



International Copper Study Group

Member Governments of the ICSG

Argentina	Belgium
Canada	Chile
China	European Union
Finland	France
Germany	Greece
India	Indonesia
Italy	Japan
Luxembourg	Mexico
Netherlands	Peru
Poland	Portugal
Russia	Spain
United Kingdom	United States

Minister of Mines for Chile Inaugurates 10th General Session in Santiago, Chile

Mr. Alfonso Dulanto Rencoret, Minister of Mines for Chile, opened the International Copper Study Group's 10th General Session on 18 March 2002. In his welcoming remarks, Minister Dulanto highlighted that since its beginning in 1992, the ICSG has served as a global forum where industry and governments could meet to discuss matters related to copper.

As a direct result of its policy of strengthening international relations in matters related to mining, the Chilean Government has sup-

(Continued on page 3)



A. Dulanto Rencoret, Minister of Mines, Chile

Inside this issue:

Minister of Mines for Chile Inaugurates 10th General Session	1
Chairman and Secretary General Share Vision	1
Opportunities and Challenges for the Copper Industry: Juan Villarzu	3
Seminar on Copper in Latin America and an Outlook for the 21st Century	4
ICSG Recognizes Contribution of Robert Reiley, U.S. Head of Delegation	5
ICSG Forecast: World Supply/Demand Balance	5
Sustainable Development, Environment, Economics and Data	5
Industry Advisory Panel Meets	6
ICSG Publications	6
ICSG Secretariat	6

Vision for the ICSG

On the occasion of the Groups' 10th Anniversary, the Chairman of the International Copper Study Group, Mr. Patricio Cartagena Diaz, Executive Vice President of Cochilco, and the Group's Secretary General, Mr. Patrick Hurens shared with invited guests from member and observer governments, industry and academia, their perspective on the role of the ICSG, its achievements over the last 10 years and their vision for the future.

As the Group first met in Santiago 10 years ago and again in 1995, the Secretary General welcomed the opportunity for the ICSG to, once again, convene in the world's largest copper producing country.

Noting the passing of an important milestone, ten years of contribution to the cop-

per sector, Mr. Cartagena and Mr. Hurens provided a brief overview of the Group's achievements:

- Since its inception, the Group has consolidated its position as an intergovernmental global forum to discuss issues affecting copper and copper related products.
- The ICSG has firmly established itself as a world-class reliable and authoritative provider of information on copper, particularly as it relates to improving market transparency.
- The assessment, dissemination and publication of copper production, usage and trade data coordinated by the Secretariat has improved the measuring and forecasting of fundamental market

(Continued on page 2)

Interested in contributing an article to the next issue of InFoCus? Do you have an event or announcement of importance to the copper community? Get in touch with the ICSG Secretariat: mail@icsg.org

Chairman and Secretary General Share Vision

(Continued from page 1)

conditions.

- The ICSG organized the first World Conference on Copper Recycling and initiated a series of Seminars which are now a standard item in the Group's annual work program. These seminars have helped focus some of the Group's ongoing work program.
- The ICSG has worked with industry partners on several projects aimed at either improving understanding of market conditions or of improving market development activities (including the USD 2.4 million Common Fund for Commodities Project in cooperation with the International Copper Association and the International Institute for Energy Conservation).
- Research studies and reports on emerging markets and secondary materials, supported and conducted by the organization has led to the disclosure of new information and improved understanding of markets.
- Leading the push for recognizing that copper contributed to society and sustainable development, the ICSG, along with its partners, facilitated the global discussion on sustainability issues for the non-ferrous metals and mining industry through a joint multi-stakeholder initiative: The Non-Ferrous Metals Consultative Forum on Sustainable Development.

Mr. Cartagena stressed the importance of international cooperation on matters related to copper: "This is most relevant in order to jointly face issues that are emerging in international discussion, such as those related to environment and health, which directly or indirectly may affect copper".

Areas for future work include:

- Collecting and assessing economic data together

with information on industrial activity, including sectors that use or depend on copper;

- Focusing on emerging markets (countries as well as applications);
- Analyzing key technological developments to improve copper production and recycling efficiencies;
- Extending the knowledge base on the contribution of the copper sector to sustainable development in view of facilitating improved strategies.

