

GENERAL AGREEMENT ON
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ARTICLE XIX - PROPOSED ACTION BY THE UNITED STATES

Refined Unwrought Copper

The following communication dated 11 September 1978 has been received from the Permanent Mission of the United States.

On 23 August 1978 the United States International Trade Commission (USITC) reported to the President that it had determined that refined unwrought copper, other than alloyed, provided in Item 612.06 of the Tariff Schedules of the United States is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

To remedy the serious injury found to exist, the Commission recommended the imposition of quantitative restrictions on imports of refined unwrought copper, other than alloyed, provided in Item 612.06, in the amount of 300,000 short tons per year for the five-year period beginning 1 January 1978, with no more than 25% of such amount to be entered, or withdrawn from warehouse, for consumption within any calendar quarter.

The Commission's report shows that United States imports have increased, domestic production has decreased, and, as a result, the proportion of United States consumption supplied by imports of refined unwrought copper has risen. The Commission's findings are reflected in the following tabulation showing United States production, imports for consumption, reported consumption (quantities in thousand short tons) and the ratio of imports to production and to consumption (percent) for the calendar years 1973-77 and January-May 1978:

1973	--	production, 2333; imports, 206; consumption, 2437; ratio of imports to consumption (I/C), 8.4; and ratio of imports to production (I/P), 8.8.
1974	--	production, 2152; imports, 304; consumption, 2174; ratio I/C, 13.9; ratio I/P, 14.1.
1975	--	production, 1787; imports, 142; consumption, 1534; ratio I/C, 9.3; ratio I/P, 7.9.
1976	--	production, 1917; imports, 381; consumption, 1992; ratio I/C, 19.1; ratio I/P, 19.9.
1977	--	production, 1868; imports, 387; consumption, 2182; ratio I/C, 17.7; ratio I/P, 20.7.

1978 (January-May) -- production, 803; imports, 272; consumption, 1008; ratio I/C, 27.0; ratio I/P, 33.9.

The Commission's report also shows that year-end stocks of refined unwrought copper held by United States producers have increased (quantity in thousand short tons):

1973	177
1974	390
1975	588
1976	771
1977	774

In addition, the Commission reported that the total number of persons employed in firms producing copper (from mining through refining), the average number of production workers employed in refining operations and man hours worked in producing copper (mining through refining) and in refining have generally decreased (man hours in million units).

1973 -- employed in firms producing copper, 52,610; employed in refining, 6553; man hours worked producing copper, 90; man hours worked refining copper, 14.

1974 -- employed in firms, 53,826; in refining, 6612; man hours producing copper, 91; refining, 14.

1975 -- employed in firms, 48,319; in refining, 5726; man hours producing copper, 79; refining, 12.

1976 -- employed in firms, 47,640; in refining, 5283; man hours producing copper, 77; refining, 11.

1977 -- employed in firms, 44,620; in refining, 4734; man hours producing copper, 71; refining, 10.

1978 (January-March) -- employed in firms, 41,882; in refining, 4874; man hours producing copper, 18; refining, 3.

The Commission also found that the industry's profitability has deteriorated (net operating profits or losses of United States producers on their domestic copper mining, smelting and refining operations in millions of dollars and ratio of such profits or losses to net sales in percentage points):

1973 -- net operating profits, 665; ratio of profits to net sales, 25.6.

- 1974 -- net operating profits, 620; ratio of profits to net sales, 23.3.
- 1975 -- net operating loss, 70; ratio of loss to net sales, 2.7.
- 1976 -- net operating profit, 78; ratio of profit to net sales, 3.7.
- 1977 -- net operating loss, 123; ratio of loss to net sales, 5.0.

United States imports of refined unwrought copper from all countries and by principal sources for the years 1975/77 are as follows (value in millions of dollars):

- 1975 -- all countries, 165; Canada, 88; Chile, 30; Zambia, less than \$500,000; Peru, 7; Yugoslavia, 18; Belgium, 8; Netherlands, none; West Germany, less than \$500,000; Japan, 10.
- 1976 -- All countries, 453; Canada, 123; Chile, 79; Zambia, 150; Peru, 32; Yugoslavia, 52; Belgium, 4; Netherlands and West Germany, less than \$500,000; Japan, none.
- 1977 -- all countries, 472; Canada, 133; Chile, 101; Zambia, 91; Peru, 53; Yugoslavia, 20; Belgium, 17; Netherlands, 11; West Germany, 13; Japan, none.
- 1975-77 (avg.) -- all countries, 363; Canada, 115; Chile, 70; Zambia, 80; Peru, 31; Yugoslavia, 30; Belgium, 10; Netherlands, 4; West Germany, 4; Japan, 3.

The United States has granted concessions in Schedule XX of the GATT on Item 612.06. The initial negotiating rights on refined unalloyed, unwrought copper are as follows:

Kennedy Round: Part I, Column A - eight-tenths cent per pound, and Column B - one cent per pound.

EEC (6): Part I, Column A - one and seven-tenths cent per pound, and Column B - two cents per pound.

Chile: Part I, Column A - one and seven-tenths cent per pound, and Column B - two cents per pound.

The rates in Column A apply when the market price of copper is 24 cents or more per pound, and the rates in Column B apply when the market price is under 24 cents per pound.

Additional details are presented in the report of the Commission to the President, USITC Publication 905 dated August 1978.

Under Section 202 of the Trade Act of 1974 the President has sixty days following the receipt of a recommendation from the USITC for the provision of import relief to determine what method and amount of import relief, he will provide or determine that the provision of such relief is not in the national interest of the United States.

The United States is ready to consult with the CONTRACTING PARTIES and with those contracting parties having a substantial interest as exporters of refined unalloyed unwrought copper to the United States in respect of the proposed action.

