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Soviet and East European Roles in World Markets
for Selected Minerals and Metals

Copper

The USSR and East European countries are net exporters of copper in their trade with non-Communist countries. In 1974, net exports amounted to about 150,000 tons. The USSR, with shipments of 115,000 tons, was the principal exporter.

By 1980, net exports will increase substantially, if not dramatically. The principal source will be Poland which is moving ahead rapidly in development and exploitation of its rich copper resources. Polish production of copper amounted to 195,000 tons in 1974, is scheduled to reach 240,000 tons in 1975, and may reach 500,000 tons by 1980. A major boost to the expansion program was provided by a \$240 million loan from a consortium headed by the London-based affiliate of the Chase Manhattan Bank. The funds will be used to construct mining and metallurgical facilities that will raise annual output of copper to 415,000 tons. The scheduled date for completion of this major project is late 1977. A large share of the output from these facilities will be earmarked for export to hard currency countries to earn foreign exchange for repayment of the loan.

The USSR's plans for copper production in the latter

part of the 1970s are not known, but a further increase in the level of annual exports to non-Communist countries to about 200,000 tons seems feasible. Yugoslavia plans to increase its output of copper, which was 150,000 tons in 1974, to about 200,000 tons in 1980, but most of the increase probably will be required for internal needs and commitments to other Communist countries.

By 1980, net exports of the USSR and Eastern Europe in trade with non-Communist countries may increase to about 400,000 tons. Polish exports alone may approach 200,000 tons by that year if expansion projects keep on schedule, roughly matching anticipated Soviet exports.

Lead

The USSR and Eastern Europe are essentially self-sufficient with respect to supplies of lead. In limited trade with non-Communist countries in recent years, exports have generally exceeded imports, although only by small amounts.

Plans for expansion of production of lead in the USSR, Poland, Yugoslavia, and Bulgaria make likely a strengthening of the supply positions of these countries. However, lead is in less ample supply than zinc -- the metal with which lead is usually associated in mineral form -- and increased

output is likely to be allocated mainly to domestic consumers or other Communist countries. By 1980, net exports in trade with non-Communist countries may increase, but are not likely to exceed 50,000-75,000 tons annually. In the period beyond 1980 the USSR may be able to expand exports of lead as resources of lead and zinc in Eastern Siberia are developed. The eventual scale of output and the pace of development of projects in the new areas cannot be estimated at this time.

Zinc

The USSR and Eastern Europe produce enough zinc to cover their needs and provide a surplus for export to non-Communist countries. Net exports to non-Communist countries have ranged from about 100,000 to 130,000 tons annually in the 1970s. The USSR has been the major exporter. Its shipments to non-Communist countries reached a peak of 70,000 tons in 1973 before dropping back to about 40,000 tons in 1974. Poland and Bulgaria account for most of the exports from Eastern Europe. Yugoslavia is a small net exporter of zinc in trade with non-Communist countries, its exports being largely offset by imports of zinc in different form. The other countries in Eastern Europe and the USSR have imported only negligible amounts of zinc from non-Communist countries in the 1970s.

The USSR, Poland, Bulgaria, and Yugoslavia are engaged in programs to expand their zinc industries. Although the programs seem geared mainly to domestic needs and commitments to other Communist countries, some further increase in exports to non-Communist countries is likely. By 1980, net exports of zinc may be on the order of 200,000-225,000 tons annually.

Over the longer run, the USSR may have even larger amounts of zinc available for export, although the exact amounts cannot be estimated at this time. The Soviets plan to develop large deposits of zinc in Eastern Siberia, but projects to develop mines and construct metallurgical facilities are not likely to be completed before the early 1980s under the best of circumstances.

Tin

The USSR is an important world producer of tin. Output in 1974 was about one-third of that of Malaysia, the world's largest producer of mined tin. East Germany and Czechoslovakia are the only producers of tin in Eastern Europe. Their output is very limited.

The USSR meets most of its needs for tin from domestic production, but it relies on imports to deal with shortages that have persisted for many years. Imports have averaged

5,600 tons annually for the past decade. Eastern Europe depends on imports for nearly all of its tin. Its imports amounted to about 10,000 tons in 1974. Soviet and East European imports of tin have come mainly from non-Communist countries, although China has supplied about 1,000-2,000 tons annually in recent years.

To meet needs for tin in 1980 East European countries probably will have to increase imports above current levels by about 5,000 to 6,000 tons. Most of the increased amount probably will have to be obtained from non-Communist countries because China is likely to continue its present practice of marketing tin mainly in hard currency countries.

The USSR probably will be able to meet much, if not all, of its increased needs for tin in 1980 from domestic production. Steps are being taken to increase output at existing mines and to initiate production in other locations. The Soviet objective is complete self-sufficiency but, as yet, there are no firm indications that the objective can be attained by the end of the decade.

On balance, the USSR and Eastern Europe probably will have to increase their annual imports of tin from non-Communist countries from the current level of nearly 15,000 tons to perhaps 20,000 tons by 1980.

