

# 'Bullish' year

The neo-Gothic Tower Bridge was built at the end of the nineteenth century and is one of London's landmarks.

## Temporary certificates issued

The deadline extension is the latest stage of a development that has gripped exporters of a range of recyclables for most of the year. Ma Hongchang, a Researcher within the China Non-Ferrous Metals Industry Association's metal recycling branch in Beijing, told the Non-Ferrous Round-Table in London that some 4000 overseas supply enterprises had submitted registration applications by August 1 this year, with North America, Japan and Europe accounting for over 70% of the total. Additional information had been sought in 1992 cases and only five applications had been rejected to date. By mid-October, the Chinese authorities had issued temporary registration certificates to 2046 enterprises, including 335 in the USA, 317 in Japan and 205 in Europe.

Meanwhile, explosions leading to the deaths of at least 10 people had prompted the Indian government to insist that all unshredded scrap imports were subjected to pre-shipment inspection by approved certification agencies. According to BIR Non-Ferrous Metals Division Vice-President Ashwini Kumar Singhal of Singhal Commodities (P) Ltd of India, these explosions had occurred in piles of metallic scrap imported from war-affected West Asian countries. While India's ministry of commerce was threatening to take 'stern' action against those violating these regulations, the speaker noted: 'Consumers are doubtful whether the measures are completely enforceable since 100% inspection of bulk cargo is a tall order and inspection can only be done on a sample basis.'

## Powerful lobby

Market reports from BIR experts confirmed the existence of export/import issues in several other parts of the world. BIR Non-Ferrous Metals Division Vice-President Salam Sharif of Sharif Metals Ltd in the United Arab Emirates pointed out that the government of Dubai had recently imposed an export tax of US\$ 70 per tonne 'which amounts to 27% on steel scrap'. Mark Sellier of Capricorn RSA observed that non-ferrous scrap export permits had been granted more easily by South Africa over the last six months even though a 'powerful' lobby was still hop-

*Discussion of controls on exports and imports headlined at the BIR Non-Ferrous Metals Round-Table in London late last month. As well as breaking news of a deadline extension affecting exporters to China, delegates heard more about new scrap controls in India. Reasons to anticipate further metal price strength in the first half of 2005 also emerged at the meeting.*



From left: Peter Mathews of Black Country Metals, UK; Michael Oppenheimer of Mountstar Metal Corp., UK; and Robert Stein of Alter Trading Corp., USA.



Guest speaker Adam Rowley of London-based Macquarie Research Metals and Mining: 'Copper will remain phenomenally tight throughout the first half of 2005.'

**T**he opening minutes of the latest BIR convention brought confirmation that the Chinese authorities had extended the deadline for shipment inspection applications from unregistered overseas suppliers of scrap.

On the day prior to the start of the London event, China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) had announced that 'the deadline for the quarantine authorities to accept shipment inspection applications from unregistered scrap suppliers has been adjusted from November 1 to January 1 2005'. After that date, all scrap shipment inspection requests by unregistered suppliers would not be accepted, it was confirmed by Non-Ferrous Division President Marc Natan of Malco SA in France.

A statement published by BIR explained that, from the start of next year, registered suppliers 'need to present their registration number when making their inspection declaration'. The world recycling organisation urged its members to visit the AQSIQ website on a regular basis to check before shipment whether they were on the list of registered suppliers.



# beset by export/import issues

By Ian Martin

ing to restrict shipments in order to 'support or subsidise local consumers'. He added: 'Many countries in Central and Southern Africa such as Nigeria, DRC and Tanzania have banned the export of scrap metal as a strategic resource, but somehow exports from these countries continue.'

In reporting on the European markets, Michael Oppenheimer of Mountstar Metal Corp. in the UK noted that merchants had been benefitting over recent months from higher prices and increased demand. This was a reminder, he said, that 'prices can go up even without insatiably strong demand from China'.

## Outlook remains good

According to BIR Non-Ferrous Metals Division Senior Vice-President Robert Stein of Alter Trading in the USA, North American demand for non-ferrous scrap remained steady and the 'mid-month meltdown' in October had prompted very few consumers to change their purchasing strategies. 'The outlook for the balance of the year remains good, although the buying frenzy evident throughout much of the year has certainly eased,' he concluded.

Ildar Neverov of Teplovtorresource in Russia observed that, in the summer of this year, an 'artificial' banking crisis had created payment problems for many scrap enterprises, providing an opportunity for those with sufficient financial resources to gain an additional margin. However, he added, the effects of this crisis had all but disappeared.

Mr Neverov also reiterated the lack of opportunities to export major volumes of non-ferrous scrap from Russia because of high customs duties, including 50% on both copper and aluminium and 30% on nickel. But he added: 'Some companies are using processing feedstock schemes for exporting - taking scrap for production abroad with no duties paid and delivering it back to Russia as finished non-ferrous products.'

## Lack of modern equipment

According to one of the guest speakers at the BIR Non-Ferrous Round-Table, 'incomplete' statistics indicated that China had recycled little more than 2 million tonnes of non-ferrous scrap last year. The industry was continuing to develop but still lacked the modern equipment and exacting environmental standards found in other countries, explained

Prof. Pan Wenju, Deputy Secretary General of the China Non-Ferrous Metals Industry Association.

The speaker also identified the small scale of the majority of the country's production enterprises as another major obstacle to progress. China had 10 aluminium recycling operations with an annual production capacity of more than 10 000 tonnes, but production from most enterprises was below 5000 tonnes per annum. The country could also claim to have three lead recycling plants whose annual capacity exceeded 10 000 tonnes.

The other guest speaker at the Round-Table was Adam Rowley of London-based Macquarie Research Metals and Mining. He argued that 2004 had provided 'the perfect storm' for the base metals markets in that 'almost everything bullish which could have happened, has happened'. Chinese demand was 'booming' and orders from the rest of the world had also increased at a time when supply growth had been hit by low investment in the metal and mining sectors. Speculative buying had also helped to whip up the non-ferrous metal markets, he added.

## Spectacular price movements

Macquarie's own copper and nickel price forecasts for 2004 as a whole indicated massive increases of, respectively, 59.6% and 44.2% compared to the metals' averages for last year. The lead price looked to have advanced by an even more spectacular 71.9% whereas increases for aluminium and zinc appeared to be a more conservative 18.8% and 25% respectively.

Conditions in the copper and aluminium markets still represented 'a recipe for very strong prices' going forward, according to Mr Rowley. He believed that copper would remain 'phenomenally tight' throughout the first half of 2005 and that aluminium stocks were approaching 'critical' levels, while lack of supply growth would also mean further tightening of the zinc market.

Mr Rowley anticipated a 13% increase in the average zinc price next year, as well as 3.8% and 7.2% improvements for, respectively, aluminium and nickel. Average copper and lead prices could fall - albeit slightly - next year, according to the analyst's predictions. The speaker then suggested that, during 2006, there would be more significant falls across the range of base metal prices 'as supply finally catches up with demand'.



Mark Sellier of Capricorn Stainless, South Africa (left) and Salam Sharif of Sharif Metals in the United Arab Emirates.



Prof Pan Wenju, Deputy Secretary General of the China Non-Ferrous Metals Industry Association (left) and Ma Hongchang, Researcher within the China Non-Ferrous Metals Industry Association's metal recycling branch in Beijing.



Copper prices are expected to rise sharply next year.