The Crucible

Focus on Warehousing

Regulation Update

INSIDE THIS ISSUE

IN BRIEF

- Click here to view Industry Events.
- Click here to book the MMTA meeting room.
- Wogen vs MMTA Cricket Match—

A huge thank you to Wogen Resources for hosting the event once again this year, and congratulations to the MMTA team, who won a high-quality match on a very hot July evening.

WAREHOUSES AND OTHER MATTERS

1. Complaint against C Steinweg - Handelsveem BV ("Steinweg")

The Member that formally complained that Steinweg is in breach of the MMTA Warehouse Rules has made a further submission to the MMTA challenging the decision of 12 March 2013 that "the Directors were unanimously satisfied that the activity in question is that of a service provider and not a trading company within the meaning of the MMTA Warehouse Rules and that Steinweg were not therefore in breach of the Rules."

On 17 September 2013 the Directors of the MMTA discussed this new submission, the confidential information submitted by Steinweg and the previous decision of the Directors and unanimously reconfirmed the decision reached on 12 March 2013.

2. The MMTA Warehouse Rules

If the Directors are petitioned by a significant number of Members to reconsider MMTA Rules then the Directors have a duty to consider amendments and put those amendments to a vote of the Members.

The MMTA Warehouse Rules require that: "The company shall be neutral, not owned or associated with any trading company".

The MMTA Warehouse Rules were debated in October 2011 when 97% of warehouse using Members voted not to change the above requirement.

The MMTA Warehouse Rules were again discussed at the AGM on 25 April 2013 in a low key debate. Despite an invitation from the chair, other than the one Member who spoke in favour of change, no other warehouse using Member has petitioned either the MMTA Directors or the MMTA Executive requesting that the existing Warehouse Rules be amended.

This invitation to Members to come forward in support of change was reiterated in the July edition of the Crucible and to date no additional Member has made known their support for a change to the existing MMTA Warehouse Rules.

At the Directors meeting on 17 September 2013 the Directors of the MMTA concluded that there was no support amongst the Membership for a reconsideration of the MMTA Warehouse Rules.

3. Applications for Warehouse Approval from warehouse companies in a Group containing a trading company

The MMTA has received two Warehouse Approval requests from Pacorini Metals and one from CWT Commodities.

Pacorini Metals is in a group that includes Glencore and CWT Commodities is in a group that includes Marc Rich Investments.

The MMTA Warehouse Committee concluded that as Pacorini Metals and CWT Commodities are each in a group that includes a "trading company", they do not meet the criteria within the MMTA Warehouse Rules and therefore cannot be given Warehouse Approval by the Committee.

As stated in the July edition of The Crucible this is in no way a reflection on any other aspects of the businesses of the companies concerned. The warehouses in question are used by some Members. They simply do not meet the criteria for approval determined by the Membership of the MMTA.

At the MMTA Directors meeting on 17 September 2013 the MMTA Directors' confirmed the findings of the Warehouse Committee that Warehouse Approval could not be given in these cases.

4. MMTA Warehouse Approval

MMTA Members are reminded that they are free to use any warehouse they choose, MMTA Approved or not. In many instances Members choose to use warehouses that are not MMTA Approved.

The only reference to use of MMTA Approved Warehouses is in the Trade Regulations, which is a form of contract provided for the convenience of Members which they are free to use for trade with a counterparty if both parties wish to do so. Its use is not required and indeed many, if not most, members will use their own contract terms when conducting business.

The Trade Regulations provide that:

"The usual basis of trade in respect of these Terms and Conditions shall be "in warehouse" and, unless otherwise agreed at the time of concluding each contract, shall be in a warehouse currently listed in the Association's List of Approved Warehouses."

Members and others can therefore use the Trade Regulations and still agree to use a warehouse that is not MMTA approved.

5. Publication of articles on a name withheld basis

Many experienced and senior individuals involved in various aspects of the minor metals industry cannot express views and make observations on matters of importance and of wider interest to the industry due to Company policy.

To overcome this The Crucible is prepared to publish responsibly written articles of interest to the Membership on a name withheld basis. Such articles constitute the personal views of the authors and should not be taken in any way as a view or position of the MMTA.

To submit such an article on a name withheld basis in the first instance please contact Maria Cox on a confidential basis. I draw your attention to the first two such expert, quality articles in this edition of The Crucible.

The article titled "Recent advances in health science on Cobalt, and the dangers of ideologically driven regulation" contains a really important message that our industry needs to focus on. Ideologically driven regulation and the way it is being implemented by the EU and ECHA may be mutually inconsistent to the way of life that the peoples of Europe would choose if they had a choice. Member States need to wake up to this issue and deal with it before European industry is irreparably damaged and the people of Europe suffer accordingly. This is not about one metal, other metals will be subject to this in due course as testing is completed and if not directly then indirectly as they are impacted by a downstream technology that will or can no longer be used.

The article titled "The function of warehousing – or why we do not know our cleaning lady by name" is very illuminating for those of us who have had little involvement with the LME. Functioning raw material markets, warehousing and logistics are important to the well being of industry and the world economy. Apportioning blame for the past is of little interest and can be left to the Regulators and Class Actions but understanding what is required for the proper functioning of these markets is vital to being able to get it right going forward.

6. 40th Anniversary

The MMTA has reached its 40th anniversary in good shape with a record Membership and a busy programme of events. Some of us are constantly reminded forty is young and I don't need to remind you all that there is a lot to be done. I am very proud to be serving an association whose Members have historically shown such foresight and vision. For example in the early years determining the need for and role of trade regulations, standard contract terms, metals norms and Warehouse Rules, speaking out on the shortcomings of the then proposed REACh legislation and more recently being prepared to consider and debate alternatives to journalist based price discovery. I would ask all Members to participate and take part in the activities and running of the Association and to encourage their staff to take part.

Roy Walton, MMTA Chairman

OBITUARY ~ GEORGE REYNOLDS-PAYNE

7 February 1942 -11 September 2013

George began his engagement with the metals business in assaying and sampling and was the Managing Director of Nieberding in Antwerp, which was taken over by SGS. Previously he had a varied career in Advertising and Journalism.

After Nieberding, George moved to London and joined Lewis & Peat Metals at the invitation of Mike Ashby, who knew of George as he had been to school with his brother, Ian. George was part of the management team which created A&M when the Lewis & Peat Group dissolved itself.

George, when he first came to London and even before when visiting from Antwerp promoting the warehousing business, maintained the slightly outdated persona of a city gentleman, wearing a pinstriped suit, bowler hat and furled umbrella, and smoking his pipe. This eccentricity and distinctiveness typified his approach to life, which he saw with all its absurdities and always laughed at it, ensuring that he and his colleagues had fun. George initiated the A&M Christmas parties which came to be seen by many in the trade as the start of the Christmas season. He also founded the A&M luncheon and wine club.

George's major trading area was scrap. He seemed to know everyone in the business and, perhaps unsurprisingly for someone so distinctive, everyone knew him. He had a real affection for the various yards and their managers and always referred to our side of the business as the brass platers.

After he left A&M George worked in his own firm Capital Minerals and even when suffering from his prolonged illness was always a pleasure to have a beer with.

