



## Metals Despatch

Newsletter of the International Metals Study Groups

June 2006, Issue 1

### ICSG, ILZSG AND INSG CO-LOCATE IN LISBON, PORTUGAL ON 1 JANUARY 2006: APRIL 2006 MEETINGS HELD IN LISBON

In the week commencing 24 April 2006 the three International Metals Study Groups held their meetings in the same location for the first time. The member countries of the International Nickel Study Group met on 24 and 25 April, while those of the International Lead and Zinc Study Group met on 25 and 26 April. The 14<sup>th</sup> General Session of the International Copper Study Group was held on 27 and 28 April.

The meetings followed the co-location of the three Study Groups in Lisbon at the following address with effect from 1 January this year under a common Secretary-General, Don Smale:

38 Rua Almirante Barroso  
1000-013 Lisbon  
Portugal

For more details of the April meetings email [mail@icsg.org](mailto:mail@icsg.org) for copper, [root@ilzsg.org](mailto:root@ilzsg.org) for lead and zinc and [insg@insg.org](mailto:insg@insg.org) for nickel issues.

### LEAD AND ZINC SPRING FORECAST

During its Spring meeting ILZSG reviewed the current outlook for trends in World and Western World supply and demand for lead and zinc during 2006 and issued a forecast:

- Global **lead demand** is forecast to rise by 2.4% to 7.89 million tonnes (Mt) in 2006. This is mainly due to anticipated further growth of 6.9% in Chinese usage which is expected to surpass 2 Mt for the first time
- Global **lead mine output** is expected to rise by 6.1% to 3.51 Mt driven by a further 6% rise in China
- Global **refined lead metal production** in 2006 is predicted to increase by 3.8% to 7.89 Mt
- ILZSG anticipates that global **usage of refined zinc metal** is forecast to increase by 4.8% to 11.19 Mt in 2006. Growth will be strongest in Asia where demand is forecast to rise by 7.3% in China, 9.1% in India, 4.5% in Japan

- It is anticipated that global **zinc mine output** will increase by 4.5% to 10.42 Mt
- Global **output of refined zinc metal** is forecast to increase by 4.3% to 10.71 Mt in 2006.

For further details of the outcomes of the ILZSG meetings or questions on the market outlook please email the Secretariat at [root@ilzsg.org](mailto:root@ilzsg.org)

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### CHINESE DELEGATION VISITS NEVES CORVO ZINC AND COPPER MINE IN PORTUGAL

On 28 April a 15-strong Chinese delegation, led by Mr. Mingxing Jia, Vice Secretary General of the China Non-Ferrous Metals Industry Association (CNIA), visited EuroZinc Mining Corp's copper-zinc mine at Neves Corvo, south of Lisbon in Portugal. The Chinese group was accompanied by Ian Burrell and Paul White of ILZSG.

Neves Corvo is set to produce 25,000 tonnes of zinc in concentrates in 2006. During the visit EuroZinc also announced that work to reactivate the nearby Aljustrel zinc mine was well advanced. Aljustrel is expected to produce 80,000 tonnes of zinc in concentrates and 20,000 tonnes of lead by 2008.

The Group would like to extend its thanks to Mr. João Carrelo, Chief Operating Officer of Eurozinc Mining, for his help in arranging the visit.

## STUDY GROUPS ADVANCE DEVELOPMENT PROJECTS WITH COMMON FUND

The International Metals Study Groups have continued to work closely with the Common Fund for Commodities (CFC), in their role as officially-designated international commodity bodies, to promote the development of copper, lead, zinc and nickel in CFC member countries.

The Study Groups advanced a number of projects in the first half of 2006:

- A set of three regional workshops to promote the use of galvanized rebar in infrastructure was approved in collaboration with the International Zinc Association (IZA)
- IZA were also active in completing the groundwork to establish a network of four centres of excellence to promote best practice in hot-dip galvanizing across China
- The project on Technology Transfer for High Copper Pressure Die Casting has commenced. An inaugural project steering committee meeting is scheduled for 24-25<sup>th</sup> August in Hyderabad (India).

The Study Groups are collaborating closely with industry to present a number of new projects for funding by the CFC; projects will be put to the CFC's Consultative Committee for approval in July 2006.

