
Copper Processing fees may fall in 2010 - Mr Stafford

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Bloomberg cited Mr Gary Stafford MD at PanAust Limited as saying that copper processing fees for 2010 may fall as smelters compete for raw material.

Mr Stafford said that the fees may drop to near USD 40 per tonne for smelting and 4 cents per pound for refining. Mid year contracts were settled at USD 48.5/4.85 cents.

An industry group said recently that Japanese smelters and BHP Billiton Limited settled mid year fees at a 33% discount compared with contracts started 6 months earlier. The so called treatment and refining charges or TC/RCs, usually drop when there is a shortage of raw material and smelters have to compete for deliveries.

Mr Stafford said that “With spot market deals for 2010 delivery being done at USD 25/2.5 cents or better then you would assume that there will be downward pressure on TC/RC’s for the end of year frame negotiations. As a small producer we are not privy to current discussions and we will be a price taker for all of our frame agreements.”

Mr Masanori Okada chairman of the Japan Mining Industry Association said recently that the Japanese smelters agreed to fees of USD 50 per tonne for smelting and 5 cents per pound for refining for the year that began July 1st 2009.

Mr Chen Hongzhou vice manager of the marketing department at Chinalco Luoyang Copper Company said that still, copper smelters in China the biggest user will seek to improve or at least maintain raw material processing fees for 2010 at talks starting soon.

Mr Chen said that the negotiations may be difficult as mining companies view the Chinese metals market as currently in a boom.

(Sourced from Bloomberg)

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