



Metals Despatch

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LEAD AND ZINC FORECAST

The current outlook for World and Western World supply and demand for lead and zinc was presented during ILZSG's 52nd Session on 4-5 October 2007 and the following forecast was published:

- Global **lead usage** was forecast to increase by 4.1% in both 2007 and 2008 to 8.32 million tonnes and 8.67 million tonnes respectively
- Global **lead mine production** is forecast to increase by 5.5% to 3.64 million tonnes in 2007 and 10.4% to 4.02 million tonnes in 2008. The principal rises will be in China and Bolivia.
- Driven primarily by rises in Canada, China, India, Kazakhstan, Poland, the United Kingdom and the United States **global output of refined lead metal** is expected to rise by 3.9% to 8.23 million tonnes in 2007 and by 5.4% to 8.67 million tonnes in 2008.
- Global **zinc mine output** is forecast to increase by 7.4% to 11.18 million tonnes in 2007 and by 9.5% to 12.24 million tonnes in 2008
- The recently-opened San Cristobal mine will substantially boost production in Bolivia. Australian and Canadian output is also predicted to rise sharply, influenced by the commissioning of a number of mines in both 2007 and 2008. Anticipated rises in Peru will be principally the result of increases at the Antamina mine and the opening of Minera Milpo's Cerro Lindo operation
- **Global refined zinc production** was forecast to increase by 5.9% to 11.32 million tonnes in 2007 and by 7.8% to 12.2 million tonnes in 2008.

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 30th meeting of the ICSG Statistical Committee in Lisbon on 1 October 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 5.2% to 18 million tonnes in 2007 and a further 3.8% to 18.7% in 2008. Growth is anticipated in China, India and Russia
- Global **copper mine output** is expected to rise by 5.1% to 15.79 million tonnes (Mt) in 2007. In 2008 an additional increase of about 1.2 million tonnes (+7.6%) is expected
- Global **refined copper metal production** in 2007 is predicted to increase by 4.4% to 18.12 Mt. In 2008 a further increase of 4.6% to 18.95 million tonnes is forecast
- ICSG anticipates that the **copper market** will have a surplus in 2007 of about 111,000 tonnes. In 2008 the surplus is expected to increase to around 249,000 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

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NICKEL FORECAST

During its 18th Session held in Lisbon on 2-3 October 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** was forecast to fall from 1.4 million tonnes in 2006 and to 1.35 million tonnes in 2007 (a decrease of 3.6%). A recovery in usage was expected for 2008 due to increasing demand for nickel containing products in China
- Global **primary refined nickel production** was forecast to rise from 1.47 million tonnes in 2007 to 1.57 million tonnes in 2007 (an increase of 6.8%)
- 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 and 2007.

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

JOINT STUDY GROUPS AND INDUSTRY ASSOCIATIONS RECYCLING SEMINAR

A successful seminar on statistical and policy approaches to recycling efficiency was held at the Study Groups' headquarters in Lisbon, Portugal on 3 October 2007. The seminar brought together more than 60 participants drawn from Study Group member governments, the international metals industry associations (including aluminium and steel in addition to the usual four Study Group metals), and industry representatives.

The seminar had three principal aims:

- To take stock of the work done by the Study Groups and industry associations to advance methodology on calculating the end-of-life recycling efficiency rate (RER) for metals
- To hear how governments approach the question of recycling efficiency when formulating policy
- To agree a way forward for improving data on recycling efficiency.

Mr Raymond Sempels, Director of International Zinc Association-Europe, summarised the Study Groups/Industry Associations Recycling Project Team's work on recycling efficiency rates. He explained that metals have a strong message relating to their sustainability in that they are fully recyclable. However, the metals industry needed to demonstrate this claim through the provision of transparent data to derive recycling efficiency rates.

National and international approaches to recycling efficiency were summarised by **Mr Christian Brittle** of the US Department of Commerce, **Mr Fernando Lins** of the Brazilian Ministry of Mines and Energy and **Mr Ross Bartley** of the Bureau of International Recycling (BIR).

Central to the seminar were presentations on metal-specific approaches to using the recycling efficiency rates, and a subsequent panel discussion, involving the following metals industry associations representatives: **Mr Simon Payton** of the International Wrought Copper Council, **Mr David Wilson** of Lead Development Association International, **Mr Bruce Mckean** of the Nickel Institute, **Mr Günter Kirchner** of the Organisation of European Aluminium Refiners and Remelters, **Mr Norbert Prüm** of Eurofer as well as Mr Sempels.

The panel agreed that the work on recycling efficiency rates meant that the challenge of generating good data on collection and recovery of metals was now well understood. In addition it had emphasised the need to improve communication along the value chain since it was the scrap industry rather than the metals industry that determined recycling efficiency through its collection networks.