Email [ian\\_burrell@ilzsg.org](mailto:ian_burrell@ilzsg.org) and [ruhrberg@icsg.org](mailto:ruhrberg@icsg.org) for more details.

## ILZSG PARTICIPATES IN 2006 ZINC COLLEGE

At the invitation of the International Zinc Association (IZA), Paul White the ILZSG's Head of Forecasting Statistics, presented a paper of 'Zinc Industry Fundamentals' at the two-yearly IZA Zinc College.

Zinc College 2006 was held in Torreon, Mexico from 12 to 19 May and attracted over 100 participants, a record for the event. A wide range of issues were discussed during the course of the College including LME Trading, the Chinese Market, Country Risk Analysis, Mergers and Acquisitions, Geology and Exploration, and Recycling.

The event also incorporated visits to a number of mines in the area operated by Industriales Penoles and Grupo Mexico and a tour of Penoles' Zinc Plant based at Torreon.

Those interested in receiving a copy of Paul White's paper should contact the Secretariat at [paul\\_white@ilzsg.org](mailto:paul_white@ilzsg.org)

## REACH – THE EUROPEAN UNION'S NEW CHEMICALS POLICY: LATEST DEVELOPMENTS

During the Study Groups' first joint Environment and Economic meeting member countries and industry were given a briefing on the latest developments in REACH, the EU's proposed new chemicals policy by Mr. Guy Thiran, Director General of Eurometaux (The European Association of Metals).

Mr. Thiran informed the Groups that REACH was important for metals because it:

- Will harmonise assessment & management of substances and products in the EU
- Determines risk assessment methodology and data input for major environmental policy
- Assigns industry (producers, users and importers) the responsibility to generate all these data.

Mr. Thiran reported that REACH had its first reading at the European Parliament on 17 November 2005. Political agreement at the European Council had been reached on 13 December. There had been a number of positive developments regarding metals including the exclusion of wastes from the scope of REACH, the definition of alloys as special substances, and no registration obligation for ores and concentrates.

However, the metals industry still had concerns relating to the status of secondary materials when not defined as waste, that ores and concentrates were still liable for authorisation, and that the substitution principle was being applied for authorisation.

REACH has now entered the conciliation process with Parliament and is expected to have a second reading in September 2006. Following final agreement in the European Council it is expected that REACH would enter into force in Spring 2007.

For more details email [ian\\_burrell@ilzsg.org](mailto:ian_burrell@ilzsg.org)

### NEXT STUDY GROUPS' MEETING DATES

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

ICSG: Thursday 28 September – Friday 29 September

INSG 16<sup>th</sup> General Session: Monday 2 October – am Wednesday 4 October

ILZSG 51<sup>st</sup> General Session: pm Wednesday 4 October – Friday 6 October

## ILZSG ADDRESSES AMERICAN GALVANIZERS

The 2006 American Galvanizers' Conference (AGA) was held in Tuscon, Arizona from 11 to 15 March. The attendance of over 100 was comprised mainly of representatives from the General Galvanizing sector in the United States but also included personnel from a number of zinc producers based in North America.

The theme of the conference was 'Business Performance: Perception, Reality and Control'. Among the wide range of issues affecting the general galvanizing industry discussed were New Markets for Hot-dip Galvanizing, Lawsuit Protection, Tax Reduction and Estate Planning, Workplace Management, the Energy Sector, and US Galvanizing Forecasts for 2006.

The ILZSG's Head of Forecasting and Statistics, Mr. Paul White, presented an updated paper on 'Zinc: Fund, Fundamentals or China?'. The paper considered the main current influences on the zinc price, and examined the latest developments in zinc supply and demand in China.

Copies of this paper are available from the Secretariat at [paul.white@ilzsg.org](mailto:paul.white@ilzsg.org)

### First Study Groups' Joint Environmental & Economic Committee Held in Lisbon

The first joint meeting of the ILZSG, ICSG and INSG Environmental and Economic Committees was held in Lisbon on April 26 with the Committee Chairmen of all three Groups presiding. A number of issues of common interest were discussed including international policies on waste and recycling, Life Cycle Analysis, and regulatory issues of mutual concern including REACH.

