Metal Bulletin
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Feature
Pure zinc
The proposed link-up between Umicore and Zinifex will create the world's largest zinc smelting business. Natalia Kassakovich reports on industry reaction to the news
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IMPORTANT MB PRICING INFORMATION FOR CHRISTMAS
We will publish an issue of the weekly magazine Metal Bulletin dated December 25. The first issue of 2007 will be dated January 8. There will not be an issue dated January 1. Prices will be assessed on Wednesday December 20 and Friday December 22. The latter day's prices will be published in Metal Bulletin Daily dated Friday December 22, but will not be published in the weekly till the issue dated January 8. There will be no pricing on Wednesday December 27 or Friday December 29, but Metal Bulletin Daily will be published as normal on those dates. The Metal Bulletin office will be closed from lunchtime on Friday December 22 and will reopen on Wednesday December 27.
It will also be closed on Monday January 1.

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Metal Bulletin

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Growing pains

The fastest growing major steel import market in the world is the Middle East. Last week 570 delegates gathered in Dubai for the tenth of MB's Middle East Iron & Steel conferences — the largest audience the event has ever attracted — proving the region has become the most interesting for those in the international steel trade.

The clear message to come out of the conference was that the deficit in local supply is growing. Demand at about 26 million tonnes this year is rising faster than supply at about 15 million, despite the region being awash with oil and gas money.

The question facing the region's planners is whether self-sufficiency in steel is a desirable aim. The aim is certainly more attractive than it was two or three years ago, before the commodities boom. Steel projects take at least 24 months to construct and it is not surprising the region's steel shortage has grown, because before 2004 investors were wary of steel.

Consumption of steel in the region is not uniform. In places like Dubai, whose construction boom since 2002 has turned the city state into the world's largest construction site, consumption of rebar is an astonishing 800 kg per head. In less developed economies, however, steel consumption falls well below world average levels.

So the UAE appears to be a good place for investment in reinforcing steel, as Russia's Metalloinvest has recently decided. Even if the record levels of consumption in Dubai begin to drop, there is evidence that other emirates, such as Abu Dhabi, Qatar, Bahrain and Kuwait are ready to take over.

There is a great deal of new capacity being planned or under construction in the Persian Gulf and self-sufficiency could only be a few years away. But the private sector isn't leading the way. Much of the new capacity is underwritten by governments, such as the new direct reduced iron fed mini-mill that Abu Dhabi's General Holding Corp is building.

Why should state-sector support be needed in an area so clearly short of capacity?

Part of the problem is the shortage of raw materials. Iron ore is available locally only in Iran, which needs what it has to make steel for its own fast-growing population. To provide a foundation for DRI-based steelmaking growth in the Gulf Cooperation Council countries, Kuwait's GIC is forming an alliance with new Brazilian iron ore miner MMX that will permit large-scale growth in DR-grade pelletizing capacity in the region.

Another issue is the cost of gas, the most important single cost for any DRI project. Some Gulf DRI projects are on hold because they cannot get guaranteed allocations of gas at cheap enough prices. Local gas suppliers, understandably, want to charge world market prices, but that would kill many projects.

Even in the Gulf — in a low-cost energy region experiencing a surge in steel demand — the margins achievable from new iron and steel making projects are not always clear cut or sufficient.

PURE ZINC

Umicore and Zinifex announced plans last week to create the word's largest zinc smelting business, taking advantage of record metal prices and further restructuring the company, as Natalia Kassakovich reports

Last week's agreement in principle to create the world's largest zinc smelting group marks the end of one era and the start of another.

If Umicore and Zinifex are able to list the company as planned, the Belgian company will have repositioned itself as a materials company rather than metal producer and its Australian partner, born from the bankruptcy of Pasminco, will be free to focus on mining.

The as yet unnamed entity they are creating – Zinifex's assets will account for about 60 percent of the new company's assets – will have operations on four continents producing around 1.2 million tpy of zinc and zinc alloys.

"It can only be good for the zinc smelting industry," says Macquarie analyst Adam Rowley. "For many years people have said that zinc smelting is in need of consolidation."

The new company – valued by analysts at $2 billion – should be formed by the end of September 2007. It will employ about 4,500 people and will be incorporated in Belgium, headquartered in London with regional operations in Melbourne, Australia, and Balen, Belgium.

The two companies plan to sell shares in the new company through a stock market listing.

The deal will create the top zinc smelting and alloying company, ahead of Korea Zinc Group, Xstrata, Glencore.

"It is part of a trend to consolidate the metals and mining industry, which has been moving towards creating oligopolies that would be able to charge higher prices," Société Générale analyst Stephen Briggs says. "People have said in the past they'd like to see fewer players in the zinc market."

Zinifex listed the assets it would spin off into the new company as its smelters in Hobart and Port Pirie in Australia, Clarksville in the USA and Budel in the Netherlands. Its shareholdings in Australian Refined Alloys and Genesis Alloys, China, would also become part of the new company.

Umicore will contribute its smelting and alloying operations in Balen and Overpelt in Belgium and Auby and GM Metal in France, as well as its shareholdings in Thailand's Padaeng Industry, Galva 45 in France, and China's Umicore Yunnan Zinc Alloys and Föhl China.

It is still early stages, Zinifex and Umicore warn, adding that they plan to carry out due diligence and structuring discussions over the next few months with a view to sign a binding agreement.

An initial public offering (IPO) of the new jointly-owned company will be launched "at an appropriate time" after approval is received from the boards of both companies and regulators, according to the companies.

Some market participants predict, though, that Umicore and Zinifex might make an effort to speed up the process.

"The first regulatory approval and due diligence are expected in the first quarter, and since it is clearly in both companies' interests to set up the spin-off as soon as possible, I wouldn't be surprised if they listed before the summer," a Belgian analyst claims.

Top ten refined zinc producers based on production expectations in 2006

Company	Production ('000 tonnes)
Xstrata/Falconbridge (minus Glencore's stake)	660
Zinifex	636
Glencore	482
Korea Zinc (minus Young Poong stake)	473
HZL	430
Hunan Nonferrous	430
Votorantim	410
Umicore	408
Young Poong	408
Huludao Zinc	300

Source: MB

'It can only be good for the zinc smelting industry... For many years people have said that it is in need of consolidation'

While Zinifex says it hopes to sell shares in the new company through an IPO, Umicore has remained tight-lipped on its intentions.

According to Bank Degroof equities analyst Bernard Hanssens, though, it is no secret in the industry that "they both want to sell their participation as soon as possible".

The market consensus is that the new market leader will most likely list on Euronext in Belgium, much to the approval of local observers.

"Belgium has a very long history of zinc smelting and [chief executive Thomas] Leysen wants to keep it this way," says KBC Securities analyst Wouter Vanderhaeghen.

Failing that, Zinifex would set it up as a 50:50 joint venture with Umicore, a spokesman for the Australian company says.

"Our goal is to IPO the new company at the appropriate time. But if for some reason the market is not appropriate for this, we would go for an equal basis ownership joint venture instead," he says.

For Umicore, successfully offloading the zinc assets would represent the culmination of the strategy pursued by Leysen when he became ceo in 2000.

Investors reacted positively, sending Umicore stock to a twelve-month high.

"For the equities market, it's a final chapter for the old Umicore," Vanderhaeghen says. "The new Umicore is really liked by investors."

Umicore has its roots in colonial Congo 100 years ago. Union Minière du Haut Katanga, as it was then, exploited the vast African country for copper, cobalt, tin and precious metals that it shipped to Belgium for processing into metals to fuel the west's industrial growth.

Over the years it began to focus more on production of value added goods made from its metals, such as batteries and catalysts containing cobalt and precious metals.

Key to its transformation, and a pointer to the future of the zinc operations, was the decision first mentioned in the early 2000s to divest the copper smelting operations, based at Olen in Belgium.

The company failed to find a buyer for the operations, and instead listed the division on Brussels Euronext as Cumerio, an anagram of Umicore.

In zinc, the company announced in February 2005 it would no longer make commodity zinc products aimed at the steel business.

After posting a 15-percent drop in profits in 2005 to €151.5 million ($180 million), it came under mounting pressure to find a complete solution for zinc. In February this year it announced plans to spin off its zinc smelting and alloys activities into a wholly-owned subsidiary, as it had done with copper.

"Umicore wanted to get rid of its zinc smelting assets for good reasons — the company has been restructuring and the sector no longer fits its portfolio. The deal is sweet," Marc Debrouwer, equity analyst for Petercam, tells MB.

Investors sent Zinifex shares, already at historic highs, 4.7 percent higher on the news.

For the Australian company the deal represents a route away from its troubled beginnings, created as it was from the bankrupt shell of the assets of Pasminco in 2004.

Following the failure of Pasminco, administrators sold mines including the Broken Hill, Elura, Gordonsville and Clinch Valley in Tennessee, and its stake in the Ernest Henry mine.

The company retained the Century mine in Queensland, Australia but speculation persisted it would dispose of some of its smelter assets.

"For Zinifex this gives our refining and smelting business the opportunity to flourish as part of a stronger more diversified global enterprise, while at the same time enabling us to focus more clearly on our ambitions to vigorously grow our mining business," said Zinifex ceo Greig Gailey in a statement.

Executive management will be drawn jointly from the two companies, with Zinifex chief operating officer Paul Fowler taking the position of ceo elect and Umicore's zinc specialties business group controller Heinz Eigner becoming chief financial officer elect.

"For both Umicore and Zinifex it is a very nice exit strategy. They took a two-step approach. First become a market leader, then go for an IPO," says KBC's Vanderhaeghen. "Both of them might retain a small stake but the intention is definitely to cash up."

Still, not everyone is convinced about the strategy, with concerns raised about splitting the smelters from the source of their raw material feed.

"I think it's a strange move," vice president of commercial operations for a large zinc producer told MB. "In the recent years, it has proven very important to have raw materials supplies. They will be in a very sensitive position."

"Raw materials supply is the key issue in the market at the moment, and I would have thought that we would have seen acquisitions of miners or near-production mine projects rather than the merger of smelting units," agrees MBR analyst Andy Cole.

One of the issues the new business will have to deal with will be treatment and refining charges (TC/RCs) smelters receive from miners for treating concentrate.

Leysen: the new zinc smelting market leader will most likely list on Brussels Euronext exchange

While in the 1990s, base TC/RCs hovered close to $200 per tonne, in September 2005 they went into a negative territory where they remained for six consecutive months till mid 2006. Since then, they have picked up to the levels above $100 per tonne but market observers say the risks are still there. The smelters' share of the profits as compared to the miners' share has gone from 48 percent in 2001 to 38 percent in 2004 and 37 percent last year, according to LME trader Calyon.

"It will be a risky situation to go into the market completely exposed to this," the producer says.

While agreeing that the company might struggle to fill its smelters -- Zinifex already has difficulty — the new company should on the other hand be in a better bargaining position with mines, Cole says.

"At least the greater critical mass of the new company should put it in a stronger position at the TCs negotiating table," he says.

Umicore spokesman Tim Weekes insists that the smelters will have no problems with securing supplies as their sources of concentrate will most likely remain the same as previously.

He confirms, though, that business will have to be conducted on the market terms.

To some extent, that is not Umicore or Zinifex's problem, as their share prices show.

Nerves had been jangling at Umicore's seeming failure to sell the zinc business, with fears mounting among investors they could be in for another long haul, as with the copper disposal.

"More and more people were starting to doubt its ability to get rid of the assets," says the anonymous Belgian analyst.

While Umicore's spokesman admits that various options had been considered, he insists that the joint company should not be viewed as the last resort for Umicore.

Meanwhile, getting shot of the smelters makes the companies more focused, but also more digestible.

"We recognise that we do have an open share register. If someone does make a move for us, we would be seeking the best price for our shareholders," a Zinifex spokesman says.

For Umicore, it could also pave the way to be acquired, Debrouwer indicates.

"The spin off will now lead to a revaluing of Umicore's stock and eventually attract more investors," the Belgian analyst tells MB.

Umicore: a short history

17 Dec 1805:	Jean Dony obtains concession of Vieille-Montagne mine in Moresnet, marking beginning of what in 1837 became Société Anonyme des Mines et Fondéries de Zinc de la Vieille-Montagne, Umicore's oldesr predecessor company
1906:	Union Minière, another main strand of Umicore, is formed. Its activities consisted of exploiting the copper, cobalt, tin and precious metals resources of the Congo
1968:	Union Minière's assets are nationalised by the Zairian government. Company develops new mining and refining activities and eventually becomes a sub-holding of Sociéte Générale de Belgique
1989:	Union Minière merges subsidiaries — Metallurgie Hoboken-Overpelt, Vieille-Montagne and Mechim — transforming company to integrated industrial group
Late 1990s:	Union Minière sells remaining mining and non-strategic assets to focus on precious metals, high-margin zinc products and advanced materials based mainly on cobalt and germanium
2001:	Group changes its name to Umicore
2003:	Umicore acquires OM Group precious metals unit.
2005:	Umicore divests its last remaining pure commodity business — copper — as a separate company. This company, Cumerio, is listed on Euronext Brussels
Feb 2006:	Umicore announces plans to spin off its zinc smelting and alloys business
Nov 2006:	Umicore loses out in auction for special metals producer HC Stark
Dec 2006:	Umicore and Zinifex agree to merge assets to form world's top zinc producer

Top news Van der Gaag's leave causes confusion among ferro-alloys suppliers

ABSENCE OF ARCELOR MITTAL BUYER DISRUPTS ALLOYS TRADE

BY BIANCA MARKRAM

■ LONDON — Ferro-alloys suppliers have said they are confused and unhappy about the way Arcelor Mittal is handling its ferro-alloys purchasing.

Edwin van der Gaag, who was recently put in charge of the company's ferro-alloys purchasing (MB Nov 20), has been off work sick, but he returned part-time this week to catch up, a source at the company confirmed.

His absence — following the uncertainty that preceded his appointment — has again delayed negotiations of long-term contracts in ferro-alloys, ranging from bulk alloys to ferro-titanium and ferro-vanadium, market participants said.

"[Ferro-alloys buying at] Arcelor Mittal is in a bit of a mess," a bulk alloys producer, who did not know that Van der Gaag had returned, said.

"We are trying to settle our ferro-manganese contract with them, but the guy in charge [Van der Gaag] is not there, and we have to deal with more than one person and none of them are taking any decisions."

Other market participants reported having a similar experience.

"At the moment I'm dealing with two or three people. One day I talk to one person, and then the next day I talk another one — on one contract," said a source at a ferro-titanium producer.

A ferro-vanadium producer said he has only just started talks with Arcelor Mittal for 2007 contracts, while most of his negotiations with other steel mills are at an advanced stage.

"I've settled all my other long-term contracts, except [with] Arcelor Mittal. How does it make sense that such a huge organisation relies on one person to make all the decisions?"

Arcelor Mittal may "have some problems with [sourcing] raw materials in January" if it is unable to settle its contracts soon, he said.

"I expect they would have to do more spot buying initially than they would have liked, but if contracts are not in place in time, that might be their only option."

Most ferro-alloys prices have been drifting down in a quiet December market, but market participants said prices in January will depend to a large extent on Arcelor Mittal and whether or not it finalises its contracts in the next ten days.

"We hoped to have put our long-term contracts to bed by the time Christmas comes, but nobody knows what Arcelor Mittal is doing at the moment," complained the second ferro-titanium producer.

A spokesman at Arcelor Mittal said that the company continues to negotiate and conclude contracts for its needs, even though Van der Gaag has been absent.

"We are serving our needs and we have people taking care of the buying," he said. "We are booking our volumes with our traditional suppliers."

Aside from having problems finalising long-term contracts, ferro-alloys producers also said that the company's logistics lack coherence.

A second bulk alloys producer reported delivering material to an agreed point and then receiving instructions to deliver the material to a different plant, hundreds of miles away.

"They move the material around like on a chess board so that you would be instructed to deliver material to their Fos plant [in France], but when you arrive there, they send you to the Belgium plant," said the first bulk alloys producer.

The Arcelor Mittal spokesman refused to comment

Sinosteel plans ferro-chrome expansion in Xinjiang

■ SINGAPORE — Chinese trading house Sinosteel Corp has signed an agreement to acquire Tuoli Taihang Ferro-alloy Co in northwest China and plans to quadruple the company's ferro-chrome output to 300,000 tpy by 2007.

Tuoli Taihang Ferro-alloy Co, based in the resource-rich Xinjiang Uygur Autonomous Region, produces 70,000 tpy of ferro-chrome and is on course to commission two new 12,500 kva electric arc furnaces to double output by the first half of next year.

"We hope to further expand the capacity of Tuoli Taihang to 300,000 tpy by end of next year, but it will depend on the raw material supply situation and market demand," an official from Sinosteel's investment department told MB.

Sinosteel has agreed to pay 200 million yuan ($25.6 million) for full ownership of Tuoli Taihang as well as more than 70 percent of the shares of the Tuoli Guoyuan Chromium mine and Tacheng Tiechanggou Electricity Generating Company, the official said. The companies were previously owned by the regional government.

Tuoli Taihang imports about 80 percent of its chromium ore requirements from neighbouring Kazakhstan, with the remaining 20 percent sourced from the 100,000 tpy Tuoli Guoyuan mine.

The Tacheng area, where Tuoli is based, is close to the Kazakhstan border, the official noted.

"It's a good location to build smelters to use imported ores. We are planning to develop long-term deals with Kazakh suppliers," she added.

Sinosteel, which is one of China's top iron ore and steel traders, may also buy shares in chromium mines in Kazakhstan in order to strengthen ties with suppliers, the official said.

The company would consider buying shares in Eurasian Natural Resources Corporation (ENRC), the parent company of Kazakh ferro-chrome producer KazChrome, though it does not have any immediate plans to do so, she added. ENRC has said it may launch an IPO in London next year (MB Jun 20).

The Xinjiang region of China shares borders with eight Asian nations and has abundant oil, natural gas, coal and other mineral resources.

Sinosteel recently signed a strategic cooperation agreement with the government of the autonomous region in order to take advantage of its mineral and power resources, including iron ore, chrome and vanadium, the official said.

"The Xinjiang area is quite isolated, but rich in many ore deposits. [The local government] hopes to build their own processing and utilisation bases to make best use of resources and develop local economies, and that is just what we are always trying to do," she said.

Bangka tin smelter shutdowns may extend past Jan

■ SINGAPORE — The shutdowns of 20 private tin smelters in Indonesia's Bangka island may extend past January, market participants said.

Though local press reported that the government is likely to award qualified permits to smelters by mid-January, market participants are sceptical that smelters will be able to restart operations then.

"The team will give its recommendations to the government at the end of this month and the government will still have to reconsider and make its final selection [on which company to award permits]," said an official from a private smelter in Bangka.

"My personal opinion [on a restart] is after February," he said.

A team of authorities has completed checks on around twelve private smelters so far to decide if facilities meet required standards, while eight have not been checked, a source in Bangka said. "Their facilities may not be ready for checks. They could apply for checks at a later date," the source said.

The team is to recommend to the government whether smelters will receive operating permits, require further corrections to facilities or should be shut down (MB Nov 24).

Traders in Singapore believe that the twelve smelters are unlikely to start operating in January, suggesting that some of the smelters may be shut permanently.

"Tin is an important natural resource for Indonesia. That's why it cracked down on the illegal miners and smelters in the first place. It has to control its reserves," said a Singapore-based trader.

All 20 privately owned tin smelters on the islands have been shut since October after the central government alleged that the smelters did not have proper mining permits and have not paid royalties (MB Nov 9).

While there is some tightness in the market, tin is still readily available, traders said.

"Tin is still available but there are some problems sourcing for certain brands," said a second Singapore-based trader, who added that Malaysia Smelting Corp material is hard to procure at the moment.

Meanwhile PT Koba Tin has stopped procuring tin concentrates from local tin miners, various industry sources told MB.

"Koba stopped buying last week and are now using only concentrates from their own mine," the Bangka source said.

Rima selling silicon in the US market

■ NEW YORK – Brazilian silicon producer Rima Industrial has re-entered the US market and is offering material for the first quarter of next year, market sources said.

The Brazilian producer stopped exporting to the USA shortly after Globe Metallurgical filed an appeal in August against a decision by the US Commerce Department to exempt Rima from a standing anti-dumping order on silicon metal from Brazil.

The US International Trade Commission voted on November 15 to end those duties, making Globe's appeal unnecessary and clearing the way for Rima to re-enter the market, sources said.

"I don't know how much they are offering here; they may be coming out a little at a time," a trader said.

"They have also been selling to other people outside the USA too."

Rima's return has not altered spot prices, which are holding between 90 and 94 cents per lb.

The market will likely remain firm because the Brazilian company is not yet making significant sales within the United States.

"I haven't heard details about them offering in the USA, but it doesn't surprise me that they are because they are allowed to re-enter the market without penalty," a second trader said.

Consumers who booked 2007 contracts in the last few months will most likely pay higher prices than those who reacted early to a predicted silicon supply shortage next year thanks to Globe's move against Rima.

"There may be about a 10-percent difference," the first trader said.

"Those who came in early booked at 88 cents per lb, and some now are booking at 93-94 cents per lb."

The second trader reported as much as a 20-cents-per-lb spread in contract pricing for next year.

A gap in contract prices based on timing, however, is not abnormal.

"There is typically a spread between the beginning and end of contract season, as prices naturally go up as suppliers book volumes later," the first trader said.

Still, the spread is wider than usual, as Rima's absence from the market created a potential supply shortage, according to traders.