Industry believed that there was a need for regular updated data on scrap collection and recovery. In this respect the Study Groups and their member governments could play a role in promoting data collection and analysing its accuracy.

For further details of about work underway on recycling efficiency by the Study Groups please email paul.white@ilzsg.org (for lead and zinc), ian.burrell@ilzsg.org (for nickel) and Risopatron@icsg.org for copper. The presentations given at the Seminar may be viewed by visiting: <http://www.ilzsg.org/presentations.asp>

INSG HOSTS TEAM STAINLESS MEETING IN LISBON

The International Nickel Study Group hosted a meeting of "Team Stainless" at the Study Group's headquarters in Lisbon on 23 October 2007. Team Stainless brings together representatives of the Nickel, Stainless Steel, Chromium and Molybdenum, industry development associations.

Sven Tollin, Chief Statistician of INSG briefed the Team on the outlook for primary nickel supply and demand and shared the market forecast for nickel that had been agreed by INSG at its last meeting. Ian Burrell, INSG Head of Environment and Economics provided an update on work underway in the Nickel Study Group on the use of nickel in stainless steel.

Presentations were also given and discussions held on the market for stainless steel, projects to develop stainless steel use and on communicating stainless steel's attributes to targeted audiences.

The meeting also discussed the issue of communicating information about stainless steel plant regulatory compliance to local communities and how to share best practice across the stainless steel industry.

For more information on Team Stainless please email don_smale@ilzsg.org

NEXT STUDY GROUPS' MEETING DATES

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

INSG: 21 - 22 April 2008

ILZSG: 23 April 2008

ICSG: 24- 25 April 2008

INSG MEETINGS 2 - 3 OCTOBER 2007

Around 60 delegates from member countries, industry and observing countries/organisations met in Lisbon on 2-3 October 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 (please see above).

Mr Magnus Ericsson of the Raw Materials Group gave a presentation on "Nickel Industry Supply – what lies ahead?" in which he touched on the issues of industry structure, the location of new projects and trends towards bigger mine size and integration.

Mr Peter Kaumanns of the International Stainless Steel Forum (ISSF) summarised developments in the stainless steel markets. He focused on the effect that elevated nickel prices had on the demand for stainless steel, its stock cycle and the on-going pivotal role of China.

Mr David Wilson of Norilsk Nickel gave a presentation on the "Nickel Market Outlook". He explained that the rise in nickel prices during 2007 was based on market fundamentals, but that these could not fully account for the size of the price rises.

Mr Constantine Thanasoulas, Chief Executive Officer of LARCO, provided an overview of the world ferro-nickel industry and of his company's ferronickel activities in Greece.

Mr Michel Vander Straeten, of the European Nickel Industry Association, briefed the meeting on the main environmental, health and safety (EHS) issues that are likely to affect European nickel production and usage over the medium term. He briefed the Study Group on the nickel industry's preparations for risk reduction, REACH (the EU's new chemicals policy), and the EU's emerging sustainability agenda.

ICSG CONVENES 30TH REGULAR MEETING

Representatives from 16 member governments, five observer governments and two observer organizations attended the International Copper Study Group's 30th Regular Meeting at ICSG Headquarters in Lisbon on 1-2 October 2007.

The 30th Regular Meeting included meetings of the ICSG Industry Advisory Panel, Statistical Committee, Environmental and Economic Committee, and Standing and Finance Committees.

Highlights of the meeting included presentations on regulation and environmental legislation (Ms Lene Madsen, ECI and Mr Carlos Risopatron, ICSG), copper price volatility (Mr Robin Bhar, Head of Commodities, UBS, London, Mr Allan Williamson, Trafigura Ltd., Dr Eduardo López, Central Bank of Chile), current developments in the Mongolian copper industry (Mr Bold Sandagdorj, Mongolian Ministry of Industry and Trade), and the impacts of globalization on copper demand (Mr Jon Barnes, CRU), as well as a Forecasting Forum and a comparison and analysis of the accuracy of ICSG statistical forecasts.

As part of ICSG's ongoing efforts to strengthen its Industry Advisory Panel, a subsequent meeting of the IAP was held during LME week in London on 11 October 2007 that was attended by representatives of 15 different firms, associations, governmental or intergovernmental agencies.

ICSG meetings provide a unique opportunity for industry people to meet and interact with government representatives from around the world.

Forthcoming Events

11th European Lead Battery Conference, to be held in Warsaw, Poland, 23-26 September 2008. Organised by the Lead Development Association International. See <http://www.ldaint.org> for details.

