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CURRENT SUPPORT BRIEF

EXPANSION OF BULGARIA'S LEAD INDUSTRY AND ITS EFFECT ON
BLOC AND FREE WORLD LEAD SUPPLIES

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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EXPANSION OF BULGARIA'S LEAD INDUSTRY AND ITS EFFECT ON
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The current expansion of the Bulgarian lead industry has so improved the lead position of the Sino-Soviet Bloc as to have a potentially adverse effect on the Free World lead industry. In large part because of sharply rising production in Bulgaria, the Bloc lead position has changed from one of deficiency to one of over-supply, permitting exports to the Free World. 1/ Inasmuch as these exports to Western countries have intensified an over-supply of lead currently existing in Free World markets, the principal Free World lead producing countries recently expressed concern over the prospects of increased Bloc exports.

The Bulgarian lead industry in general has achieved outstanding results in a comparatively short period of operation. In the past six years, output of lead has increased about eight times, jumping from 5,000 tons in 1955 to 40,000 tons in 1960. From only about 1.5 percent of the Sino-Soviet Bloc's total production of lead in 1955, Bulgaria accounted for 7 percent in 1960. Whereas the average annual increase in the production of lead of the Sino-Soviet Bloc as a whole amounted to about 10 percent during 1955-60, that of Bulgaria was about 50 percent. In the per capita production of lead, Bulgaria ranked sixth in the Bloc in 1955 and first in 1960.

Despite a marked rise in domestic consumption since 1955, the growth in production has been such that Bulgaria has been able to increase exports from about 2,000 tons in 1956 to more than 23,000 tons in 1960. European Bloc countries absorbed the bulk of these exports before 1958, but since then roughly 20 percent of total Bulgarian exports have gone to the West. These shipments from Bulgaria to the Free World, estimated at 14,000 tons, have constituted about 25 percent of the Bloc's total exports of lead since 1958. 2/ Bulgarian production, consumption, and export of lead during 1955-60 were as follows (in metric tons):

<u>Year</u>	<u>Production a/</u>	<u>Consumption</u>	<u>Export</u>
1955	5,100	2,000 <u>b/</u>	2,900 <u>d/</u>
1956	6,000	4,000 <u>b/</u>	2,000 <u>d/</u>
1957	19,300	5,200 <u>b/</u>	14,100 <u>d/</u>
1958	26,100	5,400 <u>b/</u>	20,700 <u>e/</u>
1959	33,000	9,600 <u>b/</u>	23,400 <u>e/</u>
1960	40,000	16,600 <u>c/</u>	23,400 <u>f/</u>

a. 3/b. Production minus exports.c. 4/d. 5/e. 6/f. Production minus consumption.

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As Bulgaria's exports of lead have increased, the dependence of the Bloc on Free World supplies, as measured by net imports, has decreased. For the Bloc as a whole, net imports of lead have declined steadily since 1956 and a net export was achieved for the first time in 1960. The estimated net trade in lead between the Bloc and the Free World for the years 1955-60 is as follows (in thousand metric tons): 7/

	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
Bloc net imports	14.1	26.9	15.8	9.9	3.3	--
Bloc net exports	--	--	--	--	--	11.1

Free World concern over the possibility of increased exports of lead from the Bloc and the resulting significance to world lead markets was shown at the recent meetings of the International Lead and Zinc Study Group,* held in Mexico City. The Free World supply of lead in 1960 exceeded consumption by about 90,000 tons; in addition, substantial stocks of unsold metal already existed among producing countries. 8/ Because of this, the Study Group took specific action to curtail the 1961 output of leading Free World producers and expressed the hope that the Soviet Union, Poland, and Bulgaria would not increase the level of their exports above those of 1960. 9/

The Bulgarian lead industry plans to continue its expansion program during the 1960's, however, and by 1965 the output of lead is expected to be 93,000 tons, of which about 40,000 tons will be available for export. The additional output will be obtained from a new plant being constructed at Plovdiv and from reconstruction and expansion of existing lead producing facilities at Kurdzhali and Kurilo. Bulgaria has ample reserves of ore for the planned output, possessing, in terms of metal content, an estimated 4.6 million tons of lead in domestic deposits. 10/ Thus the Free World lead industry seems to have cause for concern, for any increased exports from Bulgaria will complicate seriously the attempts of the International Study Group to stabilize lead supply and demand.

* Organized under United Nations sponsorship to promote cooperation among lead and zinc producing countries in balancing the supply and demand in the lead-zinc industry.

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Analyst: [redacted]

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*on 11 May 61
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