## APRIL INSG MEETING DISCUSSES NICKEL MARKET OBSERVATIONS FOR 2005 AND 2006

At its meetings in April 2006 the International Nickel Study Group extensively discussed current nickel market trends. After mid-2005 the production of high nickel-content stainless steels had declined in most parts of the world, reducing the usage (consumption) of primary nickel and nickel-containing scrap in the second half of that year. Since the beginning of 2006 the usage of primary nickel and stainless steel scrap had increased following the improvement in stainless steel production.

World primary refined nickel production was 1.26 million tonnes (Mt) in 2004 and increased to 1.29 Mt in 2005, and is forecast to increase to 1.36 Mt in 2006.

World primary nickel usage (consumption) was 1.25 Mt in 2004 and declined to 1.24 Mt in 2005 and is forecast to increase to 1.34 Mt in 2006. A key factor in the forecast increase of consumption is the growing demand from China for nickel and nickel products.

For further information contact Sven Tollin: email [sven.tollin@insg.org](mailto:sven.tollin@insg.org)

## ICSG 14<sup>th</sup> GENERAL SESSION AND FORECAST

The ICSG held its 14<sup>th</sup> General Session on 27-28 April 2006 in Lisbon, Portugal. Government delegates and industry advisors from most of the world's leading copper producing and using countries met to discuss key issues affecting the global copper community, and a consensus view of the world balance of refined copper production and use was developed.

World copper mine production in 2006 is expected to rise by 4.1% to 15.48 million tonnes (Mt), an increase of about 606,000 tonnes (t), and to 16.30 Mt in 2007, an additional increase of about 816,000 t (+5.3%).

World production of refined copper (both primary and secondary) is projected to increase by about 6.8% in 2006 to 17.56 Mt and to 18.19 Mt in 2007 (+3.6%). Inventories of copper concentrate accumulated in previous years are expected to be sufficient to account for the disparity in growth between concentrate production and refined copper production in 2006, but a shortfall of concentrates in 2007 may restrain the growth of refined production.

World refined copper usage decreased by 1.3% in 2005 to 16.51 Mt. A recovery is expected for 2006 and usage is projected to increase by 4.9% to a record-high 17.31 Mt. Growth is anticipated in all major consuming regions, with Asia leading the way with a growth of around 6% and the European Union showing the lowest growth rate of about 2.5%. World copper use in 2007 is projected to grow by 4.7% to 18.13 Mt.

After ending 2005 with an essentially balanced market (small deficit of 64,000 t), the copper market is expected to show a surplus in 2006 of about 240,000 t. According to ICSG estimates, a growth in usage will result in a production surplus in 2007 of only about 55,000 t.

Email Ana Rebelo [rebelo@icsg.org](mailto:rebelo@icsg.org) for further information.

## ICSG CHINA STUDY

### Important New China Copper Report Now Available - "The China Factor in Global Copper Usage and its Consequences"

China is the biggest copper user in the world and is becoming the main driver of overall global copper

usage. Due to China's important role in the world copper industry it is crucial that the future impact of China on the copper market be assessed. Initiated by the International Copper Study Group (ICSG), with the co-sponsorship of COCHILCO (Chilean Copper Commission) and MERIJ (Metal Economics Research Institute, Japan), a major new report has been prepared by BGRIMM (Beijing General Research Institute of Mining and Metallurgy) that aims at identifying the impact of China and its rapid growth on the global demand for refined copper.

The China Report, containing more than one hundred pages, is now available for sale and presents, analyses and discusses the following issues:

- Historical evolution of copper mine, smelter, refinery and semis production, copper usage and copper recycling (1994-2004);
- Chinese overseas investments in copper production;
- Main foreign semis manufacturing operations in China;
- Outlook for the Chinese copper industry in 5 years and 10 years from now (until 2015) and the potential of import substitution for fabricating, smelting/refining, mining;
- Copper content in major manufactured products and the copper usage in each major product group/end-use sector;
- China's macro economy, the base point for China's copper demand in the future: 5 and 10 years copper usage forecasts (based on both optimistic and pessimistic scenarios) for each major product group, including construction, infrastructure, industrial equipment, transport, home appliances and consumer goods, and others.

