



Metals Despatch

Newsletter of the International Metals Study Groups

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SOUTHERN AFRICAN GOVERNMENTS OUTLINE PLANS FOR THE FUTURE OF THEIR MINING INDUSTRY

The International Lead and Zinc Study Group, in conjunction with the Namibian Ministry of Mines and Energy, Common Fund for Commodities and Chamber of Commerce of Namibia, held a groundbreaking International Seminar on 'Mining Investment Policy for Base Metals in Southern Africa' at the Safari Hotel and Conference Centre in Windhoek Namibia from 3 to 7 June 2007.



The Honourable Minister of Mines and Energy of Namibia, Mr. Errki Nghimtina, declaring the Seminar open.

The purpose of the Seminar was to encourage investment in mining in Southern Africa, to improve the transparency of industry and government partners, to assess the current state of the industry and to try to agree on a common vision for its future.

The event was over-subscribed with more than 100 delegates from both government and industry sectors representing 17 countries participating. A high proportion of the Southern African countries that attended were represented at ministerial level.

Papers relating to the Southern African mining industry were presented by the governments of Angola, Botswana, D.R. Congo, Mozambique, Namibia, South Africa, Zambia and Zimbabwe. In addition presentations were made by Anglo American, Rio Tinto, the African Development Bank, the Australian Government, Japan Oil, Gas and Metals National Corporation (JOGMEC), the ILZSG, the Lead Development Association International and the International Zinc Association.



Mr. Martin Kabwelulu, (centre) the Honourable Minister of Mines of D.R. Congo heading the Congolese delegation

Among the topics highlighted in the discussions were issues related to the increased participation of indigenous business establishments, sustainable development, transparency, supportive regulatory schemes, environmental and health standards for the mining sector and the outlook for the base metals markets.

During the last session of the Seminar the delegates were split into four breakout groups and a common approach for a possible regional strategy within the Southern African Development Community (SADC) framework was identified, as were some of the main core issues that should be addressed, such as; human capital development; harmonization of regulations and policies; foreign direct investment; value addition; emerging markets; and an effective communications strategy.

Both the welcome reception and gala dinner were kindly sponsored by Anglo American/Skorpion Zinc.

Copies of all the papers presented are available in the 'Presentations' section of the ILZSG website at www.ilzsg.org

For further details about the Seminar and outcomes or in the case of any questions please contact Paul White or Ian Burrell of the ILZSG Secretariat at paul.white@ilzsg.org or ian.burrell@ilzsg.org

THE EU NON-FERROUS METALS INDUSTRY ASSOCIATIONS PREPARE FOR REACH

Mr. Christian Canoo (International Zinc Association), **Mr. Hugo Waeterschoot**, (European Nickel Industry Association) and **Mr. David Wilson** (Lead Development Association International) exchanged views in a panel discussion chaired by **Mr. Bård Dagestad** (Norway) during the Study Groups' last Joint Environmental & Economic Committees' meeting, on how their industries are coping with the challenge of preparing for the EU's New Chemical Policy (REACH).

All the metals covered by the Study Groups have recently been subject to risk assessments in the EU, the panel members agreed that there were benefits from using data gathered during risk assessments but that not all this information was fit for purpose for REACH.

To cope with the REACH requirements for registration, the industry associations have begun to form consortia to share data. Each consortium will provide advice, but responsibility for meeting the requirements of REACH registration will rest with each member company.

The panel members informed the Committee that some EU member states were expected to put forward ideas for substances to be authorised as early as June 2007. REACH implementation guidance documents (known as RIPs) are currently being prepared by the European Commission in an inclusive process that has input from industry and a number of non-EU entities and governments such as the OECD, Canada and South Africa.

The panel agreed that a harmonised approach to REACH among the metals was crucial. At the European level a joint workshop has already been held on communicating the implementation of REACH to each metal sector. Areas of uncertainty regarding REACH implementation were being explored together.

For further details of about work underway by the European non-ferrous metals industry associations to prepare for REACH please email ian_burrell@ilzsg.org

NICKEL FORECAST

During its 17th Session held in Lisbon on 10 - 11 May INSG reviewed the current outlook for trends in World supply and demand for nickel during 2006 and 2007 and issued the following forecast:

- Global **primary nickel usage** is forecast to rise by from 1.36 million tonnes in 2006 and to 1.48 million tonnes in 2007 (an increase of 8.8%). The key factor for 2007 remains Chinese demand for nickel and nickel-containing products

- Global **primary refined nickel production** is forecast to rise from 1.39 million tonnes in 2006 to 1.41 million tonnes in 2007 (an increase of 1.4%)
- INSG also discussed **supply side trends** and noted that the production of a new product – Ferro Nickel/Pig Iron had expanded rapidly in China during 2006.

