

SECRET

NO FOREIGN DISSEM



CIA/RR CB 65-70

November 1965

Copy No. 249

## INTELLIGENCE BRIEF

THE IMPORTANCE OF ZAMBIAN COPPER

DIRECTORATE OF INTELLIGENCE

Office of Research and Reports

NO FOREIGN DISSEM

SECRET

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

THE IMPORTANCE OF ZAMBIAN COPPER\*

Copper is in exceedingly tight supply throughout the world and prices have increased substantially in the past year. [REDACTED] [REDACTED] next year's entire output is already committed; Free World commercial stocks of copper are at an all-time low and the US strategic stockpile is the only sizable Free World reserve. Even before President Johnson ordered the release of 200,000 short tons (181,400 metric tons) from the stockpile on 17 November 1965, US government-held reserves were barely above the minimum strategic requirement of 775,000 short tons (703,100 metric tons). Earlier this year, 200,000 short tons were released from US government stocks -- about half for coinage requirements, the rest for domestic consumers. The November release of an additional 200,000 tons will cover present industry needs, but next year the supply situation is likely to be even tighter than at present, in relation to demand.

In the face of an increasing shortfall of copper, the threatened reduction or total stoppage of Zambian production -- nearly 650,000 metric tons in 1964 -- has been described in both government and industry circles as a very grave prospect. Producers report that they cannot, during the next several years, expand output from other copper mining areas rapidly enough to replace Zambian output. The possibilities of substituting aluminum or plastic materials for copper are limited, and the use of these materials would not materially ease the shortages already existing in the copper market, at least in the short run. The tight supply existing in world copper is likely to be greatly intensified by the current strike of the workers in the Chilean-American-owned companies. Thus, if Zambian shipments were cut off, the world's importers would be faced with a scramble for very scarce supplies of copper and a sharp increase in price unless worldwide rationing and price controls were devised.

In any event, certain countries are likely to be hit harder than others. About 45 percent of Britain's annual imports of copper, which total over 500,000 metric tons, come from Zambia; the other major suppliers are Canada, Chile, and the United States. These three countries, plus Zambia, usually provide 80 to 90 percent of Britain's

---

\* The estimates and conclusions in this brief represent the best judgment of this Office as of 19 November. The term copper, unless otherwise qualified, denotes blister and refined copper, roughly comparable to the UN SITC classification "unwrought copper."

25X1

25X1

25X1

copper imports. [REDACTED] perhaps 50 British export firms are now critically dependent on Zambian copper. The metal is particularly important to the electronic, transportation, and communications industries. Reduced or suspended shipments of Zambian copper to the United Kingdom would adversely affect British exports and could bring the pound sterling under severe pressure.

By 1963, Zambia had become the Free World's second largest producer, second only to the United States. In 1964, Zambian copper accounted for nearly 15 percent of the Free World total; exports were 681,700 metric tons, valued at over \$415 million. More than half the country's copper production comes from the British-dominated Anglo-American Corporation (Central Africa), Ltd. mines; the rest comes from mines of the Roan Selection Trust, which has substantial US ownership. Copper accounts for about 90 percent of Zambia's exports, supplies over half the government revenue, and accounts for nearly 40 percent of the country's wage bill. Virtually all of the mines are found in the Copperbelt, a strip about 100 miles long and 30 miles wide extending northwest from Ndola to Bancroft.

The United Kingdom is the most important market for Zambian copper exports and buys over a third of the total. West Germany, Japan, Italy, and France are the other major purchasers (see Tables 1 and 2). The importance of Zambian copper to these countries varies considerably, as indicated by Table 3. Zambian copper accounts for nearly two-thirds of Japan's copper imports, nearly one-half of those of the United Kingdom, one-fourth of those of Italy, about one-fifth of those of West Germany, and about one-sixth of those of France. According to Zambian figures, Zambia provides about three-fourths of the Netherlands' copper imports, but Dutch figures indicate that only one-tenth of the total comes from that country. This difference, and similar differences encountered for Switzerland and Austria, probably can be explained by intra-European diversion of shipments. In any event, Zambia supplies a large share of European and Japanese imports of copper.

