotas, harmonizing tariffs, and permitting the convertibility of their currencies. Officials in these countries cite the continuation of Western trade barriers as one of the primary hindrances to their successful transition to market democracies.[46]

The United States' economic growth has benefitted from the reforms undertaken by the Eastern European countries. Most notably, U.S. exports to these countries have expanded substantially. Despite these gains, the United States continues to restrict access to its markets to goods produced in Eastern Europe. As shown in this article, the products in which the CSFR, Hungary and Poland have the greatest comparative advantage are precisely those in which the United States maintains the greatest restrictions on trade. Reducing the trade barriers to these products will spur economic growth in Eastern Europe, and is an important step the West can take to ensure that the countries of Eastern Europe continue along the path of reform.

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[44] USITC (April 1992, p. 18).

[45] See USITC (March 1992) for details.

[46] Burke (January 19, 1994).

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Appendix

Index of Relative Comparative Advantage: CSFR

Product	1988	1989	1990	1991	1992
00100—Meat, poultry & other edible animals	3.692	3.938	3.597	1.072	0.031
00110—Dairy products & eggs	3.215	3.239	3.616	4.585	4.418
00120—Fruits & preparations	0.046	0.013	0.047	3.189	1.130
00130—Vegetables & preparations	0.034	0.000	0.000	0.017	0.495
00160—Bakery & confectionery products	0.360	0.151	0.231	0.731	0.270
00170—Tea, spices & preparations	0.000	0.000	1.184	0.000	0.000
00180—Other (soft beverages, processed coffee, etc.)	3.019	0.028	0.000	0.000	0.116
00190—Wine & related products	3.415	3.773	4.261	4.305	1.546
00200—Feedstuff and foodgrains	0.129	7.632	16.709	12.935	11.816
01000—Fish & shellfish	0.049	0.000	0.000	0.000	0.000
01010—Alcoholic beverages, except wine	0.010	0.944	0.077	0.038	0.126
01020—Other nonagricultural foods & food additives	0.133	0.595	0.885	0.468	0.530
10010—Fuel oil	0.000	0.004	0.000	0.000	0.000
10020—Other petroleum products	0.002	0.004	0.000	0.000	0.001
10030—Liquified petroleum gases	0.000	0.000	0.000	0.000	0.000
10100—Coal & other fuels, except gas	0.000	0.000	0.000	0.032	0.000
10300—Nuclear fuel materials & fuels	0.000	0.000	0.000	0.005	0.000
11000—Pulpwood and woodpulp	0.000	0.080	0.000	0.000	0.000
11100—Newsprint	0.038	2.309	0.000	0.000	0.000
11110—Paper & paper products, n.e.s.	0.080	0.000	0.000	0.017	0.041
12000—Cotton, wool & other natural fibers	0.000	3.923	0.000	0.000	0.000
12030—Hides & skins, & fur skins-raw	0.417	0.000	0.000	0.000	0.000
12060—Farming materials, including farm animals	0.000	0.031	0.125	0.410	0.366
12070—Other (tobacco, waxes, nonfood oils)	0.004	6.477	14.058	8.566	8.418
12100—Cotton cloth & fabrics, thread & cordage	3.268	4.971	2.902	1.812	3.902
12110—Wool, silk & other vegetable fabric	7.372	14.032	17.173	19.819	23.339
12135—Synthetic cloth & fabric, thread	0.528	5.618	5.218	9.048	10.218
12140—Other materials (hair, synthetics, etc.)	67.477	12.076	0.000	0.200	0.000
12150—Finished textile industrial supplies	11.145	3.257	1.468	1.555	0.776
12160—Leather & furs-unmanufactured	0.000	0.012	0.341	0.000	0.932
12320—Other materials, except chemicals	1.637	0.070	0.040	0.068	0.000
12500—Plastic materials	0.100	0.278	0.276	0.091	0.090
12510—Fertilizers, pesticides, and insecticides	0.007	0.000	0.023	0.000	0.000
12530—Industrial inorganic chemicals	0.863	3.117	0.736	1.282	2.610
12540—Industrial organic chemicals	0.732	0.075	0.114	0.439	0.500
12550—Other chemicals (coloring agents, print inks, paint)	0.026	0.418	0.100	1.726	4.199
13000—Lumber & wood in the rough	0.074	0.428	0.040	0.000	0.005
13010—Plywood & veneers	0.000	0.000	0.015	0.000	0.000
13020—Stone, sand, cement & lime	0.000	0.859	0.266	0.077	0.225
13100—Glass-plate, sheet, etc. (excluding automotive)	5.740	5.540	6.474	2.646	8.581
13110—Other-finished (shingles, molding, etc.)	1.676	0.280	0.302	0.140	0.089
13120—Nontextile floor & wall tiles and other covering	0.000	0.338	0.045	0.000	0.052
14000—Steelmaking & ferroalloying material	0.000	0.000	0.000	1.882	1.462
14100—Iron & steel mill products-semifinished	6.779	5.233	1.603	1.936	1.828
14200—Bauxite & aluminum	0.000	0.000	0.000	0.000	0.000

