

5 October 1960

Committee III - Expansion of TradeANNEX DALUMINIUM, ALUMINA AND BAUXITE (Draft)

In discussing the possibilities of less-developed countries increasing their exports of bauxite and alumina and aluminium the Committee had in mind that the largest known reserves of bauxite were located in less-developed countries and that a number of these countries possessed the natural resources which entered importantly into the production of aluminium. The Committee recognized the desirability for less-developed countries to increase their foreign exchange earnings through the export of processed products as well as the raw material. While less-developed countries in recent years had contributed about one-half of world production of bauxite, as a whole they had produced only a very small share of world production of alumina and aluminium. The Committee noted that in one less-developed country the establishment of bauxite processing plants and the export of alumina had considerably increased incomes and employment opportunities. With only two exceptions less-developed countries had not undertaken the production of aluminium. At present even these two less-developed countries producing aluminium continued to be net importers of this product.

The Committee recognized that the production of aluminium was a complex task which required both considerable financial resources and technical skill. They felt, however, that there was increased likelihood that the investment necessary for the successful development of resources in less-developed countries would be forthcoming if these countries could be assured a free or relatively unimpeded market in important consuming countries.

The Committee noted that although most of the important users of aluminium had either low or zero tariffs on bauxite a number of countries in Western Europe, as well as Japan, had tariffs on alumina and aluminium of 10 per cent or more. The Committee noted also that the common external

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tariff of the EEC provided for a duty of 11 per cent on alumina and a duty of 10 per cent on aluminium. The Committee agreed that this widespread differentiation in import treatment in favour of imports of bauxite, and the high internal taxes imposed by a number of countries on aluminium were factors unfavourable to the development of alumina and aluminium industries in less-developed countries. The Committee felt that such measures were likely to encourage the use of substitutes and thus would bring about a considerable decline in the demand for aluminium.

With these considerations in mind the Committee expressed the hope that contracting parties, and particularly industrial countries, would review at an early date their systems of tariffs and other measures which affected consumption and imports of bauxite, alumina and aluminium.