By Jim McCombie, Stapleford Trading

MMTA's 40th

InterContinental, London Park Lane

Join MMTA Members and Guests at the 40th Anniversary Dinner, at The InterContinental on London's Park Lane.

The evening will begin with a

MMTA Founding Members' Drinks Reception

kindly sponsored by the 3 current MMTA founding member companies – AMC plc, Lambert Metals Intl. Ltd. & Wogen Resources Ltd.

Amalgamated Metal Corporation PLC was formed in 1929 to acquire the British Metal Corporation Ltd. (BMC) and Henry Gardner & Co. Ltd. AMC holds a ring one dealing membership on the LME and operates Physical Trading operations in eleven different countries worldwide.

Lambert Metals is a founder member of the MMTA and remains a UK-based company located in London, owned by the management. Lambert Metals trades all of the traditional Minor Metals and is fully REACH compliant for the trading of Antimony and is pre-registered under REACH for many of the other metals its handles, for which it is world renowned. www.lambert-metals.co.uk

Established in 1972 as a metal trading company with a strong China focus, **Wogen** has grown into one of the most diversified suppliers of high-value raw materials to the non-ferrous industry worldwide. There are few companies that trade such a full suite of products for industrial end use and Wogen has established a reputation in noble-alloys, mineral sands, electronic metals, aerospace raw materials, the Platinum group of metals, ores and concentrates and other metals and minerals not traded on an exchange.

Raffle in Aid of Cary Mufulira Community Partnership Trust

Take part in this year's business card raffle in aid of CMCPT, supporting the Zambian copper mining town of Mufulira. £10 per business card entry, with prizes of…

A delegate place at the MMTA's International Minor Metals Conference

London, April 27-29, 2014

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An iPad Mini

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Afternoon Tea for 4 at the InterContinental Park Lane, London

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£200 voucher for Dinner at Le Boudin Blanc in Mayfair


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Anniversary Dinner

Tuesday 8th October from 18.45—01.30

Starter

Terrine of chicken and foie-gras on watercress mayonnaise, chicken and tarragon fritter, red pepper and chive oil

(Vegetarian: basil marinated beef tomato and mozzarella salad with walnuts and olives)

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Main

Fillet of casterbridge beef with slow cooked ox cheek, potato and parsnip terrine, creamed celeriac, tomato and tarragon jus

(Vegetarian: Vegetable Baklava with potato and parsnip terrine, creamed celeriac, tomato and tarragon jus)

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Dessert

Tatin of William pear with a Braeburn apple fool

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Coffee and Petit Fours

White wine - Chablis, Simonnet-Febvre – Louis Latour Burgundy

Red wine - Côte du Rhône, Guigal, Rhône

Dinner Sponsors

Alex Stewart International provides inspection, supervision, weighing and sampling services and is also able to deliver fast, reliable and accurate analytical services covering base metals, non-ferrous ores and concentrates, minor and precious metals, ferro-alloys, recycled scrap metal, complex materials and plastics.

Avon Metals is a UK based, privately owned specialty aluminium master alloy maker and a processor & trader of minor metals including Tantalum, Niobium, Tungsten, Molybdenum, Hafnium, Rhenium and Chromium. We are AS9100 Aerospace Quality and ISO 14001 Environmentally certified. www.avonmetals.com

Charity Raffle Sponsors

RC Inspection provides an independent, fast and reliable service with a direct people to people approach as befits a modern inspection company. RC Inspection employs a professional and committed staff and offers services in both bulk ferro and noble alloys , minor / rare earth - high purity metals, minerals and ores. Coal,coke and anthracite. Ferrous-, non ferrous scrap and maritime services around the globe.


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MMTA's International Minor Metals Conference,

Park Plaza Hotel Victoria London, UK,

27-29 April 2014

DON'T FORGET TO TAKE ADVANTAGE OF THE MEMBERS' EARLY-BIRD RATE UNTIL OCTOBER 24TH

On 18th September, Pennington's Solicitors delivered, on behalf of the MMTA, an insightful seminar on how to use arbitration to solve international disputes. Attendees learned the pros and cons of both litigation and arbitration, and the specific details of arbitration, with a particular focus on conducting international arbitrations. Other dispute resolution options, such as mediation, were also explored.

This seminar will be repeated in 2014.

EU REVISED GENERALIZED SCHEME OF PREFERENCES (GSP)

The EU has recently announced its revised import preference scheme - known as the Generalized Scheme of Preferences (GSP).

The main aim of the EU's preferential trade scheme is to help developing countries by making it easier for them to export to the European Union. The system was revised in October 2012. The EU states that one of the most important objectives of this reform has been to focus trade preferences on those countries most in need – Least Developed Countries and other poorest developing economies.

Due to this change, the preference for the following countries will expire with effect from 1st January, 2014 (1st February 2014 for Azerbaijan and Iran):

Argentina
Azerbaijan – from 1st Feb 2014
Bahrain
Brazil
Brunei
Cuba
Gabon
Iran – from 1st Feb 2014
Kazakhstan
Kuwait
Libya
Macao
Malaysia
Oman
Palau
Qatar
Russia
Saudi Arabia
Uruguay
Venezuela
UAE
Belarus

This means that for the above countries there will be **no preference for material with a valid GSP / Form A certificate with effect from 1st January 2014 (1st February 2014 for Azerbaijan and Iran).**

This change will apply even in cases where material was brought into and/or stored in the EU before 1st January 2014, with a valid GSP / Form A certificate.

What Do You Need to Do?

Where members currently have material from one of the above countries held in EU warehouses, or for material due to arrive in warehouse before 1st January 2014 (Azerbaijan and Iran 1st February 2014), in order to benefit from the current regulations:

- You will need to supply your warehouse with your instructions to custom clear material into the EU.
- The warehouse will need to be in possession of the original and valid GSP / Form A before 1st January 2014 (1st February 2014 for Azerbaijan and Iran) .

More Information:

http://trade.ec.europa.eu/doclib/press/index.cfm?id=840

http://trade.ec.europa.eu/doclib/press/index.cfm?id=954

David Brown, Lambert Metals International Ltd, Chair of the MMTA Warehousing Committee

LETTER FROM NORTH AMERICA

Dear Members

It finally looks as if autumn/fall has arrived here in New York. The weather is cool, sunny and quite lovely. But, as usual, the days are drawing in noticeably, and the sun has yet to rise when I now get up in the mornings!

Liking, as I do on occasion, a glass of ale, I was most pleased to see the other day that it was not just a single brewer here in the US – MillerCoors – who had entered the lists against the likes of Goldman Sachs and JPMorgan over their ownership of metals warehouses, but the Beer Institute itself, that august body that "*represents the $246.5 billion beer industry. An industry that includes more than 2,800 breweries and 2 million jobs*." I feel that we partakers might now have a true champion.

So, where do things currently stand with regard not only to the issue of warehouse ownership by banks, but also to the much larger issue of their involvement in physical commodities? Well, the latest salvo from the banks (through the trade group the Securities Industry and Financial Markets Association), is a study by the research company IHS which, perhaps not surprisingly, finds that: "*Banks play an essential role in assuring the smooth functioning of the commodity markets which underpin the $16.6 trillion U.S. economy, and on which consumers ultimately rely*." From this it would appear that the banks are now really looking to engage battle in a more public arena.

