

## PRESS RELEASE

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### *Recent BIR World Recycling Convention & Exhibition in Singapore*

#### **Non-Ferrous Metals Division: “Ghosts” in the copper machine**

**Brussels, 27 May 2011**

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The non-ferrous metals meeting in Singapore was devoted almost entirely to a symposium entitled “Copper - the new gold?” In previewing this special event, the BIR Non-Ferrous Metals Division’s President Robert Stein of US-based Alter Trading observed that “dramatic changes” have occurred in the copper scrap business over the past decade or so. “Demand patterns for the metal have shifted; the commodity has been ‘financialised’ to a much higher degree than ever as the investment community continues to use the metal as a source of leveraged speculation; and consolidation in the scrap industry has led to a more concentrated supply chain,” he stated.

During the symposium itself, the CEO of US broker dealer Wimco Metals - Glenn Gross - spoke of the “ghosts” that impact daily business. He elaborated: “They are the unseen financial flows that regularly rocket and torpedo our markets. Standard deviations are enormous. The ripple effects from computer-driven strategies, commodity indices and powerful hedge funds overshadow and mask traditional supply and demand analysis.” As a result, “managing risk seems to consume an inordinate amount of our time”.

Christian Schirmeister, Executive Director of JP Morgan and Chair of the LME Copper Committee, predicted that volatility would persist in the market but that “copper prices will not collapse”. He also suggested that negotiations aimed at establishing a first-ever LME warehouse in China are unlikely to bear fruit in the foreseeable future.

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**BIR – REPRESENTING THE FUTURE LEADING RAW MATERIAL SUPPLIERS**

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There are major areas of growing demand for copper at a time when planned mining output expansions have been slow to materialise - a situation which could benefit scrap suppliers, the symposium was also told by Carlos Risopatron, Head of Environment and Economics at the International Copper Study Group. However, he added, the high price of copper is already leading to substitution efforts, notably in China.

The close correlation between Chinese copper scrap consumption and the country's GDP over the past three decades was highlighted by Adam Minter, a highly-experienced trade journalist who has been based in Shanghai for many years. He went on to forecast that China's consumption of copper scrap will exceed 2m tonnes "by leaps and bounds" in 2011, having amounted to just 360,000 tonnes as recently as 2002.

In presenting a summary of the national and regional reports contained in the newly-published 100th edition of the BIR Non-Ferrous Metals Division's World Mirror, retiring board member Michael Oppenheimer of Brookside Metal Co. in the UK had earlier noted that the extraordinary powers obtained by the Mexican government to help curb organised crime - including metal theft - have led to some scrap businesses "shutting down totally or stopping copper trading temporarily as a precautionary measure".

Further details of the difficult operating conditions facing scrap businesses were provided at the copper symposium by Alejandro Jaramillo of Mexican processor Recicladora Cachanilla. He reported that, as a result of these measures, all private properties can be raided without a search warrant and simple possession of goods deemed to have been stolen leads to imprisonment - "no matter how many precautions were taken at the time of the purchase".

The symposium also heard from Miguel Garcia, Managing Director of LaFarga Lacambra (LFL) of Spain who provided an insight into his company's LFL recovery process which, he explained, now consumes 100% No 2 copper scrap as compared to 60% in 1997.

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