



Copper achieves 'superstar' status

Having seen the copper price surge through the US\$ 4000 per tonne barrier shortly before the BIR Non-Ferrous Metals Round-Table in Milan, one delegate suggested that the red metal had now assumed 'superstar' status.

By Ian Martin

Despite concerted government efforts to apply the brakes, the Chinese economy had grown by a further 9.4% in July-September this year. Furthermore, the underlying fundamentals in China remained strong, the BIR Non-Ferrous Metals Round-Table was informed.

According to Ben Lee of China's Alco Resources, good growth within his country's manufacturing sector had ensured 'very strong demand for all metals', and particularly for copper scrap. 'Discounts for No 2 copper have remained quite steady, with quotations of US\$ 3700-3750 being heard recently for Birch/Cliff,' he told delegates.

Having also noted good demand and rising prices for brass and low-grade material such

as copper cable, Mr Lee reported a slight improvement in market conditions for secondary aluminium grades like Zorba on the back of 'strength in the auto industry and the anticipated increase in export orders'.

Duty changes in Russia

In his report on the Russian market, Ildar Neverov of Moscow-based TeplotovResource explained that the government had reduced the export duty on secondary aluminium alloys from 10% to 3%, while the duty on nickel alloys had been removed altogether. The speaker also reported that all of the country's scrap operations were to become exempt from VAT with effect from the start of next year.

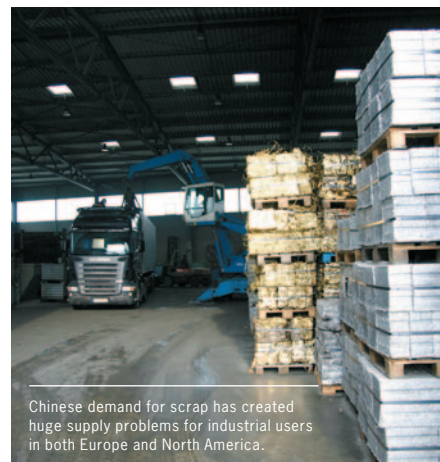
Mr Neverov pointed to a 2% increase in Russia's aluminium production following the installation of new capacity in the Urals and eastern Siberia, adding that this would generate increased demand for scrap.

In his European market review, Carmelo Paolucci of Trentavizi Srl in Italy described copper as the 'superstar' of the non-ferrous metals sector. He noted that high LME copper prices had led to scrap price increases and a lack of prompt availability of raw material. 'European refineries are working at full capacity but are suffering pressure on margins because they cannot compete with the prices paid by overseas buyers,' the speaker observed.

Meanwhile, poor consumption of semi-finished products had led to sluggish demand from secondary aluminium smelters, according to Mr Paolucci.

Zinc a star performer too

BIR Non-Ferrous Metals Division President Marc Natan of Malco SA in France suggested



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both copper and zinc should be accorded 'star' status given that their prices had risen by, respectively, more than 30% and 22% since the start of the year. The aluminium price had gained 5% over the same period whereas nickel and tin had sustained falls of more than 11%.

The two major hurricanes in the USA had helped to create an 'extreme' short supply of trucks and other forms of transport, explained divisional Senior Vice-President Robert Stein of Alter Trading. 'The costs of doing business have increased accordingly,' he told delegates.

The Round-Table in Milan also featured an open discussion moderated by Bob Garino, Director of Commodities at the US Institute of Scrap Recycling Industries. One of the panellists, Loretta Forelli from Italian scrap consumer Forelli Pietro SNC, said that Chinese demand for scrap had created huge supply problems for industrial users in both Europe and North America. 'Vanishing scrap is the concern for us,' she underlined. 'It is important that your clients survive.' Europe 'lacks the tools' to fight against the long working hours and low labour costs assisting the competitiveness of Asian countries, she added.

Mr Natan defended Europe's scrap industry by insisting that its sales were not confined solely to the wider export markets. While voicing concern for the supply problems encountered by consumers, he emphasised: 'We have to purchase and we have to sell at realistic prices.'

Earlier, Eurometrec President Bjorn Grufman of MV Metallvarden AB in Sweden had told delegates: 'We know that EU consumers do not like scrap exports because the materials escape EU recycling facilities, but we have to defend totally free trade as long as it is fair.' □



Robert Stein of USA-based Alter Trading (left) and Division President Marc Natan of Malco SA, France.



Harvey Rosen of Alpert S& Alpert Iron & Metal Inc., USA (left) and ISRI's Director of Commodities Bob Garino, who moderated the Non-Ferrous Division's round-table meeting.