For further information, please contact the ICSG secretariat at [mail@icsg.org](mailto:mail@icsg.org) or consult [www.icsg.org](http://www.icsg.org)

### Common Recycling Rates for Metals

The International Metals Study Groups/Eurometaux/Eurofer Recycling Project Team met in Brussels on 8 June to discuss progress achieved since the last meeting and agree on further steps to develop and promote a common set of recycling indicators. The team comprises the three International Metals Study Groups, Eurometaux, Eurofer, the Lead Development Association International, the International Zinc Association-Europe, the Nickel Institute, the European Nickel Industry Association, the International Wrought Copper Council, the European Copper Institute, the European Aluminium Association, and the Organisation of European Aluminium Refiners and Remelters, as well as the International Council on Mining and Metals.

Three key recycling rates have been developed by the Working Group:

- The Recycling Input Rate (RIR) measures the proportion of metal and metal products that are produced from scrap and other metal-bearing low-grade residues. The RIR is mainly a statistical measurement for raw material availability and supply rather than an indicator of recycling efficiency of processes or products. The RIR has been in use in the metals industry for a long time and is widely available from statistical sources. Major target audiences for this type of "metallurgical" indicator are the metal industry, metal traders, and resource policy makers. However, given structural and process variables, it may have limited use as a policy tool
- The Overall Recycling Efficiency Rate (Overall RER) indicates the efficiency with which end of life (EOL) scrap, new scrap, and other metal-bearing residues are collected and recycled by a network of collectors, processors, and metal recyclers. The key target audiences of this particular indicator are metal industry, scrap processors and scrap generators
- The EOL Recycling Efficiency Rate (EOL RER) indicates the efficiency with which EOL scrap from obsolete products is recycled. This measure focuses on end-of-life management performance of products and provides important information to target audiences such as metal and recycling industries, product designers, life cycle analysts, and environmental policy makers.

The Working Group has published a communication paper that provides a summary of the outcomes achieved so far. For a copy of this paper, please contact Mr Ruhrberg at [ruhrberg@icsg.org](mailto:ruhrberg@icsg.org)

### ICSG Annual Survey of Recyclables Use

Recognising the copper industry's need for global recycling information, the International Copper Study Group (ICSG) conducts an annual survey of global copper scrap use. The Annual Recyclables Survey focuses on secondary refined production and copper content of directly melted copper and copper alloy scrap for the production of semis, casting ingots, castings, and, if available, other products such as powders, chemicals and plating anodes. A key objective of the survey is to increase transparency and knowledge regarding the raw material supply and use situation in the major regions of the world. The survey results also allow for assessing the historical development of the Recycling Input Rate, copper scrap trade, and copper scrap availability in particular countries or regions.

The survey is one of the few if not the only regularly updated global copper scrap surveys. Since its last publication, significant additional information has been gathered for important scrap use countries such as India and China from ICSG market studies and for a number of other Asian countries from the respective statistical offices. The survey results indicated a significant increase of 7% of global copper scrap use in 2004 compared to 2003. Copper contained in scrap used amounted to 2.0 million tonnes of secondary refined production and 5.8 million tonnes of direct melt in 2004. However, the overall increase of copper scrap use did not lead to a significant increase in the global recycling input rate. The input rate was 34.6% in 2004, virtually unchanged from the value of 34.4% assessed for the year 2003.

For further information contact the ICSG responsible officer Martin Ruhrberg ([ruhrberg@icsg.org](mailto:ruhrberg@icsg.org))

### **Globally Harmonized System (GHS) for Classification and Labelling**

The trade in chemicals (including metals and minerals) has been growing significantly, resulting in an increasing demand for an internationally harmonized system for classification and labelling to ensure safe transport, use and disposal of those products.

During the 1992 Earth Summit a harmonized system was discussed, and it was again included in the Agenda of the 2002 World Summit on Sustainable Development (WSSD). The Intergovernmental Forum on Chemical Safety (IFCS) and the WSSD had set the goal of 2008 for its implementation.

In 2003, the UN Economics and Social Council formally adopted the "Globally Harmonized System for Classification and Labelling of Chemicals". The intent of the scheme is that countries, which currently lack a system for hazardous classification and labelling, will adopt the GHS as a basis for their national policy for the sound management of chemicals, and for countries, which already have a system in place, to adapt their system to be consistent with the GHS.