For further details of the outcomes of the INSG meetings or questions on the market outlook please email Sven Tollin at sven.tollin@insg.org

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RECENT STEWARDSHIP INITIATIVES FOR NON-FERROUS METALS

During a joint meeting of the International Study Groups' Economic and Environment Committees member countries were briefed on two initiatives that had recently been launched to provide guidance for stewardship of non-ferrous metals.

Ms. Helen Clarke (Australia) described the Government of Australia's handbook on stewardship, published as part of its "Leading Practice Sustainable Development Program". She explained that Australia's approach aimed at optimising the economic, social and environmental outcomes of each stage of the life cycle of metals.

Australia has promoted a co-regulation concept designed to ensure a level playing field for those companies that undertake to participate in voluntary stewardship schemes vis-a-vis other companies that remained outside such arrangements.

Dr. Ben Davies of the International Council for Mining and Metals (ICMM) updated the Committee on ICMM's recently published guidebook for implementing stewardship schemes in the metal and minerals industries. There were three elements to ICMM's approach to developing stewardship for the non-ferrous metals industry - a set of agreed principles, a public reporting system and an independent assurance and verification system.

ICMM's guidebook focuses on advising metal producers and users on understanding market flows, building relations, optimising production and developing information databases to improve decision making.

For further details of these two metals stewardship initiatives please email ian_burrell@ilzsg.org

LEAD AND ZINC FORECAST

The current outlook for World and Western World supply and demand for lead and zinc was presented during ILZSG's Spring meetings on 14 May and the following forecast was published:

- Global **lead usage** was forecast to rise by 4.1% in 2007 to 8.26 million tonnes
- Global **lead mine production** was expected to rise by 10.7% to 3.79 million tonnes with the most significant rises in China (11.9%) and, despite the temporary closure of Ivernias's Magellan mine, Australia (16.4%)
- Global **refined lead metal production** in 2006 is predicted to increase by 6.1% and by a further 3% in 2007, driven by further anticipated rises in

China of 14.8% in 2006 and 4.5% in 2007

- ILZSG anticipates that global **usage of refined zinc metal** will increase by 4% to 11.45 million tonnes, primarily driven by growth in Asia
- It was anticipated that increases in a number of countries including Australia, Bolivia, Canada, China, Kazakhstan, Peru, the Russian Federation and the United States will result in a significant rise in global **zinc mine output** of 9.4% to 11.35 million tonnes
- **Global refined zinc production** was forecast to increase by 6.9% to 11.40 million tonnes.

For further details of the outcomes of the ILZSG meetings or questions on the market outlook please email Paul White at paul_white@ilzsg.org

COPPER FORECAST

During the 15th ICSG General session in Lisbon on 15-16 May member countries reviewed the current outlook for trends in World supply and demand for copper during 2006 and 2007 and issued the following forecast:

- Global **copper usage** is forecast to rise by 4.7% to 17.8 million tonnes in 2007. Growth is anticipated in China, India and Russia
- Global **copper mine output** is expected to rise by 6.3% to 15.97 million tonnes (Mt) in 2007. In 2008 an additional increase of about 1.2 million tonnes is expected
- Global **refined copper metal production** in 2007 is predicted to increase by 4.3% to 18.07 Mt. In 2008 a further increase of 4.9% to 18.95 million tonnes is forecast
- ICSG anticipates that the **copper market** will have a surplus in 2007 of about 280,000 tonnes. In 2008 the surplus is expected to increase to around 520,000 tonnes.

For further details of the outcomes of the ICSG meetings or questions on the market outlook please email Ana Rebelo at rebelo@icsg.org

CFC/ILZSG/IZA GALVANIZED REBAR REGIONAL WORKSHOPS

Three successful regional workshops on using galvanized rebar in tropical marine conditions have been held over recent months in Cape Town, Singapore and Mexico. The meetings, organized by the International Zinc Association, were made possible through the support of the Common Fund for Commodities and ILZSG.

