



Metals Despatch

Newsletter of the International Metals Study Groups

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LEAD AND ZINC FORECAST

The outlook for World and Western World supply and demand for lead and zinc was presented during the 53rd Session of the ILZSG held in Lisbon on 9-10 October 2008. Highlights include:

- Global **lead demand** was forecast to increase 5.7% in 2008 to 8.65 million tonnes, driven largely by strong growth (+19.1%) in China. Demand in Europe is anticipated to decline by 2.1% in 2008. Global demand is expected to rise a further 4.4% in 2009 to 8.99 million tonnes.
- Global **lead mine production** is forecast to reach 3.88 million tonnes in 2008 and rise 2.2% to 3.97 million tonnes in 2009. The principal increases in 2009 production will be in Bolivia, China, Russia and Mexico.
- Global **output of refined lead metal** is expected to reach 9.0 million tonnes in 2009. It is anticipated the **refined metal balance** will be a surplus of 30,000 tonnes in 2008 and close to balance in 2009.
- Global **zinc usage** was forecast to increase 3.8% in 2008 to 11.78 million tonnes, and a further 3.3% to 12.18 million tonnes in 2009.
- Global **zinc mine output** is forecast to increase to 12.2 million tonnes in 2009. Expansion of production was expected in Latin America, Europe and Asia.
- **Global refined zinc production** was forecast to increase by 5.1% to 11.93 million tonnes in 2008. and then rise another 4,8% to 12.5 million tonnes in 2009.
- **India's production** of refined zinc metal for 2008 at 640,000 million tonnes, puts it at fourth place among world producers.
- The latest **forecasts** supplied by the Group's member countries indicate that global supply of refined zinc metal will exceed demand by 150,000 tonnes in 2008 and by 330,000 tonnes in 2009 as growth in supply exceeds demand.

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 32nd Regular Meeting of the International Copper Study Group in Lisbon on 6-7 October 2008 member countries reviewed the current outlook for trends in World supply and demand for copper during 2008 and 2009 and issued the following forecast:

- Global **copper usage** is forecast to rise by 3% in 2008 to 18.25 million tonnes (Mt) due in part to slower growth in apparent refined usage in China. World copper usage is expected to rise 3.4% in 2009 to 18.9 Mt.
- Global **copper mine output** is expected to only rise 1.8% in 2008 to 15.7 Mt and increase by 10.7% in 2009 to 17.4 Mt due to new mine developments and increased capacity utilization.
- Global **refined copper metal** production in 2008 is predicted to increase by 1.9% to 18.4 Mt and expand 4.3% in 2009 to 19.2 Mt.
- ICSG anticipates that the **copper market** will have a surplus in 2008 of around 109,000 tonnes and that the surplus will expand to nearly 277,000 tonnes in 2009.

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

The International Nickel Study Group met in Lisbon on 6-7 October, and reviewed the current outlook for trends in World supply and demand for nickel during 2007, 2008 and 2009 and issued the following forecast:

- Global **primary nickel usage** was forecast to rise from 1.31 million tonnes in 2007 to 1.38 million tonnes in 2008 and to 1.44 million tonnes in 2009. As in recent years this is driven largely by increasing demand for nickel containing products in China
- Global **primary refined nickel production** was forecast to decline from 1.43 million tonnes in 2007 to 1.41 million tonnes in 2008 and then recover to 1.55 million tonnes in 2009.
- INSG also discussed **market trends** and noted that world primary nickel usage in 2008 started well but dropped as economic conditions weakened. Recovery in usage is not anticipated until well into 2009.

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 CNIA/STUDY GROUPS' METALS IN CHINA SEMINAR

In conjunction with the China Non-Ferrous Metals Industry Association (CNIA), the International Lead and Zinc Study Group (ILZSG), the International Copper Study Group (ICSG) and the International Nickel Study Group (INSG), held a Joint Seminar on "Metals in China" on 8 October 2008. Mr Shang Fushan, Vice President CNIA and Mr Pan Wenju, Secretary General, CNIA, delivered the keynote presentation on "China's Non-Ferrous Metals Industry." Other speakers from China included Mr Li Yusheng, Copper Expert, from Antaiko/CNIA, on "Chinese copper market and industry", Mr Bian Gang, Director General, CNIA and Mr Liu Bin, Engineer, CNIA, on "China's nickel market and industry", a presentation on Stainless Steel in China by Mr. Xinfang Jiang, President of Shanghai Tsingshan Mineral Co., and Mrs. Feng Juncong, Lead/Zinc Expert, Antaiko/CNIA, who spoke on "China's lead/zinc market and industry".