"Some people didn't read the tea leaves well enough to see the effects of Rima being thrown out of the US," the second trader said.

Ashapura to set up Al project in Orissa

■ MUMBAI – Ashapura Minechem, one of India's larger bauxite miners, plans to set up an alumina refinery, aluminium smelter and power plant in the mineral-rich state of Orissa in eastern India.

The company has submitted a proposal to the Orissa government for an integrated aluminium project in the bauxite-rich Koraput district in southern Orissa, according to an official from Ashapura.

The state government is vetting the proposal before a memorandum of understanding is signed, Orissan state government officials said.

Ashapura has yet to decide on the size of the project and how it will be developed, he said, adding that an alumina refinery may be set up in the first phase and the smelter in a second phase.

The integrated aluminium project, which is expected to cost at least $2 billion, will be the company's first, the Ashapura official said.

A formal announcement on Ashapura's aluminium project will only be possible early next year, Orissan officials said.

The official from Ashapura said that the big decisions can be made only after the raw material situation is clear.

Japanese titanium producer Daido Steel plans to boost output of titanium bar and wire rod by 60 percent to 160 tpm in fiscal 2008, the company said. The increase in production comes as part of a drive to increase sales of titanium materials to over ¥10 billion ($85.4 million) as soon as possible from an estimated ¥6 billion in fiscal 2006, it said. Daido Steel recently completed construction work on a new melting furnace at its Hoshizaki plant in Nagoya.

Aluminium demand from the Japanese automotive industry is expected to grow to 380,000 tpy by 2010 from around 310,000 tpy in 2005, according to the Japanese Aluminium Association. Tightening fuel economy standards and the consequent need for manufacturers to reduce automobile weight is fuelling the demand for lightweight alternatives to steel such as aluminium, the association said.

A strike at the Montenegrin aluminium smelter Kombinat Aluminijuma Podgorica (KAP) has finished after management settled a wage deal with workers on December 19. Union workers went on strike on December 5 in a bid to secure a 15-percent wage increase. Management at the 120,000 tpy plant had originally said it was not prepared to meet their demands, citing higher raw material and electricity costs as well as €90 million ($119 million) in debts accumulated by its former owner.

Ormet plans to begin pouring metal at its restarted smelter in Hannibal, Ohio, on December 19. Power was restored to 35 pots on the west end of potline No 4 at midnight on December 11, according to a statement from Ken Campbell, Ormet's ceo. A spokeswoman for the company confirmed that first metal would be poured this week. In November, the company signed an agreement with American Electric Power (AEP) for sufficient electricity to restart all six potlines at Ormet's 267,000 tpy smelter.

Malaysian aluminium extruder Press Metal plans to buy a 90-percent stake in China's Hubei Huasheng Aluminium and Electric Co for 360 million yuan ($46 million) in a bid to secure raw materials and electricity for its Press Metal International (PMI) downstream aluminium plant in China. Huasheng Aluminium owns the Huasheng Aluminium Smelter, which produces aluminium ingots, and the Huasheng Electricity Generation power plant.

LATE MAGNESIUM BUYERS FACE VAST RISE IN CONTRACT PRICES

BY MEGHANN McDONNELL

■ NEW YORK – North American magnesium consumers that have not yet sealed contracts for next year face far higher prices than those that did so before or shortly after Norsk Hydro announced it would shut its plant in Bécancour, Quebec, market sources said.

Buyers now face contract prices as high as $1.55-1.60 per lb compared with contracts signed at $1.15-1.20 per lb in early November as indications of future tightness grow, market participants said.

Consumers who signed annual contracts early, either before or immediately after Norsk Hydro's October announcement that it would exit the magnesium market, are reaping the benefits of their foresight, the sources said.

"We booked our contracts three to four months ago for 2007, and we thought it was expensive, but in hindsight it was genius," one magnesium consumer said.

"People that came in early have done very well, and for the first time in years there is going to be a wide discrepancy in contract pricing."

Two market sources played down the size of the gap, though, putting the spread in 2007 contract pricing closer to 5-10 cents per lb.

Norsk Hydro's announcement on October 31 that it would close its plant in Quebec next year and exit the magnesium market is the main reason for the increase in prices, market sources said.

The company said its Bécancour plant could not turn a profit as long as low-priced magnesium was available from China.

But since then, changes in China's export tax policies and efforts in the USA to maintain duties on Chinese magnesium have clouded the picture, fuelling concerns of a supply shortfall next year.

"The spread wouldn't be nearly this wide if Norsk didn't close its magnesium business, because before there was tremendous competition between suppliers and Norsk to gain business," a producer said.

Uncertainty over supply needs was another factor that delayed contract buying.

"Some people waited for their plants to complete their sales forecast for 2007, and it's better to be safe and certain of your needs than end up buying more than you need," the producer said.

This year's booking trend is a stark contrast to a year ago, sources said.

"Last year people who booked first booked at the highest price because there was a lot of unsold material," the producer said.

"This year because the market tightened up it is the absolute opposite scenario."

China imported 174,510 tonnes of copper and copper products in November, up slightly on the previous month, according to the General Administration of Customs (GAC). November imports rose 5.8 percent from October, the figures showed. However imports for the January-November period were 21 percent below the corresponding period last year at 1.86 million tonnes. Scrap copper imports inched up 1.2 percent from a year ago to 4.47 million tonnes in the first eleven months of the year. Imports jumped 24.5 percent from October to 554,419 tonnes in November, according to the GAC.

China Metallurgical Group Corp is making slow progress with plans for an initial public offering, which may not take place before 2008, a company official said. “It has been talked about for years but the plan has never progressed far,” she said. The official was responding to a report in the state-run *China Daily* that said China Metallurgical Group Corp (MCC), China’s biggest construction company, was making “final preparations” for an IPO. Five independent directors have been appointed to the board to strengthen MCC’s corporate governance, the report said, quoting company president Yang Changheng. It did not indicate when an IPO is likely to take place.

US copper premiums have softened as spot demand for metal dries up and warehouse stocks rise. A dearth of business activity comes as consumers report weak order books following a slowdown in the residential construction and automotive industries and pressure mounts to run down inventory ahead of the end of the year. The copper premium spread has widened with the bottom end of the range moving down 0.5 cent per lb to take the spread to 5-6 cents per lb delivered to most US destinations.

Australian exploration company PacMag Metals is mulling construction of a 130,000 tpy copper mine in Nevada, USA. The deposit is believed to have resources of around 810 million tonnes of ore. The Ann Mason mine could produce about 130,000 tpy of copper and some 1,600 tpy of molybdenum over a 34-year mine life, PacMag Metals said in a statement to the Australian Stock Exchange. The average operating costs are expected to be around $1.18 per lb, which will translate into a payback period of five years for the company, it said.

SPOT TC/RCS EXPECTED TO RISE IF STRIKE HITS ALTONORTE

BY SEAN BARRY

■ NEW YORK —A potential strike at Xstrata Plc’s Altonorte copper smelter in Chile could release more copper concentrates onto the market and raise spot treatment and refining charges (TC/RCs), according to traders.

Spot TC/RCs have increased steadily in recent weeks as miners run down inventory ahead of the end of the year in order to balance their books.

“If production at Altonorte is hit then it will release even more units onto the market and give prices a boost,” one concentrates trader said. “There’s been a lot of nearby material coming out over the last two months because of the year-end and the stock run down. Smelters are already well covered for concentrates.”

A recent tender for material from Corporacion Nacional del Cobre de Chile (Codelco) was settled at $63 per tonne/6.3 cents per lb. This compared with a tender for material from Peruvian group Southern Copper at $50/5 cents at the end of last month.

A strike at Altonorte was put on hold for five days following a request by the company for government mediation on December 11.

Union workers at Altonorte voted to strike when their contract expired on December 12, but under Chilean law must now wait five working days while a mediator attempts to bring the workers and company management to an accord.

The copper smelting operation, which is located near Antofagasta, has processing capacity for some 820,000 tonnes of copper concentrate per year.

“This material will have to find a home if the workers go out. The market is already well supplied,” another trader said. “But strikes in Chile have a habit of not lasting too long so it may not have a major impact.”

Meanwhile, there is still no news from the annual TC/RC talks between Japanese smelters and copper miner BHP Billiton.

Traders expect BHP, majority owner of the big Minera Escondida Ltda operation in Chile, to make an initial offer in a range of $60 per tonne/6 cents per lb with no price participation, compared with last year’s $95/95 cents with full price participation, and mid-year deals at $60/6 cents with a 6 cents cap on price participation.

It comes as the company has reportedly settled at this level with several smelters in China, South Korea and India.

But traders said that full details of the side terms agreed to in China have yet to be released and could actually see the smelters recover some of their losses and be equivalent to a 6-cent cap on price participation.

“We understand that BHP has been relatively successful in China at these levels. But the true value could be a lot different with the side terms,” the first trader said. “The Japanese are going to have a tough job battling these annual deals because of the other settlements and the deficit next year.”

Xstrata set to present Altonorte workers with new labour deal

■ NEW YORK —Xstrata was preparing to offer workers at its Altonorte copper smelter in Chile a new labour agreement on December 14, according to trade sources.

Strike action at Altonorte was put on hold for five days following a request by the company for government mediation on December 11 after the union rejected its initial offer.

“We understand that the company is close to tabling an offer and is expected to put it forward tomorrow [December 14],” a trade source said. Xstrata was not available for comment.

Union workers at Altonorte voted to strike when the current contract expired on December 12, but under Chilean law now must wait five working days while a mediator attempts to bring the workers and company management to an accord.

The copper smelting operation, which is located near Antofagasta, has processing capacity for some 820,000 tonnes of copper concentrate per year.

Chinese smelters under pressure in TC/RC talks

■ SHANGHAI —Chinese copper smelters holding out for better terms in copper treatment and refining charge negotiations with BHP Billiton are under pressure following deals the world’s largest miner has tied up in South Korea and India.

The Chinese had been holding out for a price participation in the clause, but low supply of concentrates have reduced their bargaining power. After smelters in South Korea and India reportedly agreed to take BHP Billiton’s copper concentrate at $60 per tonne and 6 cents per lb without price participation for 2007 contracts, the negotiating stance of the Chinese is weaker still.

“We haven’t contacted BHP Billiton since our last round of talks in November…It’s a rather difficult time for us as two other Asian countries have agreed to very low TC/RCs,” said a senior official at China’s largest copper smelter Jiangxi Copper Co.

“It is a seller’s market now…We have almost no advantage to haggle with BHP,” said an official involved in the negotiation at Tongling Nonferrous Metals Co.

While Tongling plans to conclude the talks by the end of December, Jiangxi Copper had set no deadline for the talks, according to the official.

Earlier this year, Tongling was obliged to accept TC/RCs around $73 per tonne/7.3 cents per lb offered by BHP Billiton for a one-year contract from July 2006 to June 2007.

For 2006 contracts, the parties agreed TC/RCs at $93.5 per tonne/9.5 cents per lb to Chinese smelters, plus a price participation clause, which allows smelters to get a refund of 10 cents per lb as long as the London Metal Exchange copper price stays above 90 cents per lb.

Earlier this year, big smelters, including Yunnan Copper Co, said TC/RCs must be set above $100 per tonne/10 cents per lb for long-term contracts.

Smelters have suggested they will cut concentrate imports if the terms offered by miners are not attractive enough.

In the firing line

Exporters are bracing themselves for more tax increases as the Chinese government looks set to intensify its crackdown on bulk alloy production next year. Kevin Foster reports

China's exports of bulk alloys are likely to slow next year as the government introduces measures to cut domestic overcapacity, market participants believe.

The government's surprise move to impose a 10 percent export tax on most ferro-alloy products on November 1 is a sign that it plans to get tough on the industry, which it sees as energy-intensive and polluting.

However with the jury still out on whether the recent changes will have the desired effect of cutting exports, many traders are bracing for more tax rises next year.

"Further increases in export taxes will definitely take place, and will take taxes to 20 or 30 percent in the end," said an official from Jilin Ferroalloy Co, a large Chinese producer.

The immediate impact of the November 1 tax changes on exports will not become clear until official customs figures are released later in December. But Chinese sources said there was little evidence of a sharp drop in exports over the last six weeks, with sellers instead choosing to pass on the higher costs to buyers in Europe and the USA.

Industry officials are lobbying the government for more time before any additional changes are implemented.

"We have explained to the government that to judge the effects of the recent tax adjustment — whether export volumes have accordingly decreased —takes time," said Xie Xinmin, chairman of the China Ferroalloy Industry Association (CFAIA).

Xie said that prospects of another increase to export costs as soon as January 1, as had been rumoured in recent weeks, seem to be decreasing.

"We contacted the government recently, and it appears that there will not be any changes to the export tax scheme for bulk alloys in the first half of next year," he said.

"The government may wait several months to watch market developments and then determine their next steps... [but] if export volume does not ease as much as expected by June, the central government is likely to do something," Xie added.

Not all traders agreed with Xie's optimistic assessment of no imminent tax changes. One official at a large trading house in Beijing said export taxes on ferro-alloys could be raised by another 10 percentage points to 20 percent in January, though he declined to reveal the source of the information.

The trader said he had held off from signing new contracts and was instead confining his activities to the spot market until the situation became clearer.

However other traders may have chosen to deal with the uncertainty by boosting exports in the short-term, another exporter suggested.

"There's plenty of products at ports these days, waiting to be exported before January 1 when new tariffs could be put in place," the exporter said.

'Exporting ferro-alloys is not easy at all now. We're facing both our government's controls and ceaseless anti-dumping charges from overseas countries' — trader

Exports of all bulk alloys for which China is a net exporter —ferro-manganese, ferro-silicon and silico-manganese —have increased in 2006, as Chinese producers struggle with overcapacity and overseas demand remains strong (see box).

Production of all ferro-alloys is likely to increase 20-30 percent this year to about 13 million tonnes, according to industry estimates.

As with steel exports, the increase in shipments of ferro-alloys has sparked concerns about a rise in the number of new anti-dumping cases being levied.

"Exporting ferro-alloys is not easy at all now," one trader complained. "We're facing both our own government's controls and ceaseless anti-dumping charges from overseas countries. It's really hard to live with."

The European Union has launched anti-dumping investigations into imports of silico-manganese and ferro-silicon from China this year, posing a threat to Chinese producers and traders who depend on the export market.

"I do not know what the European Union's thinking. After all Europe does not have much domestic production. It has to import around 70 percent of its total demand," said the general manager of a ferro-silicon producer in Mongolia.

Tax changes and the threat of anti-dumping actions are not the only dangers that Chinese market participants have to face.

Chinese bulk alloy exports

	Jan-Oct 2006 (tonnes)	% change year-on- year
Ferro-manganese	141,495	26.5
Ferro-silicon	1,043,567	39.4
Silico-manganese	405,505	38.4
Ferro-chrome	9,253	-77.6

Source: China's General Administration of Customs

Beijing is also attempting to consolidate the industry and cut capacity through policies aimed specifically at the domestic market, such as reducing the number of approved producers and raising electricity costs. These may also lead to a fall in exports, industry officials said.

The CFAIA is due to publish a list of the third and final batch of qualified ferro-alloy producers in January, according to its secretary general Zhang Cengchan.

"Those who fail to meet the strict new standards will be charged higher power rates and their access to bank credit will be restricted," he said.

"Our aim is to force inefficient companies emitting high levels of pollution and consuming large amounts of resources out of business," Zhang added.

The government has not revealed exactly what the new standards are, but has said companies will be assessed in five categories: technology and equipment, environmental protection, power consumption, resource consumption, and environment and safety facilities.

The requirements form part of the government's plans to cut ferro-alloy capacity by 5 million tpy or almost 25 percent to about 17 million tpy by the end of the decade, the NDRC said earlier this year

Any increase to power costs could have a devastating impact on some producers.

"We are only just making thin profits, so if electricity costs double as announced we will meet great difficulties in continuing our business. We may have to stop production," said an official with a ferro-alloy producer in Gansu province.

But despite their potential impact, some market participants said it was far from certain that the new measures would be properly implemented.

Some unqualified producers may strike deals with approved companies to continue operations, while others have captive power supplies and so will be immune to any increase in wholesale tariffs, an official with another ferro-alloy producer noted.

While electricity prices have increased this year, supply in China has improved as investment in the power network cuts shortages, contributing to the sharp increase in ferro-alloy output.

Industry estimates suggest that despite government efforts to clamp down, 1.61 million tpy of new ferro-alloy capacity is under construction and another 1.23 million tpy planned.

If all the planned capacity comes on line it would take Chinese capacity to 25 million tpy, rather than the 17 million tpy the government is targeting.

"Only 48 percent of capacity is operational now, so this kind of blind expansion is not wise," Zhang warned.

LOCALS CRUCIAL TO PROGRESS OF 60,000 TPY GORO PROJECT

BY DIANA KINCH

■ RIO DE JANEIRO — Support from the local community is crucial to the future of the 60,000 tpy Goro nickel project in New Caledonia, CVRD president Roger Agnelli said.

The project has run into strong opposition from local unions and groups representing the indigenous people of the French-controlled territory, and Agnelli conceded that sustained opposition could derail the project.

"We need the support of the community," he said. "If the local community were to put up insurmountable barriers then the project will not move forward. But we should not have these problems as the authorities are quite favourable to the project."

Agnelli: would like to move faster but for problems with infrastructure and environment

CVRD will review the project by the end of January in a move to overcome local obstacles and improve the project, Agnelli told journalists.

"I was there just three weeks ago and am going back there tomorrow [December 14]," he said during an end-of-year lunch. "We have until the end of January to review and improve the project."

The Goro project is based on a nickel reserve that should last longer than 100 years. CVRD, which took control of the project when it acquired Inco, plans to produce 60,000 tpy of nickel metal from the site.

The project could represent an investment of close to $3 billion, to be spent over two to three years, with a possible start-up in late 2008, according to the CVRD president.

"We would like to accelerate the Goro project but there are problems in both the environmental and infrastructure areas," he said. "The area is environmentally degraded and needs to be restored."

Agnelli noted recently that environmental approval was still needed from the local authorities for the Goro rejects dam.

Meanwhile, Agnelli said that no talks are occurring between CVRD-Inco and Xstrata on the possibility of setting up a joint venture at the companies' nickel operations at Sudbury in Canada.

"We have a great relationship with Xstrata and the search for synergies [between the two companies' operations] proceeds quite independently of any joint venture. Synergies to the value of around $200 million are already being achieved at the site," he said.

The cost savings are being achieved by the companies via a combined transport system.

"The big problem at Sudbury is transport," Agnelli said. "Transport can be fixed up jointly via accords" rather than a joint venture, he said.

First quarter bulk alloys contracts in Europe rise on strong steel market

■ LONDON — Contracts for first-quarter bulk alloy contracts in Europe remain under negotiation, although early indications are that mills will pay more than in this quarter as steel production continues to grow.

Some ferro-silicon contracts have been settled, said merchants, at a €20-60 ($27-80) per tonne increase, with some contracts settled above €800.

"We have not settled all our contracts, but so far the ones that we have is around €810, and that is the price we will be looking for," said a northern European producer. He added that this represents a €60 increase.

A second producer said not many contracts have been concluded as yet, but he was looking more at €760 per tonne. Other merchants are seeking an €800 contract price, he said, but this is for special grades.

A trading source said he has settled "two or three" contracts so far around €780 per tonne, a €40 increase from the fourth-quarter price he achieved. "The costs to produce the material has increased substantially, and the demand remains robust as demand for steel is strong [in Europe] in the first quarter," said the trader.

High carbon ferro-manganese contracts are also still under negotiation. Some producers have settled most of their contracts, while others have more outstanding.

The contracts that have been settled have increased by €15-30 over the previous quarter, depending on the supplier. First-quarter contract prices for 7.5 percent carbon ferro-manganese are so far between €635 and 650 per tonne.

"A large part of the price increase is because there appears to be a real tightness in the manganese ore market," said one European producer. "Combined with that, we see no sign in Europe of a slowdown in the steel industry, despite a slowdown in the USA. For Europe, we remain quite bullish into the first quarter, and even the second quarter," he added.

For medium carbon ferro-manganese the price remains around €1,000-1,050 per tonne in Europe, he said, which constitutes a rollover from the fourth quarter.

IFM: effect on chrome price neither 'severe or long'

■ LONDON — International Ferro Metals (IFM) has acknowledged that starting up its operations in Buffelsfontein, South Africa, will depress prices but believes the market is ultimately strong enough to absorb the extra output.

"We are of course concerned that bringing online our operations will depress the price of charge chrome, but the market needs the material," said Ronnie Barnard, chief executive of IFM's South African subsidiary.

Fourth-quarter charge chrome negotiations were tough — some mills in Europe have even succeeded in subsequently negotiating discounts on the 3 cents per lb increase — and IFM will begin production just as first quarter talks get underway.

"We don't expect the depression [our new capacity will cause] to be severe or long with stainless steel growing," he said.

"We haven't started marketing discussions as yet, but even though we're bringing new capacity on stream, stainless steel is a growing market."

Anglo American Brasil is redefining its Brazilian nickel mine reserves, with a view to further future expansion of its ferro-nickel output, company ceo Walter De Simoni told MB. The company announced two weeks ago it will start up a ferro-nickel plant at its new Barro Alto nickel mine in 2010. The prospects seen so far in the redefinition of the company's mine reserves mean there is a possibility of production rising above the additional 46,000 tpy of nickel contained level already planned, he said.

