

The Short-Run World Supply of Copper

This table shows us some relevant cost and production data for the nine largest Copper-producing nations. As we know, in the short-run the shape of the market supply curve for a mineral such as copper depends on how the cost of mining varies within and among the world's major producers.

TABLE 8.1 The World Copper Industry (2006)

Country	Annual Production (Thousand Metric Tons)	Marginal Cost (Dollars Per Pound)
Australia	950	1.15
Canada	600	1.30
Chile	5,400	0.80
Indonesia	800	0.90
Peru	1050	0.85
Poland	530	1.20
Russia	720	0.65
US	1220	0.85
Zambia	540	0.75

Source for Annual Production Data: U.S. Geological Survey, Mineral Commodity Summaries, January 2007.
<http://minerals.usgs.gov/minerals/pubs/mcs/2007/mcs2007.pdf>.
Source for Marginal Cost Data: Charles River Associates' Estimates.

Those data can be used to plot the short-run world supply curve for copper. It is a short-run curve because it takes the existing mines and refineries as fixed. The supply curve for world copper is obtained by summing the marginal cost curves for each of the major copper-producing countries.

Also, as can be seen, the elasticity of supply depends on the price of copper. Low prices – 65 -90 cents, curve is quite elastic. At higher prices – above 1.20\$ per pound – curve becomes more inelastic.