Since mid-July, there have already been a number of skirmishes. A big piece in the New York Times towards the end of that month headed "*A Shuffle of Aluminum, but to Banks, Pure Gold*", preceded a hearing of the Subcommittee on Financial Institutions and Consumer Protection, entitled "*Examining Financial Holding Companies: Should Banks Control Power Plants, Warehouses, and Oil Refineries*". (Somewhat ironically, the occasion included a "face off" between a current member of the law firm Davis Polk & Wardwell LLP on the one side, and a past member of the firm on the other!)

The Fed also entered the fray with a statement that it "*regularly monitors the commodity activities of supervised firms and is reviewing the 2003 determination that certain commodity activities are complementary to financial activities and thus permissible for bank holding companies.*" Next came the CFTC, who, Reuters reported, had in early August sent subpoenas hot on the heels of some pretty strong letters dispatched to warehouse firms the previous month. Last, but certainly not least, it appears that the US Department of Justice, following some urging, amongst others, by the aforementioned beverage industry body, has been doing a wee bit of poking around of its own. Needless to say, it has not made any comment on the matter.

Whilst, of course, there is considerably more at issue than just warehouses, it will be interesting to see just how indicative of things to come Goldman Sachs' reaction was to continuing "enquiries" involving, and rather public interest in, its warehousing firm Metro International Trade Services LLC: It said it would be "*contacting end users to offer to swap any aluminum currently in the queue for immediately available aluminum so that they have access to the metal they need to make or package their products*." Goodness: Now you don't see it, now you do! A precedent? Who knows?

And the LME's new proposal about warehouses expected to be discussed at its October meeting? OK, so it should reduce queues at the Affected Warehouses, but what kind of effect would it have on load-out rates at *non*-Affected Warehouses. But then again, perhaps the LME will find itself, despite its best efforts to find a solution of its own, disburdened of the whole problem by US regulators and/or legislators. We can but wait and see.

With best wishes from New York to MMTA members everywhere

Tom Butcher, September 25th, 2013 *Hard Assets Investor*

MMTA PERSONNEL CHANGES

Dear Members,

As many of you know by now, I shall be leaving the MMTA in mid-October. I shall be staying in the industry, so I am sure I will bump into many of you on a regular basis!

I would like to thank all the MMTA members for making my job so enjoyable, and especially the Main Committee for the support they have given to me at the beginning of my career. I must also thank Maria Cox for being a wonderful boss and colleague, and making sure that coming into the office every day was interesting and enjoyable.

My successor, Tamara Alliot, has a BEng in Materials Engineering from Loughborough University, and a Master of Environmental Policy from Sciences Po, Paris, so she speaks fluent French. She completed extended internships with Constellium in Paris, where she worked in Corporate Sustainability, and for Bentley Motors in the UK, in their Interior Materials Team.

Many of you will have met her already; she can be contacted at tamara@mmta.co.uk.

Best Regards, Emma Newman

MMTA'S 40 YEARS

For Howard Masters, who took over from Bryan Webb in 1981, "the most significant development during my period of office was that the MMTA actually survived!" He feels that the most important change during those 14 years was that the Association started to be taken seriously. "From the early beginnings in 1972 when the London Metal Bulletin had labelled us as "sardine traders", it was clear that the main participants in the minor metals trade were of a very high calibre and we were able to draw upon a vast wealth of voluntary experience not only in trading but also the law, arbitration, finance, administration and most importantly common sense! The hardest bit was getting companies to accept the MMTA contract terms and conditions, but by the time I stood down I was confident that we had established the Association on a firm footing which has been built upon by my successors making us the very strong and important international body that we are today".

(Howard Masters, Chairman 1981-1995)

THE FUNCTION OF WAREHOUSING—OR WHY WE DO NOT KNOW OUR CLEANING LADY BY NAME.

I have nothing against the lady that cleans my office every evening, sometimes wiping my desk while I am still at it. On the contrary, without her I might be drowning in paper waste and coffee stains. Someone has to do it, and do it well (and not break that wonderful crystal award I got last year or make off with my laptop which I forgot to lock in my desk on the day that I took off before 8pm). But, I do not know her name, since I never cared to ask. As long as she is doing her job properly, I will most likely never know.

So why do we read about warehousing and specifically LME warehousing every day of the week, even making US headline news on TV? Why does it seem that running a warehousing company is top news? Whilst not a task that is fully comparable to what my cleaning lady does, at least it is not a very glamorous function from the outset.

In my humble opinion, because the LME has got its rules wrong for a number of years. They have allowed warehouses to become participants in the trade, becoming the trade. They failed to address a systematic flaw in their rules, and what started as a distortion and some isolated incidents, has ended up being a major disruption of the metals trade. How was this possible, and what can we learn from it?

The LME was, until the takeover by HKEx, an entity that started by facilitating the business of its members, in the process growing to be the dominant metal exchange in the world. So they got something right, obviously. Warehousing, and the resulting physical delivery of metal against positions, was (and still is) a core element of this phenomenal story.

This changed when warehouses started being taken over. One warehouse with a reputation for being difficult went from being occasionally difficult to being systematically difficult. Other takeovers followed, including some that went nowhere, at least in so far as exploiting the flaw in the rules is concerned.

And the problem started, because a trader owning a warehouse is not a problem, if the customer can vote with his feet and find a different service provider. However, the LME did not allow customers (read – warrant holders) to do that. By upholding rules that allowed the warehouses to take and hold cargo hostage and charge a ransom (read - warehouse rent and FOT charges), the LME allowed a systematic abuse of a flaw in the rules. Low interest rates and over-production (with the accompanying contango) were a necessary ingredient to start the scheme, but once the system was up and running, there was nothing to stop it – the owner of the queue does not own the metal, and therefore does not care about interest rates or backwardations. Only a change in the rules, such as that under consideration by the LME under new ownership, should break the vicious cycle.

By taking the ability to build ever-increasing stock levels at somebody else's expense out of the rules, the spell can be broken. And, in a way, the lawsuits in the US and the investigation by the CFTC came as a blessing in disguise for the LME. Because the proposal was made before the Senate hearing and before the official start of the CFTC investigation action had been taken. And because even the most ruthless warehouse keeper (read trader / banker) will think twice before jacking up rates to "compensate" for the "damage" done by the potential rule change in light of the above spotlight shining on them. There is definitely hope for the LME. Let's be honest, the demands of some interested parties for more transparency, publishing of trading reports, and position reports could also add quality to the LME in the future. They might not be a fix for the issue at hand, but they should make the LME a better place.

What can we learn from this? Warehousing should be about storing the cargo

THE FUNCTION OF WAREHOUSING, CONT'D.....

of others for a reasonable fee. One needs to be able to rely on the warehouse keeper to be neutral, unbiased and not involved in the transactions taking place in the market. The warehouse should be discrete and a safe haven for my cargo, which I or my customers can access at any time that is convenient to us. And if I do not like what I get, I should be able to leave. Not that difficult, is it? Of course, warehousing also has its intricacies, with things like REACH, ISPS, AEO, ISO, customs rules, etc. requiring the ability to navigate bureaucracy. But, again, those are basic abilities any good warehousing company should be capable of.