Ferro-vanadium slipped further in Europe last week as more Chinese material seeps into a market where spot sales are already sparse, merchants reported. Ferro-vanadium basis 70-80 percent was selling at $33.70-34.50 per kg duty paid delivered on December 13, down from $33.80-34.80 previously. This is the lowest that the price has been since October and November 2004. "I've seen a bit of weakness slipping in on the Chinese side," said a trader. "They're becoming keener sellers."

European ferro-molybdenum prices continue to drift, even as buyers enter the market on first-week-of-January purchases. Western ferro-molybdenum basis 65-70 percent was changing hands at $59.50-61.50 per kg duty-paid delivered last week, down from $61-62 two weeks ago. "I've had a handful of enquiries from people who want material for very prompt delivery," said a European producer. "And yet, prices are a touch down because there is simply not that much buying going on."

China's domestic ferro-chrome prices have risen by around 200 yuan ($25.59) or 3.5 percent in the past few weeks on shortages of chromium ore and cuts to power supplies, market participants said. High carbon ferro-chrome was changing hands at 6,400-6,600 yuan last week, up by an average of 200 yuan from early December. Many ferro-chrome producers are quoting prices that are artificially high because they cannot meet demand from the spot market, officials from producers said.

Turkish chrome concentrate producer Se-Tat Maden aims to increase its concentrate output by close to 100,000 tpy by building a new concentrator near its Orhaneli chrome mine. Se-Tat hopes to start-up the $20-million plant in May 2007, said the company's president and owner Sehmus Tatlici. "This new concentrator will produce 100,000-120,000 tpy of chrome concentrate with a 120 tph feeding capacity," said Tatlici.

Bismuth continued its rapid increase, trading above $7 per lb and heading towards $8 ahead of the tax rebate cancellation in China, market participants said. The metal rose to $7.05-7.40 per lb in-warehouse Rotterdam last week from $6.80-7.10 previously, its highest level since the 1980s and almost double its prevailing $3.00-4.50 range of the past ten years. Prices are set for a further rise when exported material will no longer be eligible for the 13-percent export tax rebate.

Central African Mining and Exploration Co (Camec) anticipates lower production in the Democratic Republic of Congo given lack of progress settling a cobalt mine dispute in the country. Camec estimates output could be at as low as half capacity with the Mukondo mine still out of action. Mukondo shut after John Bredenkamp sold his stake in the mine and the new owner — believed to be Israeli diamond merchant Dan Gertler — could not agree terms with the other shareholder, Billy Rautenbach.

Chinese cobalt concentrate prices have risen slightly to $16-17 per lb on tight supply and strong metal prices, industry sources said. Prices for concentrate with minimum 10 percent cobalt and maximum 5 percent copper content had held at $16-16.80 per lb since the start of December, though offer prices have continued to climb over the period and are now reported at $18-19 per lb, up from $17-18 per lb two weeks ago. An unconfirmed deal was reported at $18.50 per lb.

Impala Platinum has signed a binding agreement to buy 29.9 percent of African Platinum's South African assets for 1.07 billion rand ($152 million), the companies said. Under the agreement, Afplats will merge its South African subsidaries into Newco, a newly-formed South African company held 100 percent by Afplats. Implats will subscribe for 29.9 percent of Newco with an option to convert its shareholding in the company into Afplats equity in the future.

Copper and cobalt miner Nikanor has reopened two mines of its in the Democratic Republic of Congo. The company has started blasting at its Tilwezembe mine, and was set to restart mining there on December 15, with a planned output of 2,000 tpd of ore. Mining at Kananga restarted on November 1, with ore output during the month of 65,000 tonnes. At the end of November almost 30,000 tonnes of mined ore had been stockpiled.

CHINA CRACKS DOWN ON HUNAN ANTIMONY PRODUCERS

BY VIVIAN TEO

■ SINGAPORE —The Chinese government has ordered all illegal antimony mines and small smelters in Hunan province to be closed for safety checks after a fatal mine explosion this month, market participants said.

The affected smelters produce a total of at least 20,000 tpy of antimony metal, one local industry official estimated.

The accident —said to have been caused by explosives —took place two weeks ago at the mine in Lengshuijiang city in central Hunan province (MB Dec 6).

The closure order was confirmed by traders, though some were doubtful whether it would be carried out.

"I don't think all the mines and smelters will be closed," said a trader in southern Guangxi province. "Hunan is dependent on its non-ferrous industry. Such closures will have serious consequences for the province's economy."

The accident, which is believed to have killed at least six people, has been kept low-key with little coverage in the local press, market participants said. Government officials typically try to keep bad news under wraps, sometimes only revealing details to the media after allowing time for damage control, traders said.

The Hunan environmental protection bureau has not issued an announcement about the accident, but noted last week that it had banned 72 illegal minor antimony smelters since October as part of its efforts to clamp down on illegal mining and smelting in the Lengshuijiang area.

It did not provide further details.

China's domestic antimony prices have risen 1-2 percent to 40,500-42,000 yuan ($5,178-5,370) per tonne following the explosion, together with tightening supply, market participants said.

Prices for grade II material were reported at 40,000-41,000 yuan per tonne duty-paid a week ago, before the incident at the Shizishan mine.

Export prices have yet to react, probably due to quiet demand in the market, though many producers and traders said they have stopped offering in the market.

Export prices are reported at $5,400-5,500 per tonne cif Rotterdam for grade II material.

Reach directive will be introduced in June after EU vote

■ LONDON —The European parliament adopted the Reach (registration, evaluation and authorisation of chemicals) legislation last week, saying that the law will come progressively into force from June.

The directive will take eleven years to complete, the parliament said, with all covered substances to be registered by 2018.

There were 529 votes in favour of the directive, 98 against and 24 abstentions in the parliament.

"We have been lobbying quite hard for an extension in the roll-out of the legislation, and we believe the eleven-year time frame set by the parliament should give our members enough time to prepare for this directive," said Charles Swindon, chairman of the Minor Metals Trade Association.

He maintained that he did not think the legislation is in the interest of the community or of European metals businesses, but 'you can't fight the tide", he said.

Under the legislation, all chemical substances produced in or imported into the EU in volumes above one tonne per year must be registered.

Producers will have to submit a substitution plan to replace more hazardous substances with safer alternatives, and where no alternative exists, a research plan aimed at finding a substitute will have to be submitted.

The Reach legislation provides for the creation of a Chemicals Agency, which will be based in Helsinki in Finland and will take charge of the authorisation process.

"This vote, on one of the most complex texts in the history of the EU, sets up an essential piece of legislation to protect public health and the environment from the risks of chemical substances, without threatening European competitiveness," said Joseph Borrell, the parliament's president, in a statement.

The substitution clause on the directive was a crucial compromise between the parliament, council and the commission negotiated at the start of December (MB Dec 1).

"All the lobbying of the past ten days has led to the compromise that has been passed by the large majority today," said Swindon.

Focus on long-term business as cobalt stalls

■ LONDON —Cobalt buyers are avoiding making spot purchases with prices at two-year highs and are instead turning their attention to negotiating long-term contracts.

Consumers had been holding off making commitments until they received firm offers from Norilsk. Now that Norilsk has agreed to sell all its metal to OM Group, the pressure is on to tie up deals this month, said traders.

Although cobalt prices appear to have stalled in the spot market for now —BHP Billiton, for instance, has cut its price for high-grade metal to $28 from $30 per lb —few buyers are counting on lower prices, spot or formula, for next year.

Prices have risen 70 percent in a month, though the extent of the rise might temper the opportunism some sellers employ in the talks, observers said.

"The offers we have received were very aggressively priced," said a buyer. "Traders are sitting on metal," he said, suggesting it is in their interest to be able to shift as much metal on formula as possible.

Low-grade cobalt traded last week at $22.75-25 per lb while high grade was at $25.50-27.75 per lb. Both grades are unchanged on the previous week.

Hotline! Cobalt trader moves, page 35

Important cobalt pricing information

In line with anticipated changes in the market, MB will rebrand its 99.3% cobalt quote as low-grade cobalt, and its 99.8% cobalt quote as high-grade cobalt from January 1 2007. The high-grade cobalt quote will also include Jinchuan and Sherritt metal (alongside Falconbridge, Inco, UMK and Chambishi Supergrade, as previously) where it is fit for use in aerospace applications. If Norilsk Nickel's plans to sell all its cobalt to OM Group are approved, MB will contemplate introducing a single quote to encompass all cobalt metal higher than 99.3 percent purity in January 2008, or maybe before, depending on market reaction. For all comments, please contact editorial@metalbulletin.com.

Alco-Scholz hopes to acquire Uniscrap early in new year

LONDON —Joint venture Alco-Scholz hopes to get clearance for its acquisition of Danish scrap company Uniscrap from European competition authorities early next year, said a source close to the process.

Alco-Scholz was set up by Danish non-ferrous and stainless scrap merchant Alco-Metal and German scrap giant Scholz to acquire Uniscrap. Scholz owns 75 percent of Alco-Scholz with Alco-Metal taking a 25 percent share.

Uniscrap is a large scrap merchant in Denmark with 20 sites across the country. It also recycles paper and electronic scrap.

Uniscrap was sold by private equity company Invest Miljø for an undisclosed sum.

"It was hoped to have a positive answer [from the competition authorities] before Christmas, but it looks like we will hear by the beginning of January," the source said.

Competition authorities will examine the deal closely because the Danish ferrous scrap industry is dominated by a small number of companies, the source added. Both HJ Hansen and Swedish merchant Stena Metal also have large ferrous operations in Denmark.

Family-owned Scholz is one of Europe's largest scrap merchants, with twelve large sites in southern and eastern Germany, as well as operations in the Czech Republic and Croatia.

Scholz has been very active in recent months. It acquired Hungarian secondary aluminium producer Eural kft in November.

In the same month Scholz also formed 60 percent of a joint venture with Austrian steelmaker Voestalpine to operate its scrap subsidiary Voestalpine Rohstoffhandel.

Two weeks ago Scholz denied it was a bidder for state-owned Slovenian Steel Group, although it was named by a source close to the process as one of three potential buyers bidding for a stake.

Scholz is also believed to have been interested in bidding for Germany's largest scrap merchant TSR, which was eventually bought by a Remondis-led consortium.

PWC AND COOPERS & LYBRAND FINED FOR FAILURES LINKED TO TRANSTEC COLLAPSE

BY ISABELLA PIASECKA

LONDON —Accounting firms PWC and Coopers & Lybrand have been hit with a £495,000 ($975,000) fine and £1 million in legal costs for audit failures linked to the collapse of aluminium diecasting and engineering group TransTec in 1999.

PWC was fined £300,000 and Coopers & Lybrand £195,000 by the Accountants' Joint Disciplinary Scheme (JDS), the regulator, on December 13.

Jonathan Lander FCA, who was engagement partner for the audits in 1997 and 1998, was fined £5,000.

The two firms must pay a total of £1 million in legal fees, regulator JDS said on Wednesday.

TransTec's troubles began in 1993 when it won a contract to supply cylinder heads for a new engine being built by Ford. When the company failed to meet its obligations, it agreed to pay Ford $18 million in compensation.

The agreement, which saw Ford issue various debit notes, was concealed from the TransTec board, its shareholders and the two accounting firms. Nevertheless, the accountants did not take sufficient steps to investigate conflicting explanations as to what the debit notes were, the regulator ruled.

When the truth emerged, the banks lost confidence in TransTec and it went into receivership.

"We accept that we could have done better in terms of the work done specifically in relation to the debit notes and the subsequent written reports relating to that issue to the audit committee," a spokeswoman for PWC said in an emailed statement.

"It is clear that the firms were the victims of a collusive fraud involving a number of members of TransTec's senior management, one of whom recently admitted to seven criminal charges including one of misleading the auditors," the company added.

In August, former TransTec directors were banned from being company directors for a total of 42 years by the Companies Investigation Branch of the Insolvency Service, after it was revealed that they had deliberately concealed the company's true financial position.

Seven of the eight directors agreed in out-of-court settlements that their conduct as directors had been unfit and received disqualification periods, which will prevent them from being involved in managing, forming or promoting a company for periods of between three and nine years, the CIB said.

UK ferrous merchants settle for lower scrap prices in December

LONDON —UK ferrous scrap merchants have ended negotiations for December ferrous scrap deliveries by settling at lower prices.

A UK mill announced it had agreed to pay £3 per tonne less for basic grades, £5 per tonne less for low residuals and £8 per tonne less for turnings, a source at the company told MB.

Merchants said there was little difference in pricing demands from other UK steelworks which had generally agreed to the same price changes.

December settlements were agreed at £5 per tonne less on new steel bales and cuttings (grades 4 and 8), and at £3 per tonne less on frag, old steel, OA, heavy and light cast iron and grade 12 material.

Prices for turnings and cast iron borings in December fell £8 per tonne and cylinder block scrap prices went unchanged, merchants told MB.

But one merchant told MB he had settled at £3 per tonne less on a basic grade with a different mill and had sold to them at only £4 per tonne less on turnings.

The merchant had refused to sell low-residual material at a lower price to his major customer, opting to hold on to stocks until next month.

"The [mill's] view seems to be that there are signs that steel demand in Europe will not be as strong into the New Year and we might go without the traditional upturn into January," said a UK merchant.

UK merchants managed to fight for a £5 per tonne decrease on low-residual grades for November settlements, £2 per tonne less than a major mill had initially called for. Basic grades also dropped £2 per tonne for November contracts.

Latvia's Dilers targets EU copper scrap market with up to 3,000 tpy

LONDON —Latvian aluminium alloys producer Dilers hopes to start exporting copper scrap next year, with up to 3,000 tpy possibly entering the EU market.

The company sells 1,800 tpy, or between 100 tpm and 150 tpm, in the domestic market from ten to twelve outlets in Latvia and one recently opened in Estonia.

It considered re-directing some of the metal to growing markets in India and China, but with both countries paying for their purchases in US dollars, it now makes more economic sense to sell to Europe, the company's foreign trade manager Vitaly Maletsky told MB.

The US currency has been weakening for much of the past year, with the dollar's decline picking up in recent weeks, pressured by worries over the USA's record budget deficit.

The currency markets are also concerned about the US current account deficit, which hit a record $166 billion in the second quarter of 2004.

"With the way things are going in the currency market we wouldn't make profits if we sold copper scrap to emerging markets, most of which do business in dollars," Maletsky said.

"If earlier for example the price could be around €4,900 per tonne, after the currency translation it would now work out at around €4,500," he added.

The company is looking to start exports to Europe as soon as it finds a reliable partner, possibly at the beginning of 2007.

Most of the scrap will be of the 96 percent copper grade and if there is sufficient demand, Dilers could easily raise its selling volumes by about 100 tpm to 250 tpm, according to Maletsky.

It is believed that altogether Latvian scrap outlets account for over 500 tpm of copper scrap.

Metals production makes up 20 percent of the country's GDP.

French scrap merchant CFF reported a 33 percent rise in net profits for the fiscal year ending September 30. The group's net profit was €61 million, up from €46 million a year earlier. CFF's scrap business performed better. Net profit from recycling activities rose 80 percent to €83 million from €46 million a year earlier. The group's total results were hindered by the performance of CFF's airport services company Penauille, which CFF acquired in 2005. CFF handled 6.1 million tonnes of ferrous and non-ferrous scrap over the year, 7 percent more than the 5.7 million tonnes it handled in fiscal 2005.

India's RSB Group, a manufacturer of engineering and automobile components, has signed a memorandum of understanding with the government of Orissa to invest Rs3.65 billion ($82 million) in a greenfield project in the state. The company, based in Pune in Maharashtra state, will set up a ferrous casting, forging and aluminum die-casting unit in the Cuttack district over the next five years, SK Behra, director of the group, told reporters.

UK SHIPBREAKING TENDER WINNER EXPECTED IN NEW YEAR

BY BEN GARSIDE

■ LONDON —The UK Ministry of Defence (MoD) plans to announce the winner of a tender to break its 12,500 dwt vessel *Intrepid* early in the new year.

Several UK companies have applied for shipbreaking licences this year to be able to bid for the ageing fleet of decommissioned MoD vessels.

One such company, UK shipbuilder Swan Hunter, appeared to rule itself out of the running when owner Jaap Kroese said shipbreaking was a "non-starter" for the company in a local press report.

"Tenders for the recycling of ex-HMS *Intrepid* have recently been received and are currently being formally evaluated with a view to select a contractor and agree a sale. An announcement is expected early in 2007," said an MoD statement.

"Following successful award and completion of this contract, [we] will seek to dispose of other ships in a similar manner."

The withdrawal of Swan Hunter could be due to the company closing its shipbuilding business which would leave too little to survive on shipbreaking alone, speculated Northern Ireland shipbuilder Harland & Wolff's sales manager David McVeigh, who confirmed his company had bid to break the vessel.

"I don't believe shipbreaking can be an individual business operating on its own [in the UK]. There are not enough vessels that would be available. For us, we have many aspects to our business, but we will be able to take advantage of breaking opportunities as and when they arise," he told MB.

Further Turkish ferrous scrap sales lead to higher offers

■ LONDON —At least two new deep sea sales of ferrous scrap to Turkey at similar levels to a week earlier have pushed up offer prices. Merchants were keen to increase their offers as freight rates strengthened but no new business was done at higher levels.

The most recent deals were done at $283 per tonne cfr Turkey for a mixed cargo of mainly shredded material believed to be from the USA, and a mixed cargo out of the UK at $281 per tonne cfr Turkey, merchants and traders told MB.

Sales a week earlier were concluded at $281 per tonne cfr Turkey levels for HMS 1&2 (80:20). "New deals will likely be higher than this as prices seem very firm. Freight rates seem very high as well and merchants will be trying to pass on that cost," said a Turkish trader.

A Turkish buyer at a mill reported hearing offers at $285 per tonne cfr. Freight rates from the US east coast into Turkey have strengthened in recent weeks with merchants struggling to find vessels. Freight costs $35 per tonne from the US east coast to Turkey and at least $27 per tonne from Rotterdam to Turkey, merchants told MB.

Top news: Tata may not top CSN's bid of £5.15 per share

Tata Steel may pull out of race to acquire Corus

BY MARK BEVERIDGE

LONDON — Tata Steel may be ready to throw in the towel and concede defeat in its race against Brazilian steelmaker CSN to acquire Corus, according to market sources and analysts.

Rumours that Tata Steel would not attempt to top CSN's bid of £5.15 per share intensified late last week as the value of Corus shares fell to £5.30 mid-morning, down by over 6p on the previous day's closing price.

The drop was one of the largest declines in the Corus share price since mid-October, just before the company's board recommended Tata Steel initial bid of £4.55 per share.

Analysts said they would be surprised to see Tata Steel return with a bid above £5.15 per share, a price that values Corus at a level well above recent market levels.

"Tata Steel have a reputation as being tight with their purse strings and not really having the stomach for a battle," said one analyst. "The fact is that their offer has less strategic rationale — market fundamentals should override the argument that there needs to be growth for growth's sake."

CSN's ability to ship high-quality iron ore to Corus following a takeover has, as predicted, given the company a significant edge on Tata Steel.

"Corus gives up roughly $30 Ebitda per tonne of iron ore it buys from Kumba and CVRD," said the same analyst. "A takeover by CSN would effectively allow that money to remain within the same company, which is a huge advantage."

This factor alone has reportedly helped CSN to raise the necessary finance to buy Corus, and would allow it to continue to raise its offer for the company to levels that Tata Steel would find it difficult to match without recourse to its parent company, Tata Group.

ITC ends most duties on US coated sheet and plate imports

WASHINGTON — The US International Trade Commission (ITC) voted last week to repeal tariffs on imports of corrosion-resistant (coated) carbon steel sheet and cut-to-length plate from 15 countries.

The ITC voted 4-2 to rescind duties of 10-30 percent that had been in place since 1993 on coated sheet from Australia, Canada, France and Japan. Only Germany, at 10 percent, and South Korea, at 17.7 percent, continue to face duties on shipments of the product to the USA.

In a unanimous vote the commission ended dumping and countervailing duties of 7-109 percent on cut-to-length carbon steel plate from Belgium, Brazil, Finland, Germany, Mexico, Poland, Romania, Spain, Sweden, Taiwan and the UK.

The coated sheet vote was a resounding victory for automakers with plants in the USA, which have been working for the past year to end the duties. In an unusual move DaimlerChrysler, Ford, General Motors Corp and the US subsidiaries of Honda, Nissan and Toyota banded together to argue for the duties to be repealed.

Mark McConnell, an attorney with Hogan & Hartson representing the automakers, said: "We accomplished a lot of the goals we set out when we got involved in the case, which is to restore some competition to the US market in corrosion-resistant steel."

China's steel prices rise as transport crunch tightens supply

SHANGHAI — China's domestic steel prices crept higher this week as transport problems caused a supply squeeze in the south and east of the country.

Deliveries of thermal coal are taking priority on railways in most provinces as winter weather becomes more intense, reducing the capacity available for steel mills in northern China to deliver products to buyers across the country, traders said.

But the temporary supply shortfalls have sent prices up by no more than 1 percent in most regions, as underlying demand remains seasonally weak, they noted.

In eastern China 1mm cold rolled coil gained 30-50 yuan to 4,700-4,780 yuan ($597-$607) per tonne, and 50-70 yuan to 4,690-4,730 yuan per tonne in the south.

Hot rolled coil prices also gained slightly in eastern China, with 3mm HRC rising an average of 20 yuan to 3,850 yuan ($487) per tonne. In southern China the price range for 3mm HRC widened to 3,980-4,160 yuan per tonne.

