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COMPARATIVE PRICES
OF NONFERROUS METALS IN
INTERNATIONAL TRADE
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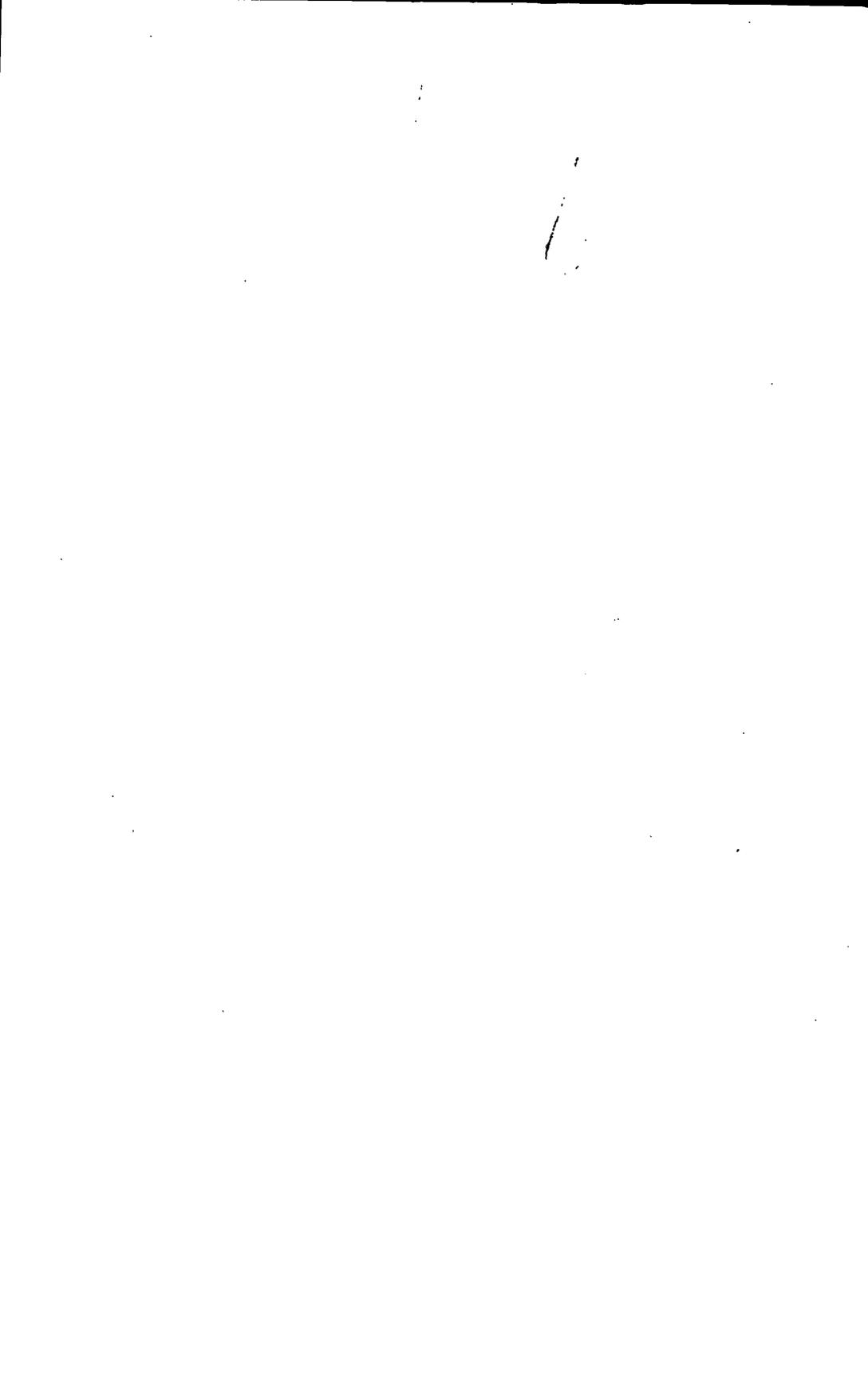
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INTRODUCTION

This report is part of a broad study designed to improve methods of measuring comparative prices and price trends in the international trade of the United States and its main foreign competitors. A preliminary report on the study, giving a discussion of aims and methods and tentative results for iron and steel, was published in 1965.¹

The purpose of this paper is to present our new indexes of relative prices and price trends in nonferrous metals and some of the background information on ownership, production, and trade. The background information was necessary for the collection of price data and the construction of price indexes and is important in the interpretation and analysis of our findings. However, it falls far short of being a full description of the many institutional complexities of the various nonferrous metal markets. The preparation of such a description would have taken us beyond the limitations of a study of relative prices.

The study of comparative prices and price trends covers the years 1953, 1957, and 1961 through 1964. Since the data collection did not go beyond that period, we have restricted our discussion of the institutional background to the events of those years, and thus have excluded the many important developments in nonferrous metal markets since 1964.

It should be noted that the nonferrous metals group differs in two respects from most of the other commodity categories included in the study of comparative prices. The first is that almost all of this group consists of semimanufactured commodities, while the study as a whole is concerned mainly with machinery and transport equipment, which are highly advanced finished manufactures. The second feature peculiar to this group is the relatively smaller role of the developed countries, taken here as the countries of the Organization for Economic Cooperation and Development. In 1962 these countries ac-

¹ Irving B. Kravis, Robert E. Lipsey, and Philip J. Bourque, *Measuring International Price Competitiveness: A Preliminary Report*, Occasional Paper 94, New York, National Bureau of Economic Research, 1965.

counted for more than 80 per cent of world exports of all the commodities included in the study as a whole, but for only 58 per cent of world exports of nonferrous metals. If export shares were measured by value added by the exporting country rather than by value of sales, the importance of the developed countries in nonferrous metals trade would be much smaller, since a high proportion of their exports consists of metals imported by them for refining and export.

The largely semimanufactured character of the nonferrous metals group makes it of special interest for a study such as ours, which is designed to develop better price measures for the analysis of trade flows. Such products are the ones for which the existing price measures might be expected to be most satisfactory. We find, in fact, that they fall far short of providing a reliable picture of price relationships and price changes.

Section I of this paper is a brief description of the study of comparative prices as a whole, most of it a summary of the earlier paper, to which the reader may refer for a more extensive explanation and justification of the aims and methods of the study. Section II gives the results for nonferrous metals as a group, and Section III presents indexes for the main individual metals and descriptions of the chief characteristics of particular metal markets.