The MMTA tries to assure these kinds of capabilities by providing a tough minimum standard. One can discuss whether it is really necessary for the MMTA not to accept warehouses that are owned by trading companies or banks, since MMTA customers can vote with their feet any time. But the MMTA certainly makes sure that the rules are on one end of the spectrum, where the LME was for a long time on the other end. Better safe than sorry!

By the way, her name is Margot, she is 62 years old, has a daughter (Kim) and two grandchildren. Her birthday is December 12 and she likes dark chocolate and occasionally a glass of port. But that was not the point, was it?

(Name of author known, but withheld by agreement)

This article constitutes the personal views of the author and should not be taken in any way as a view or position of the MMTA.

MMTA SAMPLING & ASSAYING BEST PRACTICE STANDARDS

Details of best practice guidelines developed by the Warehousing Committee in conjunction with MMTA sampling and assaying companies are now available to view on the MMTA website. To view, click **HERE**.

Details of applicable accreditation held by assayers is outlined. With regard to sampling, standards have been developed for the following:

- Noble Ferro-Alloys and Materials in Lump Form
- Bulk Ferro-Alloys
- Materials in Granule, Broken Cathode or Flake Form
- Materials in Powder Form in Big Bags or Drums
- Metals in Ingot Form
- Accreditation of Samplers & Assayers
- Sampling & Assaying Categories

MMTA'S 40 YEARS

John Price reflects that "the MMTA went through a steady period at the start of the new decade with an emphasis on attracting a wider membership which was still trader dominated.

Much work was undertaken to update the assay and sampling regulations and on widening the Arbitration to include and encourage Mediation".

John's Chairmanship saw continued development of the social side of the Association, including at Minor Metals Conferences, as well as an increasing exposure worldwide.

"Having served on the Committee, which included holding all the main Offices, for over twenty years, it gave me great pleasure to capitalise on the great work of Howard and Nigel to keep the organisation going, and to pass on the baton to Anthony with the foundations strong enough for him and his successors to build upon, which they most certainly have done". (John Price, Chairman 2000-2003)

CRITICAL RAW MATERIALS: THE IMPORTANCE OF EUROPEAN TRADE & INNOVATION

On the 24th September, the MMTA travelled to Brussels to attend a political event organised by the Beryllium Science and Technology Association (BeST) at the European Parliament- 'Critical Raw Materials: The importance of European Trade and Innovation.' The day's programme consisted of three high-level panel discussions on: Critical Raw Material (CRM) Strategy, Trade and TTIP (Transatlantic Trade and Investment Partnership) and Health and Environment Legislation. The international panels included MEPs, industry experts and scientists. The aim of the event was to elevate the issue of CRMs and to examine the threats to the continuous supply of these economically important materials posed by EU environment and health legislation.

The first panel aimed to identify current issues with regards to the economic significance and supply of raw materials. With an analysis of future global metal production and demand projected to 2030 and a look at the current and potential mining developments in Europe of CRMs, this session both laid the technical and economic groundwork for the day and identified for the audience the need for policy action on the subject. The panel did not come to a conclusion as to whether CRM need special treatment under EU regulation.

The second session examined the underlying importance of favourable trade policies that could help to ensure the supply of CRMs, meeting the needs of industry and ensuring the retention of jobs in the EU.

TTIP negotiations have their second session in October, with the objective of creating open, stable, transparent, non-discriminatory and sustainable trade between the EU the USA and 3rd parties.

TTIP is to be agreed between the EU and the USA, together representing 40% of world GDP and 800 million consumers. These negotiations are looking at removing trade barriers, simplifying the buying and selling process, as well as making it easier for their companies to invest in each other's economies. The relevance to the day's discussions is that 'raw materials' in trade and energy applications are included in the TTIP debate already, and the potential benefits of addressing sustainable supply of CRMs through this route could be very significant. Although both the representative of the European Parliament and Council of Ministers agreed that CRMs should be part of TTIP, this was rejected by the representative of the European Commission.

The final panel of the day looked at upcoming health and environment legislation and the potential impact these may have on the competiveness of the EU. The flight of heavily regulated industries and the associated jobs out of Europe was examined, as well as the issue of 'substitutability', with particular emphasis on the performance issues associated with misjudged substitutions. The need for sustainability, and striking a balance between health and environmental legislation on the one hand, and job creation and growth on the other, were key points from two speakers, Zofija Mazej-Kukoviv, an MEP and host of the conference, and Greek Ambassador Andreas Papastravou representing the incoming Presidency of the EU. Dan Skoch, Executive Vice President of Materion Inc, the world's largest producer of beryllium containing products, offered the need for cooperative, research driven approaches that protect both workers and jobs. He stressed the need for cooperation between industry, labour and regulatory authorities.

In July 2010 the European Commission identified 14 raw materials as 'critical'; the criteria for defining a material as a CRM are 'Economic Importance' and 'Supply Risk,' including the concentration of supply (ie. if they are available in limited geographical locations), 'Recycling Rate' and 'Substitutability', which produced the CRM list from 41 raw materials.

Antimony, Beryllium, Cobalt, Fluorspar, Gallium, Germanium, Graphite, Indium, Magnesium, Niobium, PGMs (Platinum Group Metals), Rare Earths, Tantalum, Tungsten.

From this session, it became clear that there was some support for moving from purely hazard based assessment criteria when imposing health and environmental regulations on various hazardous materials, toward a 'risk -based' approach, with consideration given to how well the hazardous properties of the material are managed in practice, as well as the supply risk created by a variety of socio-economic factors, including the potential banning of substances critical to applications upon which we depend.

The economic importance of CRMs, their contribution towards innovation in Europe and the drive towards global competitiveness is well known. It is important to maintain this supply and to meet the needs of consumers now and in the future. A revised list of CRMs (expected to rise to 20) will be published this November, increasing the significance of this issue in the minor metals industry.

Tamara Alliot, MMTA Graduate Trainee

Johannes Drielsma, MEP Panayotov, Antti Peltomaki;

Beryl Blecher, Frank Hoffmeister, Pawel Zalewski, Lina Viltrakiene;

Attendees listen to panel on Trade & TTIP

MEP Mazej-Kukovic addressing attendees;

Erno Vandeweert, DG Research, Research Programming Officer, responsible for Materials for energy addressing the panel;

Pictures: Thierry Dauwe at the European Parliament

THE SCRAP METAL DEALERS' ACT

Background

The Scrap Metal Dealers Act 2013 will shortly usher in a comprehensive new regulatory regime for metal dealers in England and Wales. Under the scheme, the manner in which dealers do business is much more tightly controlled; it is illegal to pay for metal in cash; strict ID checks must be carried out on anyone who sells metal to the business; detailed records must be kept of metal which is sold. These are only examples. Breach of any of the requirements under the Act is a criminal offence.

Most importantly, no person may carry on business as a scrap metal dealer unless licensed by their local authority. Breach of this provision is punishable by a potentially unlimited fine. Offenders may also have their business premises closed by a magistrate.

