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Information for Dr. Thunberg

According to reliable information the USSR is attempting to sell five thousand tons of titanium sponge annually for the next five years to [redacted] US titanium sponge producer. The Soviets are negotiating through Associated Metals and Minerals Company (AMMCO), their exclusive US distributor. [redacted] is attracted by the low delivered price of \$0.95/lb., about the same as its cost to produce sponge, and is considering seriously postponing plans to install additional sponge making facilities at its Ohio plant. However, [redacted] is awaiting the outcome of the current "dumping" investigation before making a final decision on whether to buy Soviet sponge-or expand its own plant.

The attached table shows US production, consumption and imports of titanium sponge, and Soviet sponge production. The estimate of

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of actual Soviet production very probably understates considerably
Soviet capacity for production.

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Production, Consumption and Imports of Titanium Sponge Metal, US, 1962-67
and Estimated Production of Titanium Sponge Metal, USSR, 1962-67
(In Metric Tons)

(CONFIDENTIAL)

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Year	US		Imports from					US Imports as a % of Consumption	USSR Production
	Production*	Consumption	Total	Japan	UK	USSR	Other**		
1962	6,104	6,472	840	823	11	--	6	13.0	5,000
1963	7,146	8,041	1,330	1,195	120	--	15	16.5	6,000
1964	7,854	10,096	1,865	1,255	600	--	10	18.5	7,000
1965	8,308	10,979	2,900	2,130	600	100	70	26.4	9,000
1966	13,594	18,271	5,150	3,775	815	360	200	28.2	11,000
1967	14,030	17,847***	7,360	5,000	910	1,270	180	41.2	13,000

* Proprietary Data (not published by Bureau of Mines)

** Principally Netherlands and Canada

*** The industry increased its inventories by more than 3,000 tons in 1967, accounting for the difference between consumption and new supply.

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1. In the course of the general reform of prices in the USSR on 1 July 1967, the price of titanium sponge was lowered from 3,082 rubles/metric ton to 2,965 rubles/metric ton.* The international market price in June 1967 was estimated by the USSR to be \$2,910/metric ton (\$1.32/lb). This price corresponds exactly with the US producers' price in effect at that time, but is somewhat above the price at which Japanese and UK producers were delivering in this country. An exchange rate of \$1.11 per ruble has been formally declared by the USSR. Converted on this basis, the current (post price reform) domestic Soviet price for titanium sponge would be \$3,291/metric ton (\$1.49/lb) or somewhat higher than the US producers' price of last June.

2. About 1,700 tons of Soviet titanium sponge entered the US from the beginning of such trade in late 1965 until the end of December 1967. During the same period, the US imported 10,900 metric tons from Japan, 2,325 metric tons from the UK, and 450 metric tons from Canada and the Netherlands together. The delivered price in the US of sponge from Japan and the UK has been in the range of \$1.20 to \$1.25/lb for several years, Soviet sponge has been costing about \$1.05/lb delivered.

* This information on Soviet prices is taken from Tsvetnyye Metally (Nonferrous Metals) #10, 1967, p. 17.