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Financial investor CVC makes approach to Austria's Böhler-Uddeholm

LONDON — Böhler-Uddeholm AG, the Austrian special steels producer, has begun talks with CVC Capital Partners, Europe's second-biggest private equity group, about a possible takeover.

CVC's senior md Christian Wildmoser said in an emailed statement: "CVC is interested in principle in a takeover of Böhler-Uddeholm and is deciding whether a bid will be launched."

Preliminary discussions have already been held with the Austrian company's board of directors, Wildmoser said, but he added that the company has not purchased and does not yet own any shares. He said he was "astonished" by the share movements of recent days, which has seen the Austrian company's value rise 30 percent since speculation about a takeover emerged.

Böhler-Uddeholm has about 820,000 tpy of steelmaking capacity, 40 percent of which feeds its production of tool steels, in which it claims to be the world leader. It also produces high-speed steels, welding consumables, precision strip, and special forgings.

The Austrian company, which has production facilities around the world, issued a statement earlier on

Monday confirming that talks were underway with a financial investor, without naming CVC.

"Last week a financial investor informed Böhler-Uddeholm AG management that they were considering making an offer to purchase shares of the company," the statement said.

The talks were initially to have been held in secret, the statement added,

but: "Due to the movements in the share prices of last Friday, Böhler-Uddeholm AG management is no longer obliged to maintain secrecy and is announcing this fact now."

Any buyer needs a 25-percent stake in order to have a blocking vote.

Last week both Böhler-Uddeholm and Salzgitter denied rumours that the latter might launch a bid for the special steel producer.

EU nickel uncut premiums ease as stocks rise

LONDON — European premiums for uncut nickel have eased as stocks in London Metal Exchange warehouses have been replenished in recent weeks, while the severe shortage of briquettes has shown no signs of easing and traders report little activity from physical buyers as nickel prices become increasingly "out of control".

Uncut cathode is now selling at a premium of \$300-400 per tonne in-warehouse Rotterdam, down from \$500-600 previously.

Stocks of the product have increased to 2,328 tonnes available on warrant, from 1,944 tonnes on February 27, while cancelled warrants have shrunk to 846 tonnes from 1,026 tonnes at the end of February.

"We've seen a lot of stocks coming back to warehouses," said a physical nickel trader, adding that a lot of the stock has arrived in Rotterdam, where uncut cathode on warrant now stands at 648 tonnes, up from nothing at the end of February.

In turn, premiums for cut cathode have also eased a little to \$800-1,000 per tonne in-warehouse Rotterdam from \$1,000-1,200 previously because uncut is used to make 4x4 cut cathode.

But these premiums have shown more resilience to downwards pressure because of the high cost of financing the nickel while waiting to cut it, given the wide cash-to-three-month backwardation which hovers around the \$3,000 level.

Traders said there has been very little buying after nickel prices soared to \$48,000 for three months and \$50,000 for cash at the end of last week.

"These prices are just out of control," said a second trader. "Consumers are just not keen to buy at these levels; they are willing to wait to see if the prices will come off. Otherwise they buy only the barest minimum they need."

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Copper market seen in surplus in second half — BHP

LONDON — The copper metal market will remain tight in the second quarter of 2007 before moving into a surplus during the second half of the year, with the concentrates markets forecast to remain in deficit until 2009, according to BHP Billiton.

The global diversified miner pegged the copper deficit at up to 100,000 tonnes for April-June this year compared with a surplus of up to 50,000 tonnes in the previous three months, citing data from analysts Brook Hunt and CRU.

It warned, though, that by the third quarter, the balance is likely to shift to a surplus of 25,000 tonnes or as much as 400,000 tonnes, according to CRU and Brook Hunt respectively.

"The market is moving from deficit to a modest surplus but remains very vulnerable to supply disruptions and problematic ramp-up of new production," BHP said in a presentation on its website.

In addition, demand remains healthy and consumption growth shows no signs of slowing.

"The current view is still very positive for refined demand due to growth in China, South East Asia, CIS, Middle East and India," BHP said. "The world is becoming ever more electrified."

Mt Isa town has lead levels 33 times higher than normal — study

SINGAPORE — The town of Mount Isa in Queensland, Australia, near Xstrata's Mount Isa base metals mines, is contaminated by lead and other heavy metals, scientists from Sydney's Macquarie University said in a recent report.

The study showed that some residential areas surrounding the town have lead levels up to 33 times higher than health limits set by the government.

Soil in the urban area to the north of Mount Isa and west of the river as well as rivers and floodplains near Mount Isa also show high levels of contamination by heavy metals.

