

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE

Responses to Questions on Notice

Australia's trade and investment relationship with the United Kingdom

WEDNESDAY, 16 AUGUST 2017

CANBERRA

Question on Notice: *Why are Australian lead exports to the United Kingdom so high?*

The majority of the lead by value (99.85% - see **Attachment B**) that is exported from Australia to the United Kingdom is of an “*unwrought, unrefined form that is not containing by weight antimony as the principal other element*”.¹ This specific form of lead comes from the Glencore Mount Isa Mines. The lead is smelted into a concentrate and then purified further to produce 99.6% pure lead bullion, which is cast into 4.1 tonne blocks. The lead bullion is then transported via train to the Port of Townsville, where it is shipped to Glencore's Britannia Refined Metals refinery in the UK. The UK refinery uses a trademarked smelting process, ISASMELT², to produce lead ingots that meet the London Metal Exchange's purity specifications (minimum of 99.97%).

Australia also exports other manufactured high value lead lines to other trade partners. For example “*unwrought refined lead*” (tariff line 78011000) has annual total export value of around \$400 million to \$600 million from year to year and is largely exported to developing Asian countries such as China, Malaysia, India, Pakistan, Korea. Annual exports of “*lead ores and concentrates*” (tariff line 26070000) range from around \$500 million to over \$1 billion and is mostly exported to China, Japan and Korea. More detailed figures on Australia's lead exports are in **Attachment A**.

Question on Notice: What sort of volumes are these exports?

The table below identifies the volumes of unwrought lead being sent to the United Kingdom:

		2010	2011	2012	2013	2014	2015	2016
78019900 Unwrought, unrefined, lead, not containing by weight antimony as the principal other element	Value (\$ million)	\$404.83	\$328.38	\$486.55	\$404.15	\$301.45	\$466.56	\$532.31
	Tonnes	144,615	99,450	158,380	138,803	108,634	164,928	152,816

¹ This is the official commodity description for the tariff line 78019900. Further, the term unwrought covers different degrees of purity, from impure lead bullion or argentiferous lead to electrolytically refined lead.

² ISASMELT, is an energy efficient smelting process that was jointly developed in the 1970s by Mount Isa Mines Limited and the CSIRO. The process is used for smelting lead, copper and nickel

Correction: Tariff facing lead imports in UK

The statement that lead entering the EU face 1.3% tariff was not correct. The form of lead that forms the overwhelming majority by value entering into the United Kingdom (i.e. *“unwrought, unrefined form that is not containing by weight antimony as the principal other element”* tariff line 78019900) does not face a tariffs under TARIC (*Tarif Intégré de la Communauté*; the Integrated Tariff of the European Communities). The forms of lead exported from Australia to the UK that *do* face tariffs are oxidised lead (5.5%), some unwrought refined lead (2.5%) and some lead sheets and articles (5.0%). Further details on Australian lead exports to the UK and the tariffs that they face can be found in **Attachment B**.

Attachment A

Australian lead exports from 2010-2016 by value (AUD)

	2010	2011	2012	2013	2014	2015	2016
Lead ores and concentrates	\$1,182,199,174	\$1,252,465,489	\$1,192,422,205	\$1,056,289,337	\$991,850,695	\$949,276,852	\$516,085,204
Lead monoxide	\$1,327,171	\$1,762,080	\$8,833,695	\$2,045,618	\$3,855,721	\$2,488,647	\$1,333,222
Lead oxides, red lead and orange lead	\$804	\$336,862	\$31,703	\$146,941	\$202,842	\$542,769	\$95,351
Unwrought refined lead	\$365,243,190	\$591,322,326	\$397,899,576	\$490,306,127	\$547,043,995	\$552,894,687	\$584,512,211
Unwrought lead (excl. refined) containing by weight antimony as the principal other element	\$15,630,101	\$9,286,483	\$1,942,721	\$3,565,840	\$5,574,424	\$837,285	\$2,501,276
Unwrought, unrefined, lead, not containing by weight antimony as the principal other element	\$404,833,112 (144,615 Tonnes)	\$328,381,992 (99,450 Tonnes)	\$486,550,007 (158,380 Tonnes)	\$404,152,449 (138,803 Tonnes)	\$301,448,538 (108,634 Tonnes)	\$466,562,546 (164,928 Tonnes)	\$532,314,128 (152,816 Tonnes)
Lead waste and scrap	\$34,365,278	\$33,494,878	\$28,350,727	\$16,050,888	\$34,090,247	\$36,223,070	\$49,929,354
Lead sheets, strip and foil of a thickness not exc 0.2 mm	\$1,069,331	\$380,496	\$99,736	\$52,487	\$171,652	\$46,684	\$71,419
Lead sheets, strip and foil of a thickness exc 0.2mm	\$194,229	\$65,669	\$112,344	\$56,495	\$17,916	\$2,118,366	\$2,991,309
Lead powders and flakes	\$4,765		\$6,721,567	\$24,650,982	\$3,532,360	\$9,508,156	\$10,194,611
Articles of lead	\$7,223,308	\$565,623	\$518,745	\$669,545	\$1,806,769	\$3,769,151	\$3,795,730
Grand Total	\$2,012,215,251	\$2,218,422,115	\$2,123,483,026	\$1,997,986,709	\$1,889,595,159	\$2,024,268,213	\$1,703,823,815

Attachment B

Commodity Code/ Tariff Line	Commodity Description	Average annual Export to UK between 2010-16	Percentage of Export to UK	EU Tariff (TARIC)
26070000	Lead ores and concentrates	\$564,843	0.12%	0.0%
28241000	Lead monoxide (litharge, massicot)	\$30,122	0.01%	5.5%
28249010	Red lead and orange lead	\$-	0.00%	5.5%
28249090	Lead oxides (excl. lead monoxide (litharge, massicot))	\$-	0.00%	5.5%
28249092	Lead oxides, red lead and orange lead (excl. lead monoxide (litharge, massicot))	\$-	0.00%	5.5%
78011000	Unwrought refined lead	\$112,231	0.02%	2.5%
78019100	Unwrought lead (excl. refined) containing by weight antimony as the principal other element	\$-	0.00%	0.0%
78019900	Unwrought, unrefined, lead, not containing by weight antimony as the principal other element	\$487,373,742	99.85%	0.0%
78020000	Lead waste and scrap; excluding waste and scrap of primary cells, primary batteries and electric accumulators	\$-	0.00%	0.0%
78020000	Lead waste and scrap; excluding waste and scrap of primary cells, primary batteries and electric accumulators	\$-	0.00%	0.0%
78041100	Lead sheets, strip and foil of a thickness (excl. any backing) not exc 0.2 mm	\$23,410	0.00%	5.0%
78060010	Lead bars, rods, profiles and wire	\$-	0.00%	0.0%
78060020	Lead tubes, pipes and tube or pipe fittings (eg couplings, elbows and sleeves)	\$-	0.00%	0.0%
78060030	Articles of lead (excl. unwrought lead, plates, sheets, strip, foil, powders, flakes, waste and scrap; waste and scrap of primary cells, batteries or electric accumulators; and goods separately identified in other Chapters of the AHECC)	\$-	0.00%	0.0%
78060090	Lead and articles thereof (excl. unwrought; waste and scrap; plates, sheets, strip and foil; lead powders and flakes; bars, rods, profiles and wire; tubes, pipes and tube or pipe fittings)	\$-	0.00%	5.0%