Swop Mercury For Scarce Metals

Stockpiling Essential

(Contributed)

IT is good to hear that the Ministry of Industry and Supply have, at last become alive to the importance of stock-piling strategic and industrial raw materials, in view of the continued tension in the international situation. The news has come as a pleasant surprise, after over a year of vacuation on the part of the Government of India, in the face of feverish stock-piling all over the world. The welcome change may be ascribed to the visit paid by Shri Hare Krushna Mahtab, to London to attend the Commonwealth Ministers' Conference on raw materials. The absence of a proper, well-planned policy of stock-piling scarce, materials, had become a matter of serious concern, especially to the non-ferrous metal trade, as imports of vital metals like copper, tin, lead and zinc had been seriously affected. This had happened as much on account of the difficulties in obtaining supplies, and even more, and of the reluctance to import whatever little was available as the prices quoted were altogether unworkable, in view of the continually depressed prices in the domestic market. The trend of prices in India, on the whole, ever since devaluation of the rupee, has been well below the replacement cost of fresh imports.

However, for a brief period after the outbreak of the Korean war in June last year, following the hectic rise in prices in the metal markets abroad, importers had felt emboldened and adequate imports were made in the hope that the domestic market would respond to the rising prices abroad by the time the goods arrived. But since the beginning of this year, however, the disparity between prices abroad and those in the Indian market has continued to widen, with the result that imports since April last have dwindled and reached the alarming low level of 500 tons of copper on the average per month as against the monthly requirements of 2,500 tons, while in the case, of zinc the average monthly imports are running at a rate below 1,000 tons against normal requirement of 3,500 tons... The position of tin is less unsatisfactory, though even here, imports have been running at the rate of about 60 per cent of the normal needs.

There has been, therefore, an imperative need for somebody to make it his business to ensure continued flow of important non-ferrous metals vital to the industrial and defence needs of the country. In view of the depressed trend of prices in the Indian market due partly to tight money conditions but mainly to the Supply and Price of Goods Ordinance, 1950, enterprising importers had been virtually prevented from importing adequate quantities at any cost. The lurking fear that they would not be allowed to derive any benefit from a prospective rise in prices, while if there was a steep fall, on account of a sudden change in the international situation, they would be put to heavy losses has been a sufficient deterrent.

It is, therefore, hoped that Government would step in with their stock piling programme, and make it their business, to ensure adequate imports of important non-ferrous metals, for the entire non-ferrous metal industry depends almost wholly on imports of adequate quantities from abroad.

Quick Silver

Mercury is again in the news, following swift rise in the USA market, where prices of quicksilver have advanced sharply from $185 to $220 within the past one month. It is also reported that Spain which is the second largest producer of quicksilver in the world, next to Italy, is contemplating a further rise in prices from the present quotations of $200 f.o.b. per flask of 75 lbs.

The consistent rise in the prices of quicksilver, following the Korean war, from $52 a flask to the present peak levels has exceeded all expectations. It is true, that before devaluation, quicksilver was quoted around $98, but later there was a steep fall on account of the keen competition between Italy and Spain, the two largest producers and mercury had slumped in consequence to $52 on the eve of the Korean war.

India should be vitally interested in the recent trend of quicksilver, as following the liberalisation of import policy in August last, when it was included in the O.G.L. list, there was a mad scramble for imports of mercury and imports during 1950-51 have exceeded 41,000 flasks, i.e., 1,408 metric tons out of an estimated world production of 4,000.

The present stocks in the country are to put down to about 50,000 flasks, which are enough to meet total requirements for over 12 years, taking the annual consumption at a liberal figure of 4,000 flasks per year. It may be incidentally mentioned that in 1949-50 only about 1,800 flasks were imported, whereas in 1948-49 the imports totalled about 9,800 flasks as mercury had been put under O.G.L. just then.

In view of this peculiar situation of " plenty amidst scarcity ", it is strange that the Government of India have so far not thought it worthwhile to either permit re-export of quicksilver to the trade, or themselves arrange a barter of this scarce strategic material against imports of equally scarce copper from the USA, as the country would stand to benefit greatly in either case, since the price of mercury in the Indian markets is around Rs. 400 per flask as compared to the equivalent c. and f. parity of Rs. 1,045 in the New York market.

It is understood that the trade had submitted proposals for re-exports on more than one occasion in the past but the Government had summarily rejected them on the ground that mercury was a strategic material. Even assuming that the Government of India have thought of some new use for quicksilver, not so far thought of in the country, it baffles one's understanding how even in the event of a war, India would need such a large quantity which lies altogether unutilised, except as a possible hedge against falling value of money. We should have thought that in this atomic age, even if there be a World War, it would not last for more than two or three years. The Government would do well to reconsider, at an early date, the advisability of bartering the far too excessive stocks of quicksilver against the scarce copper, zinc and other strategically important non-ierrous metals in the larger interests of the country.