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International Copper Study Group

Forecast 2005-2007

The International Copper Study Group (ICSG) held its 27th Regular Meeting on 27th April 2006 in Lisbon, Portugal. Government delegates and industry advisors from most of the world's leading copper producing and using countries met to discuss key issues affecting the global copper community. In its meeting of the Statistical Committee, a consensus view of the world balance of refined copper production and use was developed.

According to ICSG projections, world copper mine production is expected to rise to 15.48 million tonnes (Mt) in 2006, an increase of about 606,000 tonnes (t) (+4.1%) compared with that in 2005, and to 16.30 Mt in 2007, an additional increase of about 816,000 t (+5.3%).

World production of refined copper (both primary and secondary) is projected to increase to 17.56 Mt in 2006, an increase of about 1.11 Mt (+6.8%) compared with that of 2005. Refined production in 2007 is projected to increase to 18,19 Mt, an increase of about 631,000 t (+3.6%) compared with that of 2006. Inventories of copper concentrate accumulated in previous years are expected to be sufficient to account for the disparity in growth between concentrate production and refined copper production in 2006, but a shortfall of concentrates in 2007 may restrain the growth of refined production.

World refined copper usage decreased by 1.3% in 2005 to 16.51 Mt. A recovery is expected for 2006 and usage is projected to increase by about 800,000 t (4.9%) to a record-high 17.31 Mt. Growth is anticipated in all major consuming regions, with Asia leading the way with a growth of around 6% and the European Union showing the lowest growth rate of about 2.5%. World copper use in 2007 is projected to grow by 4.7%, or about 820,000 t, to 18.13 Mt.

After ending 2005 with an essentially balanced market (small deficit of 64,000 t), the copper market is expected to show a modest surplus in 2006 of about 240,000 t. According to ICSG estimates, a growth in usage will result in a production surplus in 2007 of only about 55,000 t.

FORECAST TO 2007

REGIONS	MINE PRODUCTION				REFINED PRODUCTION				COPPER USAGE			
('000T)	2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	2006	2007
Africa	627	677	876	1,026	508	513	633	737	191	200	205	210
N.America	2,142	2,179	2,365	2,480	2,188	2,174	2,260	2,344	3,096	2,956	3,036	3,141
Latin America	6,725	6,651	6,838	7,192	3,576	3,559	3,832	4,248	538	534	557	579
Asean-10	892	1,154	974	1,025	438	530	558	630	677	717	760	807
Asia ex Asean/CIS	994	1,054	1,109	1,158	4,644	5,192	5,710	6,136	6,938	7,131	7,521	7,970
Asia-CIS	572	510	550	569	549	534	540	565	93	60	82	88
EU-25	726	708	717	717	2,318	2,324	2,373	2,398	4,078	3,734	3,852	3,950
Europe Others	801	827	866	892	1,111	1,153	1,222	1,254	945	1,024	1,141	1,222
Oceania	1,028	1,114	1,186	1,237	490	468	515	586	168	155	160	167
TOTAL	14,507	14,874	15,480	16,296	15,823	16,446	17,644	18,900	16,725	16,510	17,314	18,134
Adjustment for Primary Feed Shortage 1/							0	-613				
Allowance for Disruptions 2/							-87	-97				
World	14,507	14,874	15,480	16,296	15,823	16,446	17,558	18,189	16,725	16,510	17,314	18,134
% change		2.5%	4.1%	5.3%		3.9%	6.8%	3.6%		-1.3%	4.9%	4.7%
Refined Production - Usage Balance									-902	-64	244	55

1/ Based on a formula for the difference between the projected copper availability in concentrates and the projected use in primary refined production;
2/ Based on capacity utilization of mines and refineries

For further information please contact the ICSG Secretariat:
Tel:+351-21-351-3870 Fax:+351-21-352-4035 Email:mail@icsg.org