The International Copper Study Group will greater focus its efforts to capitalize on its unique status, knowledge base and network. The Group will continue to direct its efforts at increasing market transparency, but will also increase its contribution to addressing social, economic and environmental issues affecting copper. This will include addressing market access and sustainable development issues through sectoral and policy analysis. Strengthening partnerships with industry on projects, and acting as a clearinghouse of information will be a core activity of the Group.

Mr. Cartagena noted the importance to look to the future and expressed his commitment to working with the Secretariat, members and industry in further increasing the profile of the organization and its relevance.

Through its activities, meetings and special seminars, the International Copper Study Group (an intergovernmental organization whose countries represent over 80% of world copper trade) serves to increase market transparency and access, as well as to promote cooperation at an international level on a wide range of issues, including trade and sustainable development. The unique status of the Group provides governments, industry, and international associations and organizations a forum to discuss issues, challenges and opportunities facing the copper sector.



Left to right: S. Girardi (Codelco), D. Hernandez (CVRD), P. Cartagena (Cochilco), P. Hurens (ICSG), K. Pickering (BHP Billiton)

(Continued from page 1)

Minister of Mines for Chile Inaugurates 10th General Session in Santiago, Chile

ported the ICSG since its beginning. The participation of Chile in the Group reflects the high importance of copper for the country. The Minister pointed that the close relationship between Chile and the ICSG was demonstrated by Chile hosting the celebration of the Group's 10th General Session in Santiago.

Chile has been establishing an attractive environment for the development of the mining industry, in particular for copper. The sustainability of the Chilean mining industry is not only a strategic goal of the State but also of the mining companies that operate in Chile. The Minister elaborated on certain aspects of this, including efforts by the Government and mining companies to apply production practices principles and criteria compatible with sustainable development: improvement of environmental regulations, investment by the state smelting companies to reduce pollution emissions, implementation of environmental management systems to help reduce potential risk of damage, and the development of pyrometallurgical and hydrometallurgical technologies.

Minister Dulanto also pointed towards the tendency of the mining industry to concentrate only in its business, relying on others to complement its services. As an example, he highlighted the experience in other countries of building successful clusters of activity around a core industry. Using the ICSG as a forum for sharing ideas, the Minister invited participants to consider applying this idea to the mining sector. As such, Chile would welcome initiatives and support to apply this concept of inter-sectoral cooperation, which should also interest other Latin American countries.

With respect to the current situation of low prices and production cuts announced by industry, Minister Dulanto reiterated that the Chilean Government does not have policy to influence copper production cuts that might affect the normal supply of the world market. However, the Government of Chile respects that mining companies operating on its territory may take independently such decisions while aiming at adapting their businesses to current international market conditions.

Minister Dulanto alerted governments, industry and academia to the fact that the industry may be too focused on optimising its production and defending itself from the threats it faces, while not sufficiently addressing the long term development of copper markets. Consequently, the Minister indicated his view that the primary industry should develop closer links to the manufacturing industry. As well, special attention should be given to the study of satisfying new demand for consumer goods that will improve the quality of life, including in developing countries.

The Minister ended his remarks by noting that this potential demand represents a great market opportunity for copper. He also recognized the need to conduct scientific research ensuring that the risks and benefits attributed to copper on human health are based on sound science.

Opportunities and Challenges for the Copper Industry: Juan Villarzú, CEO Codelco

As a special guest of the Chairman of the International Copper Study Group and keynote speaker during the Opening Dinner, Mr. Villarzú, President and Chief Executive Officer of Codelco, was invited to share his thoughts on the future for the copper industry. Mr. Villarzú shared his optimism in the future refuting the pessimistic sentiment that, for some time now has prevailed. Convinced that copper will remain essential for the progress of humanity, Mr. Villarzú pointed out that the ICSG should focus its efforts in creating conditions that will allow a sustained development of the industry. He gave some ideas on how stakeholders can address and meet the challenges facing the industry:

