The draft on trade in minerals and metals belonging to the section of Part I dealing with "Trade in Individual Commodities" is attached hereto. Any contracting party wishing to make suggestions is requested to do so not later than 15 May.
International trade in raw materials for steelmaking has shown a considerable rise in volume in the last few years. This expansion seems to be mainly due to the fact that the demand for both iron ore and scrap in Western Europe has grown faster than the supply in the area itself, which has necessitated larger imports from other sources.

Consumption of iron ore in Western Europe rose by about 17 per cent between the year 1954 and the first half of 1955 (at an annual rate), with a corresponding rise in output of only about 10 per cent. This explains why the iron ore imports from non-European sources last year expanded significantly. The European Coal and Steel Community, in addition to increasing imports from its main European suppliers, Sweden and Spain, by one-third, imported more than twice as much in 1955 (three-quarters) from non-European sources. The main suppliers that participated in this increase were Canada (where output doubled over 1954), Brazil, Algeria, and the Gold Coast. The United Kingdom, which in 1955 took slightly less iron ore than in 1954 from Sweden but much more from Spain, imported about 15 per cent more from sources outside Europe, in particular from Canada, Liberia and Venezuela.

Consumption of scrap for steel making in Western European blast furnaces and steel works was in 1955 (first half at an annual rate) about 12 per cent larger than in 1954. All the main steel producing countries relied increasingly on imported scrap for replenishing their stocks which at the end of 1954 had fallen to unusually low levels. The Community imported from third countries about 1.9 million tons in the first three quarters of 1955, of which the United States alone supplied about 1.5 million tons. Imports for the whole year 1954 had been only about 0.5 million tons of which 0.3 million from the United States). Exchanges between the Community countries themselves in 1955, remained at the level of the preceding year but the exports to their main customers, the United Kingdom and Sweden, fell heavily. The United Kingdom which in 1955 imported about 70 per cent more scrap than in the preceding year, therefore had to rely mainly on the United States as a supplier. Europe's increased reliance (as well as Japan's continued dependence) on scrap from the United States was reflected in the total export figures of that country, which rose from 0.7 million tons in the first three quarters of 1954 to 3.4 million tons in the corresponding period of 1955.

1 For a detailed analysis of trade in ores and metals between North America and Western Europe, see pp.
Output of crude steel in the main producing countries - the United States, the European Coal and Steel Community, the United Kingdom and Japan - in 1955 amounted to about 188 million tons, which was about 37 million tons more than in 1954. Of this increase about 26 million tons was accounted for by the United States where steel production recovered from its exceptionally low level of 1954.

In spite of this sharp increase the 1955 output was, however, not large enough to cope with an even stronger rise in demand both in the producing countries themselves, and in countries which rely mainly on imports. In both cases larger steel imports were resorted to. The United Kingdom, for example, imported in 1955 three times as much as in 1954 with only a moderate increase in exports, and Western Germany also imported substantially more last year, while exports were almost unchanged. The position of the importing countries is illustrated by the case of India where, in spite of substantially larger imports in 1955, demand was so strong that steel rationing had to be reintroduced. Efforts were made in India to obtain steel from countries other than her traditional suppliers, for instance the USSR, with which a large contract was concluded recently.

The tight supply situation of steel in 1955, as well as price increases of the main raw materials and of other cost elements, led to upward adjustments of steel prices in several producing countries. However, there was a tendency in some of these countries not to let the domestic prices rise as much as export prices.

In the United Kingdom, the general Board of Trade iron and steel price index rose, between January and October 1955, by 6½ per cent, while the export price, e.g. for sections increased by 15½ per cent. In the United States, the ("composite") price of finished steel increased by 7 per cent during the same period, while the export price for sections rose by 8½ per cent, but that for heavy plates by 21½ per cent. In the European Coal and Steel Community, the internal prices for merchant steels remained unchanged only in France between January and October 1955, while in Germany they rose by about 2 per cent, and in the Benelux countries by 11 - 15 per cent. At the same time, the Community price of merchant bars for export to third countries increased by 9 per cent. In these circumstances, it is interesting to note that France accounted for more than two-thirds of the whole increase in the Community's exports of finished steel (including products) to third countries as between the first three quarters of 1954 and the corresponding period of 1955.

Of all international trade in iron and steel products (both crude and finished) the European Coal and Steel Community accounts for about two-thirds. In 1955, there was a large rise in steel trade both among the Community countries themselves and between them and third countries. During the first three quarters trade between the Community countries amounted to about 4.1 million tons, compared with 2.9 million tons in the same period of 1954, while exports to third countries increased from 4.8 to 5.6 million tons.
Of this increase by far the largest part went to European countries. The United Kingdom (exports to which nearly doubled) accounted for 190,000 tons, Northern Europe for 140,000 tons and Eastern Europe for 86,000 tons. Larger exports to areas outside Europe were directed in particular to India, Pakistan and Australia, whereas supplies generally fell to the Western Hemisphere, both to North America and to the main Latin American countries.

The Community's imports from third countries in 1955 increased mainly in respect of pig iron and semi-finished products. Of pig iron, which more than doubled, Eastern Europe became the largest supplier. Of semis, the Community imported about half of its outside purchases from the United States, from which no imports had taken place in 1954. There were also large supplies of finished products to the Community from the United States as well as from Austria, Sweden and Eastern Europe, whereas the United Kingdom supplied less than in 1954.

Steel exports of the United Kingdom were in the year 1955 about 17 per cent larger than in 1954, with a smaller relative rise in exports to Commonwealth countries than to other destinations. The latter, taken as a whole, rose by over a quarter, in particular to the Middle East, Spain and some countries in Latin America. Though exports to many Continental European countries fell, there was an important increase in shipments to Sweden.

