

GENERAL AGREEMENT ON TARIFFS AND TRADE

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GROUP OF GOVERNMENTAL EXPERTS ON MEASURES AFFECTING THE WORLD MARKET FOR COPPER ORES AND CONCENTRATES

Submission by Japan

1. Up to the present, the EC Commission asserts as follows: the Japanese tariff and the controlled price (domestic price list) for refined copper on the Japanese market brings additional profits to Japanese smelters, which enables Japanese smelters to buy raw materials at a high price. As a result, EC smelters have had difficulties in purchasing copper ores and concentrates in the world market.

2. In the light of the assertion of the EC Commission, the Japanese Government has been repeatedly responding in GATT meetings and on other occasions as follows:

- (1) The Japanese tariff for refined copper (currently the sliding tariff rate is effective and the maximum tariff is ¥ 15/kg. has been much lower than ¥ 21/kg., which is the target rate of GATT to be attained by 1987. This target rate was set up at the Tokyo Round. Therefore, the Japanese tariff is fully legitimate in GATT:
- (2) The terms and conditions of purchasing concentrates are outside the framework of GATT because they are determined purely in the free market on a commercial basis.
- (3) The price for refined copper in the Japanese market is determined by free competition. No governmental intervention in pricing and no cartel price exists in Japan.

Due to the above three points, the assertions of the EC Commission are not in accordance with the competence of GATT.

3. In response to the assertion in the paper of "The World Market for Copper Ores and Concentrates (Spec(86)59)" submitted by the EC Commission at the first meeting of the Copper Expert Group that was held on 23 October 1986, the Japanese Government's views are as follows:

- (1) In this paper, the opinion of the EC Commission seems to have changed from the old one. It says that the import restrictions on refined copper in Japan bring the domestic price to a high level, which enables Japanese smelters to purchase copper concentrates at a high price. As a result, that would cause difficulties of EC smelters purchasing copper ores and

concentrates and would restrain concentrates producing countries from building new smelters in their own countries. Against the above-mentioned,

- (a) First of all, it is not the fact that the Japanese Government had imposed the import restrictions on refined copper. The import amount of refined copper in Japan had been falling between about 200,000 tons and 400,000 tons for the last few years in line with the fluctuation of the demand. We have never had restrictions on the import of refined copper. We believe that if the domestic demand would increase, the import of refined copper from other countries, mainly from developing countries, would increase from now on.
 - (b) Regarding the problem of import system pointed out by the EC Commission, there might be an misunderstanding. They should distinguish the import under the GSP and the import as a whole. The GSP stems originally from our idea of facilitating the import of industrial products from developing countries. In this sense, the GSP system contributes to the developing countries who want to export their industrial products more.
 - (c) As we have explained repeatedly, there does not exist any governmental intervention or cartel to keep the domestic price high. Actual selling prices are negotiated among private companies in completely free competition and purely on a commercial basis. The Japanese price referred to by the EC Commission is the price quoted by a Japanese producer. This is not a realized price but a list price at which the producer wants to sell. Therefore, it is impossible that you should compare it with the LME price which is the price realized through commodity exchange. In addition, the selling price in Japan customarily includes inland freight costs for delivery from the producer's plants to the user's plants. On the other hand, the LME price does not include the costs because it is set on the basis of FOB LME warehouses. This important fact is also disregarded by the EC Commission.
- (2) Because of the above three reasons, it is clear that the restrictive systems of copper, which would be harmful to the world copper trade, do not exist in Japan. We believe that the EC Commission's views are entirely unfounded and are based on misinformation.

4. As a conclusion, taking into consideration the purpose of establishment of this Copper Experts Group, it would be most effective for countries concerned to discuss the matter from the global viewpoint under mutual co-operation.