Product	1988	1989	1990	1991	1992
14220—Copper	0.000	0.000	0.000	0.000	0.013
14240—Nickel	0.736	0.000	0.000	0.000	0.010
14280—Other precious metals	0.000	0.000	0.000	0.000	0.000
14290—Miscellaneous nonferrous	0.050	0.000	0.000	0.550	0.346
15000—Iron and steel products, except advanced	1.911	2.256	0.664	3.417	1.730
15100—Iron and steel manufactured, advanced	0.044	0.008	0.014	0.285	0.834
15200—Finished metal shapes, except steel	0.006	0.004	0.042	0.042	0.098
16040—Sulfur & nonmetallic minerals	5.051	0.037	0.000	0.000	0.016
16050—Other (synthetic rubber, wood, cork, gums, etc.)	0.000	0.000	0.000	0.000	0.120
16120—Other (boxes, belting, glass, abrasives, etc.)	0.370	0.160	0.355	0.484	0.735
20000—Generators, transformers & accessories	0.977	0.019	0.000	0.074	0.103
20005—Electric apparatus & parts, n.e.c	0.008	0.049	0.002	0.065	0.061
21000—Drilling & oil field equipment	10.966	10.488	5.828	5.448	0.000
21010—Specialized mining & oil processing equipment	0.000	0.000	0.000	0.434	1.833
21030—Excavating, paving & construction	0.040	0.016	0.000	0.350	0.863
21040—Nonfarm tractors & parts	1.440	4.487	3.207	0.434	0.797
21100—Industrial engines, pumps, compressors & generators	0.000	0.002	0.081	0.115	0.093
21110—Food & tobacco processing machinery	0.000	0.000	0.000	0.118	0.483
21120—Machine tools, metal working	3.611	2.725	3.775	2.599	4.361
21130—Industrial textiles, sewing, & leather working machinery	2.023	3.872	3.845	6.689	6.092
21140—Woodworking, glass working, and plastic machinery	0.014	0.004	1.492	1.125	0.308
21150—Pulp & paper machinery	2.249	3.725	5.315	1.998	2.347
21160—Measuring, testing & control instruments	0.000	0.036	0.343	0.197	0.363
21170—Materials handling equipment	0.000	0.006	0.437	1.331	0.838
21180—Other industrial machinery	0.158	0.454	1.461	4.629	5.436
21190—Photo & other service industry machinery	0.076	0.138	0.019	0.221	0.179
21200—Agricultural machinery and equipment	13.782	14.761	22.738	11.487	9.580
21300—Computers	0.000	0.000	0.000	0.004	0.006
21301—Computer accessories, peripherals	0.001	0.105	0.025	0.003	0.062
21320—Semiconductors	0.000	0.000	0.000	0.014	0.009
21400—Telecommunications equipment	0.033	0.777	0.318	0.698	0.697
21500—Business machinery & equipment, except computers	0.283	0.121	0.183	0.070	0.050
21600—Laboratory, testing & control instruments	0.000	0.000	0.165	0.079	0.335
21610—Other scientific, medical & hospital equipment	0.000	0.000	0.045	0.016	0.085
22000—Civilian aircraft, complete - all	0.000	0.000	0.127	0.023	0.086
22010—Parts for civilian aircraft	0.002	0.006	0.000	0.070	0.161
22020—Engines for civilian aircraft	0.000	0.000	0.000	0.037	0.007
22220—Marine engines & parts	0.000	0.000	0.000	0.000	0.000
30000—Complete & assembled-new & used	0.001	0.000	0.000	0.000	0.000
30100—Complete & assembled	0.004	0.478	0.000	0.000	0.016
30200—Engines & engine parts	0.000	0.008	0.020	0.085	0.114
30220—Automotive tires & tubes	10.637	9.019	12.498	13.744	9.249
30230—Other parts & accessories	0.000	0.023	0.005	0.011	0.049
40000—Apparel & household goods-cotton	0.689	0.398	0.398	0.709	1.023
40010—Apparel & household goods-wool	20.882	13.846	14.072	20.096	10.616
40020—Apparel & household goods-other textiles	0.042	0.542	0.436	0.894	0.974
40030—Nontextile apparel & household goods	0.804	1.142	0.820	0.418	0.427
40040—Footwear of leather, rubber, or other materials	4.939	8.644	8.741	5.845	4.306
40050—Sporting & camping apparel and footwear & gear	9.108	0.942	0.392	2.958	2.179
40100—Medicinal, dental & pharmaceutical preparations	2.254	0.116	0.249	0.369	1.367