S-E-C-R-E-T

Table 1

Value of Zambian Copper Exports by Destination and Type a/  
1964

Thousand US \$

Destination	Electrolytic				Total
	Blister	Wire Bars	Cathode Form	Bar and Ingot	
United Kingdom	27,833	104,224	5,122	7,762	144,941
West Germany	33,317	22,794	3,934	291	60,336
Japan	2,116	38,532	8,889	93	49,630
Italy	918	31,427	377	507	33,229
France		21,715	1,063	2,266	25,044
Republic of South Africa	3,952	12,692	666	1,806	19,116
Netherlands	2,136	12,865	467	1,261	16,729
United States	2,972	9,078			12,050
Sweden		10,221	215		10,436
Belgium/ Luxembourg	7,231	307			7,538
India	1,407	3,677		1,774	6,858
Poland	3,578	1,713	407		5,698
Rhodesia		3,438			3,438
Spain	684	2,626			3,310
Finland		3,069			3,069
Communist China		1,220	1,828		3,048
Greece		2,173			2,173
Czechoslovakia	292	1,499			1,791
Australia		1,496			1,496
Switzerland		849	360		1,209
Portugal	877				877
UAR		722	118		840
USSR		651			651
Argentina		501			501
Denmark		490			490
Austria		381			381
Hungary		199			199
Iran	174				174
Kenya	100				100
Mozambique		31			31
<b>Total</b>	<b>87,587</b>	<b>288,590</b>	<b>23,446</b>	<b>15,760</b>	<b>415,383</b>

a. Free on rail, Zambia.

S-E-C-R-E-T

S-E-C-R-E-T

Table 2

Volume of Zambian Copper Exports by Destination and Type  
1964

Destination	Metric Tons		
	Blister	Electrolytic	Total
United Kingdom	48,067	187,831	235,898
West Germany	58,324	43,592	101,916
Japan	3,562	77,154	80,716
Italy	1,626	51,798	53,424
France		39,763	39,763
Republic of South Africa	7,049	24,451	31,500
Netherlands	3,810	24,010	27,820
United States	5,690	14,663	20,353
Sweden		16,850	16,850
Belgium/Luxembourg	12,895	528	13,423
India	2,495	8,860	11,355
Poland	6,299	3,477	9,776
Rhodesia		5,638	5,638
Spain	1,220	4,162	5,382
Communist China		5,078	5,078
Finland		4,877	4,877
Greece		3,489	3,489
Czechoslovakia	559	2,438	2,997
Australia		2,541	2,541
Switzerland		1,930	1,930
Portugal	1,506		1,506
UAR		1,369	1,369
USSR		1,016	1,016
Argentina		859	859
Denmark		783	783
Austria		609	609
Iran	322		322
Hungary		305	305
Kenya	178		178
Mozambique		51	51
<b>Total</b>	<b><u>153,602</u></b>	<b><u>528,122</u></b>	<b><u>681,724</u></b>

S-E-C-R-E-T

Table 3  
 Importance of Zambian Copper  
 to Selected Countries of the Free World  
 1964

Country	Total Imports of Unwrought Copper and Copper Alloys <u>a/</u> (Metric Tons)	Imports from Zambia <u>b/</u> (Metric Tons)	Imports from Zambia as a Percent of Total
United Kingdom	529,475	235,898	44.6
West Germany	488,513	101,916	20.9
United States	468,626	20,353	4.3
Belgium/Luxembourg	321,929	13,423	4.2
France	259,629	39,763	15.3
Italy	199,512	53,424	26.8
Japan	122,418	80,716	65.9
Sweden	62,342	16,850	27.0
Switzerland	38,681	1,930	5.0
Netherlands	36,790	27,820	75.6
Spain	29,213	5,382	18.4
Austria	24,868	609	2.4
Total	<u>2,581,996</u>	<u>598,084 <u>c/</u></u>	23.2

- a. "Unwrought copper and copper alloys" is essentially the same category as that used by Zambia in reporting exports and corresponds to the UN SITC 682.1 classification. Alloys play a relatively unimportant role in total imports of this type of copper.
- b. Based on Zambian data.
- c. Total Zambian exports were 681,724 metric tons.

Analyst:

25X1A

Coord:

ORR

25X1A

Approved For Release 2005/05/16 : CIA-RDP79T01003A002400200001-2

**SECRET**

NO FOREIGN DISSEM

NO FOREIGN DISSEM

**SECRET**

Approved For Release 2005/05/16 : CIA-RDP79T01003A002400200001-2

25X1

Approved For Release 2005/05/16 : CIA-RDP79T01003A002400200001-2

Next 4 Page(s) In Document Exempt

Approved For Release 2005/05/16 : CIA-RDP79T01003A002400200001-2





25X1

Approved For Release 2005/05/16 : CIA-RDP79T01003A002400200001-2

Next 3 Page(s) In Document Exempt

Approved For Release 2005/05/16 : CIA-RDP79T01003A002400200001-2

Approved For Release 2005/05/16 : CIA-RDP79T01003A002400200001-2

SECRET

NO FOREIGN DISSEM

NO FOREIGN DISSEM

Approved For Release 2005/05/16 : CIA-RDP79T01003A002400200001-2

SECRET

25X1

Approved For Release 2005/05/16 : CIA-RDP79T01003A002400200001-2

Next 5 Page(s) In Document Exempt

Approved For Release 2005/05/16 : CIA-RDP79T01003A002400200001-2