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LORD COCKFIELD

Release Time: Immediate/FRIDAY, 27th May 1983
GE463/83

Cockfield

STATEMENT BY THE SECRETARY OF STATE FOR TRADE,
LORD COCKFIELD, ON THE APRIL TRADE FIGURES

Exports

Our export trade is doing well. Of course the figures fluctuate from one month to another. March was exceptionally good - one of the best months we have ever had. April was not as good. But if we take the last 3 months together, and compare them with the previous 3 months, our exports went up by 3½% in value and 1½% in volume.

This owes nothing to oil. If we exclude oil, our exports did even better : up 6% in value and 2% in volume in the last 3 months.

Our exports to the European Community have done particularly well - up 11% in value in the last 3 months.

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Printed and Published by Conservative Central Office

Imports

Imports have increased quite rapidly. In the 3 months to April compared with the previous 3 months they showed an increase of 8½% in value and 3½% in volume.

Much of this was due to an increase in raw materials - up 14% in the 3 months - and semi manufacturers - up by 11%. Both of these are essentially the raw materials for our own industry and they reflect industry gearing up for higher output. To this extent, the increase in our import bill is pointing the way to a general recovery in the British economy.

Less welcome is the rise in the import of finished goods. This reflects industry's inability to meet rising demand in this country. This is the challenge which faces us - and we must meet it. We need higher productivity : lower cost increases.

Balance of Payments

March with its exceptionally good figures showed a surplus of £564 million. April shows a deficit of £180 million. These very large fluctuations from one month to another are quite common. Taking the last 3 months together we earned a surplus of £431 million. Last year we earned a surplus of £4 billion. This compares with a deficit of £1 billion in 1979. The important thing is that we are now in a position where we can afford the increase in imports needed to support our recovery.

Trade in Manufactures

Last year we had a surplus of £2½ billion in our trade in manufactures. In the first quarter of this year we had a deficit of £664 million. The figures always fluctuate a very great deal from one quarter to another. Because the first quarter has shown a deficit, it does not follow that it will continue that way.

What is really important is that the deficit is not due to a poor export performance. On the contrary exports of manufactures are doing well - up 6% in value and 1½% in volume in the last 3 months compared with the previous 3 months. What has happened is that imports have risen substantially and a great deal of this is due to the rise in the import of semi manufactures which feed our own industry. The increase in the import of finished goods presents a challenge to our industry which we must meet. It indicates that there is no shortage of purchasing power. What we need is an increase in output at prices people are prepared to pay.

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