The GHS classification criteria have been adopted by consensus for physical hazards (such as explosivity) and health and environmental effects (including among other things toxicity, carcinogenicity, respiratory and skin sensitization, aquatic toxicity). Regarding labelling, symbols, signal words and hazard statements have been agreed for each of the hazards identified, along with a standard format and approach to present the information in safety data sheets.

The GHS is a voluntary system, meaning that it does not impose binding treaty obligations on countries. However, if countries adopt the GHS in their national

regulatory requirements, it will be binding on the regulated community. To facilitate implementation, the GHS includes a building block approach, and countries can decide on the extent of implementation. This could initially limit the level of harmonization, but it is expected that this will improve over time.

Many countries have already agreed to use the GHS as a basis for their national hazard classification. However, the implementation differs considerably between countries. New Zealand and Australia are rather advanced in adapting the GHS in their system; the USA is working on it, while in the EU the Commission has not yet released its proposed scheme. The structure and concepts of the current EU system and the GHS are comparable, but some criteria might differ. A complicating factor could be that the introduction of the new system coincides with the introduction of REACH.

For more information please contact Dirk Kingma email: [dirk.kingma@insg.org](mailto:dirk.kingma@insg.org)

## **Forthcoming Events**

**China (Western) Nonferrous Metals Mining Forum**, 22- 25 August 2006. Hosted by CNIA, in Huhhot, capital city of Inner Mongolia Autonomous Region. For more information please visit [www.itmetal.com](http://www.itmetal.com)

**ZINC 2006**: 11-12 September 2006, Plovdiv, Bulgaria. Major conference will discuss the current state and outlook for the zinc business globally, with a focus on Central and South Eastern Europe. For more details please visit [www.kcm2000.bg](http://www.kcm2000.bg)

**Unleashing India's Potential in Metals & Minerals** 11-14 September 2006, New Delhi, India. A major Indian Institute of Metals conference that will deliberate on the future vision and road map for India's metals industry accompanied by a Trade Fair. For more details visit [www.iim-india.net](http://www.iim-india.net)

**Copper '06**: Better Properties for Innovative Products, 12-15 September 2006, Compiègne, France. The conference provides a scientific and technological forum to discuss how to use copper and its alloys more efficiently through improved properties; see [www.copper2006.org](http://www.copper2006.org)

**Antaike 2006 China International Copper Conference, Nanjing, China**  
To be held in Nanjing from 25 to 27 September 2006; contact Gao Lan, Antaike [atkgj@public.bta.net.cn](mailto:atkgj@public.bta.net.cn)

**10th European Lead Battery Conference (ELBC)**: 26-29 September, Athens, Greece. ELBC is the premier event and meeting place for all involved in the manufacture, marketing and use of lead-acid batteries. Email [mcdermott@ldaint.org](mailto:mcdermott@ldaint.org) for details.

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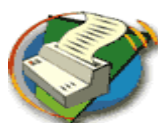
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## Publications

***The World Market for Rolled and Extruded Lead*** 

Extensive 50 page report that examines the third most significant end use sector for lead. Attention is given to the main production processes, consuming sectors, and trade flows. The report concludes with an update on the voluntary risk assessment of lead underway in the European lead industry and on the outlook for rolled and extruded lead usage.

*Published by ILZSG June 2006*

***The ICSG China Study*** 

Containing more than one hundred pages, and now available. The report traces the evolution of copper mine, smelter, refinery and semis production, copper usage and copper recycling (1994-2004). 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 2006*

***The Market for Zinc***

This 61 page report examines trends in the supply of zinc, end use patterns, international trade and stock holding and explains developments in the market price. Attention is also given to environmental regulation, China's consolidation as the world's major market for zinc, and the outlook for zinc usage. The report concludes with an update on the European Union's risk assessment of zinc, which is being led by the Netherlands.

*Published by ILZSG February 2006*

***New Edition of Directory of Copper Mines and Plants*** 

The June 2006 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 June 2006*

***New ILZSG Mines and Smelters Report 2006***

The 80-page 2006 edition contains details of all known lead and zinc mine and smelter projects that are currently committed, and all lead and zinc mines and smelters known to have opened or closed during the previous year. In total over 200 entries spread throughout 43 countries are listed, including detailed entries for the CIS and China.

*Published by ILZSG February 2006*

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