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NEW GATT PUBLICATIONS EXAMINE TRADE AND POLICIES IN ALUMINIUM AND LEAD

International commerce in aluminium and lead products is still substantially affected by trade barriers despite significant tariff cuts achieved in past GATT negotiations, according to two studies¹ recently published by the General Agreement on Tariffs and Trade (GATT). Both studies provide comprehensive information, including tables and charts, on production and trade trends in the two metals. They also deal with trade policy measures affecting the aluminium and lead markets.

The publications are the first in a series of GATT background papers on non-ferrous metals. They were undertaken in accordance with the decision of the 1982 Ministerial Meeting which called for the examination of trade-related problems in certain natural-resource products. The newly-published studies include updated material not provided in the original reports presented to the GATT working party on natural-resource products.

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¹Background Study on Aluminium and Aluminium Products, Sw F 80, Background Study on Lead and Lead Products, Sw F 50. Both studies are currently available in English from the GATT secretariat, Centre William Rappard, 154 rue de Lausanne, 1211 Geneva 21, Switzerland. French and Spanish versions should be available in the latter part of December.

Aluminium

The strong growth of aluminium production and consumption over the past several decades has made it the most widely used metal after iron and steel. The growth rate of production and consumption, however, has slowed down in recent years due to a combination of factors including the saturation of traditional markets, the 1981-82 world economic recession, and increased competition from new products such as plastics, polymers and composites, increased recycling, and product down-sizing and gauge reductions.

The main sources of bauxite, the commercial ore, are in Australia and five developing countries: Guinea, Jamaica, Brazil, Suriname and Yugoslavia. The production of alumina and refined aluminium, however, is concentrated in the developed countries. But the trend - according to the study - is toward the establishment of more processing facilities in the ore-producing countries. This has been influenced by rising transportation costs as well as the huge energy and/or bauxite-ore potentials of Australia, Venezuela, Brazil, Indonesia and certain Middle East nations.

The proportion of aluminium produced for export is rapidly rising. According to the GATT study, world aluminium exports represented 37 per cent of world aluminium production in 1984 - up from only 25 per cent in 1960. Although the developed countries have remained major consumers and importers of aluminium metal, both consumption and imports by developing countries have been expanding substantially in recent years. Ore producers like Australia and several developing countries have become significant exporters of aluminium metal. Japan has drastically curtailed local processing and is now the largest importer of aluminium metal.

The GATT study observes that, while the Tokyo Round of multilateral trade negotiations have resulted in substantial tariff cuts on aluminium, many trade restrictions still exist. One particular problem is that, while most countries accord zero or minimum duties on bauxite, the tariff rates rise along with the higher stages of aluminium processing. Certain developed and developing countries apply non-tariff measures such as embargo, quotas, discretionary licensing, and prior import deposits to exports and imports of aluminium products.

Lead

The deceleration of world economic growth since the first energy crisis has dampened the expansion of lead consumption. While lead has maintained its position in the battery industry - the dominant lead consumer - it has been facing stiff competition from substitute materials in the traditional markets like cable sheathing, pipes and the printing industry. Environmental regulations have increasingly restricted the use of lead additives in gasoline.

Four countries - the USSR, Australia, the United States and Canada - produce almost half of the world mine output of lead. The leading mine producers among the developing countries are Mexico, Peru, China and Morocco. The smelting and refining of lead are mainly done in the developed countries. The European Communities, the United States, Japan, Canada and Australia produce 60 to 64 per cent of total refined lead. The

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GATT study expects that most of the future increases in refined lead exports will come from Australia and from developing countries, particularly Peru and Mexico.

As with aluminium, trade in lead products is affected by a number of trade restrictions. While the Tokyo Round had brought about bindings and reduced m.f.n. tariff rates by most developed countries on lead products, some importing countries have made modest or zero reductions on unwrought lead. Unwrought lead, together with ores and concentrates, accounts for the bulk of world lead trade. Similar to aluminium, most countries apply increased duties on lead products with higher stages of processing. Some countries, both developed and developing, also impose non-tariff measures to imports and exports of certain lead products.

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