The Act was motivated by a desire to clamp down on the recent epidemic of metal theft which has seen memorials and churches desecrated, priceless sculptures lost to posterity, and rail services and electricity supplies seriously disrupted.

The Act is subject to review by Parliament after five years, but all indications to date are that it is here to stay.

"The Act … applies to many businesses which may view themselves neither as traditional scrap metal businesses, nor as high risk so far as the trafficking of stolen metal is concerned".

Who needs a license?

The definition of scrap metal is "*any old, waste or discarded metal or metallic material*", or "*any product, article or assembly which is made from or contains metal and is broken, worn out or regarded by its last holder as having reached the end of its useful life*".

The Act therefore applies to many businesses which may view themselves neither as traditional scrap metal businesses, nor as high risk so far as the trafficking of stolen metal is concerned. The only metals which are currently excluded are gold, silver and any alloy of which 2% or more is attributable by weight to gold or silver.

Minor metals are not excluded and it appears to follow that those whose business consists wholly or partly in buying or selling such metals must be licensed.

It is not relevant that a dealer may already be licensed and regulated by the Environment Agency. A scrap metal license is an additional requirement, required for each local authority area in which the business carries on, not an alternative. This must be displayed on the premises.

There is a very limited exception for manufacturers who sell only the spare metal which remains following their manufacturing process. These do not need licenses.

What are the pitfalls?

The local authority, before granting a license, must decide if the applicant is a "suitable person". Full consideration of this would need an article in itself. The authority will consider a wide range of matters, including whether the person has been convicted of a "relevant [criminal] offence" or is subject to "relevant enforcement action". They will also consider whether the dealer has "adequate procedures" in place to comply with the Act.

In some cases, company directors and owners can be prosecuted for failures by junior employees, which emphasises the need for proper training and a culture of "top-down compliance".

When do I need to do this?

Scrap dealers already registered under the old Scrap Metal Dealers Act 1964 are deemed to have a license until 1 December 2013, but must at least *apply* for a license no later than 15 December 2013. If not, they are no longer deemed to have a license.

Conclusion

Inevitably the new requirements put an additional burden on legitimate businesses, which in some ways is unfair. However with prompt action and careful compliance a dealer should be able to avoid any unnecessary damage to their business.

Steven King is a barrister at Mariel Irvine Solicitors. More details of the Scrap Metal Dealers Act are available at www.marielirvine.com.

LETTER TO THE EDITOR

A small aside - among the Founder Members was Leigh and Sillivan Ltd the company I joined in 1974. Its main offices were in Macclesfield and in that year celebrated its 100th Anniversary. It also had an office in Grey's Inn Road principally trading Minor Metals. Soon after I joined I became its representative on the MMTA.

A few years later, following a family bust up, the trading team was dismantled and some like myself then set up Trident Traders Ltd in 1982 and joined the MMTA.

As an aside Leigh and Sillivan along with Intramet of New York Joined with Mitsubishi in forming Triland Metals the first time a non UK company had been allowed to become ring dealers on the LME.

They are still on the ring to this day although L&S and Intramet were bought out by the Japanese many years ago now.

John Price

Trident Traders

July 2013

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TUNGSTEN MARKET OVERVIEW

Introduction:

In hand, specimen tungsten appears a greyish-white colour and has a lustrous sheen. Tungsten is the 74th element in the periodic table and possesses a number of distinctive qualities that make it an essential minor metal used in industry. At approximately 3,400°C° tungsten has the highest melting point and the lowest thermal coefficient of expansion of all metals. It is estimated that remaining global tungsten reserves stand at 2.8 million tonnes, of which it is believed 65% is in China. The average crustal concentration of tungsten is 1 ppm.

According to the BGS risk list 2011, tungsten ranks the joint number one metallic resource under threat of supply disruption in the future. This insight has prompted both the UK and US governments to classify tungsten as a strategic resource.

Occurrence and Resources:

As with many metals, tungsten is not stable as its native element and exists mainly in compound form. Scheelite ($CaWO_4$) is the most abundant tungsten containing mineral, and accounts for *ca* +60% of tungsten found at economic deposits.

Scarn deposit types contribute the largest proportion of total tungsten reserves globally, at 41%. Vein/breccia/stockwork deposit types contribute the second largest proportion of tungsten metal, at 36%. Most tungsten deposits occur proximal or within orogenic belts that have undergone associated subduction, with major occurrences in South Korea and East Siberia.

"At current production levels China will run out of high grade wolframite reserves in 12 years..."

Supply:

As of 2012 China contributed approximately 85% of primary tungsten products. However, it is forecast that at current production levels China will run out of high grade wolframite reserves in 12 years and will be forced to exploit lower grade scheelite deposits. To meet domestic demand and curb resource depletion the Chinese government announced plans to regulate its tungsten industry with a limit to the number of exploration, mining and export licenses awarded; limiting or forbidding foreign investment; adjusting export quotas in favour of downstream value added products; and a ban on exports of tungsten concentrate.

At the start of the twenty first century, China flooded the market with inexpensive tungsten concentrate. This approach meant that existing miners and explorers, who would previously search for additional resources as they mined their existing reserves, were no longer profitable and consequently many went out of business. A rise in prices in the mid-2000s prompted renewed interest in tungsten projects outside China.

However, the financial crisis of 2008-2009 resulted in a fall in demand and price for most metals, including tungsten. Consequently, there was a drop in interest to explore for, or develop, new tungsten deposits between 2009 and 2011.

Nevertheless, in Q1 2012 IMC International Metalworking agreed to invest US$80 million in a tungsten mining project in South Korea. In addition, development of the Hemerdon project in Devon is underway by Aim-listed Wolf Minerals Ltd, and it intends to begin mining by Q4 2014 with the company hoping to produce about 3,000 tonnes of tungsten and tin a year. In the meantime, the Nui Phao project in Vietnam is being commissioned and could start production in 2013, with a downstream APT and oxide plant planned in a joint venture between the project owner, Masan Resources, and H.C. Starck of Germany.

TUNGSTEN MARKET OVERVIEW, CONT'D...

Trade:

Tungsten is sold in a variety of forms, including the intermediate product APT (which is the most common raw material traded on the market), tungsten carbide, tungsten concentrates and tungsten oxides, each form will have a different spot price with the benchmark for APT generally being Metal Bulletin's CIF Europe price.

Forms of Traded Tungsten

Name of Product	Chemical Formula	Properties	Comments
Ammonium Paratungstate (ATP)	$(NH_4)_{10}(W_{12}O_{41})\,5H_2O$	White crystalline salt. Typical WO_3 content will be ~ 89%	All subsequent intermediates can be derived from ATP, exceptions include products formed by melting and Menstruum WC
Ammonium Metatungstate (AMT)	$(NH_4)_6H_2W_{12}O_{46}\cdot xH_2O$	Soluble white xstalline powder. Source of water soluble W. WO_3 ~ 92.5%	Produced from electrolysis of ATP
Tungsteng Trioxide	WO_3	Yellow powder 79.3% tungsten	Synthesised by oxidative calcinaton of ATP.Largely replaced by TBO as precursor to other processes
Tungsten Blue Oxide TBO	$WO_{2.97}$	Blue or black powder, properties governed by mixture of constituents	TBO formed by calcination of ATP
Tungsten Metal Powder W	W	High purity metal powder	Produced from yellow or blue tungsten oxide in hydrogen reduction furnaces

Source: adapted from BGS Tungsten Report

To produce APT it is uneconomical to smelt the ore because of the high temperatures needed for melting tungsten. Consequently, a series of chemical reactions and refining is employed. APT is not widely produced and generally confined to producers in China, Europe, the USA and Russia, who consume it captively in their downstream businesses for use in value added products, such as high purity tungsten powder (e.g. tungsten oxide). Additionally, a refiner may want the tungsten in solid form; the most common method of consolidation is sintering.