Product	1988	1989	1990	1991	1992
40110—Books, magazines & other printed material	3.030	5.387	3.712	1.521	1.906
40120—Toiletries & cosmetics	0.000	0.000	2.034	0.000	0.367
40140—Other products (notions, writing & art supplies)	1.579	1.194	1.538	1.601	1.598
41000—Furniture, household items, baskets	1.898	2.914	3.516	3.304	2.699
41010—Glassware and porcelain	19.451	19.780	20.002	13.120	16.421
41020—Cookware, chinaware, cutlery, house & garden wares	0.402	0.210	0.419	1.202	0.719
41030—Household & kitchen appliances	0.004	0.000	0.000	0.009	0.007
41040—Rugs & other textile floor covering	0.108	0.060	0.417	1.404	0.743
41050—Other (clocks, portable typewriters, other goods)	0.236	1.614	1.064	0.751	1.020
41100—Motorcycles & parts	2.011	1.968	1.052	2.383	1.825
41110—Pleasure boats & motors	0.000	0.000	0.064	0.011	0.000
41120—Toys, shooting & sporting goods & bicycles	1.734	0.499	0.535	0.676	1.337
41130—Photo & optical equipment	0.005	0.000	0.000	0.026	0.013
41140—Musical instruments & other recreational equipment	2.628	7.830	9.132	14.905	12.279
41210—Radios, phonographs, tape decks & other stereo	0.000	0.000	0.000	0.000	0.000
41220—Records, tapes & disks	0.580	2.122	6.494	2.147	1.460
41300—Numismatic coins	0.096	0.273	0.293	0.186	0.033
41310—Jewelry (watches, rings, etc.)	1.239	0.306	0.163	0.251	0.685
41320—Artwork, antiques, stamps and other collectibles	1.527	1.866	2.124	1.877	3.018
42000—Nursery stocks, cut flowers, Christmas trees	24.705	0.055	0.000	0.000	0.000
42100—Gem diamonds-uncut or unset	0.000	0.000	0.000	0.011	0.000
42110—Other gem stones-precious, semiprecious, & imitations	18.437	28.459	29.001	26.076	28.718
50000—Military aircraft & parts	0.000	0.000	0.000	0.072	0.223
50010—Other military equipment	0.000	1.168	2.261	2.980	3.917
50020—U.S. goods returned, & reimports	0.083	0.238	0.068	0.243	0.224
50030—Minimum value shipments	3.031	2.657	2.932	2.595	2.258
50040—Other (movies, miscellaneous imports & special transactions)	0.401	2.284	1.511	5.017	7.577

Index of Relative Comparative Advantage: Hungary

Product	1988	1989	1990	1991	1992
00000—Green coffee	0.000	0.097	0.000	0.000	0.000
00100—Meat, poultry & other edible animals	14.591	9.405	12.703	13.159	8.179
00110—Dairy products & eggs	11.418	19.675	14.758	19.731	21.707
00120—Fruits & preparations	6.771	10.356	10.951	12.691	8.122
00130—Vegetables & preparations	4.861	9.420	4.692	3.826	2.697
00140—Nuts & preparations	0.096	0.069	0.000	0.000	0.050
00150—Food oils & oilseeds	0.057	0.000	0.418	0.000	0.614
00160—Bakery & confectionery products	0.144	0.814	1.713	1.816	1.361
00170—Tea, spices & preparations	4.940	6.259	5.211	5.039	3.535
00180—Other (soft beverages, processed coffee, etc.)	2.051	2.679	1.673	1.157	0.271
00190—Wine & related products	1.393	1.778	1.993	2.197	2.516
00200—Feedstuff and foodgrains	0.819	1.749	1.310	1.441	5.223
01000—Fish & shellfish	0.000	0.001	0.026	0.000	0.000
01010—Alcoholic beverages, except wine	0.016	0.044	0.066	0.104	0.150
01020—Other nonagricultural foods & food additives	2.170	1.416	1.667	1.439	1.268
10010—Fuel oil	0.000	0.000	0.000	0.001	0.000
10020—Other petroleum products	0.179	0.303	0.177	0.190	0.234
10300—Nuclear fuel materials & fuels	0.000	0.000	0.056	0.069	0.014