Other presentations were made by Mr Simon Hunt, Simon Hunt Strategic Services, who focused on copper, Mr. Thomas Benedix of the Tiberius Group who talked about the overall metals market, Mr. Peter Kaumanns, Director, Economics & Statistics, International Stainless Steel Forum, and Ms. Claire Hassall, Principal, CHR Metals, UK, speaking on

"Chinese Lead and Zinc demand". The seminar was followed by a reception hosted by RBS-Sempra Metals Ltd.

For further details of about work underway in the Study Groups please email paul.white@ilzsg.org (for lead and zinc), curtis.stewart@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>

NEXT STUDY GROUPS' MEETING DATES

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

ICSG: 20-21 April 2009

ILZSG: 22 April 2009

INSG: 23-24 April 2009

Joint Study Groups' Seminar on 22 April 2009: "The Impact of Energy Issues and Climate Change Policies on the Non-ferrous Metals Industry"

INSG October Meetings: 6-7 October 2008

Around 60 delegates from member countries, industry and observing countries/organisations met in Lisbon on 6-7 October at the INSG October meeting 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. Details of the forecasts are provided above.

The Environmental and Economic Committee of the INSG received presentations on environmental regulation and international policy initiatives that may affect nickel as well as information from industry. Mr. Stephen Barnett, President of Nickel Institute spoke on the latest developments with respect to REACH. He outlined the approach being taken in challenging the 'read across' classification of a number of nickel compounds as carcinogenic which the Nickel Institute regards as un-scientific. Mr. Mickey Thompson, Chief Researcher, at Intierra, of Australia, presented information on his firm's Global Nickel Map, a highly useful compilation of data on nickel resources, production and refining. The secretariat provided delegates with information on preparations for the UN Commission on Sustainable Development. The

secretariat also briefed members on the impact of energy issues and climate change policies.

The INSG Industry Advisory Panel heard presentations by experts from Italy and China. Mr. Salvatore Pinizzotto of Xida Market Research Ltd, Italy, made a presentation on Special Steels, defined as steels that contain alloying elements other than carbon. The most important alloying elements are vanadium, chromium, nickel, tungsten, cobalt and molybdenum, used depending on the characteristics desired. Mr. Xinfang Jiang from Shanghai Tsingshan Minerals Co., Ltd, Shanghai, China made a presentation on "Ferro-nickel/NPI Production from Laterite Nickel Ore in China". Nickel ore imports into China are mainly from Indonesia and the Philippines. Nickel ore, coke and electricity are the main factors influencing nickel pig iron production costs and there are several new projects underway in China to produce nickel pig iron.

ICSG CONVENES 32nd REGULAR MEETING

Over 50 representatives from 17 member governments, five observer governments and one observer organization attended the International Copper Study Group's 32nd Regular Meeting at ICSG Headquarters in Lisbon on 6-7 October 2008.

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The Session included meetings of the Statistical Committee, Environmental and Economic Committee and Standing Committee. Highlights of the Statistical Committee meeting included presentations on forecast comparisons, the accuracy of ICSG forecasts, and the ICSG copper production and usage forecasts for 2008/2009 (Ms Ana Rebelo, ICSG), the Forecasting Forum, and presentations on the risks and sensitivities for long-term copper forecasts (Mr Paul Settles, CRU) and the ICSG Country Profile report on the Democratic Republic of the Congo (Mr Joseph Pickard, ICSG).

Highlights from the Environmental and Economic Committee meeting included presentations on the ICSG copper scrap project (Dr D De Sarkar, Indian Copper Development Centre, Mr Sergey Grishaev, INFOMINE Research Group, Mr Li Yusheng, Antaika and Mr Carlos Risopatron, ICSG), constraints on new supply coming on stream (ICSG), REACH and the copper industry (Ms Manuela Ramirez, Atlantic Copper) and copper market fundamentals, capital flows and the global economy (Mr Andreas Hommert, Touradji Capital Management). Member countries approved a new project focusing on constraints on future copper supply coming on stream in the next five years. Work will begin on this project in 2009. All presentations may be viewed by visiting www.icsg.org

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

ICSG Website Update

The International Copper Study Group launches its redesigned and updated website www.icsg.org in early November. The enhanced organization and content will provide visitors with improved access to the latest information about ICSG and our products. As a result, the new website serves as a valuable tool to advance ICSG's work to increase copper market transparency, provide a global forum for industry and governments, and promote international cooperation on matters related to copper.