Bauxite

The USSR and Eastern Europe are net importers of bauxite, and its equivalent in the processed form of alumina, in trade with non-Communist countries. The USSR accounts for virtually all of the imports. In 1974, it imported about 1,000,000 tons of bauxite and 500,000 tons of alumina from non-Communist countries. Yugoslavia is the major exporter of bauxite in Eastern Europe. Most of its exports of bauxite are to the USSR and Eastern Europe, but annual deliveries to Western Europe have amounted to about 600,000 to 700,000 tons in the past few years. Hungary supplies Western Europe with small amounts of bauxite and alumina, the combined total of such shipments being estimated at less than 200,000 tons of bauxite equivalent annually in recent years.

By 1980 the USSR plans substantial increases in imports of aluminous raw materials from both Eastern Europe and non-Communist countries. The major increase from non-Communist sources is the planned delivery of bauxite from Guinea. Annual imports are to rise from 250,000 tons in 1974 to 2,500,000 tons within a few years. Plans for increasing imports of bauxite and alumina from other non-Communist sources are not known, but overtures to other suppliers suggest that the overall increase in imports over the 1974

level may approach 3,000,000 tons of bauxite, including bauxite equivalent in the form of alumina.

Yugoslavia and Hungary probably will be unable to increase exports of bauxite or alumina to non-Communist countries in the period up to 1980. Yugoslavia plans to increase production of bauxite to 4 or 5 million tons from the 1974 level of 2.4 million tons, but the additional output probably will be required to meet substantially increased commitments to the USSR as well as to support an ambitious domestic program for expansion of aluminum production. Similarly, Hungary's plans for expanding production of bauxite seem geared mainly to meeting commitments to the USSR and other countries in Eastern Europe.

Iron Ore

The USSR is the world's largest producer of iron ore. It meets all of its own needs, most of the needs of Eastern Europe, and has an additional surplus for export to non-Communist countries. Among the countries of Eastern Europe only Yugoslavia produces enough iron ore to be virtually self-sufficient.

Notwithstanding the USSR's impressive capability as a supplier of iron ore, the USSR and Eastern Europe, as a group, are net importers of iron ore in their trade with

non-Communist countries. In 1974, the USSR exported about 6 million tons of iron ore to the latter but, in turn, Eastern Europe imported about 12 million tons from them to supplement the 37 million tons obtained from the USSR.

By 1980, net imports of iron ore by the USSR and Communist countries of Eastern Europe probably will increase considerably over the current level of 6 million tons. On the basis of planned production of iron and steel in 1980, the countries of Eastern Europe -- excluding Yugoslavia which seems capable of meeting its needs from domestic output -- will require an estimated increment to present supplies of iron ore of about 30 million tons. With their limited resources of iron ore, reflected in gradually declining production in recent years, these countries will have to rely on imports to satisfy all of the increased needs and possibly to provide some additional amounts to compensate for further declines in production.

Most of the new supplies needed by 1980 will have to be obtained from non-Communist countries. The USSR, which has fallen behind schedule in its current five year program for expansion of its iron ore industry, probably will continue to limit the growth in exports to Eastern Europe. Annual increases in the 1970s have amounted to 1.5 million tons -- a rate that would provide Eastern Europe with only

9 million of its estimated additional requirements of 30 million tons in 1980. Already there is clear evidence that the countries of Eastern Europe are preparing for substantially increased dependence on sources other than the USSR for iron ore in the future. In particular, Poland and Romania, the two countries with the most ambitious plans for expansion of iron and steel production, have signed contracts or are negotiating for large deliveries of iron ore on a long-term basis with a variety of suppliers in India, Sweden, Brazil, Algeria, Chile, Liberia, and elsewhere.

In the face of its own growing needs and those of Eastern Europe, the USSR probably will be unable to increase exports of iron ore to non-Communist countries by more than small amounts in the remainder of the current decade. The Soviets have shown interest, however, in obtaining Western financial participation in projects to develop iron ore resources. Finland is helping to construct a new mining and pelletizing complex in Karelia in exchange for annual deliveries of about one million tons of iron ore pellets beginning in 1977 or 1978. When the entire complex is completed, and rated annual capacity of about 9 million tons of pellets is reached in 1982-83, the USSR may be in a position to export a part of this total. Other arrangements of this type have been considered with the Japanese in Eastern

Siberia and with the British on the Kola Peninsula -- but, if agreements are reached, the projects probably would require at least five years for completion. Such arrangements could make possible substantial increases in Soviet exports of iron ore to non-Communist countries in the 1980s, but the amounts cannot be estimated at this time.

In terms of the outlook for 1980, however, the USSR and Eastern Europe, as a group, probably will remain net importers of iron ore in their trade with non-Communist countries. Net imports of iron ore may be no higher than 20 million tons if the USSR is able to provide about one-third of Eastern Europe's additional needs and to increase exports to non-Communist countries at the same rate as in recent years. But net imports could reach 25-30 million tons if the USSR proves unable or unwilling to increase its present deliveries to Eastern Europe.

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