Product	1988	1989	1990	1991	1992
11000—Pulpwood and woodpulp	0.004	0.000	0.000	0.000	0.000
11110—Paper & paper products, n.e.s.	0.021	0.027	0.004	0.000	0.010
12000—Cotton, wool & other natural fibers	1.253	2.597	0.465	1.331	1.180
12030—Hides & skins, & fur skins-raw	0.159	0.067	0.099	0.026	0.000
12060—Farming materials, including farm animals	11.475	25.183	5.298	0.403	3.101
12070—Other (tobacco, waxes, nonfood oils)	1.093	2.792	3.089	5.543	3.044
12100—Cotton cloth & fabrics, thread & cordage	9.846	6.120	4.046	1.343	1.325
12110—Wool, silk & other vegetable fabric	6.299	8.118	4.086	4.559	3.813
12135—Synthetic cloth & fabric, thread & cordage	6.093	4.726	2.439	1.953	1.364
12140—Other materials (hair, synthetics, etc.)	2.417	2.933	5.336	0.758	0.047
12150—Finished textile industrial supplies	5.273	2.070	3.206	1.927	2.001
12160—Leather & furs-unmanufactured	0.143	1.307	0.611	2.222	0.000
12320—Other materials, except chemicals	0.293	0.029	0.740	1.006	1.140
12500—Plastic materials	0.049	0.541	2.453	1.372	1.371
12510—Fertilizers, pesticides, and insecticides	0.000	0.007	0.000	0.789	1.679
12530—Industrial inorganic chemicals	2.253	1.391	1.542	1.481	1.621
12540—Industrial organic chemicals	0.476	1.137	1.234	0.750	1.171
12550—Other chemicals (coloring agents, print inks, paint)	3.683	0.737	0.653	0.575	0.203
13000—Lumber & wood in the rough	0.000	0.000	0.000	0.001	0.001
13010—Plywood & veneers	0.000	0.013	0.009	0.000	0.000
13020—Stone, sand, cement & lime	0.095	0.006	0.000	0.000	0.000
13100—Glass-plate, sheet, etc. (excluding automotive)	0.033	0.154	0.000	0.128	0.033
13110—Other-finished (shingles, molding, wallboard, etc.)	0.000	0.001	0.002	0.004	0.009
13120—Nontextile floor & wall tiles and other covering	0.000	0.000	0.012	0.088	0.000
14000—Steelmaking & ferroalloying materials	0.046	0.000	0.003	0.000	0.000
14100—Iron & steel mill products-semifinished	1.917	1.957	2.083	1.162	0.988
14200—Bauxite & aluminum	0.154	0.010	0.000	0.086	0.000
14220—Copper	0.000	0.000	0.000	0.000	0.040
14240—Nickel	0.000	0.296	0.145	0.000	0.000
14270—Nonmonetary gold	0.032	0.029	0.034	0.007	0.000
14280—Other precious metals	0.000	0.000	0.000	0.000	0.000
14290—Miscellaneous nonferrous	0.063	0.042	0.069	0.645	1.095
15000—Iron and steel products, except advanced manufacturers	0.076	0.238	0.003	0.003	0.138
15100—Iron and steel manufacturers, advanced	0.148	0.011	0.017	0.026	0.055
15200—Finished metal shapes, except steel	6.805	7.929	6.608	5.552	9.806
16040—Sulfur & nonmetallic minerals	0.549	0.205	0.203	0.091	0.000
16050—Other (synthetic rubber, wood, cork, gums, resins, etc.)	0.022	0.000	0.065	0.136	0.066
16110—Audio & visual tapes & other media	0.000	0.008	0.001	0.000	0.000
16120—Other (boxes, belting, glass, abrasives, etc.)	1.040	1.426	3.016	2.535	1.666
20000—Generators, transformers & accessories	0.003	0.075	0.180	0.522	1.268
20005—Electric apparatus & parts, n.e.c	0.449	0.787	0.640	0.897	1.295
21000—Drilling & oil field equipment & platforms	0.467	0.000	0.000	0.000	0.000
21010—Specialized mining & oil processing equipment	0.000	0.000	0.000	0.000	0.024
21030—Excavating, paving & construction machinery	0.202	0.014	0.191	1.150	0.113
21040—Nonfarm tractors & parts	0.639	1.689	0.340	0.025	3.454
21100—Industrial engines, pumps, compressors & generators	0.054	0.174	0.325	0.610	0.635
21110—Food & tobacco processing machinery	0.089	0.087	0.079	0.009	0.006
21120—Machine tools, metal working, molding & rolling	0.183	1.046	0.531	0.949	0.292
21130—Industrial textiles, sewing, & leather working machinery	0.031	0.000	0.010	0.016	0.176
21140—Woodworking, glass working, & plastic & rubber machinery	0.029	0.012	0.119	0.152	3.631