Sintering is the preferred method of solidification because it does not require the material to be heated to its melting point. From this stage the tungsten product may not have the desired properties an end-user may require, in addition, from this point it is possible to create alloys with tungsten depending on the demands from the end-user. To achieve these desired characteristics the crystal structure of the tungsten is manipulated in a series of industrial processes, including mill rolling and annealing.

Recycling and Uses:

To reduce their exposure to supply risk and due to increasing environmental considerations, many countries have looked to recycling to meet their domestic tungsten requirements. It is estimated that a minimum of 35-40% is derived from scrap when aggregating the US, Europe and Japan. Global estimates are lower at 22%, this is because China does not actively recycle large volumes tungsten at present.

There are two classifications for scrap, those derived from industrial process (new scrap) and those that have come to the end of their life cycle (old scrap). It is estimated that losses up to 6% of total consumed tungsten can occur during processing and a further 3% during fabrication. Old scrap is sourced commonly from cemented carbide coatings found in cutting tools, and superalloys, found in used turbine blades.

CAMPINE SITE VISIT

On 2nd September a group of over 30 members of MMTA and MMTA member association, VDM, joined together for a site visit to Campine, a member of the FW Hempel Group, in Belgium.

Following an overview of the Campine business—the company is celebrating its centenary this year—the group was taken on a tour of the plant and viewed production of antimony, lead battery recycling and PET plastics.

Later that afternoon, the group sat outside in the beautiful late afternoon sun to discuss the merits of the Dodd Frank Act, and possible scope of similar European legislation being discussed, and finished the evening with dinner kindly hosted by Campine.

Many thanks to Campine for their hospitality.

MMTA'S 40 YEARS

The MMTA that Anthony Lipmann took the Chair of in 2003 "was on the cusp of a great moment. The achievements of the past included getting the Dutch Government to permit VAT free transactions for Duty Paid goods in warehouse Rotterdam, thus increasing liquidity. Thanks to Derek Hodd, the MMTA rules developed over the previous 30 years were published in written form, … and socially too, the minor metals community was vibrant.

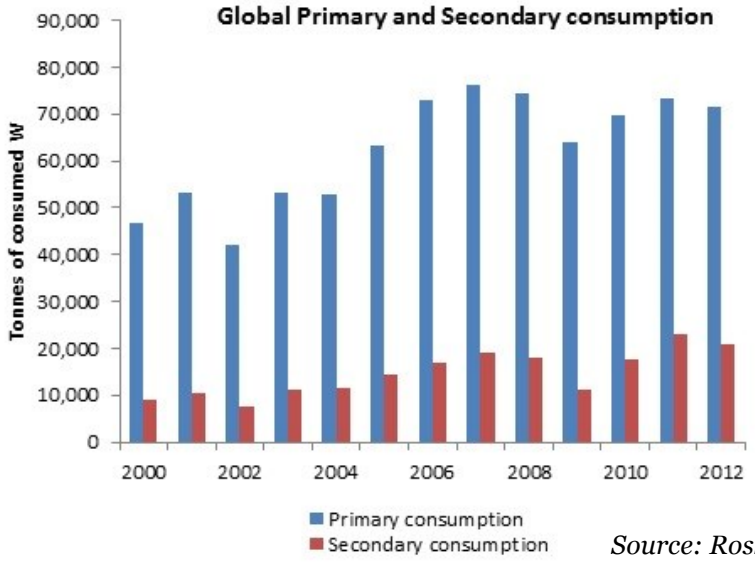
There was, however, an opportunity to go further … a proliferation of applications meant that a whole host of elements once regarded as too recondite even for the Minor Metals Trade Association were ready and waiting to be colonised - elements such as, Zirconium, Hafnium, Rhenium, Thallium, Strontium, Calcium, Tantalum, Niobium and others, which would enlarge the scope of the Association and put the MMTA at the epicentre of new technologies … The MMTA through its grasp of this space can now truly claim to be at the heart of all the minor metals. Where I failed was to make even the slightest dent in the REACH legislation, which for all its good intent raised the bar so high in Europe that large parts of the metals trade and manufacturing have been removed to less bureaucratic environments, while monopolies have been created because smaller companies have been unable to bear the weight of compliance. (Anthony Lipmann, Chairman 2003 – 2006)

TUNGSTEN REPORT, CONT'D….

The intrinsic properties of tungsten make it suitable for a number of industrial uses. When combined with small quantities of carbon a tungsten carbide is produced and will yield considerable hardness. For this reason it is used in applications where a resistance to wear and abrasion are common place. Therefore, "hard materials" using tungsten carbide (with a hardness up to three times steel) can be used in industrial machinery, cutting tools and as an effective neutron reflector, used for scientific research into chain reactions. In Europe 72% of all consumed tungsten is used for carbide products, according to ITIA.

Tungsten is also a major component of high speed steel (HSS), and dependent on the grade can contain up to 18% tungsten. Furthermore, tungsten is often used in electronics which operate at high temperatures, including light bulb filaments and rocket engine nozzles, often alloyed with rhenium or molybdenum

Substitutes exist for specific applications e.g. cemented carbides based on molybdenum carbide and titanium carbide could replace traditional tungsten carbides in steel tools. However, it is noted that direct substitution will likely lead to increased cost and a deterioration of product performance, and so further work is needed to develop viable tungsten substitutes for use in the future.



Source: Roskill

Demand and Price:

According to ITIA, global primary consumption was 71,000t in 2010, and up to 95,000t when including scrap. The increase in scrap use is partly reflected by a 300% price increase since 2004.

Demand growth has been steady at around 6% a year and is expected to remain so until 2016, according to Roskill, and historically tungsten weathered the economic slowdown of 2008-2009 much better than other metals. From 2008 APT prices increased from about $180/MTU to over $450/MTU tonne in mid-2011; current (September 2013) prices are $300-350/mtu.

Tungsten prices are quoted in Metric Tonne Units (MTU), one MTU is equivalent to ten kilograms of 100% WO_3 content, and is the standard unit of measurement for traded tungsten. Prices are normally quoted using US dollars per MTU of tungsten trioxide (WO_3). The grade of typical concentrates can vary from 62% up to 72% WO_3. In addition, prices can be quoted as US$ per MTU of WO_3 contained in ammonium paratungstate (APT).