- To mitigate the volatility of prices and to improve underlying market conditions, the ICSG plays an essential role in disseminating information on the copper market to improve the decision-making process and minimise the discrepancy between supply and demand. He also noted the importance of strengthening and developing better regulations for futures markets and referred to the need to facilitate the adjustments of production based on costs structures.
- To be more aggressive in terms of promoting and developing new markets. There is a large market potential but copper demand only grows as a consequence of progress and promotional activities. More funds and efforts should be put in the investigation and development of new copper appliances. Mr. Villarzú also pointed out the need to protect and defend markets and the use of copper against accusations that copper has a negative effect on human health and on the environment. It is important to note that the environmental and health threats to copper arise mainly in the developed countries and that the developed countries represented at the ICSG count for 60% of copper usage. Therefore, the ICSG represents a privileged instance to promote an objective and constructive dialogue on these issues.
- To consider sustainable development as an opportunity and not a threat. It is really an opportunity if it means a better living standard for citizens. Sustainable development responds to a demand originated in the developed countries. To respond to this demand means prestige and helps to strengthen market positions but it should not have negative impact on others. Codelco is committed to the objectives of sustainable development and assumes the challenge as a great opportunity.

Seminar on Copper Mining in Latin America and an Outlook for Copper in the 21st Century

In the context of the ICSG's 10th General Session, the ICSG, in collaboration with the Chilean Copper Commission (Cochilco), sponsored a Seminar on Copper Mining in Latin America and the Outlook for Copper in the 21st Century. In three panels, senior officials from Latin American governments, industry and experts shared their views and outlook for copper in their respective countries and on the behaviour of copper markets in the past and expectations for the future.

In the first panel, senior officials from the Ministries of Mines of major Latin American countries addressed the current and future status of copper projects in the area, including mineral promotion and foreign investment opportunities and institutional policies in their respective countries. This panel was chaired by Mrs. Jacqueline Saintard, Vice Minister of Mines, Chile.

In her presentation, Mrs. Saintard briefed member governments, industry and guests on the current and future situation of copper mining in Chile. She projected that Chilean copper mining production would increase from its current level of 4.6 t/a to 5.7 Mt/a by 2005.

According to Mr. César Polo Robilliard, Vice Minister of Mines, Ministry of Energy and Mines, Peru, in the forthcoming 6 years investments of 1.8 Billion US\$ in upgrading, expansion and new projects can be expected in the Peruvian copper mining industry. Additionally, in the period from 1996 to 2006 an estimated amount of 1 Billion US\$ will be spent on the introduction of environmental management systems.

Mr. Abel Abarca Ayala, Mining General Coordinator, Direction General for Mining Promotion, Mexico, informed the audience about the economic background and investment opportunities in Mexico. Regarding copper, current expansions plans of existing facilities call for an increase in copper mining capacity from 390 kt in 2000 to 431 kt by 2002 and an expansion of refining capacity from 570 kt to 612 kt in the same period.

Mr. Raul Branco, Secretary of Mines and Metallurgy, Brazil, informed the audience about recent discoveries in the Amazon region and the Central part of Brazil. These projects together with some processing breakthroughs could well change the current situation of Brazil from a small producer of copper concentrate to a significant producer over the next decade, provided that the international market conditions are appropriate.

In the following panel, representatives of important companies operating in Latin America shared their views on mining developments in the copper sector. This second panel was chaired by Mr. Patricio Cartagena Diaz, Executive Vice President of Cochilco and Chairman of the ICSG.

According to Mr Silvio Girardi Morales, Exploration and Mining Associations Vice President of CODELCO-Chile, Codelco aims at doubling the economic value of the company until 2006 through focusing on copper as the target commodity, fostering exploration activities in Latin America and strengthening co-operations with complementary companies.

Mr. Kenneth Pickering, President, BHP Billiton Chile emphasized that governments have a fundamental role in the task of establishing policies and the institutional structure that may attract future investment and, consequently, allow local investors to benefit from investing in the mining development in the region.