Long product prices were largely unmoved, with 12mm rebar gaining a maximum of 20 yuan to trade at 3,000-3,160 yuan per tonne in eastern China, while prices stayed flat at 3,350-3,500 yuan per tonne in the south.

SteelBenchmarker notes drop in US hot strip prices

PITTSBURGH — SteelBenchmarker, the price index launched by World Steel Dynamics, MB and AMM, said the US hot rolled coil price for December 11 was $596 per tonne fob mill, down $11 per tonne, or 1.8 percent, from the $607 per tonne reported two weeks ago. The decline marked the ninth in a row for US hot rolled coil in SteelBenchmarker reports.

The current US price is down $102 per tonne, or 14.6 percent, from the peak price reported on July 24.

SteelBenchmarker, in the 17th report since it launched, reported hot rolled coil prices also falling in the world export market, but increasing in China and Western Europe.

SteelBenchmarker was officially launched on April 12. Price opinions provided from around the world are registered to provide more than 1,250 price opinion data points. In addition, in China, approximately 300 price providers are being polled daily.

Zhejiang Huadi plans 700,000 tpy stainless project

SHANGHAI — Zhejiang Huadi Group, a private company based in southeast China's Zhejiang province, plans to commission a 600,000-700,000 tpy stainless project by the end of next year, a company official said.

The integrated project will be based in Taizhou city and will include a meltshop and hot and cold rolling mills, the official said.

Japanese steelmakers agree coking coal cuts

SHANGHAI — Japan's four biggest steelmakers have agreed a cut of $18 per tonne, or 15 percent, with BHP Billiton for 2007 hard coking coal prices, the *Nihon Keizai* newspaper reported on Friday.

Coking coal prices were settled at $98 per tonne, down from 2006 benchmark prices of $116 per tonne, the newspaper reported, without revealing its sources.

China's steel output rises again

SHANGHAI — China's crude steel output climbed to 37.96 million tonnes in November, according to the National Bureau of Statistics (NBS).

The monthly production was up 280,000 tonnes or about 0.7 percent from October's figure. A year-on-year comparison wasn't provided.

From January-November, total crude steel output rose 24.1 percent to 381.54 million tonnes, the NBS said.

Metinvest eyes new rolling capacity

LONDON — Ukraine's biggest iron and steel group Metinvest is interested in purchasing more rolling capacity beyond the borders of Ukraine, "including Western Europe, North America and the Middle East", said a senior executive.

"There is also the possibility of constructing new capacities in these regions, if it proves economic," said Igor Korytko, head of the steel and rolled products division, during a conference call.

HADEED TARGETS 17m TPY STEEL CAPACITY BY 2020

BY PHILLIP PRICE

DUBAI —Saudi Iron & Steel Company (Hadeed) is expanding steelmaking operations to produce 17 million tpy by 2020, up from a capacity of 5 million tpy by the end of 2006, Mohammed Al-Jabr, Hadeed president told delegates at MB's 10th Middle East Iron and Steel Conference.

While the majority of this will be long products, Al-Jabr also said the company intends to allocate around 5 million tpy to flat product output, and hopes that industries such as the manufacturing of cars and white goods will become more prevalent in the Gulf once the region's current construction boom has cooled.

"At the end of 2007, around 60 percent of our output will be in long products, while 40 percent will be in flat products," he said. "It is time for our region to grow, and flat products are currently necessary to feed the oil reconstruction effort [in the Middle East]."

"We are thinking globally in terms of industrial units," Al-Jabr continued. "The household goods and automotive industries are the future for steel in this region."

In testament to this, Al-Jabr referred to the company's recently commissioned 1 million tpy hot strip mill, which is operating at between 30 and 40 percent of capacity and will double the company's output of flat products.

Hadeed's new 300,000 tpy galvanizing line is now operating commercially, while the company is also building a 120,000 tpy colour-coating line, which it plans to commission in the first quarter of next year, he said.

"Construction [and long products] is more important at the moment in the Middle East, but many companies are investing in long products," he continued. "We are now also ready to capture the shortfall in flat products [output]."

But the emphasis remains on products for the construction industry for the near future, and Hadeed is nearing the end of commissioning for its new 500,000 tpy bar and rod mill with the aim of achieving full production by the end of 2006.

The completion of this project will bring Hadeed's overall production capacity to around 5 million tpy, he said.

At the hot end, the company's 1.76 million tpy direct reduced iron plant —the largest in the world — is in the finishing stage with operations expected to begin next year. The module will use Midrex technology and will include direct hot charging to the furnace, he said.

Once this has been completed, the company will consume 8 million tpy of iron ore, and Hadeed is running on target to increase steelmaking to 10 million tpy by the end of 2010.

In order to feed this growing capacity, Al-Jabr revealed that the company is thinking seriously about entering into a joint venture with, or investing in, mining companies to ensure captive supply. Hadeed already has a small stake in Sphere Investments' Guelb el Aouj East iron ore deposit in Mauritania.

GIC closer to decision on third pelletizer

DUBAI —General Investment Corp (GIC) of Kuwait is on the point of approving the construction of a third pellet plant to add to the two plants, one under construction, at GIIC in Bahrain.

GIC, which is owned by the GCC countries, regards iron ore pelletizing as a core business and is likely to expand its pelletizing business even further in future years, according to GIC director, Khaled Al-Qadeeri.

"We want to build a third pellet plant," Al-Qadeeri said on the fringes of the conference. "This is likely to be located outside the region."

Though he would not name the location, Al-Qadeeri said it will be in an Asian market for direct reduced iron. The 6 million tpy plant would take GIC's pelletizing capacity to around 17 million tpy. GIIC operates an expanding 4.5 million tpy pellet plant in Bahrain and is building a second.

GIC has secured a 20-year 6.5 million tpy pellet feed contract, effective from July 2007, with MMX Mining & Metallics, Eike Batista's Brazilian start-up, and is about to stop receiving material from its traditional main supplier, CVRD. GIC also has an option to double this offtake to 13 million tpy, which Al-Qadeeri said it plans to exercise in the near future. A further contract, which would take supplies to an annual 17 million tpy, is also under negotiation.

Middle East steel production to reach 26 million tpy by 2010

DUBAI —Crude steel production in the Middle East is set to increase by 12.4 million tpy to 26.1 million tpy by 2010 from 13.7 million tonnes in 2006, but will still fail to satisfy domestic demand, George Matta, marketing director of Egypt's EZDK told delegates at the conference.

Demand in eastern Mediterranean, North African and GCC countries will continue to grow to reach 47.8 million tonnes in 2010, driven by continued robust oil earnings and by GDP that remains above the global average of 3.3-3.5 percent, although it is likely to decline to 4.3-4.5 percent, Matta predicted.

"Per capita steel consumption in the region has a long way to catch up," he told delegates. "It currently stands at 136kg per capita, compared with 400-600kg per capita in developed countries."

Capacity expansions will focus on Egypt, which will see an increase of 2 million tpy of steel production by 2010; Saudi Arabia, where an extra 5 million tonnes will be produced by 2010; and 1.5 million tpy of capacity is to be added in the UAE.

This will translate to an extra 10.7 million tpy of finished products capacity, which will grow to 33.6 million tonnes in 2010 from 22.9 million tonnes in 2006. UAE will increase capacity by 3.1 million tonnes, a further 1.9 million tpy will be added in Saudi Arabia, while Egypt's finished products capacity will increase by 2.5 million tpy.

But this will not succeed in fully satisfying growing demand for finished products in the region, and Matta predicted that consumption will grow from 35.1 million tonnes in 2006 to reach 42.3 million tonnes in 2008 and 47.8 million tonnes in 2010.

"The eastern Mediterranean will be the largest importer with a net trade balance of 8.5 million tonnes in 2010," Matta continued.

The Dubai Gold and Commodities Exchange (DGCX) plans to launch a delivery-based steel rebar futures contract traded on an electronic platform in the first quarter of 2007, director David Rutledge told delegates at MB's 10th Middle East Iron & Steel Conference. The exchange, which is a joint venture between the Dubai Multi Commodities Centre (DMCC) and India's Multi-Commodity Exchange, hopes that the new contract will offer a secure price discovery and risk management tool for the region's rebar producers, stockists and consumers.

Saudi Arabia's Rajhi Steel will achieve the first melt at its new 850,000 tpy Danieli EAF-based meltshop next week, on target with the company's revised deadline, public relations section head Ahmad Nazal told MB at the conference. Rajhi recently added a third rebar mill of 300,000 tpy, raising its total rebar capacity to around 750,000 tpy. With the start-up of the new meltshop Rajhi is likely to increase its rolling capacity in line with the additional billet available, Nazal revealed.

The rejuvenation of Iraq's steel industry is progressing ahead of schedule, with commissioning expected for three new steel plants expected as early as next year, Waleed Khidder, adviser to the country's Ministry of Industry and Minerals told MB at the conference. The plan was conceived to deal with what is expected to be burgeoning demand for steel used in construction as Iraq's post-war re-building effort speeds up, and to offer sustain-ability with other value-added products, once this has been achieved.

Arco Steel, the Egyptian alloy and special steels producer which was put up for sale on December 9, has so far attracted interest from four companies, a company official has confirmed. In the two days after the company was first put up for sale four Egyptian companies declared interest in bidding, a spokesman from Metallurgical Holding Co, which holds an 8.9 percent stake in the steelmaker, said. "We have received interest from steel companies in upper Egypt," the spokesman said.

Siemens AG's Industrial Solutions and Services (I&S) Group said it recently received an order from Corus for the supply of a new tandem cold mill. The financial terms of the deal were not disclosed. The new mill will be coupled with an existing pickling line and a new hot-dip galvanizing line for the company's plant in IJmuiden, the Netherlands, Siemens said. The plant is set to begin production in mid-2008. Corus intends to use the new installations to further expand its product range capabilities for the automotive and construction industries, including the production of advanced high-strength steels, Siemens said.

Swedish steel stockholder and service centre operator Bröderna Edstrand Group is investing Skr17 million ($2.5 million) on new machinery at its Lapua steel service centre in Finland via its Finnish subsidiary, Starckjohann Steel Oy AB. BE Group, which distributes carbon and stainless steels and aluminium, will add an autogenous cutter and replace its existing plasma cutting equipment with fine-ray plasma cutting at the 4,300 sq metre unit. An additional processing facility of a similar size will be built at the site to house the new equipment, which will mainly process hot rolled plate.

ThyssenKrupp Nirosta (TKN), the stainless steel arm of German steelmaker ThyssenKrupp, is beginning to rebuild the level of stocks it holds in its European service centres, a company spokesman said, reflecting a slight softening in end-user demand. "At present, [the level] of stock on hand all over [Europe] is approximately 55 days," the spokesman said. He characterised this as a low level, but said it was an increase on TKN's recent stocks. "Stocks are still a lot lower than they were in the past," he added.

ThyssenKrupp Nirosta has started repair work at its main stainless plant in Krefeld, Germany, where a fire in June damaged one cold rolling line and one annealing and pickling line, a company spokesman confirmed. Production was transferred to ThyssenKrupp's Italian subsidiary at Terni and to Shanghai Krupp Stainless as a result. "Approvals by the building authorities have been granted. Consequently the rebuilding measures have begun," said the spokesman. A new annealing and pickling line is due to be started in the first quarter of 2007, the mill spokesman confirmed.

DUFERCO BUYS BACK SECTIONS MILLS FROM ARCELOR MITTAL

BY MARTIN RITCHIE & ALEX HARRISON

LONDON —Arcelor Mittal is to sell Travi e Profilati di Pallanzeno and San Zeno Acciai in Italy to Duferco for an enterprise value of €117 million ($155 million) to meet European Commission concerns about competition in the sections market following Mittal Steel's acquisition of Arcelor earlier this year.

Pallanzeno, which is wholly owned by Arcelor, will roll about 500,000 tonnes of long products this year, the company said. Its products include light and medium sections, and wide flats and angles for construction.

Switzerland-based steel producer and trader Duferco bought the 49.9-percent stake in the San Zeno meltshop that it did not already own from Arcelor Mittal as part of the same deal.

Antonio Gozzi, president of Duferco Italia, said the deal means that by the end of 2007, Duferco's long products subsidiary Duferdofin will have about 1.3 million tpy of rolling capacity, of which more than 900,000 tpy will be medium and heavy sections.

Gozzi said the beams market in Europe is now one of the stronger product areas in pricing terms, as a result of structural under-capacity. Major producers have slimmed down production, while demand has increased, he said.

"The situation of over-capacity that was traditional has changed because the market has seen big growth —in Germany and Turkey, for example. Now production is about 8.5 million tpy and consumption is about 9.5 million tpy."

"We will be the leader in beams production in Italy," he said, adding that Duferco believes Italy's sections consumption to be around 900,000 tpy and growing.

Both plants are in northern Italy. San Zeno produces semi-finished steel from an electric arc furnace and currently sells it to its two shareholders —Duferco's wholly-owned subsidiary Duferdofin, and to Pallanzeno.

"The combination is a logical fit as the business [Pallanzeno] already shares an upstream supply source with a Duferco subsidiary," Arcelor Mittal cfo Aditya Mittal said in a statement.

Duferdofin's other major mill is the Giammoro plant in Sicily, which has about 400,000 tpy of medium and heavy sections capacity. It is fed principally by bloom from the Alchevsk Iron and Steel Works, owned by Duferco's close partner in Ukraine, the Industrial Union of Donbass.

Duferdofin is building merchant bar and rebar capacity of 400,000 tpy at Giammoro, which will be on stream by the end of next year.

Duferco sold both Pallanzeno and the stake in San Zeno to Arcelor in March 2003 when Duferco agreed to buy Arcelor's cold rolling and electro-galvanizing lines at Beautor, and the hot-dip galvanizing and organic coating line at Sollac Lorraine Strasbourg.

Gozzi said: "They asked us to sell us [these plants] and they would sell the galvanizing lines. We were not happy about this but we decided on the basis of priorities to guarantee that our 2 million tpy of coils should have verticalisation."

The buy-back of the sections assets thus ends the "dis-integration" of Duferco's long products business that resulted from that sale, he added.

A spokesman for Arcelor Mittal could not disclose the financial elements that made up the €117 million value ascribed to the deal with Duferco.

To meet commission concerns Arcelor Mittal said it would dispose of three European medium and heavy sections mills, including Pallanzeno. It sold Arcelor's Stahlwerk Thüringen to Spain's Grupo Alfonso Gallardo earlier this month for €591 million (MB Dec 6).

The process of divesting the remaining mill, Mittal Steel's Huta Bankowa, is well advanced, it said.

Environmental reasons force Evraz to shut Stahl NK

LONDON —Evraz Group plans to shut down production at Stal-NK, a subsidiary of its Novokuznetsk steel plant based in Novokuznetsk, Russia.

A spokesman told MB the phased closure of the 1.2 million tpy plant would be complete by April 2007. Stal-NK employs some of the oldest open hearth furnaces still in use in the country, and Evraz decided to stop output rather than invest heavily in modernisation.

Agreements between the Russian company and local unions on social support for 2,500 former workers were concluded on December 6, the spokesman said.

Russian press reports said Estar Holding, the Russian special steels group, had offered to buy Stal NK. The Evraz spokesman could not confirm this, and Estar was unavailable for comment at the time of writing.

Celsa ramps up new UK meltshop

CARDIFF —Celsa UK plans to begin full-scale production at its new Cardiff meltshop by the end of January or beginning of February, the company's corporate advisor Graham Mackenzie told MB on the sidelines of the opening ceremony for the facility earlier this month.

The new meltshop, which will bring Celsa UK's steelmaking capacity to just over 1.2 million tpy and has been supplied by Germany's SMS Demag, is designed to utilise the mini-mill's full rolling capacity of 1 million tpy, Mackenzie said.

The company has already conducted the first melts of the furnace and is alternating production between the new meltshop and the older 850,000 tpy capacity EAF.

Once the new furnace reaches full capacity Celsa plans to close down the old furnace.

Salzgitter to buy Vallourec precision tube business

LONDON —Salzgitter AG plans to buy Vallourec Precision Etirage (VPE), a subsidiary of the French tubemaker Vallourec which makes cold-drawn precision tube in five plants across France.

The two companies have signed a preliminary agreement under which Salzgitter would also buy Vallourec's German hot rolled tube mill in Zeithan.

The acquisitions would roughly double Salzgitter's precision tube capacity to around 400,000 tpy, a Salzgitter spokesman said, and the combined companies would be able to rely on the Zeithan mill for much of thier seamless tube hollows feedstock.

Salzgitter already produces precision tube at German subsidiary MHP Mannesmann Präzisohr and at Mannesmann Robur (ROB) in the Netherlands.

US carbon steel plate prices hold steady as imports jump

■ PITTSBURGH —End-use markets for US carbon steel plate products continue to be strong, helping to at least partially offset rising import numbers and maintain steady prices.

Mid-December prices for plate products, for the most part, are holding their own, caught between strong end-user demand from the energy sector, an inventory correction at the distributor level and high import levels, market sources said.

"We haven't seen any real [seasonal] slowdown," John Ferriola, Nucor executive vp said. "Plate is still very strong. I would say it's strong across the board, but the energy market is particularly strong."

Plate producers last attempted to increase prices on October 1, but that increase largely failed. There were no indications that an increase is planned, but some plate buyers expect another attempt in the near future.

Prices for carbon cut-to-length plate continue to range between $800 and $820 per short ton, as they have for more than two months now. Coiled plate prices are running in about the same range.

US imports of carbon steel plate products in the first nine months of 2006 were reported at 2.92 million tons, according to SteelFacts, a statistical service that compiles steel industry data, including imports, from the American Iron and Steel Institute. That figure is up 38.5 percent from the nine-month period last year, when some 2.11 million tons of plate was imported.

NUCOR REVISES Q4 GUIDANCE ON LOWER US SPOT STEEL PRICES

BY SCOTT ROBERTSON

■ PITTSBURGH —US mini-mill Nucor last week tempered its fourth-quarter earnings guidance, spurred by weaker-than-expected steel market conditions.

Earnings for the fourth quarter are expected to land in a range of $1.05-1.15 per diluted share, Nucor said. While that would be roughly on a par with the $1.09 per share the company earned in the fourth quarter last year, it is far less than the record third-quarter earnings of $1.68 per share.

Nucor had not previously given numerical guidance for the fourth quarter, but company executives had warned of a downturn in the fourth quarter during a third-quarter conference call with analysts, based on a number of factors. Nucor added that the $1.05-1.15-per-share guidance represents historically strong earnings for a quarter typically marked by a seasonal slowdown.

The company said that fourth-quarter earnings will be lower than expected because spot market prices for steel sheet and bar are lower than anticipated and scrap prices have not decreased as much as expected. Both of those factors have had a negative impact on margins.

Nucor and other North American steel producers are still dealing with high customer inventories and record levels of steel imports. Nucor said those factors have hit its production and shipments, which will be down an estimated 12-15 percent from the third quarter and only marginally down year-on-year.

"Our earnings for the fourth quarter are still expected to be strong, although less than the previous record-setting quarters this year," Nucor said. "In addition, 2006 will be our third consecutive record year for earnings, production and shipments."

The company said it expects demand for its steel products to continue to be strong throughout 2007.

"The inventory corrections at service centres and [original equipment manufacturers] are continuing, as are domestic production cutbacks. However, the continued record levels of imports of finished steel are delaying this inventory correction," Nucor said. "We expect to see the inventories back to desired levels by the end of the first quarter. However, this will depend entirely on a significant reduction of import volumes from current levels, particularly from China."

US buying up in November, but inventories still too high

■ CHICAGO —Purchasing among US steel buyers showed signs of revival in November, although most buyers said inventories remain too high, according to the latest survey by the Institute for Supply Management.

For November, 18 percent of buyers said they plan to increase receipts of raw materials in the next three months, up from 6 percent or less the previous two months, and 6 percent said they intend to increase inventory levels in the next six months compared with none a month earlier.

Inventories held by buyers appeared to have decreased in recent weeks, with the portion reporting they had enough stocks to handle current shipping levels for two or more months declining from 58 percent to 41 percent.

However, 65 percent of buyers said their inventory levels in relation to demand were too high in November, up from 61 percent in October. That total was among the highest levels tallied in the survey conducted by the ISM's Steel Buyers Forum.

US ITC sets sunset review on rebar from eight countries

■ PITTSBURGH & WASHINGTON —The US International Trade Commission (ITC) has voted to conduct full, five-year sunset reviews on anti-dumping duty orders on rebar imports from Belarus, China, Indonesia, Latvia, Moldova, Poland, South Korea and Ukraine.

The orders have been in place since 2001.

An ITC hearing is scheduled to take place in May.

"It is vitally important for the US industry to win this case," said Alan Price, an attorney at Washington law firm Wiley, Rein & Fielding.

The US Department of Commerce adjusted its anti-dumping duty margin on rebar from Latvia last week. The new margin is 5.94 and applies to only one producer, JSC Liepajas Metalurgs. This marks the fourth time Commerce has reviewed the duty.

Price represents US producers that are members of the Rebar Trade Action Coalition.

This group includes major reinforcing bar manufacturers Nucor, Gerdau Ameristeel and Commercial Metals Co. Cascade Steel Rolling Mills and Tamco Steel are also involved in the case.