Product	1988	1989	1990	1991	1992
21150—Pulp & paper machinery	0.002	0.015	0.010	0.600	0.371
21160—Measuring, testing & control instruments	0.254	0.314	0.212	0.193	0.671
21170—Materials handling equipment	0.138	0.332	0.289	0.514	0.322
21180—Other industrial machinery	1.301	1.588	1.846	0.908	0.963
21190—Photo & other service industry machinery	0.225	0.290	0.176	0.144	0.122
21200—Agricultural machinery and equipment	3.852	7.856	7.170	8.139	10.255
21300—Computers	0.000	0.001	0.003	0.002	0.001
21301—Computer accessories, peripherals & parts	0.000	0.007	0.004	0.013	0.006
21320—Semiconductors	0.007	0.001	0.009	0.003	0.030
21400—Telecommunications equipment	0.191	0.014	0.012	0.026	0.014
21500—Business machinery & equipment, except computers	0.010	0.290	0.141	0.079	0.030
21600—Laboratory, testing & control instruments	0.013	0.078	0.060	0.432	1.204
21610—Other scientific, medical & hospital equipment	0.071	0.172	0.075	0.113	0.163
22000—Civilian aircraft, complete - all	0.009	0.003	0.009	0.004	0.011
22010—Parts for civilian aircraft	0.000	0.005	0.019	0.033	0.010
22020—Engines for civilian aircraft	0.000	0.000	0.000	0.000	0.096
22100—Railway transportation equipment	0.086	0.000	0.174	0.512	0.010
22210—Other commercial vessels, new and used	0.000	0.000	0.000	0.698	0.000
22220—Marine engines & parts	0.000	0.000	0.000	0.000	0.011
30100—Trucks, buses, & special purpose vehicles	0.000	0.005	0.000	0.095	0.001
30110—Bodies & chassis for trucks & buses	0.001	2.774	15.454	29.076	9.517
30200—Engines & engine parts	0.026	0.002	0.004	0.001	0.001
30220—Automotive tires & tubes	5.801	5.468	4.798	1.667	0.643
30230—Other parts & accessories	2.261	2.303	2.417	2.601	2.921
40000—Apparel & household goods-cotton	1.245	1.688	1.715	1.646	1.972
40010—Apparel & household goods-wool	17.527	18.727	14.530	13.901	21.349
40020—Apparel & household goods-other textiles	2.414	2.043	1.512	1.472	1.920
40030—Nontextile apparel & household goods	1.054	1.365	1.937	0.293	0.333
40040—Footwear of leather, rubber, or other materials	4.334	2.658	4.401	3.076	2.342
40050—Sporting & camping apparel, footwear & gear	0.467	0.364	0.448	0.614	0.516
40100—Medicinal, dental & pharmaceutical preparations	5.698	5.677	6.617	4.566	3.644
40110—Books, magazines & other printed material	0.586	0.458	0.303	0.741	0.153
40120—Toiletries & cosmetics	0.059	0.039	0.016	0.172	0.060
40140—Other products (notions, writing & art supplies)	0.071	0.583	0.375	0.323	0.258
41000—Furniture, household items, baskets	2.028	2.181	1.558	1.816	0.929
41010—Glassware and porcelain	4.854	6.253	6.242	7.284	9.624
41020—Cookware, chinaware, cutlery, & other household goods	0.919	1.953	1.018	1.209	1.365
41030—Household & kitchen appliances	0.011	0.000	0.006	0.028	0.005
41040—Rugs & other textile floor covering	0.652	0.557	0.914	0.709	0.704
41050—Other (clocks, portable typewriters, other household goods)	6.246	2.651	2.073	2.936	1.817
41100—Motorcycles & parts	0.000	0.054	0.000	0.000	0.000
41110—Pleasure boats & motors	0.164	0.588	0.174	0.007	0.123
41120—Toys, shooting & sporting goods, & bicycles	0.100	0.086	0.137	0.965	1.794
41130—Photo & optical equipment	0.000	0.253	0.215	0.159	0.149
41140—Musical instruments & other recreational equipment	0.102	0.318	0.315	0.300	0.352
41200—Television receivers, vcrs & other video equipment	0.000	0.000	0.000	0.000	0.000
41210—Radios, phonographs, tape decks & other stereo	0.000	0.000	0.001	0.003	0.000
41220—Records, tapes & disks	2.405	1.617	2.066	1.810	1.391
41300—Numismatic coins	0.059	0.078	6.805	0.668	0.223
41310—Jewelry (watches, rings, etc.)	0.108	0.070	0.048	0.007	0.000