ILZSG MEETS IN AUTUMN 2008 SESSION

The International Lead and Zinc Study Group held its 53rd Session in Lisbon on 9-10 October. The Study Group received a review of the current outlook for trends in World and Western World supply and demand for 2009. (See details on page 1.) Meetings of the Statistical and Forecasting Committee, Mine and Smelter Committee, Economic and Environment Committee and the ILZSG Industry Advisory Panel were held.

The Industry Advisory Panel met on 9 October and provided an opportunity for members to comment on the latest developments in the lead and zinc market. There was consensus that the current turmoil in the financial markets could result in a sharp fall in metals prices and cutbacks in supply. In the longer term, as economic recovery occurred, this was likely to result in a metals shortage and another price spike which would be damaging to the image of the industry. The Panel received and discussed an excellent presentation from Dr. Geoffrey May of FOCUS Consulting on the topical subject of 'Lead-Acid Battery Technology and Hybrid Electric Vehicles'. Mr. Kristiaan Deckers, Plant Manager of Rezinal in Belgium provided insight into the latest developments in zinc recycling in his paper 'Optimising Zinc's Supply Base Through Recycling'. The Panel also received and discussed a very interesting presentation from Germany's IAP representative, Dr Reinhard Pullenberg, Managing Director of Berzelius Metall, on 'Integrated Battery Recycling at Berzelius Metall GmbH'

The Study Group's Economic and Environment Committee met on 10 October and reviewed topics in the areas of economic, environment and sustainable development. Mr. Christian Canoo of the IZA briefed the committee on a CFC-funded project in Malawi using zinc fuel cells to provide electric power to a rural village. He also provided an update on the registration procedures for zinc compounds under REACH, the EU's chemicals policy. Ms. Claire Hassall, Principal of CHR Metals of the UK, spoke to the Committee on the Environmental Aspects of China's Lead and Zinc Industry. Mr. David Weinberg,

an attorney with Wiley Rien in the U.S., provided a timely update on actions by the U.S. EPA to set new standards for emissions of lead into the atmosphere. Dr. David Wilson, Director of the International Lead Association, briefed the Committee on international initiatives relating to transportation that may impact the lead industry. Mr. Ian Kilgour, CEO of Antamina Mining provided an overview of the company operations in Peru and its approach to sustainable development. Mr. Dave Godlewski, Vice President Environment and Public Affairs of Teck, outlined the approach to sustainable development and some of the outcomes achieved by a major producing company. Mr. Doug Panagapko of Natural Resources Canada, outlined preparations for the 2010/11 United Nations Commission on Sustainable Development (UNCSD) discussion on mining and metals, as part of the Johannesburg World Summit on Sustainable Development process.

ICSG INDUSTRY ADVISORY PANEL MEETING HELD DURING LME WEEK

The ICSG Industry Advisory Panel met on 16 October in London with the objective of encouraging further industry participation and exposing a wider range of copper industry representatives to the work and benefits of the Study Group. Industry advisors from a number of countries were present including Australia, Brazil, Chile, Germany, Japan, Spain, the Russian Federation and the United Kingdom, along with industry association, government and Study Group representatives.

ILZSG WELCOMES MOROCCO



In late 2008 Morocco once again became an active member of ILZSG. Morocco has the largest mine production of lead on the African continent and is the second largest producer of refined lead. In zinc, Morocco currently has the second largest mine production in Africa. ILZSG welcomes Morocco.

ILZSG PRESENTS AT METALS BULLETIN ASIAN LEAD AND ZINC CONFERENCE

The ILZSG Head of Forecasting and Statistics, Paul White, presented a paper entitled 'Lead and Zinc: Redefining a Long Term Relationship' at Metal Bulletin's Asian Lead and Zinc Conference in Shanghai, China from 29 to 31 October. For copies of the paper, please contact the ILZSG Secretariat at paul.white@ilzsg.org

STUDY GROUPS MEET WITH INTERNATIONAL CONSULTATIVE GROUP ON NON-FERROUS METAL STATISTICS

Members of ILZSG, ICSG and INSG attended meetings of the International Consultative Group on Non-Ferrous Metal Statistics in Brussels during the week of 9 September. Other participants included the United States Geological Survey (USGS), Natural Resources Canada, (NRCan), Bundesanstalt für Geowissenschaften und Rohstoffe (BGR), Bureau de Recherches Géologiques et Minières (BRGM), the Polish Academy of Sciences and the World Bureau of Metal Statistics (WBMS).

COOPERATION BETWEEN ILZSG AND IZA

ILZSG continues to expand its cooperation with industry associations, including the International Zinc Association (IZA). ILZSG Head of Forecasting and Statistics, Paul White, made a presentation at the IZA-sponsored Zinc College in Australia in May, and Secretary-General Don Smale made a presentation at an IZA conference in Peru in June. The IZA and ILZSG are also working in tandem on projects funded through the Common Fund for Commodities (CFC).

