

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4699/Add.1
2 November 1978

Limited Distribution

Original: English

ARTICLE XIX - PROPOSED ACTION BY THE UNITED STATES

Refined Unwrought Copper

Addendum

The following communication dated 26 October 1978 has been received from the Permanent Mission of the United States.

In a communication dated 18 September 1978 (circulated as document L/4699), the contracting parties were advised that the United States International Trade Commission 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 and that to remedy the serious injury found to exist the Commission recommended the imposition of quantitative restrictions on imports.

In the report transmitted with his message of 20 October 1978, to the Congress of the United States on the United States copper industry, the President advised that he had determined that the provision of import relief would not be in the national economic interest of the United States for the following reasons:

1. Import relief would impose significant costs on United States consumers of unwrought, unalloyed copper (refined copper). The increases in refined copper prices resulting from provision of relief could create incentives for circumvention of relief through increased imports of other copper products such as scrap, blister, and fabricated items. This would effectively reduce the level of protection provided to the domestic copper industry. Moreover, domestic copper fabricators would be faced with higher refined copper input costs and, at the same time, possible increased import competition in fabricated products.
2. Domestic copper market conditions have improved during 1978 and there is an improving outlook over the next several years for both the United States and world copper markets. United States and world copper prices have risen markedly during 1978 and the world inventory overhang has declined. Domestic refined copper production was up slightly during the first part of 1978; and imports have begun to decline from the high levels prevailing during the first part of the year.

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3. Provision of import relief would subject United States jobs in other industries to possible foreign retaliation against the United States exports or compensation by the United States in the form of reducing import restrictions on other products.

4. Import relief would adversely affect United States international economic interests. It would be contrary to our efforts to reduce trade barriers in the Multilateral Trade Negotiations and to develop co-operative international solutions to the world copper industry's problems in the context of discussions in the United Nations Conference on Trade and Development integrated programme for commodities. Import relief would also affect our bilateral relations with Canada and with developing countries' copper producers, such as Chile, Zambia and Peru, who are heavily dependent on copper exports as a source of foreign exchange earnings.

5. Trade adjustment assistance benefits have been and will continue to be available to copper mine, smelter, and refinery workers.