Product	1988	1989	1990	1991	1992
41320—Artwork, antiques, stamps and other collectibles	0.664	0.695	1.063	4.373	1.429
42000—Nursery stocks, cut flowers, Christmas trees	0.000	0.003	0.055	0.205	0.246
42100—Gem diamonds-uncut or unset	0.017	0.000	0.000	0.000	0.000
42110—Other gem stones-precious, semiprecious & imitation	0.000	0.016	0.004	0.000	0.000
50000—Military aircraft & parts	0.000	0.000	0.000	0.000	0.008
50010—Other military equipment	3.655	3.570	2.698	2.423	4.116
50020—U.S. goods returned, & reimports	0.106	0.090	0.070	0.224	0.129
50030—Minimum value shipments	0.511	0.364	0.380	0.401	0.378
50040—Other (movies, miscellaneous imports & special transactions)	0.603	0.577	3.002	0.050	1.433

Index of Relative Comparative Advantage: Poland

Product	1988	1989	1990	1991	1992
00000—Green coffee	0.000	0.025	0.000	0.000	0.000
00020—Cane and beet sugar	0.000	0.072	0.000	0.000	0.000
00100—Meat, poultry & other edible animals	38.943	37.600	25.330	11.456	8.119
00110—Dairy products & eggs	6.980	13.598	7.710	11.218	21.245
00120—Fruits & preparations	1.227	2.234	2.184	4.453	3.546
00130—Vegetables & preparations	0.803	1.038	1.214	1.788	1.298
00150—Food oils & oilseeds	0.490	2.364	18.895	0.677	0.548
00160—Bakery & confectionery products	1.024	1.522	1.335	2.500	3.081
00170—Tea, spices & preparations	0.941	0.104	0.509	0.014	0.192
00180—Other (soft beverages, processed coffee, etc.)	0.905	0.957	1.090	0.570	2.039
00190—Wine & related products	0.096	0.122	0.074	0.193	0.296
00200—Feedstuff and foodgrains	7.577	0.153	0.024	4.586	4.428
01000—Fish & shellfish	2.261	2.057	4.079	3.731	1.579
01010—Alcoholic beverages, except wine	0.151	0.263	1.560	1.573	0.623
01020—Other nonagricultural foods & food additives	0.612	0.000	0.000	0.000	0.000
10010—Fuel oil	0.000	0.000	0.000	0.000	0.408
10020—Other petroleum products	0.000	0.000	0.000	0.000	0.000
10100—Coal & other fuels, except gas	0.000	36.870	0.000	0.000	0.139
10300—Nuclear fuel materials & fuels	0.000	0.000	0.000	0.023	0.000
11000—Pulpwood and woodpulp	0.000	0.000	0.000	0.000	0.000
11110—Paper & paper products, n.e.s.	0.002	0.047	0.002	0.000	0.001
12030—Hides & skins, & fur skins-raw	0.566	0.795	0.593	1.845	2.689
12050—Natural rubber & similar gums	0.000	0.000	0.000	0.000	0.000
12060—Farming materials, including farm animals	9.954	2.174	2.867	1.913	2.326
12070—Other (tobacco, waxes, nonfood oils)	14.229	8.507	9.420	10.847	14.617
12100—Cotton cloth & fabrics, thread & cordage	2.222	0.634	1.167	1.794	0.672
12110—Wool, silk & other vegetable fabric	12.146	15.070	19.067	27.927	34.972
12135—Synthetic cloth & fabric, thread & cordage	1.011	1.782	2.071	2.919	2.880
12140—Other materials (hair, synthetics, etc.)	44.130	0.559	0.000	0.000	0.000
12150—Finished textile industrial supplies	0.001	0.676	0.051	0.010	0.000
12160—Leather & furs-unmanufactured	0.000	0.094	0.324	0.092	0.104
12320—Other materials, except chemicals	0.028	2.298	0.000	0.002	0.016
12500—Plastic materials	0.016	0.016	0.034	0.015	0.148
12510—Fertilizers, pesticides, and insecticides	0.002	0.131	0.000	1.959	2.332
12530—Industrial inorganic chemicals	0.624	0.470	1.738	2.921	0.974
12540—Industrial organic chemicals	0.445	0.731	0.263	0.513	0.250