VISITORS TO THE STUDY GROUP SECRETARIAT

During October, the two delegations visited the Study Group headquarters in Lisbon. A group from Eurometaux visited on 24 October to discuss aspects of metal recycling including material flow analysis, diffuse sources analysis and recycling indicator analysis. Past work by the Study Groups on recycling provided a basis for future cooperation on this topic.

The ICSG hosted a visit by a group from SERNAGEOMIN, the Chilean Geological Survey, in late October. The purpose of the visit was to exchange information on copper-related databases and statistical procedures. In addition, mine safety and mine closures were discussed.

Forthcoming Events

CONFERENCES and SEMINARS

- *November 18-20, 2008 - 11th China International Lead and Zinc Conference* (11CILZC), hosted by China Nonferrous Metals Association and Beijing Antaite Information Development Co. Zhengzhou, China.
- *February 22-24, 2009 - American Zinc Association annual International Zinc Conference*, in conjunction with the *February 24 - 25, 2009 Zinc Oxide Industry Conference*. Both at Rancho Las Palmas in Rancho Mirage, CA. USA. More information available at the IZA website, www.iza.com

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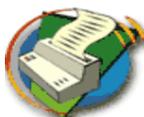
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Publications



ICSG 2008 Statistical Yearbook (July 2008)

The ICSG Copper Bulletin yearbook includes annual statistics on copper and copper products, their production, usage and trade by country, as well as stocks and exchange prices, providing a global view of supply and demand for the past 10 years. The Yearbook serves as a useful tool for consultations and analysis on the longer term evolution of world copper production, usage, stocks and prices. Subscribers to the Copper Bulletin receive the Yearbook as part of their annual subscription.



ICSG Directory of Copper Mines and Plants (June 2008 edition)

The Directory of Copper Mines and Plants highlights current capacity and provides a five year outlook of forecasted capacity for over 700 existing and planned copper mines, plants and refineries on a country by country basis, including separate tables for SX-EW plants. Salient details for each operation are included and the Directory separates operations between Operating & Developing and Exploration & Feasibility stages. The Directory is published twice a year.

ICSG Directory of Copper & Copper Alloy Fabricators (First Use) 2008 Edition

This directory provides a systematic global overview of companies and plants involved in the first use of copper. First users are mainly semis fabricators that process refinery shapes into semi-finished copper and copper alloy products. The Directory covers wire rod plants, ingot makers (for castings), master alloy plants, brass mills, and electrodeposited copper foil mills. Powder and chemical plants are not included. The 2008 Edition of the ICSG Directory includes data through the end of 2007 for most of the existing, developing and planned first use plants located in more than 75 countries. *Published March 2008*

The Lead Fact Book 2008

This report, a unique joint initiative between government and industry, identifies the key role lead contributes to society, and provides policy makers with an objective assessment of the economic, environmental and health issues relating to lead consumption. Each section is accompanied by key messages answering the major questions associated with lead usage today. *Published February 2008.*

Principal Uses of Lead and Zinc 2008

This report updates the short term review of trends in the main uses of lead and zinc to include trends during 2004 and 2005 and in all the major industrialized countries and many developing ones. It includes revisions to previously published data for 1998-2003. 67 pages including graphs and diagrams. *Published January 2008.*

INSG Market for Nickel: Fundamentals Driving Change

Comprehensive analysis of the drivers for change in the world nickel market. Analyses the structure of mine and refined world nickel production and identifies current and future trends. Assesses nickel usage patterns in the main market sectors and the impact of environmental regulations on the metal's usage. Traces changes in the structure of industry ownership. Summarises developments in environmental regulation. *Published January 2008*

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More Publications

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 October 2007(next edition November 2008)

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 November 2007

Environmental and Health Controls on Zinc 2008

A comprehensive review has been prepared of current and proposed regulations controlling zinc in works, zinc in the atmosphere, zinc in water and recommended daily dietary allowances for humans and animals. Available in PDF or spreadsheet form.
Published January 2008.

ILZSG Lead & Zinc New Mine & Smelter Projects Mines

A principal source of information on new developments in the lead and zinc industries for 44 years. This 85 page report contains comprehensive data gathered from ILZSG's extensive network of sources worldwide. In total, 200 entries from 47 countries are listed. The report includes extensive details of new projects in China.
Published January 2008

World Directory: Primary and Secondary Zinc Plants 2008. To be published later in 2008.

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.