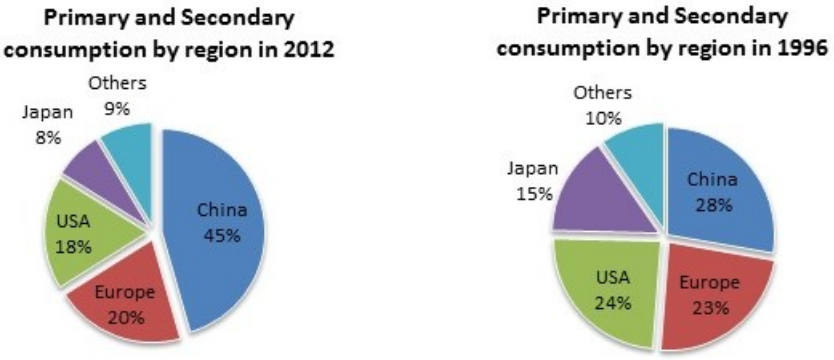
In 2010, China's share of total demand was 37%. Due to the slump in construction and demand for downstream electronics products, the consumption of

TUNGSTEN REPORT, CONT'D....

tungsten concentrate in China is estimated to fall by 16% between 2012 and 2013. The Jiangxi region in south west China saw the largest output in the area at 46,500t, according to *beforeitsnews*.

Recent legislation changes have included a new methodology for determining accountability of companies that build products with tin, tantalum, tungsten and gold. Companies are asked to make "reasonable" attempts to find out if the materials came from Democratic Republic of Congo mines operated by armed militia. According to Bloomberg; "If the companies' inquiries don't show the metals might have been mined in the DRC or were exported from surrounding countries, they can stop looking and report that to the Securities and Exchange Commission (SEC). Also, if they find the metals were recycled or scrap, the firms need look no further."

This procedure is often viewed as a complicated and sometimes unnecessary process, prompting many companies to look elsewhere for their raw materials, leading to a drop in global trade of 4% in 2008, to 2% in 2011 for the DRC.



Source: Roskill

It is estimated that the US reserves are falling by 2,000-3,000t W per year, and according to the USGS as of Sept 2010 there was just 17,000t W remaining in the USA stockpile.

It is critical to note that new projects will witness a lag between construction, commission and production; a typical green field project may take up to 5 years to begin production, for example. Thus, although investment is present in the exploration and development of tungsten resources, albeitnow at reduced levels, it will likely be several years before significant output outside of China could influence the market.

It should also be noted that as investment into finding and producing new tungsten are underway, and as countries continue to increase their proportion of tungsten derived from secondary sources (i.e scrap), there is a progression to self-sufficiency.

Alex Lewis, MMTA Intern, Recent graduate in Geology from Imperial College, University of London

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MMTA'S 40 YEARS

For Charles Swindon, who took over in 2006, "it was a pleasure to be Chairman of the MMTA during a period of rapid expansion in terms of membership numbers and the growing internationalisation of its membership". During Charles' tenure, "the MMTA appointed a professional full-time executive for the first time, and set up central London offices for MMTA members to take advantage of. "This period saw the development of a real sense of purpose and mission, as well as a global presence for the first time. Developing activity saw the MMTA go on the road to smelters and factories, and [be] called upon to give its expert opinion internationally. The MMTA very rapidly came of age". (Charles Swindon, Chairman 2006 – 2009)

Did you know....

that the International Union of Pure and Applied Chemistry and the US Geological Survey have announced tiny changes to the atomic weights of a number of elements, due to more accurate means of measurement. For more information on the Periodic Table putting on weight, and a fun Periodic Table quiz, go to the Telegraph online.

MMTA'S 40 YEARS

Reflecting on the first 40 years of the Association, Guy Darby (Chairman 2009 – 2012) sums up that "the MMTA … started off life as a club for minor metal trading companies, who sought to harmonise contracts to avoid misunderstandings and to meet for the occasional beer". By the time he took over the Chair in 2009, "the club was growing and involved not only trading companies but producers and consumers. It was clear to me that that the first thing we needed to do was highlight the tangible benefits of membership to focus our minds on what we were looking to achieve, and with appetite for membership growing from all aspects of the industry, it was time to visit every facet of the association with a view to modernisation. During my Chairmanship, we implemented a push into North America which was embraced wholeheartedly, the membership rising from a handful to more than 30 and to-date two enormously successful conferences have been held in North America supporting that decision". The MMTA's most recent past Chairman believes "the association that I left bore almost no resemblance to the one I inherited—we had a professional organisation that was fit for purpose thanks to the hard work and vision of all those involved at committee level and beyond, an organisation that is looking forward to its next forty years.

Happy birthday"!

(Guy Darby, Chairman 2009 – 2012)

RECENT ADVANCES IN HEALTH SCIENCE ON COBALT, AND THE DANGERS OF IDEOLOGICALLY DRIVEN REGULATION

Recent Advances in Science

Scientific advances can create challenges for Industry, as much as they can for society at large.

Work by the Cobalt REACH Consortium to learn more about the health and environmental effects of cobalt and many of its compounds has continued tirelessly, long after the first REACH registration deadline of November 2010. One recent discovery has highlighted that the toxicity of cobalt metal by inhalation may be higher than previously suspected, and the Industry is moving towards a self-classification of inhalable forms of cobalt metal to reflect this. In parallel to this, the National Toxicology Program in the United States has just published the draft technical results of a cancer study on cobalt metal powder. If this evidence points to a heightened risk of cancer in animals through inhalation, the Cobalt REACH consortium has committed to also upgrade its self classification for cobalt metal powder from "possible" to "proven" carcinogen in animals. Such an understanding would also eventually impact the classification of many cobalt chemicals, as it would imply that the cobalt ion, depending on the dose, rate of release, and route of exposure (inhalation), was a key factor in the mode of action.

"The biggest 'unknown unknown' is perhaps the Authorisation component of REACH…"

Consequences for Industry

What do these advances in science mean? The principle objective of the Consortium continuing these studies is to learn more about the intrinsic hazard properties of the materials, so that the member companies can better protect workers, and the general public. Companies working with cobalt have long been conscious of the fact that there were questions over the safety of some forms of cobalt and cobalt chemicals, and already operate strict exposure monitoring and protection. IARC (the International Agency for Research on Cancer) proposed a link between cobalt and all its compounds with cancer in animals as far back as 1991. By way of contradiction, cobalt is also recognized as being an "essential element" for life, and is used in the manufacture of a synthetic vitamin B12 animal feed supplement where cobalt minerals are lacking in local soils. Health science can be complex and not always straight forward. Meanwhile, the Industry is committed to do what is necessary to protect workers and the general public where risks arise.

However, consequences of this improved knowledge will make themselves felt throughout the downstream value chain. Much of the impact will be felt in the workplace. Many of the chemical applications of cobalt are in liquid form within closed systems that mean opportunities for exposure to workers (especially inhalation) are limited. However, the large scale handling of solids during the mining, refining, manufacturing and use stages of production cannot be done within closed systems, and so here the aim is to minimize exposure to the risks posed by dust generation.

In the 'use phase' of cobalt metal, there is also the need for worker protection. Cutting and drilling tools and hard facing alloys are worn down during use to produce fine particles, which could be hazardous if they become airborne. There have also been recent concerns raised about the fate of the residue arising from

brake linings and tyres as they wear on roadside pollution (cobalt compounds can be used in the vulcanisation of rubber).