Product	1988	1989	1990	1991	1992
12550—Other chemicals (coloring agents, print inks, paint)	2.636	1.089	1.319	4.231	4.385
13000—Lumber & wood in the rough	0.000	0.000	0.000	0.000	0.000
13010—Plywood & veneers	0.734	0.000	0.090	0.741	3.899
13020—Stone, sand, cement & lime	0.000	0.000	0.000	0.021	0.000
13100—Glass-plate, sheet, etc. (excluding automotive)	0.084	0.000	1.746	1.788	0.931
13110—Other-finished (shingles, molding, wallboard, etc.)	0.000	1.413	0.387	0.000	0.005
13120—Nontextile floor & wall tiles and other covering	0.000	0.002	0.000	0.000	0.000
14000—Steelmaking & ferroalloying materials	0.000	0.000	0.194	0.000	0.580
14100—Iron & steel mill products-semifinished	3.339	3.309	2.773	4.461	1.915
14200—Bauxite & aluminum	0.151	0.090	0.088	0.178	0.000
14220—Copper	6.709	13.997	0.000	0.000	0.018
14240—Nickel	0.550	0.000	0.637	0.000	0.000
14260—Zinc	6.233	0.017	1.277	0.020	1.756
14270—Nonmonetary gold	0.000	0.000	0.000	0.030	0.000
14280—Other precious metals	0.000	0.000	0.000	0.002	0.000
14290—Miscellaneous nonferrous	0.099	0.000	0.006	0.187	0.000
15000—Iron and steel products, except advanced manufacturers	3.122	2.625	2.380	2.249	1.404
15100—Iron and steel manufacturers, advanced	1.122	1.831	1.563	2.255	1.311
15200—Finished metal shapes, except steel	2.742	4.467	6.841	8.239	9.644
16040—Sulfur & nonmetallic minerals	0.164	0.054	0.026	0.004	0.018
16050—Other (synthetic rubber, wood, cork, gums, resins, etc.)	0.084	0.010	0.549	0.328	0.163
16110—Audio & visual tapes & other media	0.000	0.000	0.020	0.000	0.000
16120—Other (boxes, belting, glass, abrasives, etc.)	0.430	0.120	0.182	0.401	0.199
20000—Generators, transformers & accessories	0.375	0.647	0.527	1.216	0.443
20005—Electric apparatus & parts, n.e.c	0.008	0.276	0.433	0.544	0.892
21000—Drilling & oil field equipment & platforms	0.772	0.052	0.017	0.057	0.202
21010—Specialized mining & oil processing equipment	0.000	0.000	0.000	0.219	0.291
21030—Excavating, paving & construction machinery	0.284	0.191	0.168	0.078	0.520
21040—Nonfarm tractors & parts	34.255	15.577	22.543	27.693	12.064
21100—Industrial engines, pumps, compressors & generators	0.497	0.168	0.318	0.490	0.773
21110—Food & tobacco processing machinery	0.054	0.186	0.292	0.400	1.063
21120—Machine tools, metal working, molding & rolling	3.013	3.118	4.097	4.574	4.903
21130—Industrial textiles, sewing, & leather working machinery	0.011	0.103	0.024	0.074	0.000
21140—Woodworking, glass working, & plastic & rubber machinery	0.148	0.319	0.742	0.710	0.570
21150—Pulp & paper machinery	0.034	0.122	0.032	0.056	0.148
21160—Measuring, testing & control instruments	0.151	0.461	0.631	0.686	0.632
21170—Materials handling equipment	1.264	0.922	0.526	0.674	0.140
21180—Other industrial machinery	0.249	0.936	1.224	1.311	2.106
21190—Photo & other service industry machinery	0.757	0.687	0.841	0.709	0.739
21200—Agricultural machinery and equipment	2.403	4.637	7.728	7.220	10.719
21300—Computers	0.000	0.000	0.001	0.013	0.000
21301—Computer accessories, peripherals & parts	0.006	0.000	0.005	0.018	0.011
21320—Semiconductors	0.000	0.000	0.024	0.050	0.043
21400—Telecommunications equipment	0.010	0.010	0.069	0.028	0.010
21500—Business machines & equipment, except computers	0.025	0.142	0.093	0.189	0.076
21600—Laboratory, testing & control instruments	0.197	0.209	0.138	0.120	0.342
21610—Other scientific, medical & hospital equipment	0.095	0.103	0.037	0.083	0.226
22000—Civilian aircraft, complete - all	0.858	0.678	0.610	0.362	0.210
22010—Parts for civilian aircraft	0.334	0.154	0.146	0.223	0.008
22020—Engines for civilian aircraft	1.080	0.815	0.883	0.665	0.583