The anti-dumping duty levied on imports of stainless steel sheet and strip in coils from ThyssenKrupp Nirosta GmbH based in Krefeld in Germany, has been cut to 2.45 percent from 9.5 percent, the Commerce Department said last Wednesday in a Federal Register notice. The administrative review covers shipments from Germany. The proceeding had been requested by US mills and unions. Anti-dumping duties are set based on information regarding the producer's costs, prices to US customers and prices to customers elsewhere. The prior duty of 9.5 percent, not specified in the Federal Register notice, is taken from a December 2005 memo from the US Customs Bureau. A preliminary version of the latest ThyssenKrupp finding had called for a 2.51 percent duty, but was later revised slightly.

Steel processor Steel Technologies Inc said its Mi-Tech Steel joint venture with Mitsui Steel Holdings has agreed to purchase all the stock of Mitsui Auto Steel Canada Inc (Masci). The transaction value was not disclosed. Masci operates a steel processing facility in Cambridge, Ontario. Once the purchase is complete, Mi-Tech plans to invest $12 million to build a new steel processing operation in Woodstock in Ontario. The plans call for construction of an 80,000-sq-foot operation that would be able to slit strip 0.015-0.25in thick and up to 72in wide, executives said. The new facility is expected to be operational in mid-2008, they added. The two facilities in Canada will expand Mi-Tech's plant holdings to six, along with plants in Tennessee, Indiana, Alabama and Mississippi.

Samuel, Son & Co is moving into the western USA with the acquisition of an engineered metals group known as EMG from parts manufacturer Esco Corp. The transaction is expected to close on December 29, a Samuel spokesman said. The purchase price was not disclosed. EMG's 107 employees will be offered employment, said Samuel executives, who described EMG as the largest independent distributor of commodity, processed and engineered stainless steel products in the western USA. Esco, a privately held company, announced last week it had sold its integrated manufacturing group to Platinum Equity, a mergers, acquisitions and operations company. The company said it was focusing on its core business of engineered castings and turbine technologies.

INDIAN STEELMAKERS ASK GOVERNMENT TO CUT TAXES

BY SURESH NAIR

■ MUMBAI —Some of India's biggest steelmakers have asked the government to make major changes to the tax structure imposed on steel producers.

Steel Authority of India (Sail), Rashtriya Ispat Nigam (RINL, which runs Vizag Steel), Essar Steel, Ispat Industries and JSW Steel have requested the changes through their umbrella association, the Indian Steel Alliance (ISA). The proposal was forwarded to the ministry of steel, which will ask the ministry of finance to incorporate the changes into the budget for fiscal 2007-08.

The companies have called for a range of immediate as well as long-term measures that they argue are essential to boost the Indian steel industry. ISA has asked for a correction in the structure of customs duty which it claims is inverted, with raw materials attracting higher rates of duty than finished products. Customs duties on inputs for steelmaking range from 5 to 7.5 percent, while duties on finished products, including hot and cold rolled coil, stand at 5 percent.

The companies have proposed reducing duties on limestone and graphite electrodes to 2 percent from 12.5 percent and on ferro-alloys, refractories, nickel and zinc to 2 percent from 7.5 percent. They have argued that, as the cost of some inputs like zinc has increased by over 100 percent over the last year, the price of galvanized steel has shot up significantly. The companies claim that the reduction in input costs can help bring down prices of galvanized steel used in housing and auto sectors.

Iron ore exports are increasing at an alarming rate and should also be reduced, the steelmakers said.

'Exports of ore have grown by a massive 116 percent from 41.64 million tonnes in 2001-02 to 90 million tonnes in 2005-06," the proposal said. 'Almost 80 percent of these iron ore exports are sent to China to fulfill its steel industry's requirements, leveraging our mineral wealth to China's advantage."

The manufacturers have also pointed out that India's per capita iron ore reserves are around 21 tonnes against 347 tonnes in Brazil and 2,000 tonnes in Australia, and most of the magnetite ore lies in ecologically sensitive areas.

Australia's Bluescope Steel has continued its downstream expansion by opening another coating plant in Asia. The ribbon-cutting at the $101 million Phu My plant in Vietnam last month drew dignitaries including Australian prime minister John Howard (centre) and Vietnamese minister of industry Hoang Trung Hai. The new plant, located northeast of Ho Chi Minh City, has capacity of 125,000 tpy of metallic coated steel and 50,000 tpy of pre-painted flat products, which will be sold to the Vietnamese market. The investment is part of BlueScope Steel's A$2 billion Asia and North America investment programme, comprising 20 projects in eight countries.

South Africa's steel output falls as consumption reaches high

■ JOHANNESBURG —South Africa's monthly crude steel production dropped by roughly 9 percent in November, partly as a result of production problems at Mittal Steel's flagship Vanderbijlpark plant.

The country's crude steel production totalled 779,887 tonnes during November, compared with 858,543 tonnes the previous month.

The news came as the secretary-general of the South African Iron and Steel Institute (SAISI), Peter Dieterich, announced South African consumption of carbon steel is expected to reach its highest ever level this year at 5.7-5.8 million tonnes.

"2006 has exceeded all expectations. Next year I see at least a sideways movement in consumption or, alternatively, a further increase," said Dieterich.

Market sources said that the slight slowdown in crude steel production in November was likely to be, in part, the result of production problems at the Vanderbijlpark works, which currently produces more than 4 million tpy of crude steel.

One of Vanderbijlpark's three continuous casters was left out of action for some after it was damaged by a fire in mid-October. Last month, Rick Reato, Mittal Steel SA's ceo, said the company planned to import at least 45,000 tonnes of slab in order to compensate for the fact that roughly 100,000 tonnes of crude steel capacity was expected to be lost during the second half of October and November.

China's steel exports rise again

■ SINGAPORE —The growth in China's finished steel exports accelerated again in November while iron ore imports remained strong, according to preliminary figures from the General Administration of Customs (GAC).

Finished product exports hit 4.63 million tonnes in November, up almost 9 percent month-on-month. A comparison with November 2005 was not released.

The surge in shipments took exports for January-November to 37.46 million tonnes, exactly double the amount in the corresponding period last year.

Imports of finished products fell 29.1 percent year-on-year in January-November to 17.01 million tonnes. Imports in November were 1.48 million tonnes.

Wuhan Steel starts green checks for Fangchenggang project

■ SINGAPORE —China's Wuhan Iron & Steel Co (Wisco) has started environmental appraisals for a 10 million tpy joint venture project in Fangchenggang, southwest China, according to a company official.

The appraisals, which were requested by the government, are an opportunity for Wisco to show that the project will not damage the environment, including the coastal area where it will be situated, the official said.

The start of environmental appraisals is a small sign of progress for the Fangchenggang project, which is still awaiting government approval and has no clear timetable for construction.

Tata BlueScope Steel, a 50:50 joint venture between India's Tata Steel and BlueScope Steel of Australia, has inaugurated its second building components and systems manufacturing plant in India. The plant, based in the Bhiwadi district of Rajasthan in northwest India, will manufacture roofing and wall cladding components for applications including pre-engineered metal buildings, under BlueScope's Lysaght brand name. The Bhiwadi facility is the second of its kind set up by Tata BlueScope Steel in India. Its first facility, in Pune in western India, was commissioned in August.

China's largest steelmaker, Shanghai Baosteel Group Corp, plans to start commercial operations at a new 300,000 tpy electro-galvanizing line at the end of 2007, a company official said. The new line will be installed in Baosteel's cold rolling plant in the northeastern suburbs of Shanghai. When operational it will take the company's total capacity for electro-galvanizing sheet to 900,000 tpy. The cold rolling plant currently operates two 300,000 tpy electro-galvanizing lines. The new line is designed to produce fingerprint-resistant sheets using imported technology, said the official.

China's largest privately-owned steelmaker, Shagang Group, has launched trial runs at a 1 million tpy mill that will produce large-diameter wire rod, a company official said. The company began construction of the mill at the end of last year in a bid to meet increasing demand for large-dia wire rod in China. Shagang has about 3 million tpy of capacity to produce 5.5-16mm dia wire rod. The new mill will enable it to produce 16-60mm dia wire rod, the company said. Shagang imported the main facilities for the plant from the USA, though it did not reveal the supplier.

China's National Development & Reform Commission (NDRC) has approved a 1.2 million tpy steel mill planned by Xinjiang Bayi Iron & Steel, the government body said on its website. The 4.7 billion yuan ($595 million) plant will produce 1.12 million tpy of 1,750 mm wide hot rolled coil and 1.04 million tpy of liquid iron. In line with its plan to control steel capacity in Xinjiang, northwest China, the NDRC has also asked Bayi to dismantle three sinter plants, two blast furnaces and two converters.

Arcelor Mittal and Liberia strike deal on ore review

■ LONDON —The Liberian government has struck a deal on mining iron ore with Arcelor Mittal after a review of the agreement concluded by the previous transitional government in 2005.

The original agreement, signed by a pre-takeover Mittal Steel, was to resume mining iron ore in the West African country for the first time since Sweden's Lamco abandoned operations in the early 1990s due to the civil war.

Johnson-Sirleaf: Liberia is open for business

The new 25-year agreement will eventually have a stabilised production rate of 12 million tpy and demand an investment of about $1 billion, according to an Arcelor Mittal spokesman.

"Arcelor Mittal will invest in and operate the port and railway system and the [Liberian] government will continue with ownership rights," said a spokesman for Arcelor Mittal.

The revised agreement will give the government ultimate control of the Port of Buchanan and a 267km railway connecting it with the mine site, both of which need to be rehabilitated before they can be used again.

Under the original agreement Mittal Steel was granted control of the port and railway, while the government would have had to pay to use the facilities and would only be only be granted access if there was spare capacity. The original agreement came under fire from international lobby group Global Witness, which said it granted Mittal Steel complete freedom to set the price of iron ore from the project sold on to its subsidiaries and thus set the royalty rate paid to the government.

"With this agreement, which is consistent with the principles that attract and sustain foreign investment in Liberia, it is clear to the international private sector that Liberia is open for business," Liberian president Ellen Johnson-Sirleaf was quoted as saying in an Arcelor Mittal statement.

"I am happy that the government of Liberia and Arcelor Mittal have reviewed the mineral development agreement jointly in good faith and have agreed to changes which allow the project to move forward. This will enable the economy of Liberia and the people of Liberia to benefit significantly," said Lakshmi Mittal, president and ceo of Arcelor Mittal in the statement.

CSN COULD SUPPLY 6M TONNES OF ORE TO CORUS IN 2007

BY MARTIN RITCHIE

■ LONDON — Companhia Siderúrgica Nacional (CSN) can begin supplying iron ore to Corus immediately if its 515 pence per share offer for the Anglo-Dutch company is successful.

Some 6 million tonnes of ore from its Casa de Pedro mines could be shipped to Corus plants in 2007, the Brazilian company's cfo, Otavio de Garcia Lazcano, said in a conference call.

"This would rise to 9 milion tonnes in 2008, to 11 million tonnes in 2009 to 2010, and about 15-16 million tonnes each and every year," he said, adding that these were conservative estimates taking into account possible changes in global pricing.

CSN said supplying ore to Corus plants would contribute to savings for the combined group of $450 million by 2009.

"The ore is sat there waiting to be explored," he said, adding that Casa de Pedra has about 1.8 billion tonnes of reserves.

"The iron quality is mostly about 60 percent, and one-fifth is almost good enough to use [without beneficiation]," he said. "There is no reason why we can't supply Corus with 100 percent of its iron ore needs as soon as we have our pelletizing plants in Brazil."

He said CSN also plans to ship semi-finished products to Corus mills, but said there is no threat to upstream European production.

"This is not related to shutting down any assets. It's to insert a lot of competitiveness and keep [the European plants] operating at full capacity. We want to get rid of idle capacity which the company has in its rolling mills," Lazcano said.

CSN is not worried about Corus's slim margins being eroded by a steel pricing downturn.

"In Europe the relevant steel players have learned to manage production to adjust to supply and demand [to tackle price volatility]," he said.

Lazcano also cited economic recovery in Germany and Japan, as well as the Kyoto agreement putting pressure on less efficient production as positive factors for steel price development.

NMDC intensifies security after attacks

■ MUMBAI —India's state-owned National Mineral Development Corp (NMDC) has heightened security at its mines after militant attacks at the end of October crippled operations at two mines, a spokesman told MB.

"Our mines and installations are well guarded by the Central Industrial Security Forces (CISF) and vigilance has been increased after the militant attacks," he said.

Maoist guerrillas attacked the mining infrastructure at the mines in the state of Chhattisgarh. Repair and restoration work at the site is progressing and production should be back to normal by February 2007, he said.

Prosperity sells 288,000 tonnes of Thai ore

■ LONDON —Chinese iron ore trader Prosperity Minerals sold 288,000 tonnes of iron ore from Thailand in the six months to September 30, the company said.

Prosperity made 24 shipments to China over the period, a total of 1.73 million tonnes, it said.

"The company has begun to import high-quality iron ore from Thailand, which benefits from its close geographical proximity to [China] and significantly lower shipping and fob costs. Since March 2006 the company has sourced and sold 288,000 tonnes of iron ore from Thailand," it said.

Prosperity reported a 20 percent drop in operating profits to $15.7 million for the six months to September 30 compared with $19.6 million a year earlier.

Australia's Midwest Corp and its Chinese joint venture partner Sinosteel have signed a deal with two Chinese construction groups to jointly tender for an infrastructure project in Western Australia. China Railway Engineering and China Communications are state-owned enterprises with joint assets exceeding $60 billion. Sinosteel is its joint venture partner in the Weld-Range-Koolanooka iron ore project. Under the non-binding Memorandum of Understanding, the four partners will submit a proposal to fund, construct and operate the Oakajee deep-water port and rail linkage to Midwest's Weld Range project and Murchison Metals' Jack Hills project, Midwest said.

Cleveland-Cliffs has decided to purchase part of a Brazilian iron ore project for $133 million. Cliffs said it signed a definitive share purchase agreement with Centennial Asset Mining Fund, an affiliate of MMX Mineração e Metálicos SA, to acquire 30 percent of the Amapá project through the acquisition of 100 percent of the shares of Centennial Asset Amapá Participações SA. Centennial Amapá owns 30 percent of the Amapá project. When completed, Amapá is expected to produce 6.5 million tpy of iron ore concentrate. Closing is anticipated during the first quarter of 2007.

Canadian iron ore supplier Quebec Cartier Mining reopened its Fire Lake mine this summer after more than 20 years out of operation. Fire Lake was the first mine QCM operated when it started up about 50 years ago. It lies about 40km southwest of its Mont Wright mine on the Mt Wright-Port Cartier rail line. The mine used to be partly owned by British Steel, which it fed along with Canadian mini-mill Sidbec. "We mined Fire Lake this summer," said a company source, "and produced about 600,000 tonnes of concentrates, which we mixed in with our Mt Wright concs."

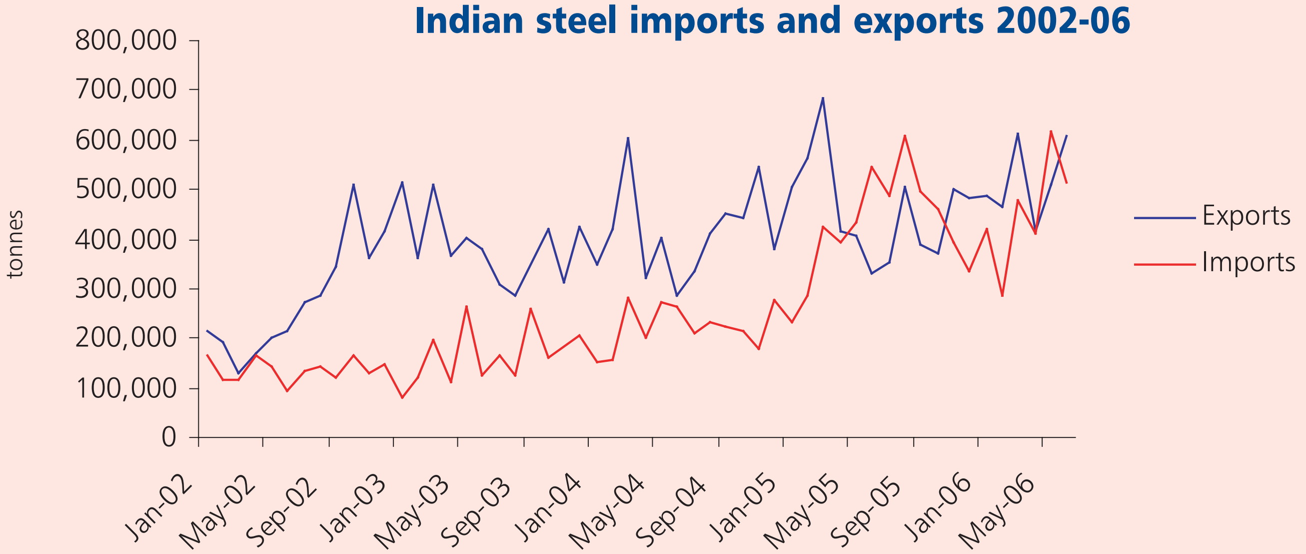
A train derailment has reduced operations at the Iron Ore Co of Canada. The company said the incident would not affect product shipments to customers. Six loaded ore cars on an automatic train, which transports crude ore from the mine to the concentrator at the Labrador City operations, derailed. The incident caused extensive damage to the control system. No one was injured in the incident and the preliminary investigation indicates that a rail broke under the train, causing the derailment. Operations of the automatic train operation continue at a reduced rate.

Indian steel imports and exports 2005-06

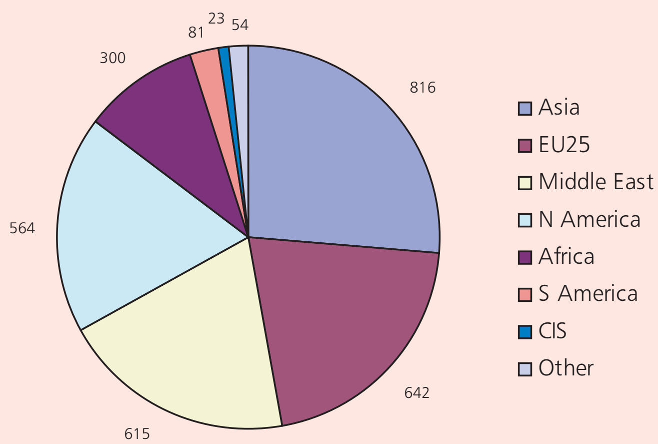
	Exports in thousand tonnes					Imports in thousand tonnes				
	2005			2006		2005			2006	
	Q2	Q3	Q4	Q1	Q2	Q2	Q3	Q4	Q1	Q2
Semis	56	86	85	98	351	196	266	101	151	141
Long products	107	105	94	117	81	155	169	139	99	108
Flat products	829	898	972	1,124	879	958	1,019	864	854	1,188
Tubes	163	159	204	227	218	65	137	86	84	108
Total	**1,155**	**1,248**	**1,355**	**1,566**	**1,529**	**1,374**	**1,591**	**1,190**	**1,188**	**1,545**
of which										
Carbon	927	1,091	1,161	1,372	1,380	1,181	1,367	1,001	986	1,299
Stainless	119	109	79	130	106	35	46	45	43	40
Electricals	1	1	0	0	0	61	55	41	63	67
Coated sheet	359	454	474	543	480	47	55	55	53	49
Hot rolled wide coil	316	299	295	446	269	216	305	243	259	558
Iron ore	17,948	15,874	21,791	27,923	20,651	161	0	162	288	7
Scrap	2	2	0	3	22	1,264	1,428	975	1,107	1,022

Source: ISSB —For more information please visit http://www.issb.co.uk

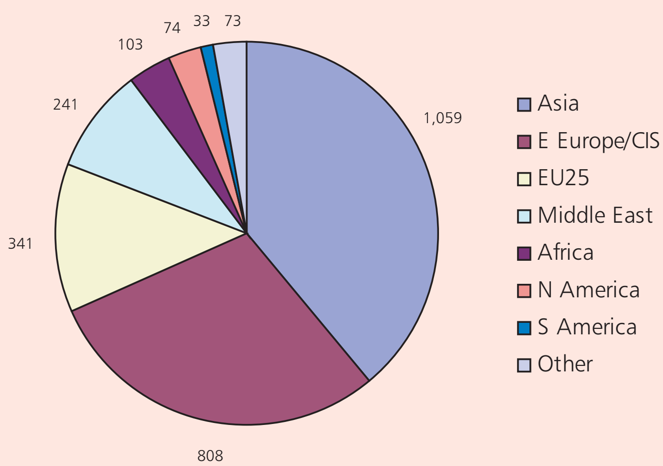
Indian steel imports and exports 2002-06



Indian exports of semi-finished steel
(First half 2006, thousand tonnes)



Indian imports of finished steel
(First half 2006, thousand tonnes)



Source: ISSB

Daily metal

London forward

LME settlement prices. All prices per tonne, unless otherwise stated, in LME warehouse, EU duty, if any paid, for buyer's account.

