

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

EXEMPLAIRE N° 165
COPY

ORIGINAL: ENGLISH
14th December, 1966

~~NATO SECRET~~
WORKING PAPER
AC/89-WP/201

SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

THE TIN SUPPLY SITUATION IN THE EASTERN EUROPEAN COUNTRIES

Note by the German Delegation

Like other non-ferrous metals such as lead, zinc, copper, nickel and aluminium - the most important ones also as far as their volume of production is concerned - tin is one of the strategically essential raw materials. It is the scarcest and therefore the most expensive of the metals mentioned (price about DM. 13,900 per ton). In 1965, world production amounted to about 206,000 tons (the maximum so far produced was 245,000 tons in 1941). It is estimated that 30 to 40 per cent of the tin production is used by the food industry in the Western world.

2. More than 70 per cent of the world tin production is available to the industrialised countries of the West by supplies from South East Asia (47 per cent), South America (13 per cent), Africa (10 per cent) and Australia, from ore deposits whose metal content is estimated at about five million tons which would permit an annual supply of about 220,000 tons for 25 years. In order to co-ordinate production distribution and prices in the West, an international tin agreement was concluded in 1956, which is the only world-wide agreement on metals and has since been extended for the second time for a period of five years until 1971.

3. The United States, with about 26 per cent of the total consumption the world's largest tin consumer, is not a party to the tin agreement. It, nevertheless, controls the tin supply situation and prices through a reserve build-up (at present considerably more than one year's world production) from which parts are released as the need arises. When after 1956 tin consumption by the Western world increased more rapidly than production, the production deficit of the years 1957 to 1965 could be nearly made up by the surpluses of the years 1953 to 1956 out of the strategical reserve.

4. The Communist countries account for about 27 per cent of the total tin production (more than 50,000 tons a year), i.e. China 15 per cent, Soviet Russia 11 per cent, and the European satellite countries and North Vietnam for the rest. The volume of exploitable ore deposits can only be surmised (China more than three million tons and the Soviet Union one million tons of metal content).

~~NATO SECRET~~

CONFIDENTIAL

5. Since tin consumption of the canned food industry does not play an essential part in the COMECON countries with the exception of the Soviet Union, Poland and Czechoslovakia, China's tin deliveries until 1961/62 were fully adequate to meet the demand in that area. Until then, China had delivered to the Soviet Union considerable quantities which were used to build up modest Soviet stocks and to supply the European satellite countries. By the end of the fifties, the Soviet Union had in addition even exported up to 22,000 tons a year to the West. As from 1963, Chinese tin exports to the Soviet Union have come to an almost complete standstill and Russian tin exports were discontinued altogether.

6. Calculations of the volume of China's and Soviet Russia's consumption and foreign trade permit the conclusion that both countries have built up tin stocks, and that China continues to do so. The Soviet Union is apparently doing so for the purpose of establishing - like the United States - a strategic reserve, without regard to the requirements of the European satellite countries.

7. The fact that Chinese tin deliveries to the Soviet Union have ceased has forced the COMECON countries to cover their requirements to a greater degree on the world market. The present efforts to recover in an increased measure tin from tin scrap and to save otherwise tend to reflect the difficult supply situation. In the same direction point the recommendations made by COMECON's geological commission to the effect that prospecting for tin ore in the Soviet-occupied Zone of Germany, Czechoslovakia and the Mongolian People's Republic should be given priority. In addition, it is intended to reduce the present dependence of the East European COMECON area on Western tin plate deliveries by the construction of a big electrolytic tinning plant. The member countries of the "Intermetal" Organization (Soviet Union, Hungary, Czechoslovakia, Poland, Soviet-occupied Zone of Germany, Bulgaria) decided in June 1966 to construct jointly a plant with a yearly production capacity of 130,000 to 150,000 tons of tin plate in Hungary. This plant will chiefly serve to supply Hungary, Czechoslovakia, Poland and Bulgaria.

8. The tin requirements of the European satellite countries are at present estimated at 8,000 tons a year (the Federal Republic of Germany produced 13,000 tons of crude tin in 1965) and are likely to increase to about 10,000 tons by 1970. Until 1961/62 almost 70 per cent of the requirements were met by imports from the Soviet Union and China. Since then, deliveries from the West have constantly gained in importance.

9. Present imports by the COMECON countries from the West - like previous exports from the Soviet Union to the West - are considered inconvenient by the parties to the international tin agreement. Czechoslovakia has been the only COMECON country to become a party to this agreement as of 1st July, 1966. This step should without doubt be regarded as a first attempt to ensure by an official agreement the smooth flow of tin imports from the West.

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

Czechoslovakia is now committed to submit statistical data on its tin supply situation to the International Tin Council (ITC), the directing body, for the next five years. Since official statistics of the COMECON countries give no production figures and only the Soviet Union and Poland show their foreign trade volume of tin, official data on the tin imports and exports of a COMECON country will thus be available for the first time.

10. In the area of the European satellite countries only one tin ore deposit in the Erz mountains is economically of importance. It has been known for centuries and extends from the Soviet-occupied Zone of Germany into Czechoslovakia. The main mining areas are near Altenburg and Cynoviec-Krupka. The present total output of both countries taken together is about 1,000 tons of metal content per year.

11. Out of this production the Soviet-occupied Zone of Germany can satisfy one-third of its requirements and Czechoslovakia only about 10 per cent. Both countries are conducting joint prospecting and reconnaissance work which led to the opening of a new mine at Cynoviec in 1963.

12. At Altenberg, mining operations were much improved in the recent years and a modern, fully-automatic mining plant was constructed in 1965. It is planned to increase the output by 50 per cent, i.e. to yearly 1,200 tons of metal content, by 1970. The plan, conceived as early as 1959, to meet the demand of the Soviet-occupied Zone of Germany largely out of domestic raw materials would appear feasible. Sufficient quantities of ore, whose prospecting, exploitation and processing will merely be a question of providing the necessary funds, are said to exist in the Erz mountains also outside the known deposit sites and would last for many years to come.

13. The ore produced in the mining centres of Altenburg, Pechtelsgrün and Ehrenfriedersdorf is turned into concentrates of 16 to 18 per cent by washing and then worked up into crude tin and partly electrolytic tin in the metallurgical plant of the mining combine A. Funk at Freiberg.

14. Poland's tin requirements must be fully met by imports most of which have been coming from Great Britain ever since 1962. They amount to about 3,000 tons per year of which less than 20 per cent is required for tin plate production. Poland has only minor tin deposits near Giercyn, not far from Bad Flinsberg. Their exploitation, originally planned for 1958, was apparently eventually abandoned.

15. Nothing is known about tin deposits in other East European countries, including Yugoslavia whose yearly requirements amount to 1,500 tons of tin. They have not even metallurgical plants for the procession of imported ore concentrates.

OTAN/NATO,
Paris, (16e).