Mr. Diego Hernández, Executive Director, Companhia Vale do Rio Doce (CVRD), Brazil summarised that CVRD has an optimistic view of the copper market due to a positive market environment based on a strong demand for copper and recent trends to market adjustments.

In the final panel, two international experts analysed long-term copper market trends and price behaviour, and shared their outlook for copper markets taking into account supply and demand pressures and the influence of economic cycles. The last panel was chaired by Mr. Patrick Hurens, Secretary General of the ICSG.

Mr. John Tilton Professor of Mineral Economics at Colorado School of Mines, briefed the audience on his view on price behaviour and long-run trends in copper prices. In order to overcome the adverse effect of declining long-term prices, Mr. Tilton encouraged industry to promote innovation at the supply side and to stimulate the growth in copper demand downstream.

George Cheveley, Research Manager – Copper, CRU International, presented his views on the copper market and presented a strategic view on key trends for the forthcoming century. According to CRU, the majority of copper usage takes place in secure and growing end-use sectors, such as building construction, energy supply and telecommunication. In his projection, worldwide growth in electrical and electronic equipment will increase the use of building wire and low voltage cable. Mr. Cheveley estimated that total copper demand growth from 2001-2011 would be in the range of 5.82 Mt of copper. In this scenario, growth will be dominated by Asia (22% share excluding China) and, in particular, China (31%).

ICSG Recognizes Contribution of Robert Reiley, U.S. Head of Delegation

On the occasion of the Group's 10th anniversary, the Secretary General reminded members of the considerable efforts made by countries to establish the International Copper Study Group. As early as 1987, interested governments met to hold discussions on establishing a commodity-based intergovernmental organization dedicated to copper. From these early meetings, one member has stood out as a strong proponent for the creation of the ICSG and helped forge the organization into what it is today: Mr. Robert Reiley, Head of Delegation for the United States.

On behalf of the Secretariat and member governments, the Secretary General thanked Mr. Reiley for his dedication, commitment and support over the last 15 years and in particular during the Group's first 10 years serving the international community. Mr. Reiley served as the Group's Vice Chairman from 1994 to 1997 and Chairman from 1998 to 2001. Members warmly applauded Mr. Reiley in note of appreciation. Mr. Reiley thanked the Group and its Secretariat and advised members that he would continue to work with them to further advance the ICSG.



Robert Reiley, Head of Delegation United States

ICSG Forecast: World Supply/Demand Balance

World production of refined copper (from both primary and secondary sources) is projected to decrease in 2002 by about 280,000 tonnes (t) (-1.8%) to 15.16 million tonnes (Mt), after adjustments of about 230,000 t for primary feed shortages and unanticipated production disruptions. World refined copper use, after falling by 549,000 t in 2001 (-3.6%), is expected to recoup much of its loss, increasing by 437,000 t (+3.0%) to 15.18 Mt. Consequently, the production surplus in 2001 of 696,000 t is expected to be eliminated and an essentially balanced market (-20,000 t) is anticipated for 2002.

The preliminary ICSG forecast for world production of refined copper in 2003, adjusted to reflect feed shortages and potential disruptions to production of about 370,000 t, shows an increase of about 500,000 t (+3.3%). Though significant uncertainty exists regarding economic recovery in many countries, refined use is expected to increase by about 770,000 t (+5.0%), to a record-high 15.9 Mt. As a result a production deficit of about 300,000 t could develop.

Sustainable Development, Environment, Economics and Data

Through presentations made during the Statistical and Environmental and Economic Committees, experts briefed governments and industry on a wide range of current issues:

Sustainability Performance Indicators for the United Kingdom (S. Payton, British Non-Ferrous Metals Federation)

EU and Sustainable Development (S. Lorenz-Meyer, European Commission)

Expanding the Body of Knowledge and Research in Copper (R. Uauy, Univ. of Chile)

Strengthening Emerging Economies through Copper

Intensive Energy Efficient Products (D. Knight, International Institute for Energy Conservation)

Opportunities in North America's Copper Market (E. Milker, Copper Development Assoc.)