Year ago Dec 14			Dec 8	Dec 11	Dec 12	Dec 13	Dec 14
	Aluminium High Grade $						
2255.50-**2256.00**	LME Cash	official	2819.00-**2820.00**	2782.00-**2784.00**	2804.00-**2805.00**	2827.00-**2828.00**	2885.00-**2886.00**
		"unofficial"	2837.00-2838.00	2819.00-2821.00	2820.00-2821.00	2813.50-2817.50	2884.00-2885.00
2249.50-2250.00	LME 3 months	official	2814.00-2815.00	2775.00-2780.00	2794.00-2795.00	2809.00-2810.00	2856.00-2857.00
		"unofficial"	2824.00-2825.00	2812.00-2814.00	2810.00-2811.00	2803.00-2807.00	2866.00-2867.00
	LME Tapo Notional Average Price (NAP)						
	for December 2006		2824.36	2803.68	2809.42	2808.14	2847.06
	LME stocks (tonnes)		674,700	672,050	667,250	661,550	664,650
	Aluminium Alloy (A380.1/DIN226/D12S) $						
1870.00-**1875.00**	LME Cash	official	2305.00-**2325.00**	2260.00-**2265.00**	2275.00-**2295.00**	2265.00-**2275.00**	2320.00-**2321.00**
		"unofficial"	2305.00-2335.00	2285.00-2305.00	2275.00-2295.00	2275.00-2285.00	2330.00-2350.00
1900.00-1910.00	LME 3 months	official	2330.00-2350.00	2290.00-2300.00	2300.00-2320.00	2310.00-2320.00	2340.00-2360.00
		"unofficial"	2330.00-2360.00	2310.00-2330.00	2300.00-2320.00	2300.00-2310.00	2355.00-2375.00
	LME stocks (tonnes)		96,480	96,580	96,560	96,500	96,740
	N. American Special Aluminium Alloy						
1911.00-**1912.00**	LME Cash	official	2249.00-**2250.00**	2260.00-**2261.00**	2240.00-**2241.00**	2260.00-**2270.00**	2295.00-**2315.00**
		"unofficial"	2260.00-2280.00	2280.00-2300.00	2265.00-2285.00	2270.00-2280.00	2300.00-2310.00
1946.00-1955.00	LME 3 months	official	2300.00-2310.00	2305.00-2315.00	2300.00-2310.00	2315.00-2320.00	2340.00-2360.00
		"unofficial"	2300.00-2320.00	2320.00-2340.00	2310.00-2330.00	2315.00-2325.00	2345.00-2355.00
	LME Stocks (tonnes)		133,020	132,940	132,900	133,580	133,540
	Copper Grade A$						
4581.00-**4581.50**	LME Cash	official	6825.00-**6830.00**	6800.00-**6801.00**	6818.00-**6819.00**	6709.00-**6710.00**	6775.00-**6780.00**
		"unofficial"	6862.00-6872.00	6935.00-6940.00	6860.00-6865.00	6690.00-6700.00	6803.00-6808.00
4429.50-4430.50	LME 3 months	official	6845.00-6846.00	6864.50-6865.00	6840.00-6841.00	6750.00-6760.00	6795.00-6796.00
		"unofficial"	6890.00-6900.00	6965.00-6970.00	6895.00-6900.00	6720.00-6730.00	6825.00-6830.00
	LME Tapo Notional Average Price (NAP)						
	for December 2006		6876.74	6902.70	6855.32	6778.03	6811.83
	LME stocks (tonnes)		168,600	166,700	171,300	172,975	174,100
	Lead $						
1129.00-**1129.50**	LME Cash	official	1761.00-**1762.00**	1808.00-**1809.00**	1800.00-**1805.00**	1680.00-**1690.00**	1729.00-**1729.50**
		"unofficial"	1748.00-1758.00	1801.00-1805.00	1775.00-1780.00	1667.00-1668.00	1700.00-1710.00
1086.00-1088.00	LME 3 months	official	1731.00-1731.50	1769.00-1770.00	1760.00-1765.00	1630.50-1631.00	1660.00-1661.00
		"unofficial"	1720.00-1730.00	1768.00-1772.00	1740.00-1745.00	1635.00-1636.00	1670.00-1680.00
	LME stocks (tonnes)		39,225	41,350	41,775	41,525	40,875
	Nickel$						
13915-**13920**	LME Cash	official	34895-**34900**	34695-**34700**	34545-**34550**	34150-**34155**	35200-**35300**
		"unofficial"	35000-35050	35000-35050	34025-34075	34025-34125	35650-35700
13975-14000	LME 3 months	official	33950-33955	33750-33800	33650-33655	33250-33300	34595-34600
		"unofficial"	34225-34275	34050-34100	33200-33250	33200-33300	34800-34850
	LME stocks (tonnes)		5,994	6,408	6,504	6,726	6,966
	Tin $						
6975.00-**6980.00**	LME Cash	official	11040-**11050**	11345-**11350**	10950-**11000**	11045-**11050**	11030-**11040**
		"unofficial"	10990-11040	11200-11225	10915-10940	10950-11025	11035-11040
6880.00-6885.00	LME 3 months	official	10925-10975	11200-11220	10845-10870	10935-10940	10970-10980
		"unofficial"	10900-10950	11100-11125	10825-10850	10850-10925	10945-10950
	LME stocks (tonnes)		13,820	13,755	13,620	13,585	13,530
	Zinc Special High Grade $						
1834.50-**1835.00**	LME Cash	official	4325.00-**4330.00**	4409.00-**4410.00**	4474.50-**4475.00**	4418.00-**4419.00**	4464.00-**4465.00**
		"unofficial"	4360.00-4380.00	4438.00-4448.00	4494.00-4498.00	4395.00-4400.00	4450.00-4470.00
1848.00-1849.00	LME 3 months	official	4270.00-4271.00	4310.00-4311.00	4415.00-4420.00	4310.00-4320.00	4365.00-4366.00
		"unofficial"	4300.00-4320.00	4370.00-4380.00	4416.00-4420.00	4320.00-4325.00	4360.00-4380.00
	LME stocks (tonnes)		86,650	86,300	86,450	85,950	85,650
	Gold $/troy oz						
513.75	London	morning	630.90	625.50	629.50	629.00	628.75
509.50	London	afternoon	637.40	626.75	628.00	624.00	627.40
509.50	Handy/Harman		637.40	626.75	628.00	624.00	627.40
	Silver per troy oz						
473.88/839.00	London Spot	pence/cents	706.48/1384.00	703.95/1372.00	705.91/1385.00	699.54/1379.50	701.12/1377.00
854.50	Handy/Harman	cents	1378.00	1380.00	1386.00	1381.00	1385.50
	Palladium $/troy oz						
267.00	London	morning	327.00	328.00	329.00	328.00	327.00
261.00	London	afternoon	329.50	328.00	328.00	326.00	328.00
	Platinum $/troy oz						
974.00	London	morning	1122.00	1110.00	1112.00	1110.00	1106.00
968.00	London	afternoon	1117.00	1106.00	1110.00	1106.00	1110.00

New York futures

Year ago Dec 13			Dec 7	Dec 8	Dec 11	Dec 12	Dec 13
(Comex)	**Aluminium cents/lb**						
88.00	Dec `06		126.00	127.00	126.00	126.00	125.50
8,742	Open Interest		1,076	1,080	1,083	1,086	1,055
54,269	Stocks (short tons)		142,017	141,645	141,772	141,262	140,427
(Comex)	**Copper high grade cents/lb**						
143.60	Dec `06		309.40	310.70	312.00	308.45	302.45
83,507	Open Interest		68,842	68,046	67,691	67,911	69,207
36,780	Stocks (short tons)		32,196	32,209	32,651	32,651	34,326
(Comex)	**Gold $/troy oz**						
437.50	Feb `06		636.20	640.00	631.00	632.70	626.50
317,079	Open Interest		329,911	331,188	333,505	333,101	331,790
5,577,090	Stocks (troy oz)		7,491,102	7,491,102	7,491,102	7,491,102	7,491,102
(Nymex)	**Palladium $/troy oz**						
197.50	Nymex	Sett Dec	329.25	333.50	330.50	332.00	330.00
7,229	Stocks (troy oz)		8,998	8,363	8,357	7,837	7,837
(Nymex)	**Platinum $/troy oz**						
829.00	Nymex	Sett Jan	1123.00	1120.00	1107.50	1117.00	1106.00
380	Stocks (troy oz)		647	647	647	647	647
(Comex)	**Silver cents/troy oz**						
679.00	Mar `06		1382.00	1407.00	1385.00	1397.00	1382.00
102,972	Open Interest		108,820	109,221	109,200	110,084	109,683

Kuala Lumpur futures

Year ago Dec 14		Dec 8	Dec 11	Dec 12	Dec 13	Dec 14
	Tin $/tonne					
6,900		10,650	11,300	11,220	10,900	10,900

Shanghai futures

Year ago Dec 14		Dec 8	Dec 11	Dec 12	Dec 13	Dec 14
	Aluminium yuan/tonne (December delivery)					
19,510		20,950	21,080	21,130	21,290	21,280
	Copper yuan/tonne (December delivery)					
40,500		64,840	64,880	65,450	65,180	64,920

Exchange Rates

	Dec 8	Dec 11	Dec 12
LME Settlement Conversion Rates			
$/£	1.9593	1.9490	1.9642
$/Yen	115.61	117.18	116.91
$/euro	1.3278	1.3179	1.3251
Closing Rates, Midpoint			
$/£	1.9666	1.9540	1.9664
$/Yen	115.49	117.06	117.10
$/euro	1.3318	1.3216	1.3241
£/euro	1.4767	1.4786	1.4851

	Dec 13	Dec 14
LME Settlement Conversion Rates		
$/£	1.9715	1.9640
$/Yen	117.13	117.56
$/euro	1.3267	1.3190
Closing Rates, Midpoint		
$/£	1.9671	1.9628
$/Yen	117.27	117.64
$/euro	1.3222	1.3171
£/euro	1.4878	1.4903

Standard Bank prices

Standard Bank's rand fixing prices per tonne for London Metal Exchange trade

	Dec 8	Dec 11
Copper	R48,373.48	R48,117.08
Aluminium	R19,972.65	R19,696.80
Lead	R12,479.37	R12,798.68
Zinc	R30,667.23	R31,200.75
Nickel	R247,179.25	R245,502.50
Tin	R78,261.63	R80,301.25

	Dec 12	Dec 13
Copper	R47,647.76	R46,802.25
Aluminium	R19,599.94	R19,725.30
Lead	R12,612.44	R11,787.75
Zinc	R31,269.06	R30,822.53
Nickel	R241,418.13	R238,231.13
Tin	R76,862.50	R77,073.75

	Dec 14
Copper	R47,476.95
Aluminium	R20,209.22
Lead	R12,110.82
Zinc	R31,266.16
Nickel	R247,188.25
Tin	R77,307.60

Silver lending rates

HSBC silver lending rates in percent

	Dec 8	Dec 11
3 months	2.60	2.60
6 months	2.10	2.10
12 months	1.25	1.25

	Dec 12	Dec 13
3 months	2.60	2.60
6 months	2.10	2.10
12 months	1.25	1.25

	Dec 14
3 months	2.60
6 months	2.10
12 months	1.25

● Some or all of the prices on this page are subject to the disclaimer that appears on page 29

Non-Ferrous Primary Metals

Base Metals

	Dec 13	Dec 15
ALUMINIUM		
LME prices: see Daily Metal		
European free market: $/tonne in warehouse		
min 99.7% ingot duty unpaid premium indicator	70-75*	70-75*
LME duty-paid Premium Indicator/HG Cash	180-200*	180-200*
HG duty-paid three months	155-160*	155-160*
Cif Japan: 99.7% duty unpaid premium indicator		
Spot	75-79*	75-79*
Spot: 3 months	82-84*	76-78*
CIS-origin: indicators in warehouse Europe: A7e premium	60-65	60-65
LME warehouse premium Singapore:	5-10*	10-15*
Extrusion billet premium 6063, EC duty paid,		
in warehouse Rotterdam ($/tonne)	420-450	420-450
US free market: P1020 US midwest		
premium indicator ($/lb)	0.045*	0.045*
MB UK aluminium semis: basis ex-mill, for spot and forward delivery, in £/tonne. Sheet and plate prices are based on ingot quantities and extrusions on 1/2-tonne lots.		
1050A Standard sheet 0.9mm and thicker	1,950	1,950
5251 Standard (mag-alloy) sheet 0.9mm and thicker	2,050	2,050
5083 Plate 25mm thick	2,300	2,300
6082 Standard solid extrusions	2,800	2,800
5083 Standard solid extrusions	2,400	2,400
6082 Plate 25mm thick	3,050	3,050
MB free market alumina: Metallurgical grade,		
spot fob, $/tonne	200-210	200-210
MB Chinese free market,		
Metallurgical grade, delivered duty paid RMB/tonne	2,200-2,400*	2,200-2,400*
COPPER & BRASS		
LME: see Daily Metal		
Producer premium		
(Codelco): contract 2006 Grade A cathode (average)	125	125
MB free market US: High-grade cathode		
premium indicator, $/tonne	121.00-132.00*	121.00-132.00*
MB European free market premium: $/tonne		
N. Europe Grade A	50-70*	50-70*
LME warehouse premium Singapore:	10-20*	10-20*
Chinese Grade 1:	55-60*	55-60*
Cif Shanghai premium LME Grade A:	120-140*	120-140*
Germany: (VDM) Electro, euros/tonne		
wirebar (DEL):	5,319.00-5,394.00	5,147.00-5,223.00
cathodes:	5,310.00-5,400.00	5,140.00-5,200.00
South Africa: Phalaborwa W/B, Rand/tonne	61,138.67	61,138.67
UK copper semis:		£/tonne
CCR wire rods 8.0mm coils:	3,588.50	3,637.14
CR 1200 x 600 x 1mm tonne lots:	4,461.00	4,510.00
Strip: CR coils tonne lots 150 x 0.2mm:	4,784.00	4,833.00
Strip sheet: CR Metal value:	3,888.00	3,941.00
HC wire 1.6-4mm 1,000kg. lots:	4,236.54	4,290.53
Sheets: CR basis	4,040.00	4,089.00
1.2mm	4,421.00	4,470.00
0.8mm	4,549.50	4,598.50
Phosphor Bronze:		£/100 kg delivered
Rods-Solid BS1400 PB1	567.00	567.00
Brass:		£/tonne delivered
Strip sheet: 64/36 basis	4,209.00	4,255.00
Strip sheet: 64/36 CR Metal value	3,539.00	3,586.00
Strip sheet: 70/30 CR Metal value	3,603.00	3,651.00
Sheet tonne lots: 1,200 x 600mm x 1mm	4,795.00	4,841.00
0.7mm	4,820.00	4,866.00
Strip tonne lots: 150 x 1mm	4,699.00	4,745.00
150 x 0.5mm	4,771.00	4,817.00
		£/100 kg delivered
Rods: BS2874 & 2872 22-27mm	429.00	432.00

	Dec 13	Dec 15
NICKEL		
LME prices: see Daily Metal		
Europe: $/tonne in warehouse Rotterdam		
uncut cathodes premium indicator	190.00-280.00*	190.00-280.00*
4x4 cathodes premium indicator	600.00-900.00*	600.00-900.00*
briquettes premium indicator $/lb	700.00-1,100.00*	700.00-1,100.00*
US: melting premium indicator $/lb	0.39-0.42*	0.39-0.42*
plating premium indicator $/lb	0.61-0.65*	0.61-0.65*
Nickel Silver CRMV:	£/100kg	£/100kg
NS 103	521.40	533.00
NS 104	555.50	568.50
NS 105	606.70	621.70
NS 106	657.80	674.90
NS 107	649.80	666.80
LEAD		
LME prices: see Daily Metal		
Germany: (VDM) virgin soft, euros/tonne	1,450.00-1,530.00	1,430.00-1,450.00
MB US: High Grade ingot premium indicator, $/lb	0.0800-0.0850*	0.0800-0.0850*
MB European free market:		
in warehouse Rotterdam euros/tonne	130-200*	130-200*
European battery premium free market (Eurobat)		
in warehouse Rotterdam euros/tonne	114-131	114-131
LME warehouse premium Singapore:	10-15*	10-15*
Lead concentrates: 70/80% Pb $/tonne T/C, cif.	95-110	95-110
Lead semis PB CRMV Alloy:		£/tonne
PB101 4%	4,111.00	4,162.00
PB102 5%	4,146.00	4,197.00
PB102 6%	4,180.00	4,231.00
PB103 7%	4,215.00	4,265.00
PB104 8%	4,249.00	4,299.00
TIN		
Kuala Lumpur and LME prices: see Daily Metal		
MB European free market		
Spot premium $ per tonne	240-280*	240-280*
Spot - 3 months premium $/tonne	210-230*	210-230*
MB US free market: Grade A tin premium $/lb	0.18-0.20*	0.18-0.20*
ZINC		
LME prices: see Daily Metal		
Germany: (VDM) virgin, euros/tonne	3,740-3,850	3,670-3,700
UK: ThyssenKrupp Metallurgie GmbH contract price for December 2006		
Special high grade, £/tonne	2,504.00	2,504.00
MB US: Special high grade, $/lb	0.1200-0.1300*	0.1200-0.1300*
MB EU: Special high grade, fot Rotterdam, $/tonne	310.00-370.00*	310.00-370.00*
LME warehouse premium Singapore:	45-55*	35-50*
Zinc Concentrates:		
cif main port $/tonne	60-80*	60-80*

● Reminder: prices in this table marked * are MB copyright. These markets were last assessed on Dec 15 (Europe and Asia) and Dec 14 (USA).

Precious Metals

	Dec 13	Dec 15
IRIDIUM		
MB free market: min. 99.9%, $/troy oz in warehouse	365-400*	365-400*
Johnson Matthey base price: (unfab) $/troy oz (09.00 hrs)	400	400
Engelhard base price: $/troy oz	400	400
PALLADIUM		
World prices: see Daily Metal		
European free market: min. 99.9%,$/troy oz		
in warehouse	325-330*	325-330*
Engelhard base price: $/troy oz	329	330
Johnson Matthey base price: (unfab) $/troy oz (09.00 hrs)	330	329
PLATINUM		
World prices: see Daily Metal		
European free market: min. 99.9%, $/troy oz		
in warehouse	1,109-1,114*	1,108-1,113*

	Dec 13	Dec 15
Engelhard base price: $/troy oz	1,114	1,114
Johnson Matthey base price: (unfab)		
$/troy oz (09.00 hrs)	1,117	1,114
RHODIUM		
European free market: min. 99.9%, $/troy oz		
in warehouse	5,110-5,140*	5,320-5,350*
Engelhard base price: $/troy oz	5,135	5,260
Johnson Matthey base price: (unfab)		
$/troy oz (09.00 hrs)	5,140	5,350
RUTHENIUM		
European free market: min. 99.9%, $/troy oz		
in warehouse	485-490*	485-490*
Engelhard base price: $/troy oz	465	480
Johnson Matthey base price: (unfab) $/troy oz (09.00 hrs)	490	490

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Non-Ferrous Primary Metals

Minor Metals

The specification for all minor metals will be as laid down by the Minor Metals Trade Assn and published on their website (www.mmta.co.uk), unless otherwise indicated. Prices will be basis in warehouse Rotterdam, unless otherwise stated, and will reflect a trading range of business done at the time of the assessment.

	Dec 13	Dec 15
ANTIMONY		
MB free market		
Regulus, min 99.65%, max Se 50 ppm, max 100 ppm Bi,		
$/tonne in warehouse Rotterdam	5,500-5,600*	5,500-5,600*
MMTA Standard Grade II, $/tonne in warehouse Rotterdam	5,400-5,500	5,400-5,500
MB Chinese free market		
MMTA Standard Grade II, delivered duty paid RMB/tonne	40,000-41,000*	40,500-42,000*
ARSENIC		
MB free market $/lb	0.50-0.60*	0.50-0.60*
BISMUTH		
MB free market $/lb	7.05-7.40*	7.15-7.55*
CADMIUM		
MB free market		
min. 99.95%, cents/lb	170-185*	170-185*
min. 99.99%, cents/lb	175-190*	175-190*
CHROMIUM		
MB free market		
alumino-thermic, min. 99%, $/tonne	6,200-6,500*	6,200-6,500*
western un-degassed AT, min. 99.4%, $/kg d/d	10.25-10.65*	10.25-10.65*
COBALT		
MB free market		
min. 99.8%, $/lb	25.50-27.75*	25.00-27.00*
min. 99.3%, $/lb	22.75-25.00*	22.50-24.75*
MB Chinese free market		
Concentrate min 10% cif main Chinese ports $/lb	16.00-16.80*	16.00-17.00*
GERMANIUM DIOXIDE		
MB free market $/kg	620-660*	620-660*
INDIUM		
MB free market $/kg	690-750*	690-750*
MB Chinese free market		
Crude min 98% duty unpaid in w/house China RMB/kg	4,300-4,600*	4,300-4,600*
Indium Corp		
ingots min. 99.97%, $/kg fob	750	750

	Dec 13	Dec 15
MAGNESIUM		
European free market $ per tonne	2,050-2,150*	2,050-2,150*
China free market		
min 99.8% Mg, fob China main ports, $ per tonne	2,020-2,080*	2,020-2,080*
MB Chinese free market		
min 99% Mg, ex-works RMB/tonne	15,200-15,500*	15,200-15,500*
Hydro-Magnesium		
European producer price, euros/kg d/d for common		
diecasting alloys, 23 tonne lots	2.35	2.35
MANGANESE		
MB free market $/tonne	1,550-1,650*	1,550-1,650*
MERCURY		
MB free market $ per flask	450-550*	450-550*
SELENIUM		
MB free market $/lb	22.00-25.20*	22.00-25.20*
SILICON		
MB free market euros/tonne	1,450-1,500*	1,450-1,500*
US free market		
cents/lb	90-94*	90-94*
Hong Kong		
min. 98.5%, $/tonne fob main Chinese ports	1,080-1,185*	1,080-1,185*
TITANIUM		
MB free market sponge $/kg		
TG 100 (12x120mm)	22.00-25.00*	22.00-25.00*
MB free market ferro-titanium		
70% (max 4.5% Al), $/kg Ti d/d Europe	15.10-15.80*	14.80-15.30*
Titanium Ores $/tonne		
Rutile conc min. 95% TiO_2 bagged, fob/Aus	570-700	570-700
Rutile bulk conc min. 95% TiO_2 fob/Aus	450-500	450-500
Ilmenite bulk conc min. 54% TiO_2 fob/Aus	75-85	75-85

● Reminder: prices in this table marked * are MB copyright. These markets were last assessed on Dec 15 (Europe and Asia) and Dec 14 (USA).

