



**INTERNATIONAL
NICKEL STUDY GROUP**
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PRESS RELEASE

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INSG April 2009 MEETINGS

The International Nickel Study Group (INSG) met on 23 and 24 April 2009 in Lisbon, Portugal, under the Chairmanship of Mr. Per Z. Brekke (Norway).

About 60 government and industry representatives from Member Countries, including observers and several international organizations, participated in the meetings.

Nickel market observations for 2007, 2008 and 2009

The government and industry participants extensively discussed current nickel market trends. World primary nickel usage in 2008 started strongly but as the global economic crisis unfolded, including tightening of credit facilities resulting in lower nickel prices, demand and production of stainless steel declined from the middle of the year. This was particularly heightened in the last quarter in all parts of the world, including China. These conditions continue to apply and it remains unlikely that any substantial improvement will take place this year. No recovery in primary nickel demand and stainless steel production is anticipated until at least the second half of 2009.

World primary refined nickel production was 1.42 Mt in 2007, and declined to 1.39 Mt in 2008. As supply adjusts to current demand, a further decline to 1.26Mt is expected in 2009. The 2009 figure does not include any adjustment factor for possible production disruptions.

World primary nickel usage (consumption) was 1.31 Mt in 2007, and decreased to 1.29 Mt in 2008. For 2009 a further decline to 1.18Mt is expected.

INSG recognizes that the current global economic crisis has created a large degree of uncertainty in the global market, and its impacts on both the supply and demand for nickel are not fully known. The Study Group cautions that future market developments could significantly alter the forward-looking market balance.

Statistics Committee

The Statistics Committee received valuable input to its work through a series of presentations and discussions.

Mr. Peter Kaumanns, International Stainless Steel Forum, Belgium, spoke on the latest developments in the world stainless steel market.

Dr. Andrew Mitchell, Nickel Industry Analyst, Brook Hunt & Associates Ltd., UK, spoke on nickel cost of production developments and possible future implications for supply and projects.

Dr. Gerhard Pariser, Heinz H. Pariser Alloy Metals & Steel Market Research, Germany, made a presentation on special steels.

INSG Industry Advisory Panel

The Study Group received valuable input on its work program priorities from the INSG Industry Advisory Panel, comprised of representatives from the world's nickel producing, consuming and recycling industries. During the meeting of the Panel the following presentations were made and discussed:

Mr. Paul Gray, Goldman Sachs JBWere, made a presentation on the latest trends in World primary nickel supply and demand.

Mr. Benno Kratz, ELG, Germany, spoke on the latest world trends in the supply and demand for stainless steel scrap from the point of view of a large processor.

Mr. Max Layton, Macquarie Research, made a presentation on the latest trends in Nickel Pig Iron in China.

The presentations in both the Statistics Committee and the Industry Advisory Panel highlighted the current volatility of the nickel market which is creating an uncertain investment environment.

Environmental & Economic Issues

Discussions in the Environmental and Economics Committee covered a wide range of topics that impact nickel. INSG reported on work done to provide members with information on downstream nickel-using sectors, including nickel-containing batteries.

A panel discussion on the subject of "The Nickel Market: More or Less Volatility?" drew on the participation of **Dr. Andrew Mitchell** of Brook Hunt & Associates Ltd., **Mr. Heinz Pariser** of Heinz H. Pariser Alloy Metals & Steel Market Research and **Dr. Benedikt Zeumer** of McKinsey, and generated intensive discussion.

Also during the meeting the following presentations were made and discussed:

Mr. Paul Anciaux, European Commission Directorate-General for Enterprise and Industry, spoke on "The EU Raw Materials Initiative".

Mr. Carlos de Melo Ribeiro, CEO of Siemens Portugal, spoke on how his company was meeting the challenges of the economic recession.

Mr. Patrick Chevalier, Natural Resources Canada, gave a presentation in which he pointed out the opportunity offered by the UN Commission on Sustainable Development for governments in major resource countries to report on the sustainable development, stewardship and good governance aspects of their resource industries.

Joint Study Groups' Energy Issues and Climate Change Policies Seminar

A Joint Study Groups' Seminar was held on 22 April entitled "Energy Issues and Climate Change Policies Impacting on the Non-Ferrous Metals Industries". The Seminar opened with a presentation from a representative of Eurometaux. This was followed by a series of presentations by representatives from Australia, Canada, Chile, the EU and Japan covering the situations in their respective countries. Following the presentations, a panel discussion was held. Participants were then briefed on "Patterns of Energy Consumption and Greenhouse Gas Emission Across Primary Base Metal Production" by a representative of Metalytics of Australia. The industry point of view was elaborated by a series of presentations and a panel discussion involving industry experts from the International Zinc Association, the International Copper Association, the Nickel Institute and the International Lead Association. Various proposals were made on future work for the Study Groups in the areas of energy and climate change.

Dates of Next Meetings of INSG

The next meetings of the Study Group will be held in Lisbon, Portugal in the week beginning 5 October 2009.

Presentations will be available on the INSG website.

For further information please contact the Secretariat at insg@insg.org or visit the website www.insg.org.