Product	1988	1989	1990	1991	1992
22100—Railway transportation equipment	0.000	0.107	0.753	2.995	4.603
22210—Other commercial vessels, new and used	0.000	0.000	0.198	0.000	0.000
22220—Marine engines & parts	0.000	0.007	0.000	0.021	0.000
30000—Passenger cars complete & assembled (new and used)	0.001	0.000	0.000	0.000	0.000
30100—Trucks, buses, & special purpose vehicles	0.349	0.357	0.376	0.335	0.214
30110—Bodies & chassis for trucks & buses	0.000	0.000	0.000	0.094	0.000
30200—Engines & engine parts	0.014	0.159	0.233	0.177	0.212
30220—Automotive tires & tubes	0.000	0.000	0.125	0.855	0.660
30230—Other parts & accessories	0.023	0.035	0.028	0.040	0.096
40000—Apparel & household goods-cotton	2.692	2.802	3.593	2.109	1.981
40010—Apparel & household goods-wool	7.677	7.618	7.535	8.635	14.474
40020—Apparel & household goods-other textiles	1.284	0.952	1.330	1.527	1.384
40030—Nontextile apparel & household goods	0.176	0.098	0.301	0.074	0.040
40040—Footwear of leather, rubber, or other materials	1.138	1.699	1.178	1.891	2.439
40050—Sporting & camping apparel, footwear & gear	0.571	0.253	0.151	0.187	0.456
40100—Medicinal, dental & pharmaceutical preparations	1.728	1.006	0.293	0.485	0.435
40110—Books, magazines & other printed material	0.122	0.118	0.150	0.059	0.174
40120—Toiletries & cosmetics	0.055	0.025	0.032	0.012	0.046
40140—Other products (notions, writing & art supplies)	0.010	0.014	0.069	0.094	0.078
41000—Furniture, household items, baskets	2.617	2.883	3.681	3.452	2.989
41010—Glassware and porcelain	5.992	14.285	19.087	25.244	28.039
41020—Cookware, chinaware, cutlery, & other household goods	0.745	0.489	0.720	0.437	0.330
41030—Household & kitchen appliances	0.120	0.116	0.553	1.337	1.084
41040—Rugs & other textile floor covering	0.295	0.053	0.170	0.135	0.166
41050—Other (clocks, portable typewriters, other household goods)	2.462	1.848	2.991	3.058	2.453
41100—Motorcycles & parts	0.000	0.002	0.000	0.000	0.071
41110—Pleasure boats & motors	0.048	0.076	0.297	0.000	0.009
41120—Toys, shooting & sporting goods, & bicycles	0.448	0.488	0.507	0.316	0.385
41130—Photo & optical equipment	0.000	0.044	0.052	0.043	0.052
41140—Musical instruments & other recreational equipment	0.015	0.007	0.071	0.407	0.160
41200—Television receivers, vcrs & other video equipment	0.000	0.000	0.000	0.000	0.029
41210—Radios, phonographs, tape decks & other stereo	0.000	0.000	0.007	0.007	0.014
41220—Records, tapes & disks	0.160	0.066	0.125	0.380	0.505
41300—Numismatic coins	6.560	1.878	0.112	0.807	0.975
41310—Jewelry (watches, rings, etc.)	0.014	0.034	0.092	0.112	0.144
41320—Artwork, antiques, stamps and other collectibles	0.084	0.674	0.234	0.309	0.365
42000—Nursery stocks, cut flowers, Christmas trees	1.269	0.000	0.061	0.042	0.380
42100—Gem diamonds-uncut or unset	0.000	0.000	0.024	0.000	0.000
42110—Other gem stones-precious, semiprecious & imitation	0.050	0.022	0.044	0.103	0.191
50000—Military aircraft & parts	0.004	0.000	0.163	0.221	1.420
50010—Other military equipment	0.105	0.000	0.130	0.311	0.373
50020—U.S. goods returned, & reimports	0.422	0.462	0.332	0.412	0.515
50030—Minimum value shipments	0.727	0.567	0.535	0.535	0.728
50040—Other (movies, miscellaneous imports & special transactions)	0.372	0.170	0.728	0.246	1.640