Noble Alloys & Ores

	Dec 13	Dec 15
LITHIUM ORES		
Petalite, 4.2% Li_2O bagged fob Durban, $/tonne	165-260	165-260
Spodumene > 7.25% Li_2O cif Europe, $/tonne	460-490	460-490
MOLYBDENUM		
Free market		
Europe		
Drummed molybdic oxide, $/lb Mo	24.90-25.70*	24.60-25.30*
US		
Canned molybdic oxide, $/lb Mo	25.00-26.00*	25.00-26.00*
FERRO-MOLYBDENUM		
basis 65-70% Mo, $/kg Mo	59.50-61.50*	59.50-61.50*
basis 60% Mo, $/kg Mo, duty unpaid in		
warehouse Rotterdam	58.50-60.50*	58.50-60.50*
US free market, 65-70% Mo, $/lb in		
warehouse Pittsburgh	27.00-28.50*	27.00-28.50*
Hong Kong, min. 60% Mo, $/kg Mo,		
fob main Chinese ports	59.50-60.50*	59.50-60.50*
MB Chinese free market		
Concentrate 45% Mo, in warehouse China RMB/mtu	3,800-3,850*	3,800-3,850*
TANTALITE		
25/40% basis 30% Ta_2O_5 cif, max 0.5% U_3O_8 and ThO_2		
combined $/lb Ta_2O_5	34.00-36.00*	34.00-36.00*
Greenbushes 40% basis $/lb Ta_2O_5	40.00	40.00
URANIUM		
Nuexco spot price indicator $/lb U_3O_8	65.00	65.00

	Dec 13	Dec 15
TUNGSTEN		
European free market		
APT, $/mtu	242-247*	242-247*
US free market		
APT, $/stu	250-255*	250-255*
Hong Kong		
APT Chinese No1, $/mtu fob main Chinese ports	250.00-255.00*	250.00-255.00*
MB Chinese free market		
Concentrate 65% W03, in warehouse		
China RMB/tonne	105,000-106,000*	105,000-106,000*
FERRO-TUNGSTEN		
basis 75% W min, $/kg W, in warehouse Rotterdam,		
duty unpaid	33.00-34.20*	33.00-34.00*
Hong Kong, min. 75% W, $/kg W, fob main		
Chinese ports	32.00-32.50*	32.00-32.50*
TUNGSTEN ORE		
Min. 65% WO_3 $/mtu WO_3	160-170*	160-170*
VANADIUM		
FERRO VANADIUM basis 70-80%, $/kg V	33.70-34.50*	33.70-34.50*
US free market ferro-vanadium, $/lb,		
in warehouse Pittsburgh	16.25-17.25*	16.25-17.25*
Vanadium pentoxide cif Europe min 98% V_2O_5	6.40-7.00*	6.40-7.00*
ZIRCON		
Foundry grade bulk, $/tonne fob Australia	725-825	725-825
Premium bulk, $/tonne fob Australia	725-825	725-825

Bulk Alloys

	Dec 15
FERRO-CHROME $/lb Cr	
Lumpy Cr charge, basis 52% Cr, quarterly	0.77-0.79*
6-8% C basis 60% Cr, max 1.5% Si	0.65-0.68*
0.10% C average 68-70% Cr	1.15-1.20*
European low carbon, in warehouse, 0.06% C max –65%Cr	1.18-1.24*
US free market, in warehouse Pittsburgh,	
6-8% C basis 60-65% Cr, max 2% Si	0.630-0.650*
US free market, low carbon, duty paid, fob Pittsburgh,	
0.05%C –65% min Cr	1.16-1.18*
0.10%C –62% min Cr	1.05-1.08*
0.15%C –60% min Cr	1.02-1.06*
6-8% C, basis 50% Cr, delivered duty paid China RMB/tonne	6400.00-6600.00*
FERRO-MANGANESE	
basis 78% Mn (Scale pro rata), standard 7.5% C, Euro/tonne	630-660*
US free market, 78% Mn, standard 7.5% C, $/long ton in	
warehouse Pittsburgh	780-800*
US free market, medium carbon, duty paid, fob Pittsburgh,	
80% min Mn, 1.5% max C, $/lb	0.68-0.72*
Hong Kong, min. 75% Mn, 7.5% C, fob main Chinese ports	730-750*

	Dec 15
MB Chinese free market	
min 75% Mn, max 7.5% C, in warehouse China RMB/tonne	5150-5350*
MANGANESE ORE	
48/50% Mn Max 0.1%P, $/mtu metallurgical Mn, fob	2.50-2.70*
FERRO-SILICON	
Lumpy, basis 75% Si (Scale pro rata), Euro/tonne	750-800*
US free market, $/lb in warehouse Pittsburgh:	
lumpy basis 75% Si –imported	0.57-0.59*
Hong Kong, min. 75%, fob main Chinese ports	775-795*
MB Chinese free market	
min 75% in warehouse China RMB/tonne	4750-5000*
SILICO-MANGANESE	
Lumpy, 65-75% Mn basis, 14-25% Si (Scale pro rata)	
Euro/tonne	650-670*
US free market, $/lb in warehouse Pittsburgh:	0.39-0.41*
Hong Kong, min. 65% Mn, max 17% Si,	
fob main Chinese ports	690-710*
MB Chinese free market	
min 65% Mn max 17% Si,in warehouse China RMB/tonne	4750-5000*

● All prices $/tonne, duty paid, delivered consumers' works, unless otherwise shown. Other currency prices are given where the local markets are dominant or active. Date indicates last price change. These markets last assessed on Dec 15 (UK), Dec 14 (US). Reminder: The prices appearing in this table are MB copyright.

World Steel

European Union

EU imports*

Metal Bulletin's appraisal of cfr prices for imported, third-country origin, ordinary commercial quality steel at noon on day given. Euro/tonne cfr western Europe

	Dec 13
Pig iron (basic steelmaking)	275-280
Rebar	460-475 nom
Wire rod (mesh quality)	400-440
Strip mill plate	460-490
Reversing mill plate	500-510
Hot rolled coil	420-440
Cold rolled coil	480-510
Hot-dip galvanized	610-640

W. Europe*

Metal Bulletin's appraisal EU mills' fob prices for export to third countries, ordinary commercial quality, at noon on date given. Exporters' 2$^1/_2$% commission included unless stated. $/tonne.

	Dec 13
Billet	420-440
Slab	470-490
Reinforcing rounds	530-550
Merchant bars	600-620
Wire rod (mesh)	490-510
Wire rod (drawing)	530-550
Sections (300-600mm)	nom
Sections (over 600mm)	nom
Heavy plate: over 10mm	nom
Medium plate:3-10mm (strip mill)	490-510
Universal plates	nom
Chequer plates	nom
HR coil (dry)	nom
CR coil	nom
Galvanized coil	nom
Electro-zinc coil	nom

Brussels: basis general export prices fob Antwerp. Exporters' 2$^1/_2$% commission inc other than for direct business ($/tonne - $=euros 0.8830)

	Dec 13
Rebar plain	440-450
Merchant bars	490-500
Wire rod	470-485
Heavy sections	540-550
Hot coil	515-525
Heavy plate	710-730
CR coil	620-630
Galvanized sheet	675-690

EU domestic*

Metal Bulletin's appraisal of bases prices within the EU (excluding the UK) for steel of EU origin. Euro per tonne delivered basis point

	Dec 13
Rebar	430-440
Hot rolled coil	450-490
Cold rolled coil	540-590
Hot-dip galvanized coil	640-670

Turkey

Metal Bulletin's appraisal of Turkish mills' average export prices. $/tonne fob unless otherwise stated.*

	Dec 14
Billet	430-435
Debar	470-490
Wire rod (mesh quality)	470-480
Wire rod (drawing quality)	480-495
Merchant bar	535-550
HR coil	570-580
CR coil	640-650

Latin America

MB's appraisal of Latin American export prices, fob stowed, net mill excl. commission (except for pig iron, q.v.). For flat products prices are basis, subject to extras. $/tonne.*

	Dec 12
Hot briquetted iron	245-255
Pig Iron fob Vitória	280
Pig Iron fob Ponta da Maderia	290
Billet	385-400
Slab	400-460
Reinforcing rounds	450-460
Merchant bars (equal angles)	460
Wire rod mesh quality	440-460
Wire rod drawing quality	440-460
Sections up to 600mm	nom
WF beams up to 600mm	nom
Heavy plate: over 10mm	460
Medium plate: 3-10mm	460-480
Universal plates	nom
Chequer plates	460
HR coil (dry)	480-500
HR strip	520
CR coil	580-600
Galvanized coil	750

US steel import

Metal Bulletin's appraisal of prices for US steel imports, cif Gulf port duty paid for lots of 20 tons and over. $/short ton.*

	Dec 14
Pig iron	295-300
Slab	390
Rebar	490
Wire rod (low carbon)	490-510
Merchant bars	570-580
Medium sections	600-620
Heavy sections (over 24")	700
HR coil (commodity)	510-530
Heavy plate	800-820
Medium plate	720-730
CR coil	610-620
Galvanized coil (base US)	800-860

US Mill fob (midwest)*

HR coil $/ton	560
CR coil $/ton	630
Galvanized coil $/ton	740

Stainless steel

Stainless Steel - Asia*

$/tonne cif East Asian port	Dec 15
Grade 304 2mm CR coil, 2B	4,150-4,300
Grade 304 HR sheet	3,850-4,000

Stainless Steel - EU export*

MB assessment. $/tonne fob N. European port.

Min 100 tonne lot	Dec 15
Grade 304 2mm CR sheet	4,300-4,500

Stainless Steel - EU domestic*

2mm 304 cold rolled stainless strip euros/tonne	Dec 15
base price	2,101-2,195
Alloy Surcharge	2,122-2,161**

**Eff Dec 1

Reminder: Prices in tables marked * are MB copyright.

CIS

CIS: MB's appraisal of CIS export prices, fob stowed, Black Sea/Baltic Sea/Far East net mill excluding commission. Prices are subject to extras. $/tonne.*

	Black Sea/Baltic Sea	Far East
	Dec 11	Dec 11
Pig iron	300-305	290-295
Billet	395-405	405-415
Rebar	450-460	460-470
Merchant bar	470-500	470-500
Wire rod (mesh)	440-450	450-460
Sections	nom	nom
Slab	410-450	440-450
Heavy plate (10-50mm)	470-520 nom	510-550
HR coil	480-530	500-520
CR coil	560-600	600-630
Hot dip galvanized coil	nom	nom

China

China Export

Metal Bulletin's assessment of Chinese export prices fob main China port. $/tonne.*

	Dec 15
Billet	400-410
Hot rolled coil	460-480

China Import

Metal Bulletin's assessment of Chinese import prices cfr main China port. $/tonne.*

	Dec 15
Iron ore fines	73-74
Iron ore pellet	95-100
Cold rolled coil, 1mm and below	565-575
Galvanized sheet, 0.5mm and below	760-800

Domestic Chinese mill prices, yuan/tonne* delivered warehouse

	Southern China	Eastern China
	Dec 15	Dec 15
Rebar	3,350-3,500	3,000-3,160
Wire rod (mesh)	3,120-3,340	3,090-3,140
Hot rolled coil (min 2mm)	3,980-4,160	3,780-3,850
Cold rolled coil (0.5-2mm)	4,690-4,730	4,700-4,780

Middle East

Metal Bulletin's assessment of Middle Eastimport prices, cfr Persian Gulf port. $/tonne.*

	Dec 5	Dec 12
Billet	440-455	440-455
Debar	450-490	450-490

LME & SHFE stocks (tonnes effective 13 December 2006)

Note:deliveries in and out for the week Dec 7 - 13

COPPER	Delivered in	Delivered out	Total
	cats	cats	cats
Leghorn	nil	nil	1,200
Trieste	nil	nil	2,000
Busan	nil	500	27,250
Gwangyang	850	4,675	27,425
Johor	nil	nil	nil
Rotterdam	3,225	100	9,250
Vlissingen	nil	nil	nil
Singapore	nil	2,075	41,925
Barcelona	nil	nil	nil
Bilbao	nil	nil	25
Helsingborg	325	nil	325
Dubai	nil	nil	150
Hull	3,500	nil	5,000
Liverpool	nil	nil	nil
Baltimore	1,325	nil	12,975
Long Beach	nil	nil	4,500
St Louis	2,775	nil	8,075
New Orleans	7,525	nil	32,875
Total	19,525	7,350	172,975

ALUMINIUM	Delivered in			Delivered out			Total		
	Ingots	T Bars	Sows	Ingots	T Bars	Sows	Ingots	T Bars	Sows
Antwerp	nil	nil	nil	25	nil	nil	175	nil	nil
Bremen	nil	nil	nil	nil	nil	nil	nil	nil	nil
Hamburg	nil	nil	nil	nil	nil	nil	nil	nil	2,175
Genoa	nil	nil	nil	nil	nil	nil	nil	nil	nil
Leghorn	nil	nil	nil	nil	nil	nil	nil	nil	nil
Trieste	nil	nil	nil	225	300	nil	2,150	21,350	nil
Moji	nil	nil	nil	nil	nil	nil	50	nil	nil
Busan	3,550	nil	nil	975	nil	nil	72,300	3,150	5,500
Gwangyang	nil	nil	nil	425	nil	nil	46,800	3,250	nil
Rotterdam	nil	nil	nil	775	150	275	28,650	9,100	13,450
Vlissingen	nil	nil	nil	nil	nil	nil	nil	nil	nil
Johor	750	nil	nil	200	nil	nil	11,900	nil	nil
Singapore	2,500	nil	1,325	11,450	9,025	nil	203,950	52,850	90,400
Barcelona	nil	nil	nil	nil	nil	nil	nil	nil	nil
Bilbao	nil	nil	nil	nil	nil	nil	nil	nil	nil
Gothenburg	nil	1,050	nil	125	700	nil	325	19,075	2,600
Helsingborg	nil	nil	nil	450	1,675	nil	500	7,275	nil
Hull	nil	nil	nil	nil	nil	nil	nil	nil	nil
Liverpool	nil	nil	nil	nil	nil	nil	nil	nil	nil
Tyne & Wear	nil	nil	nil	nil	nil	700	nil	nil	1,975
Baltimore	nil	nil	nil	nil	nil	nil	6,875	37,350	17,275
Chicago	nil	nil	nil	nil	nil	nil	nil	nil	1,100
Total	*6,800*	*1,050*	*1,325*	*14,650*	*11,850*	*975*	*373,675*	*153,400*	*134,475*

ALUM.ALLOY	Delivered in			Delivered out			Total		
	A380.1	226/DIN	D12S/J1S	A380.1	226/DIN	D12S/J1S	A380.1	226/DIN	D12S/JS
Antwerp	nil	160	nil	nil	nil	nil	nil	3,740	nil
Bremen	nil	nil	nil	nil	nil	nil	400	660	nil
Hamburg	nil	nil	nil	nil	nil	nil	60	100	nil
Genoa	nil	nil	nil	nil	nil	nil	26,060	280	nil
Trieste	nil	nil	nil	nil	nil	nil	3,200	20	80
Rotterdam	nil	nil	nil	nil	140	nil	100	13,160	nil
Vlissingen	nil	nil	nil	nil	nil	nil	700	4,360	nil
Johor	nil	nil	nil	nil	nil	nil	nil	2,980	nil
Singapore	nil	nil	nil	nil	nil	nil	40	33,540	300
Barcelona	nil	nil	nil	nil	nil	nil	300	nil	nil
Bilbao	nil	nil	nil	nil	nil	nil	200	nil	nil
Liverpool	nil	nil	nil	nil	nil	nil	1,100	520	nil
Total	*nil*	*160*	*nil*	*nil*	*140*	*nil*	*32,160*	*59,360*	*380*

AL.ALLOY LARGE SOWS	Delivered In			Delivered out			Total		
	A380.1	226/DIN	D12S/J1S	A380.1	226/DIN	D12S/J1S	A380.1	226/DIN	D12S/JS
Antwerp	nil	160	nil	nil	nil	nil	nil	920	nil
Rotterdam	nil	nil	nil	nil	nil	nil	nil	2,100	nil
Vlissingen	nil	nil	nil	nil	nil	nil	nil	180	nil
Singapore	nil	nil	nil	nil	nil	nil	nil	1,400	nil
Total	*nil*	*160*	*nil*	*nil*	*nil*	*nil*	*nil*	*4,600*	*nil*

Nickel	Delivered in			Delivered out			Total		
	Cats	Pellets	Briqs	Cats	Pellets	Briqs	Cats	Pellets	Briqs
Trieste	nil	nil	nil	nil	nil	nil	nil	nil	nil
Rotterdam	nil	nil	nil	nil	nil	nil	nil	nil	12
Gothenburg	nil	nil	nil	nil	nil	nil	nil	nil	nil
Busan	nil	nil	nil	nil	nil	nil	24	nil	12
Singapore	nil	nil	nil	12	nil	12	72	nil	12
Baltimore	nil	nil	nil	nil	nil	nil	nil	nil	nil
St Louis	nil	nil	nil	18	nil	nil	30	nil	30
Total	*nil*	*nil*	*nil*	*30*	*nil*	*12*	*126*	*nil*	*66*

NICKEL full plate cats	Delivered in	Delivered out	Total
Antwerp	nil	nil	nil
Hamburg	nil	nil	114
Leghorn	nil	nil	nil
Rotterdam	1,572	810	2,946
Busan	702	432	2,472
Singapore	nil	18	120
Gothenburg	30	24	246
Hull	nil	nil	12
Baltimore	54	nil	438
Chicago	nil	nil	114
St Louis	36	nil	54
Total	*2,394*	*1,284*	*6,516*

NICKEL cats (50mm)	Delivered in	Delivered out	Total
Baltimore	nil	nil	18
Total	*nil*	*nil*	*18*

LEAD	Delivered in	Delivered out	Total
Genoa	nil	nil	625
Helsingborg	nil	950	2,400
Singapore	3,800	1,250	34,350
Detroit	200	nil	800
Long Beach	nil	nil	3,325
New Orleans	nil	nil	25
Total	*4,000*	*2,200*	*41,525*

ZINC	Delivered in	Delivered out	Total
Genoa	nil	200	850
Leghorn	nil	nil	25
Trieste	725	100	1,050
Rotterdam	nil	nil	50
Johor	nil	225	3,975
Singapore	125	725	14,950
Bilbao	nil	nil	600
Tyne & Wear	nil	200	2,875
New Orleans	nil	1,150	61,575
Total	*850*	*2,600*	*85,950*

TIN	Delivered in	Delivered out	Total
Genoa	nil	5	75
Trieste	nil	nil	nil
Busan	nil	40	260
Gwangyang	nil	nil	20
Rotterdam	75	180	795
Johor	385	nil	2,015
Singapore	nil	215	10,140
Vlissingen	nil	nil	100
Hull	nil	nil	nil
Liverpool	nil	15	180
Total	*460*	*455*	*13,585*

NASAAC ingots	Delivered in	Delivered out	Total
Baltimore	nil	160	71,020
Chicago	nil	nil	6,800
Detroit	140	nil	2,320
Louisville	nil	nil	680
Owensboro	nil	nil	60
St Louis	200	nil	800
Total	*340*	*160*	*81,680*

NASAAC T-Bars	Delivered in	Delivered out	Total
Baltimore	nil	nil	10,920
Detroit	nil	nil	10,840
Total	*nil*	*nil*	*21,760*

NASAAC large sows	Delivered in	Delivered out	Total
Baltimore	nil	20	10,400
Owensboro	nil	nil	940
Total	*nil*	*20*	*11,340*

NASAAC small sows	Delivered in	Delivered out	Total
Chicago	nil	nil	7,860
Detroit	60	nil	6,620
Louisville	nil	nil	440
Owensboro	300	nil	2,700
St Louis	nil	nil	1,180
Total	*360*	*nil*	*18,800*

Shanghai Futures Exchange	Deliverable Dec 15
Aluminium	18,333
Copper	27,681

● Some or all of the prices on this page are subject to the disclaimer that appears on page 29

Scrap & Secondary Metals

Ferrous scrap

MB ferrous scrap index

The following indices of UK ferrous scrap prices were compiled by Metal Bulletin from information supplied by UK steelmakers and iron-founders (Sept-Nov 1976 average = 100).

Week ended	Dec 6	Dec 13
"A" Basic Scrap	324.10	324.10
"B" Low Residual Scrap	320.55	320.55
"C" Cast Iron Scrap	321.33	321.33
"D" Low Grade Scrap	308.83	308.83
Master Index	327.62	327.62

UK ferrous scrap

The following is Metal Bulletin's evaluation of UK prices for processed scrap delivered to consumers and docksides. Prices may vary according to region and destination, and should therefore be read in conjunction with editorial comment on the Scrap & Secondary Metals pages.