Steel exports from the United States were in the first three quarters of 1955 about 40 per cent larger than in the corresponding period of 1954. The most significant development occurred in exports (mainly of steel sheets) to the United Kingdom, which rose nine-fold. There were also important increases in exports to some other European countries, particularly the Netherlands. As regards other directions, exports rose to Latin America (except Mexico and Brazil) and also to India and Pakistan.

Whereas Japan has recently developed steel exports to India as well as to other countries in South-East Asia and to Australia, her main customers in Latin America, i.e. Argentina and Brazil, figured less prominently than in previous years.

The persistent strike movements in the mining industry of the three largest producing countries, the United States, Chile and Northern Rhodesia were, together with a high level of demand, the determining factors behind the general shortage of copper in the world market in 1955. The price of copper increased steeply in the second half of the year, after having been temporarily kept down by the decision taken in the United States and the United Kingdom to release copper from Government-held stocks for commercial purposes. The tightness in the copper market was further accentuated by difficulties in the supply of aluminium which is being increasingly substituted for copper in a number of industrial uses.
The United States, apart from being the largest producer of copper, normally imports about one-third of its consumption, of which more than half comes from Chile. Owing to the price policy followed by the large American producing companies, which resulted in an excess of the copper price on the London market over the price of copper in the United States (cf. page ...), there was, in 1955, an important shift in the international copper trade. While the total quantity exported from Chile was almost unchanged in 1955, her exports to the United States were about 50,000 tons smaller than in 1954, whereas there was an increase by about 68,000 tons to the United Kingdom and Western Germany. Imports into the United States from other suppliers (Canada, Northern Rhodesia, Mexico, Peru and Belgian Congo), on the other hand, did not change significantly, in spite of the relatively low price quoted in New York. It is apparent that the destination of copper exports depends to some extent also on factors other than price; in some cases the location of smelters and refineries seems to play an important part, while more generally the maintenance of commercial and financial connexions exercises a significant influence. In March 1956, it was announced that a uniform price, determined by quotations in the London market, will be applied to exports of Chilean copper both to the United States and to other destinations.

The long-term price development of aluminium has no doubt enhanced its ability to compete with copper. Whereas at the end of 1955 the sterling price of copper was about eight times higher than before the war, the price of aluminium in London was not even twice as high.

Consumption of aluminium in Western Europe was in the first three quarters of 1955 about 30 per cent larger than in the corresponding period of 1954. As production (which even normally falls short of requirements) increased by only 5 per cent, the higher consumption level was possible only through larger imports, mainly from Canada. Imports from the United States, though negligible in comparison with those from Canada, also rose substantially.

Consumption of tin in the world is still smaller than before the war. Thanks, however, to the wider use of the electrolytic process in tinning with its resulting economies, a much larger quantity of tin plate can be produced with a given quantity of metal. World consumption of tin metal increased by about 8 per cent between 1954 and 1955. Both the United States and some Western European countries, in particular the United Kingdom, France and Western Germany shared in this increase. In several European countries there is a distinct trend towards increased self-sufficiency in tin plate, which had led to larger imports of tin metal.

Exports from Malaya to the United States account for about one-third of all trade in tin metal. These exports rose by about 10 per cent in 1955, but the United States imported a correspondingly smaller quantity from the Netherlands than in 1954; total imports thus being nearly unchanged. The Netherlands exports went more and more to European countries. Exports of
tin plate from the United States, which is the predominant supplier, were 10 per cent larger than in 1954; they rose in particular to the United Kingdom (about twelve-fold) and to India, while heavy declines occurred in exports to some countries, for instance Brazil and Australia. The latter country imported more from the United Kingdom than in the preceding year. A 50 per cent increase in French tin plate exports went mainly to the United Kingdom, Denmark, and to Eastern countries, in particular Poland.

The probable effect of the International Tin Agreement, which may soon come into operation, on the world tin situation should be judged against the fact that the United States purchases for strategic stockpiling (the termination of which has been announced as from the middle of 1956) absorbed in 1955 a quantity roughly equivalent to the surplus of world production over consumption.

The recent substantial increase in the consumption of lead had its background in United States purchases for strategic stockpiling as well as in the expanded production of the automobile and building industries in the United States and Western Europe in 1955. Imports of lead metal into Western Europe from outside sources in the first half of 1955 (at an annual rate) were about 15 per cent higher than in 1954, whereas Western Europe itself failed to supply as much out of its own resources as in the preceding year. Imports rose particularly from Canada and some other countries in the Western Hemisphere, for instance Peru and Mexico, but fell from the United States. Imports from the United States had, however, been unusually high in 1954 owing to the low level of consumption in that country.

Whereas some other materials may be substituted for lead in certain uses, there is no substitute for zinc in galvanizing, which is the principal use of this metal. Western Europe's consumption of zinc is also rising faster than the output of the area. In 1955 (first half) Europe imported substantially more from Canada, but less from the United States where consumption rose slightly more than output.

Although, in the case of nickel, the pressure from the demand side was not reflected in price increases as large as for copper, the supply of nickel still falls far short of requirements. This is mainly due to the large proportion (about two-fifths in 1954) of the total supply which is used for military or strategic stockpiling purposes in North America. Western Europe imported in the first half of 1955 (at an annual rate) substantially larger quantities. However, North America's supplies to Western Europe were the same as in 1954. Among these, those from Canada diminished while the (much smaller) imports from the United States (where important quantities were released from strategic stockpiles for civilian uses) rose. In 1955, Japan became an important supplier to Western Europe, especially to Western Germany.