

FOR IMMEDIATE RELEASE

JUNE 23, 1976

Office of the White House Press Secretary

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THE WHITE HOUSE

TO THE SENATE OF THE UNITED STATES:

I am transmitting herewith, for the advice and consent of the Senate to ratification, the Fifth International Tin Agreement, which was signed by the United States on March 11, 1976. The Fifth International Tin Agreement replaces the Fourth International Tin Agreement, which expires on June 30, 1976. The Fifth International Tin Agreement is scheduled to come into force July 1, 1976, for a period of five years.

Tin is a critical commodity for the United States. We have no mineable reserves and must import 80% of our requirements of tin, meeting the remainder by recycling tin-bearing scrap. In addition, our strategic stockpile contains an approximately four year supply of tin at current rates of consumption. We are the world's largest single consumer of tin, other large consumers being Japan, the European Community, Australia, and Canada. Primary tin is produced chiefly by six developing countries in Asia, Africa, and Latin America. Malaysia is the world's largest producer, accounting for about 40% of world supplies. Tin is an important source of foreign exchange for all these countries and vital to the success of their development plans.

Like its predecessors, the Fifth International Tin Agreement has as its main purpose stabilizing tin prices within agreed limits. Previous agreements have had some success in achieving this objective, especially with regard to the floor price. These agreements have proved a notable example of cooperation between producers and consumers in seeking solutions to common problems. The chief features of the Fifth International Tin Agreement are the following:

- An International Tin Council which meets on a regular basis to consider important issues and make decisions. Votes are divided equally between producer and consumer members as groups. Within the two groups votes are apportioned among members on the basis of their share of world production or consumption. Thus, the larger producers and consumers carry more weight in the Council's proceedings, but neither producers nor consumers as a group can dominate the Council. Normally, decisions require a simple majority vote of both producers and consumers, but certain important decisions require a two-thirds majority vote of both. As a member of the Council, the United States would hold the largest number of consumer votes.

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- A buffer stock consisting of at least 20,000 metric tons of tin or its equivalent in money. Sales are made from the buffer stock as the tin price approaches the agreed ceiling in an effort to defend the ceiling, while purchases are made as the price approaches the agreed floor in order to defend the floor. Producer members are required to make contributions to the buffer stock proportional to their share of world production. Consumer members may make such contributions on a voluntary basis and four -- The United Kingdom, France, Belgium, and the Netherlands -- have elected to do so. Both during the course of the negotiations of the Fifth International Tin Agreement and since that time, we have made clear that, should the United States elect to join, we would not make a contribution to the buffer stock.
- Provision for the imposition of export controls on producers. Export controls are usually imposed only after the buffer stock of tin metal has risen to over 5,000 metric tons as a result of efforts to slow falling prices.
- A requirement that member governments consult with the International Tin Council before making disposals from national stocks. For some years we have consulted with the International Tin Council as a matter of routine before making disposals from our strategic stockpile. This requirement, therefore, would not constitute any change for us. We have made clear, however, that we retain our right to make disposals from the stockpile as we see fit.

The United States did not join any of the first four International Tin Agreements. However, we participated in the negotiation of all but the Second International Tin Agreement, where we were an Observer. Following the completion of the negotiations for the Fifth International Tin Agreement in June, 1975, it received careful inter-agency examination and evaluation. As a result of that study, I have concluded that joining the Fifth International Tin Agreement would:

- Have minimal impact on the American economy and carry with it no adverse economic effects.
- Afford some protection to American industry and consumers by enabling the United States to influence the decisions of an organization that seeks to balance the international supply of tin with demand.
- Provide support for the concept of producer-consumer cooperation, and accommodate the strong desire of both producer and consumer members that the United States, the world's largest single consumer of tin, join them in their work.

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- Constitute a clear demonstration of our willingness to join with others in seeking solutions to outstanding commodity problems on a case-by-case basis, and of our desire to be forthcoming towards the developing world while safeguarding our national interests.

In view of these conclusions, I am convinced that joining the Fifth International Tin Agreement would serve our interests and have foreign policy benefits. I am transmitting a report submitted to me by the Secretary of State that explains the Fifth International Tin Agreement and our assessment of it in greater detail.

I recommend that the Senate give early and favorable consideration to the Fifth International Tin Agreement, and grant its advice and consent to ratification.

GERALD R. FORD

THE WHITE HOUSE,  
JUNE 23, 1976

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