There are fewer applications of cobalt in consumer goods. However, very few of our 'essential' portable electronic devices, such as phones and laptops, are not powered by cobalt in one form or another in the battery. These are sealed units, and so the opportunity for exposure to the public is zero, unless the case is deliberately broken open.

However, it still means the fate of these batteries at the end of their life must be carefully managed. The concern of release over time to the environment of cadmium from landfill sites was one of the main drivers to the banning of nickel cadmium batteries from consumer goods in Europe.

The effect of Regulation

However, perhaps the biggest unknown is the impact of other regulations when substances become classified as hazardous. Transport costs for "dangerous goods" are higher than for "safe" goods. Meanwhile, there is a raft of downstream legislation targeting "CMRs": carcinogens, mutagens, and reproductive toxins. Europe is currently revising its "Carcinogens at the Workplace Directive". The latest revision of the European "Toys Directive" includes a restriction on any material that is even a "suspected carcinogen". RoHS (Restriction of Hazardous Substances Directive), the European legislation that restricts certain substances from being used in electronic applications, is subject to regular revisions. Meanwhile, end of life regulations, although well intentioned, can actually make it more difficult to transport and recycle hazardous materials.

However, the biggest "unknown unknown" is perhaps the Authorisation component of REACH ... the 'A' in REACH. The first step in this heavy process is for a substance to be placed on the "Candidate List", followed by "Prioritisation", before a final recommendation to place the substance into Authorisation. Steps one and two involve a full public consultation process. However, the way the authorities operate this today, only the hazard properties of the substance are allowed to be considered in these consultations. Given that the EU has in most cases already classified these substances as hazardous before being recommended to be placed on the Candidate List, this seems a rather pointless and time consuming process for both regulator and stakeholders, including Industry. Furthermore, this means that any consideration of the downstream impact of removing these substances from the market, or whether there will even be any consequential benefit to worker or public health, is only explored at the final, application stage. There is a growing concern within Industry that this could have a long term, negative impact on European manufacturing and employment. The cost of preparing the data requirements for an application are onerous and a new application must be made for every single use. SMEs (small / medium enterprises) are unlikely to be able to afford the cost of the application process. Even if they band together to share the costs, the legal costs arising from the use of "trustees" to collect and submit the sensitive information demanded could easily outweigh cost sharing benefits. This would be necessary to avoid infringements

"at the same time as Authorisation follows its ideological mandate of removing carcinogens from the workplace, a worker can happily have a cigarette during the lunch break, drive home by car, and enjoy a glass of wine or beer in the evening..."

CHANGES TO THE MMTA MAIN COMMITTEE

The Board of Directors would like to thank Deborah Stott and Rob Bolton for their contributions to the MMTA, and wishes them all the best in their new career ventures.

At the Directors' meeting on 17th September, the Board unanimously voted Simon Boon of Firth Rixson

and Phil Simmons of Aon UK Ltd

to replace them and represent their respective companies.

Minor Metals New York Dinner, 12th December, The Water Club, New York

This year's New York Minor Metals Dinner will take place at a new venue - The Water Club, offering a spectacular view of the East River. The evening includes a drinks reception, lots of networking followed by dinner.

To book, please use the following link—

http://www.mmta.co.uk/events/2013/12/12/161

The drinks reception is kindly sponsored by Exotech Inc

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of competition law, or release of proprietary processes to competitors, Meanwhile, large engineering companies, such as the aerospace and automotive industries, fear that one day, a critical component to their jet engine or car might not be available in Europe, because, unbeknown to them, at some earlier stage in the value chain, a hazardous raw material was an essential step in a supplier's manufacturing process. Even where Authorisation is eventually granted, the license is time limited. Each application requires a substitution plan, and so implicitly drives the removal of the substance from the process with time. In business terms, such uncertainty can mean a death sentence for investment. With CMRs specifically targeted in the legislation, the regulation effectively operates a 'zero tolerance' of carcinogens in the workplace. Unlike the "Registration" phase (the 'R' in REACH), Authorisation only targets European manufacturing, as the substances targeted are the starting raw materials for what can be long, multi-step value chains. The final product in many cases contains none of the hazardous material, and so can be manufactured outside Europe and exported back to the EU.

Reputational Risk

Finally, the reputational impacts of greater regulatory scrutiny that inevitably follow from hazard classification should not be underestimated. What starts as communication of a hazard property to downstream manufacturers, so that they can better protect their workers, can, in the wider public domain, lead to the stigmatisation of an entire industry. Cobalt is already considered by many as a 'heavy metal', a label with many negative connotations, in spite of being in the first line of the transition metals in the periodic table, alongside iron. Stigmatisation can, in turn, attract more regulatory scrutiny. Meanwhile, stigmatisation can have a real economic impact too. There have been reports that European suppliers of components known to use a substance that gets placed on the Candidate List are being automatically taken off the overseas companies' approved supplier lists, resulting in an immediate loss of business. It is an understandable and natural business consequence of the overseas company moving to protect its supply lines from a future threat, although regulators seem to be unwilling to acknowledge this economic fact of life.

Regulatory Inconsistency

The application of these regulations can seem arbitrary and inconsistent, and are not harmonized with other regulation. Why is Authorisation needed when Europe has a 'Carcinogens at Work Directive'? How does this fit with efforts by European governments to introduce other policies to re-energize the European economy and raise employment, in recognition of the fact that statistically the biggest threat to human health today is poverty. Meanwhile, at the same time as Authorisation follows its ideological mandate of removing carcinogens from the workplace, a worker can happily have a cigarette during the lunch break, drive home by car, and enjoy a glass of wine or beer in the evening. Tobacco, benzene in petrol, and alcohol are all recognized as 'proven carcinogens' in many regulatory jurisdictions.

Summary

In summary, no-one in the Cobalt Industry doubts the importance or correctness of continuing its studies into the health and environmental properties of its products. However, the wider industry must understand that this is the start of a journey. The knowledge gained may not always be what the Industry would want to hear. It must spread unwelcome, as well as welcome news. Meanwhile, as scientific certainty grows, regulatory uncertainty may increase, especially where ideology, and 'hazard' rather than 'risk' considerations, dominate the regulatory practice. This can lead to disproportionate regulatory action relative to the risk posed to workers or the public, and to widespread, unintended economic consequences, such as the loss of manufacturing and jobs in Europe, and discouraging investment through regulatory uncertainty.

(Name of author known, but withheld by agreement)

This article constitutes the personal views of the author and should not be taken in any way as a view or position of the MMTA.

The MMTA promotes essential elements that add quality, safety and enjoyment to our lives.

The MMTA is the world's leading minor metals industry organisation.

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mmta
Minor Metals trade association

Christmas Lunch, 18th December, Pewterers' Hall, London

The MMTA's Christmas Lunch is the perfect way to end the year and catch up with colleagues in the minor metals industry.

Join MMTA members and associates at Pewterers' Hall in Central London. The Livery Room, where the lunch will take place, is adorned with pewter artefacts, as well as a beautiful pewter chandelier.

To book please use the following link—

http://www.mmta.co.uk/events/2013/12/18/149

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