Copper Products Consumption Study, Latin America (P. Bertolotto, Latin American Council)

Copper Market Outlook (R. Wilson, Brook Hunt)

The ICSG Secretariat also provided briefings on its work program and projects which will be reported in the next issue of InFoCus (July 2002).



International Copper Study Group
www.icsg.org
Rua Almirante Barroso, 38-6
Lisbon, Portugal
1000-013
Phone: +351-21-351-3870
Fax: +351-21-352-4035
Email: mail@icsg.org

Secretariat

Patrick Hurens
Secretary General
hurens@icsg.org

Thomas Baack
Chief Statistician
baack@icsg.org

Ana Rebelo
Statistician
rebelo@icsg.org

Martin Ruhrberg,
Environmental Affairs
Officer
ruhrberg@icsg.org

Juan Carlos Guajardo
Beltrán
Economist
guajardo@icsg.org

Fatima Cascalho
Administrative Assistant
cascalho@icsg.org

Forward Agenda

19-20 November 2002

20th Regular Session, Lisbon,
Portugal

16-19 June 2003

11th General Session, Lisbon,
Portugal

To receive further information
regarding ICSG meetings, please
contact the ICSG Secretariat.

Industry Advisory Panel Meets

Industry advisors to government delegations to the ICSG met together as an Industry Advisory Panel. The main function of the IAP is to provide advice, guidance and feedback to the ICSG on its program and activities. As well, the IAP serves as a forum for the copper industry to discuss and bring to the attention to governments important issues.

Sustainable development is increasingly being used by regulators, companies and civil society as a means to identify social, environmental and economic impacts as well as benefits.

Taking full advantage of the General Session being held in Latin America, the IAP, chaired by Mr. Ahti Pesonen (Outokumpu) provided an opportunity for southern hemisphere companies and countries to discuss their point of view with respect to sustainable development.

Mr. Hernan Hochschild, President of the Sociedad Interamericana de Minería provided participants with the perspective of small and medium sized enterprises (SMEs) in the Southern Hemisphere. In his presentation, he highlighted the importance of growth, investment and technological progress to SMEs. Recognising the lack of economic and human resources, SMEs require a progressive, gradual and flexible approach at different speed to sustainable development.

Mr. Santiago Torres, Manager Sustain-

able Development, Codelco, presented to participants the perspectives of a large scale mining and metals company. According to Mr. Torres, the corporate sustainable development agenda needs to address issues related to social equity, environmental conservation and economic growth in an integrated and equally balanced manner.

Mr. Alek Ignatow, Executive Director of Natural Resource Canada's International and Domestic Market Policy Division and Co-Chairman of the Non Ferrous metals Consultative Forum (NFMCF), informed the audience on recent activities of the work of the Forum. In his presentation he highlighted the open and voluntary bottom-up approach of the Forum. According to Mr. Ignatow, the Forum represents a unique multi-stakeholder process to identify and discuss cross-sectoral issues and define actions for addressing them.

Industry advisors also expressed their wish for a more active involvement of the ICSG in promoting the development and implementation of energy efficient policies as well as market development projects promoting copper usage in end use applications.

For further information on the 10th General Session, including inquiries to receive copies of meeting material and presentations, please contact the ICSG Secretariat.

ICSG Publications

The International Copper Study Group, as a reliable and authoritative knowledge-based agency dedicated to increasing market transparency, researches and publishes intelligence relevant to copper production, usage and trade. The following publications are available:

Copper Bulletin: ICSG's flagship monthly bulletin providing the very latest statistics on copper and copper products production, usage and trade by country. Also includes stocks and exchange prices.

Directory of Copper Mines and Plants: Published every quarter, highlights current capacity and provides a five year outlook of forecasted capacity for the world's copper plants, by country.

World Copper Factbook: Provides a broad overview of all facets of copper: from how it is produced, traded, used and recycled, to health, environmental and sustainable development issues. As a basic reference guide, the Factbook contributes to raising public awareness of copper's contribution to society.

Also available are various market research reports, proceedings of ICSG World Conferences and Seminars, and custom data sets.

For subscription information contact Ms. Fatima Cascalho, cascalho@icsg.org.