2008 International Zinc Conference and the the International Zinc Oxide Industry Conference, Scottsdale, Arizona, USA - February 24-27, 2007. For further information please visit http://www.zinc.org/2008_zinc_conference.html

ILZSG MEETS IN ITS 52ND SESSION

The international Lead and Zinc Study Group held its 52nd Session in Lisbon, Portugal on 4 – 5 October 2007. More than 150 delegates drawn from 28 countries and four observer organisations participated in the meeting.

The keynote address was given by Mr Joseph Iita, Permanent Secretary, Ministry of Mines and Energy, Namibia. Mr Iita's speech outlined the results of the successful Seminar on Mining Investment in Southern Africa that had been hosted by Namibia and organised by ILZSG with the financial support of the Common Fund for Commodities. The Seminar brought together ministers of mines from six southern African countries and high ranking officials from a further two countries.

During the Study Group's Statistical and Forecasting Committee an updated report was presented on the accuracy of ILZSG's forecasts for the year 2006. The Committee also received a presentation from Mr Landi Themba, Chief Mineral Economist of the South African Department of Minerals and Energy on "The Next Steps for a Mining Giant". A presentation was also made by the Commercial Vice President of Breakwater Resources, Mr Steven Hayes, on his company's international lead and zinc operations.

The Study Group's Mine and Smelters Projects Committee reviewed openings, closures and expansions of lead and zinc mines and smelters during 2007. A report was received by Mr Andrzej Szary, Commercial Director of Boleslaw Mine and Metallurgical Plant on 'Lead and Zinc in Poland'. This update was particularly relevant in view of the fact that Poland had recently rejoined the Study Group.

The Industry Advisory Panel received excellent presentations from panel members Mr Hajime Myoi, General Manager, Research and Planning, Mitsui Mining and Smelting, and Mr Javier Mendez, Marketing Manager, Compania Minera Antamina SA.

A wide range of issues were discussed during ILZSG's Economics and Environment Committee including the development of new zinc coatings for the automotive industry and advancing the use of galvanized rebar. The Committee received a presentation from Mr Mark Stevenson, Technical Manager Lead of Nyrstar on "Improvements in Advanced Lead-Acid Battery Technology" that also explained the surge in demand in China for lead-acid batteries used to power electric bicycles.

Mr José Mogrovejo of Doe Run Peru gave a presentation that explained his company's approach to corporate social responsibility at its operation located in the community of La Oroya. Mr Juan Caicedo, Programme Officer, Chemicals Branch also gave a presentation on the United Nations Environment Programme's lead and cadmium activities.

The Committee concluded with reports from the international lead and zinc industries on preparations to form consortia to handle the registration requirements for lead and zinc compounds that arise from REACH, the EU's new chemicals policy.

METALS STUDY GROUPS ATTEND THE INTERGOVERNMENTAL FORUM ON MINING, METALS AND SUSTAINABLE DEVELOPMENT HELD AT THE UNITED NATIONS

ILZSG and INSG Head of Economics and Environment, Ian Burrell, attended the Intergovernmental Forum on Mining, Metals and Sustainable Development held at the UN in Geneva on 16 – 19 September. Mr Burrell represented all three metals Study Groups as an invited observer at the meeting.

The Intergovernmental Forum comprises 38 national governments drawn mainly from developing countries and stemming from an initiative of Canada and South Africa. It was established in 2005 as a result of a proposal put forward at the 2002 World Summit on Sustainable Development in Johannesburg, South Africa.

The 2007 meeting of the Forum focused on policies and practices by governments to ensure the optimisation of benefits from mining both at the community and national levels. Discussion touched on ensuring best practice at the exploration and mining stages, and on how to encourage the establishment of supplier and downstream industries related to mining.

Member countries decided to begin assessing their national progress in the application of sustainable development mining practices. Mining will be on the agenda of the next UN Council on Sustainable Development (UNCSD) meeting which is scheduled for 2010/2011.

It was agreed that the next meeting of the Forum would discuss the issue of appropriate fiscal regimes in relation to investment decisions, revenue sharing, mine closures and abandoned mines.

For more information on the Intergovernmental Forum please contact Mr Andre Bourassa at the Forum Secretariat. Email aboutass@nrcan.gc.ca

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

ILZSG Member States:
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Publications

The World Copper Factbook 2007

The World Copper Factbook provides the latest information regarding all facets of copper: from how it is produced, traded, and used, to health, environmental, and sustainable development issues. The 2007 edition contains detailed information on global copper recyclables use and copper semis capacities, production and trade. Filled with facts, figures and explanations, ICSG's World Copper Factbook is a useful reference guide to raise public awareness of copper's importance and its contribution to society.

Published by ICSG November 2007

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

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.

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

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.