Reinforced concrete is one of the most widely used modern construction materials. It is inexpensive and readily available and has a range of attractive properties that make it suitable for a variety of building applications. It is also used in exposure conditions which in some cases result in the potential for steel reinforcement to corrode causing cracking and failure of the surrounding concrete.

The objective of the workshops was to educate participants about the problems of steel reinforcement (rebar) corrosion and how they can be solved by the use of hot dip galvanized rebar.

The target was to reach a wide cross section of stakeholders from public works departments, engineering consulting companies, reinforcing steel producers, hot dip galvanizers and galvanizing associations, corrosion consultants and zinc companies.

For more details regarding this project please email ian_burrell@ilzsg.org

NEXT STUDY GROUPS' MEETING DATES

The dates for the next International Study Groups' meetings in Lisbon, Portugal will be:

ICSG: 1 - 2 October 2007

INSG: 2 - 3 October 2007

ILZSG: 4 - 5 October 2007

INSG MEETINGS 10 & 11 MAY 2007

Around 60 delegates from member countries, industry and observing countries met in Lisbon on 10 May to review statistical, economic and environment and health issues related to nickel.

Delegates reviewed the INSG primary nickel market statistics in detail, and discussed the market forecast, which was prepared by the Secretariat based on information provided by governments and industry. In 2006, global primary nickel production increased by around 4.5% to 1.36 Mt., and was forecast to increase further to 1.45 Mt this year (+9%). Nickel usage (consumption) reached an all-time high of 1.93 Mt in 2006, and is forecast to increase this year by 1.5% to 1.41 Mt. The global market deficit in 2006 will become a surplus in 2007.

To get a better understanding of the total nickel demand and supply, the INSG currently puts efforts into enhancing information on nickel recycling. Therefore time series on nickel use in the main first-use nickel markets have been prepared, which are used as a basis to estimate the future availability of nickel in scrap. Initial results of a study on nickel use in stainless steel indicate that nickel supply from old scrap would follow the strong increase in stainless steel production since the mid 1990s with a delay of 20 to 25 years.

Leading market specialist, Mr. Heinz Pariser, reviewed the stainless steel scrap market and the market for primary nickel. Demand was very strong in all sectors, but he warned of substitution away from nickel in stainless steel because of the current high nickel price. Opinions differed on the significance of the substitution. Mr. Jim Lennon of Macquarie Bank made a presentation on the increasing production of nickel pig iron, an alternative nickel feed for stainless steel from low grade nickel ores, produced and used mainly in China. Mr. Carlos Nogueira da Costa and Mr. Jones Belther, representing the Brazilian Government and Votorantim respectively, provided an update on the current and future nickel industry in Brazil.

The representative of Sweden, Mr. Sven Arvidsson, reviewed nickel production and use in that country.

ICSG CONVENES 15TH GENERAL SESSION

Representatives from 15 member governments, three observer governments and three observer organizations attended the International Copper Study Group's 15th General Session at ICSG's Headquarters in Lisbon on Tuesday 15 and Wednesday 16 May 2007. The 15th General Session included meetings of the ICSG Industry Advisory Panel, Statistical Committee, Environmental and Economic Committee, Finance & Standing Committees and a Plenary Session. Highlights of the Session included presentations on the Iran Copper Industry (Dr. Seyed Hassan Khoshrou, National Iran Copper Industries Company), Community Based Arrangements (Mr. Olle Ostensson, UNCTAD), the Impacts of High Copper Prices on the Copper Sector, (Tony Lea, ICA and Mrs. Li Lan, BGRIMM), the

Outlook for Copper Recyclables in Japan (Mr Yasumasa Katoh, MERIJ), as well as presentations on ICSG-commissioned studies of the Russian

Copper Market (Mr. Igor Petrov and Mr. Konstantin Levin, Infomine) and the Chinese Copper Market (Mrs. Li Lan, BGRIMM). ICSG meetings provide a unique opportunity for industry people to meet and interact with government representatives from around the world.

ILZSG AT EGGA ANNUAL ASSEMBLY

The European General Galvanisers Association (EGGA) held its 2007 Annual Assembly at the George Hotel in Edinburgh from 10 to 14 June. The event was attended by about 150 delegates representing different sectors of the general galvanising industry in Europe.

Topics covered during the course of the Assembly included 'A Review of European Markets', 'The EU Construction Industry Outlook', 'The Market for Galvanised Steel Furniture in France', 'The Environmental Case for Steel', and a research update on 'Galvanised Reinforcement for Concrete'.