£/tonne	Dec 6	Dec 13
Cut Grades		
OA plate and structural	131-146	128-143
1 Old steel	121-131	118-128
2 Old steel	111-121	108-118
12A/C/D New Production heavy and shovellable steel	136-146	133-143
Frag and Frag Feed		
3B Fragmentised	126-141	123-138
5C Loose old light	81-96	78-93
Bales and Cuttings		
4A New steel bales	130-150	125-145
4C New steel bales	125-145	120-140
8A New loose light cuttings	110-130	105-125
8B New loose light cuttings	105-125	100-120
Turnings		
7B Heavy steel turnings	88-103	80-95
Cast Iron		
9A/10 Heavy and light cast iron	101-111	98-108
9B/C Cylinder block scrap	143-173	143-173
11A Cast iron borings	88-98	80-90

Prices relate to new UK scrap specifications.

Alloy steel scrap

UK wholesale merchants' stainless (£/tonne)	Dec 15
18/8 turnings	1,100-1,130
18/8 solids	1,390-1,420
12-13% Cr solids	140-160
16-17% Cr solids	160-170
Cif Europe stainless ($/tonne)	
18/8 solids	3,070-3,100
18/8 turnings	2,540-2,570
UK home high speed (pence/kg)	
6-5-2 solids	140-150
6-5-2 turnings	75-80

Rotterdam export

MB assessment, $/tonne fob Rotterdam

	Dec 7	Dec 14
HMS 1&2 (80:20 mix)	250-255	250-255
HMS 1&2 (50:50 mix)	240-245	240-245
Shredded	255-260	255-260

US export

MB assessment, $/tonne fob East Coast

	Dec 7	Dec 14
US Export HMS 1&2 (80:20 mix)	245-250	245-250
Shredded	250-255	250-255

USA

Iron Age scrap price bulletin composite - $/long ton delivered Pittsburgh/Chicago.

Week ending	Dec 7	Dec 14
No 1 heavy melting	197.50	197.50
No 2 bundles	159.50	159.50

Belgium

Merchants' buying prices, Euro/tonne delivered

	Dec 13
Heavy open hearth	165.00-175.00
Electric furnace	120.00-125.00
Mixed turnings	120.00-125.00
Machinery cast iron (prime)	175.00-185.00

Germany

Euro/tonne, delivered at scrapyard. Source: BDSV

West	Nov	Dec
No E2 (new steel scrap)	115-145	115-145
North		
No E1 (old steel scrap)	105-110	105-110
East		
No E3 (old thick steel scrap)	123-130	123-130
South West		
No E1 (old steel scrap)	75-80	75-80
South		
No E3 (old thick steel scrap)	123-145	123-145

Reminder: Prices in tables marked * are MB copyright.

Non-Ferrous scrap Europe

ALUMINIUM

European free market (MB assessment. euros/tonne eff **Dec 15**)

Floated Frag	1,550-1,600
Cast	1,450-1,500
Mixed turnings 6%	1,350-1,400
LME 3 Months primary (lowest midday bid)	$2,856.00
LME Cash alloy (lowest midday bid)	$2,320.00

Germany (per 1000kg eff **Dec 13**)	euros
Pure Cuttings	1,400-1,850
Commercial Cast	1,350-1,550
H9 Extrusions	2,000-2,150
Alloy Turnings	1,050-1,400

Source: VDM

France (per 1000kg eff **December 12**)	euros
Pure Cuttings	1,900-1,920
Old Rolled	980-1,000
Commercial Cast	1,080-1,120

Source: Lettre d'Information Métaux

Italy (per 1000kg eff **Dec 8**)	euros
Pure Cuttings	1,770-1,820
Old Mixed Scrap	1,370-1,420
Commercial Cast	1,370-1,420

Source: Assomet

COPPER

Germany (per 1000kg eff **Dec 13**)Source:Verein Deutscher Metallhändler — euros

Copper Wire (Berry)	5,150-5,350
Heavy Copper	4,700-4,900
Heavy Brass	2,750-2,950
Brass Turnings (MS 58)	3,700-3,900
Brass Sheet (MS 63)	3,800-4,300

France (per 1000kg eff **December 12**) Source: Lettre d'Information Métaux — euros

Electro Cuttings	4,800-4,820
No 1 Bright Wire	4,300-4,350
Mixed (96%)	4,000-4,060
Brass Plate Cuttings 70/30	4,300-4,370
Brass Turnings	3,520-3,550
Mixed Brass	2,750-2,800

Italy (per 1000kg eff **Dec 8**) Source: Assomet	euros
Electrolytic dd EN 12861-S-Cu-2	4,928-4,980
Enamelled wire EN 12861-S-Cu-3	4,818-4,870
New from tubes, strips etc EN 12861-S-Cu-4	4,823-4,875
Old from tubes, strips etc 12861-S-Cu-7	4,573-4,625
EN 12861-S-Cu-Zn-1-A-Cu 63.5%	4,192-4,270
Mixed from valves/taps EN 12861-S-Cu-Zn-6	3,422-3,500
Several 95% m/m 12861-S-Cu-Zn-7	3,292-3,370

UK non-ferrous scrap

The following UK prices were assessed on **Dec 13**

Aluminium		£/tonne
	Actual Price	MB LME Discounts
Group 1 Pure 99% min (baled)	1230-1240	188-198
Group 1 Litho (baled)	1240-1250	178-188
Commercial pure cuttings	1030-1100	328-398
Clean HE9 extrusions	1350-1400	28-78
Mixed alloy/Old Rolled cuttings	710-730	433-453
Baled Old Rolled	800-830	333-363
Commercial cast	900-940	223-263
Commercial turnings	660-700	463-503
Group 7 turnings	620-650	513-543
LME primary avge: 1428.52	LME alloy avge	1163.95
Novelis Recycling UBC price		810-860

Titanium	$/lb cif
Turnings, unprocessed type 90/6/4 (0.5% Sn max)	4.40-4.60
Turnings, unprocessed 90/6/4 (over 0.5%, max 2% Sn)	4.30-4.50

Non-ferrous foundry ingots

Aluminium UK effective Dec 13	£/tonne
MB free market	
LM24 Pressure diecasting ingot	1,300-1,380*
LM6/LM25 Gravity diecasting ingot	1,450-1,540*

NB: prices expressed delivered consumer works, LM series as specified in BS1490

Aluminium Europe effective Dec 15	$/tonne
MB free market	
Duty unpaid in warehouse alloy premium (cash basis)	70-80*
Duty paid delivered works pressure diecasting ingot price (DIN226/A380)	euros/tonne 2,000-2,100*

Aluminium US effective Dec 14 $/lb delivered Midwest	
A380.1 alloy	1.08-1.10

AFFIMET prices effective Oct 1	euros/tonne
AS 12	2,970
AS 12 UN	3,050
AS 9 U3	2,575
AS 5 U3	2,855

Reflects generally larger traded lots

VDM effective Dec 13	euros/1000 kg delivered
DIN 226	2,350-2,450
DIN 231	2,440-2,540
DIN 311	2,390-2,490

Aluminium Bronze UK effective Dec 12	£/tonne
AB1 ex-works	4,160**
AB2 ex-works	4,500**

Source: C.F. Booth Ltd

Brass UK effective Dec 12	£/tonne
SCB3 ex-works	3,270**
High Tensile HTB1 ex-works	3,700**

Source: C.F. Booth Ltd

Gunmetal UK effective Dec 12	£/tonne
LG2 85/5/5/5 ex-works	3,800**
LG4 87/7/3/3 ex-works	4,010**
G1.11.5 Pb ex-works	4,300**

Source: C.F. Booth Ltd

Phosphor Bronze UK effective Dec 12	£/tonne
PB1 ex-works	4,550**

Source: C.F. Booth Ltd

Phosphor Copper UK effective Dec 12	£/tonne
10% P ex-works	4,990**
15% P ex-works	5,080**

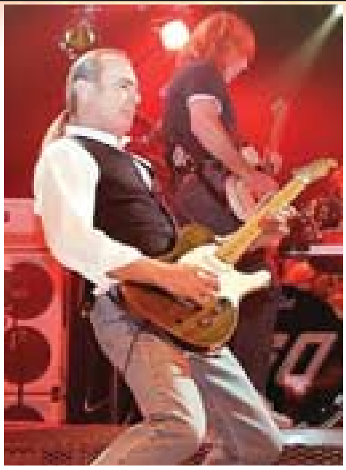
Source: C.F. Booth Ltd

Zinc Alloys UK	£/tonne
Brock Metal Co **December** Contract Alloy Price (delivered UK, min 25 tonne lots)	
Brock Metal ZL3	2,877
Brock Metal ZL5	2,889

** Lots up to 5 metric tonnes.

LME appoints Rothschild

The London Metal Exchange has appointed investment bank Rothschild as its financial advisor to assist it in formulating plans for the future.
The LME board mandated the executive in May to explore possibilities of moving to a for-profit status and Rothschild will help in this process.
Exchange ceo Martin Abbott stressed in an interview with Hotline that Rothschild's appointment should not be taken as a sign that the LME wishes to proceed to an initial public offering (IPO). Instead, the bank will help the exchange devise schemes to raise more money for crucial investment.
'One thing is very clear. The object is not an IPO," Abbott said.
The exchange needs to generate revenue for investment but, because it is not aiming for a listing, it does not need to maximise revenue, he said.
Additional money will be used to expand services to members, he said.
'We want to create a situation where we generate enough profit to finance necessary investment in technology and people to expand exchange operations and run more effectively," he said. 'The LME would like to be more effective and maybe more prodigious in its product development."
Among the schemes that will require more investment are the LME's plans to introduce an electronic platform to clear steel and other over-the-counter trades.
The next board meeting is in February, by which time Abbott will have fleshed out some of the plans.
He declined to be more specific on what plans the executive is contemplating, or give a timetable for the completion of the strategy review
As part of the fund raising exercise, the LME could raise dealing costs for its users, he suggested. Global exchanges and clearing houses are coming under increasing pressure to trim costs but Abbott indicated he believes the LME has plenty of room to raise charges but remain competitive.
'I can't rule out the possibility some fees will rise," he said. 'Our market fees are extremely low —were we to benchmark, our fees would have to increase by several hundred percent. We will remain a very attractive trading venue."
In a note to members LME chairman Donald Brydon also stressed that the appointment of Rothschild should not be taken as an indication the exchange is planning an IPO.



Giants of metal: Glencore's staff were treated to a performance by Status Quo at the Swiss trader and producer's Christmas party. Some reactions were ironical — "We've tried to find someone older than the Rolling Stones but it's hard," one trader said. Others tried to work out how having the Brit five-piece band reflected on the company. "They've come down in the world," he said — a contentious opinion given that Sting has performed at a previous Christmas party for Glencore. But has the band been inspired by the vastly profitable privately-held company? The song goes: "Whatever you want; Whatever you like; Whatever you say; You pay your money; You take your choice; Whatever you need; Whatever you use…"

Stemcor seeks futures team

Stemcor is recruiting at the moment, looking to add to its trading personnel. No surprise there, you might think, but the London-based international steel trader is seeking traders with rather different skills from those it normally needs.
Instead of physical steel traders, Stemcor is looking for people with experience in derivatives. The company has dipped its toe into the over-the-counter trade in steel futures over the past year and seems to have benefited from the experience. Ian Sherwin, who is managing the recruitment process, says the company wants to expand its business in steel derivatives and needs to recruit a team of specialists to do so.
Stemcor may well be the first traditional steel company to seek recruits with experience in derivatives trading. The OTC market in steel is still very small — the only really active company offering OTC contracts is Koch Metals —but has been growing this year. Several exchanges, including the LME, Nymex and the Dubai Gold & Commodities Exchange, are preparing to launch exchange-traded contracts.
Sherwin said Stemcor's trades to date have been carried out in the conventional way it does its physical trade: prices are agreed by phone (using an index) and confirmed by email, after which the official paperwork is prepared.

LME approves two new members

The London Metal Exchange has approved membership applications for Tangent Trading and Trimet Handel.
Tangent and Trimet are now cleared to become category V members.
The LME announced the companies' application in November, along with that of a third company, GFI Securities.
So far there has been no decision on GFI, an LME spokesman said, stating every application is different.

Khoroshkovsky's political comeback

Evraz Group ceo Valery Khoroshkovsky is heading back to his native Ukraine, swapping leadership of Russia's biggest steel company for a post in the volatile Ukrainian government.
He will be first deputy secretary of the security and defence council of Ukraine, and will be formally replaced as ceo by Alexander Frolov, currently chairman, at an egm set for January 28.
His 0.9-percent stake in Evraz is being sold to Lanebrook Ltd, which will now own 83.24 percent of the steelmaker and is itself 50-percent owned by Roman Abramovich's Millhouse Capital.
One theory doing the rounds in Moscow was that Evraz had struck a major deal that would restructure the company, and Khoroshkovsky, who had been at Evraz for three years, nine months of them as ceo, jumped ship before he was surplus to requirements.
One analyst said Khoroshkovksy, a former Ukrainian minister of economy, had been appointed as a 'hired general" for Evraz. 'The fact they brought a politician in from Ukraine in the first place was suspicious, when there is a lot of talent in Russian business. Maybe he was brought in to help Evraz acquire some Ukrainian assets and when that didn't happen, he left."

Tata to build Thai blast furnace

Tata Steel (Thailand) is setting up a 500,000 tpy blast furnace, which would be the country's first, at an estimated cost of Rs4.5 billion ($100 million), the Indian parent company confirmed.
Tata Steel, India's largest private-sector steelmaker, acquired Thailand's Millennium Steel, which it later renamed Tata Steel (Thailand), in December 2005.
Tata has a 67 percent stake in the Thai company.
According to a report in an Indian daily, construction of the blast furnace is expected to begin in early 2007 and will be ready for commissioning in 15 months.
A Tata spokesman in Jamshedpur said as Hotline went to press that the company was on the point of notifying the Bangkok Stock Exchange about the investment.
The newspaper report stated that the investment will be wholly financed by loans which will raise the Thai subsidiary's debt/equity ratio to 0.9/1 from 0.7/1. It also said that construction of the blast furnace will reduce production costs at the plant by 10 percent and improve its output to 1.7 million tpy from 1.1 million tpy.

Assisted suicide?

South African mining entrepreneur Brett Kebble planned his own "assisted suicide" with the help of business associate Glenn Agliotti, a South African magistrates court heard.
Kebble was gunned down in his car in Johannesburg in September 2005.
'The accused [Glenn Agliotti] took part in the planning, arrangement and funding of the assisted suicide,'' a South African state prosecutor told the Johannesburg magistrate's court.
Agliotti's defence lawyer Laurence argued that Kebble's death was 'out of the realms of pre-planned murder".

Cobalt trader moves

Darton Commodities, the UK cobalt trading company run by Guy Darby and Roy Walton, has hired Andries Gerbens. Formerly sales manager for Sherritt International in Europe, Gerbers joins Darton on January 2.
Elsewhere, Clare Richardson (née Chisholm) will leave UK cobalt trading company SFP Metals at the end of January.
Richardson's sales beat in Asia will be assumed by SFP traders Tony Southgate and Toby Chamberlain.

Alphasteel lays off one sixth of workforce

Alphasteel, the South Wales mini-mill owned by Iranian entrepreneur Mohammed Rostami-Safa, is laying off almost 100 staff out of a total of 600 workers.
Ninety-seven workers are being made redundant before January 6 as part of a restructuring plan at the company, a management source confirmed to Hotline. About 90 percent of the redundancies were taken voluntarily, a second source within the company added.
Local newspaper, the South Wales Argus, reported Alphasteel's deputy md Rosso Safavi saying: 'We lost several million pounds a year over the last two years. We want to make the company competitive and profitable from January 2007 in order to preserve the remaining 500 jobs."
Alphasteel's management told Hotline's second source the company had been losing £2 million a month. From January 6 Alphasteel's workers will be back to a full 20-21 shifts per week pattern, he said. Workers have only been working 10 shifts per week for the past two weeks, as much of the works has been idle so far this month.
As part of the restructuring Alphasteel will no longer be making slab and will feed its hot strip mill wholly from imports, Safavi told Hotline. The company plans to resume steel melting next month, making billet at rates of about 40,000 tpm. It also plans to roll 60,000-80,000 tpm of hot strip.
Welsh Assembly Member for Newport East, John Griffiths, confirmed he had heard about the job losses.
'They have had problems. It is worrying for people working there, but everybody is hopeful [Alphasteel] will still have a strong future," he said.
Meanwhile, Alphasteel's ultimate parent, the Safa Industrial Group in Iran has ambitious expansion plans in the Middle East. As well as a large plate mini-mill in Iran, which Rostami-Safa's son-in-law, Ali Hosseini, mentioned while addressing MB's steel conference in Dubai last week, a Safa representative in the UK confirmed rumours in Iran that the group has acquired some idled rail making equipment in Sweden. Iran has no rail making capacity at present.

Ascendant faces battle to develop Ecuador deposit

Canadian copper producer Ascendant Copper is facing opposition from local groups over its plans to develop the Junin property, located in Intag, northwestern Ecuador, which is believed to contain over 19 billion lb of copper and almost 1 billion lb of molybdenum.
There is strong opposition from the local community – who claim that the project would be disastrous for the region – which has led to frequent outbursts of violence.
In the last major outbreak of violence on December 5, six employees of Ascendant, whom an anti-mining activist described as armed guards, were held hostage inside a church in the village of Junin for almost a week after they attempted to get through a roadblock set up by protestors.
'I've lived here for 30 years. I am not going to roll over and let our land be destroyed by a small bit of copper," Carlos Zorrillla, member of the local activist group Decoin, Defensa y Conservacion Ecologica de Intag, told Hotline.
The hostages were released but both sides told MB that tension remains. 'On December 6, around 100 followers of Ascendant threw thousands of rocks, Molotov cocktails, burning tires – and shot at a group of anti-mining members of the local community," Zorrilla alleged.
The company insisted it rejected violence and denied any wrongdoing regarding its work on the project.

SAC to oppose Phelps takeover

Hedge fund SAC Capital has opposed the proposed buyout of global miner Phelps Dodge by Freeport McMoRan Copper & Gold, demanding a higher price.
The hedge fund has accumulated a 5.1-percent stake in Phelps Dodge stocks and will seek a higher price than $126.46 for each share in Phelps Dodge offered by Freeport, made up of $88 in cash plus 0.67 common shares of Freeport.
SAC believes that 'the terms of the proposed transaction would not provide full and fair value to the Phelps Dodge shareholders", according to its filing with the US Securities and Exchange Commission.
The company believes that the proposed transaction 'would create disproportionate value for Freeport shareholders at the expense of Phelps Dodge's shareholders".
SAC Capital Partners is a $10 billion group of hedge funds founded by Steven Cohen in 1992.
Meanwhile it has emerged that Phelps Dodge's chairman and ceo Steven Whisler may walk away with some $74.5 million in cash and $25.4 million worth of stock in the buyer if the proposed deal with Freeport McMoRan Copper & Gold goes through, according to the *Arizona Republic*.
Freeport's only major asset is the giant Grasberg copper mine in Indonesia.

Voestalpine Stahlhandel sale

Austria's Voestalpine AG could finalise the sale of 75 percent of its steel stockholding business, Voestalpine Stahlhandel, to Poland's Zlomrex Group by the end of the year.
The companies were locked in meetings late last week, but a spokesman for Voestalpine told Hotline negotiations were going on and that an agreement would 'probably" be signed before 2006 ends.
According to Polish newspaper *Parkiet*, Zlomrex plans to hold a press conference this week, suggesting that negotiations may be at the final stage.
Zlomrex is reported to have received exclusive rights for negotiations at the end of November (MB Nov 22) to buy 75 percent of Voestalpine Stahlhandel's shares with Voestalpine keeping the remaining 25 percent.
Zlomrex produces around 650,000 tpy of steel products, is active in steel and scrap trading, and expects revenues of about €500 million ($646 million) in 2006. Voestalpine Stahlhandel has an annual turnover of around €250-300 million.

Anvil trial begins

Three former employees of Australia's Anvil Mining have gone on trial in the Democratic Republic of Congo for war crimes committed during the Kilwa massacre in 2004, said a spokeswoman from a human rights group who is observing the case. The trial opened on December 11 but the charged ex-Anvil employees were absent, Patricia Feeney executive director of UK-based human rights watchdog Rights and Accountability in Development (RAID) told Hotline.
'None of the ex-Anvil employees turned up in court although there were several defence lawyers. One was for Pierre Mercier, the former Anvil Manager. There was also a team of lawyers representing Anvil Mining Congo, which has also been charged," she said.
The defendants reportedly complained at the opening of the trial that they had not received proper summons to appear in court.
Anvil ceo Bill Turner declined to comment on the trial, saying that it was 'highly inappropriate" to comment on a legal proceeding.

Mitsui commodity futures exit?

Japanese trading house Mitsui & Co could be considering the sale of its stake in its oil and commodity futures unit.
The company plans to enter sales negotiations for the unit with Astmax in Tokyo, according to *Bloomberg*.
Astmax reportedly decided at its board meeting on December 15 to hold talks with Mitsui to acquire stakes in Mitsui Bussan Futures Ltd as it seeks to boost its brokerage business for oil and commodity futures contracts.
Still, market participants were surprised at the timing of Mitsui's possible move.
'I know the guys there and they always talk about how well they have done this year. It would be a strange move," a market source close to the company told Hotline, echoing a broker at a category 1 dealer at the London Metal Exchange.
'Mitsui pulled out completely from metals a few years ago and then set up again, and I think they have been doing quite well, as well as all other banks," the broker said.
'What a strange time to sell."