Paul White, ILZSG's Head of Forecasting and Statistics presented a paper on 'Zinc Trends and Prospects' covering the major developments in the zinc market over the past few years and analysing the short term outlook.

For copies of this paper please contact the ILZSG Secretariat at paul.white@ilzsg.org

ICSG PARTICIPATE IN KEY CFC COPPER PROJECT MEETING IN INDIA

Joe Pickard, ICSG Economist, travelled to Mumbai, India on 8 March 2007 to attend the 2nd Steering Committee meeting of the CFC-funded and ICSG-supervised "Transfer of Technology for High Copper Pressure Die Casting in India" project. The objectives of the project are to transfer technology for high pressure copper die castings to manufacturers of rotors, motors, and motor systems. Currently, the Project Executing Agencies are identifying three specific copper motor rotor applications. Mr. Pickard, along with representatives from CFC and the International Copper Association, also toured the Nonferrous Materials Development Technology Centre facilities located in Hyderabad, India, where the new applications will be designed.

Joint Study Groups' Recycling Seminar

The Study Groups and non-ferrous metals industry associations will meet in Lisbon from 1.30pm to 5.30pm on 3 October 2007 in a joint seminar to take forward the work done on estimating recycling efficiency rates. For more details email paul.white@ilzsg.org

Forthcoming Events

6th International Copper Conference – Cu2007 to be held in Toronto, Canada, 25 - 30 August 2007. Contact Chris Twigge-Molecey ctwigge-molecey@hatch.ca for more details

7th Asia Pacific General Galvanizing Conference, Beijing, China 14 – 17 September 2007. Organised by the Chinese Society for Corrosion Protection. Visit <http://www.7apggc2007.com/> for more details.

International Copper Study Group (ICSG)
Tel: + 351 21 351 3870
Fax: + 351 21 352 4035
e-mail: mail@icsg.org
Website: www.icsg.org

International Lead & Zinc Study Group (ILZSG)
Tel: + 351 21 359 2420
Fax: + 351 21 359 2429
e-mail: root@ilzsg.org
Website: www.ilzsg.org

International Nickel Study Group (INSG)
Tel: + 351 21 356 7030
Fax: + 351 21 356 7039
e-mail: insg@insg.org
Website: www.insg.org

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Publications

The Use of Zinc in Construction & Public Infrastructure

Extensive 45 page report that examines the most significant end use sector for zinc. Attention is given to the markets for sheet zinc, galvanized sheet steel and galvanized steel frames. The report concludes that high zinc prices may result in limited substitution but that prospects look good due to continuing growth in Asian construction and infrastructure.

Published by ILZSG March 2007

ICSG China Study – 2007 Edition

Traces the evolution of copper mine, smelter, refinery and semis production, copper usage and copper recycling (1994-2005). It looks at Chinese overseas investments in copper production and the main foreign semis manufacturing operations in China. It concludes with prospects for the Chinese copper industry in 5 years and 10 years and the potential of import substitution for fabricating, smelting/refining and mining. This study has been complemented by a study assessing the impact of high copper prices in the Chinese industry in terms of potential substitution.

Published by ICSG June 2007

ILZSG Lead & Zinc New Mine & Smelter Projects Mines

A principal source of information on new developments in the lead and zinc industries for 43 years. This 79 page report contains comprehensive data gathered from ILZSG's extensive network of sources worldwide. In total, over 200 entries from 42 countries are listed. The report includes extensive details of new projects in China.

Published by ILZSG January 2007

INSG World Directory of Nickel Production Facilities

Comprehensive directory lists nickel mines, smelters and refineries as well as new nickel industry developments (committed, likely and potential) together with recent closures in more than twenty countries.

Published by INSG October 2006

New Edition of Directory of Copper Mines and Plants

The March 2007 edition highlights current capacity and provides a five-year outlook of forecasted capacity for over 700 existing and planned copper mines, smelters, and refineries on a country by country basis.

Published by ICSG March 2007

ICSG Russian Copper Market Study

This extensive study gives a detailed overview of the Russian copper industry since 1990 in terms of mine, smelter, refined and semis production, trade and usage. The report also examines the prospects for industry evolution over the next 10 years.

Published by ICSG July 2007

To place an order or for further information about the above and other publications published by the International Metals Study Groups please contact: sales@ilzsg.org for ILZSG reports, mail@icsg.org for ICSG reports, and insg@insg.org for INSG reports.