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Jinchuan warns of nickel price crash

LONDON — China's largest nickel producer Jinchuan Group warned on Monday that increasing investment in nickel development projects could lead to oversupply in the next few years, which could send the nickel price tumbling.

"Crazy" nickel prices are stimulating "irrational investment" in the development of nickel deposits, with the construction and expansion of nickel mines "going well, like a raging fire", regardless of whether they are sulphide or laterite deposits, the company said.

Codelco mulls underground mine at Chuquicamata

LONDON — Chilean copper producer Codelco has resumed normal operations at its Chuquicamata copper mine in an area that was considered at risk of a rockslide and is mulling the development of underground operations at the site.

"The removal works are over and operations are running normally," said a source close to the company.

"The area was closed for mining work for some time, but the advantage of the open-pit operations is that you can pick up and start mining somewhere else without losing production," he added.

LME nickel price falls back to \$47,000

LONDON — Nickel eased to \$47,000 per tonne in the official session at the London Metal Exchange on Monday, while tin breached \$14,000 per tonne to hit a 25-year high in a quiet start to the week.

Nickel settled at \$46,995/47,000 per tonne, basis three months, in the official session amid low volumes, down from Friday's close of \$47,700 and well below last week's all-time highs.

The alloying metal opened at \$47,600 and rose to \$47,902 in pre-market trading, before easing back to an intraday low of \$46,600, almost \$2,000 below its record of \$48,500 set in Friday's pre-market.

The cash price settled at \$50,340/345 per tonne in the official session, a new record for the alloying metal. Earlier in the day, 15 lots traded even higher at \$50,900. The price rose again as 50 lots traded at \$50,599 in kerb trading.

[Click here for prices](#)

LME Stocks (tonnes)

Copper	fell	2,225 to	192,175
Tin	rose	175 to	9,425
Lead	rose	275 to	31,225
Zinc	fell	625 to	102,900
Aluminium	fell	25 to	797,700
Aluminium Alloy	unchanged at		97,300
Nickel	rose	138 to	3,702
NASAC	fell	60 to	145,000

Comex Gold Apr	\$654.30 per oz
Comex Silver May	\$13.22 per oz
Nymex Platinum Apr	\$1,230.00 per oz
Nymex Palladium Jun	\$356.00 per oz

London Precious Metals

Gold am	\$654.50 per oz
Spot Silver midday	\$13.16 per oz
Platinum am	\$1,225.00 per oz
Palladium am	\$352.00 per oz

Barclays Bank

\$/£	1.9449 - 1.9451
\$/£ 3 months	1.9445 - 1.9446
\$/€	1.3296 - 1.3298
£/Yen	228.28 - 228.35

MEC launches Zurich operation

NEW YORK — Metal Exchange Corp (MEC) has expanded its aluminium trading activities with the formation of MEC Metal Exchange International GmbH, which will be based in Zurich, Switzerland.

MEC said it formed the international branch to expand its reach as a supplier and purchaser of non-ferrous metals within Europe.

HZL plans zinc melting and casting plant

MUMBAI — Hindustan Zinc (HZL), a subsidiary of London-listed Vedanta Resources, expects to commission a 220,000 tpy zinc melting and casting plant in the northern Indian state of Uttarakhand in a year's time, a company source said.

[Click here for full story](#)

Protesters block Goro Nickel waste pipeline

SINGAPORE — Angry anti-mining protesters are erecting a village over a piece of land designated for a waste pipeline to the sea from the Goro Nickel project in New Caledonia, said Rheebeu Nuu, a group representing the indigenous Kanak people. Goro residents have started building in Kwe in an effort to sabotage plans by Goro Nickel's operator CVRD-Inco to dump its future tailings there, said the group. A Rheebeu Nuu spokesman said that the protesters have also warned the police that they will shoot anyone who comes near them with a bulldozer. The group opposes the project on environmental grounds and has been pressuring CVRD-Inco for direct talks to resolve their differences. Its spokesman said the group is giving the mining company until the end of March to come up with solutions, but did not explain what will happen if the demand is not met. Earlier this month, CVRD president Roger Agnelli expressed optimism in Goro Nickel and told reporters in China that the company would "do everything that's possible to finalise the project in the last quarter of 2008" (MB Mar 6). CVRD could not be reached for comment.

San Juan restarts tungsten plant in Argentina

SANTIAGO — The government of San Juan province in northwest Argentina has restarted a tungsten plant to process mineral extracted by local miners and export concentrates to China, minister Reynaldo Pastor told MB. "We are producing a 1,000-tonne sample that we will ship to China to see if it is acceptable to the market, and if it is, we will make a contract with them," Pastor said. The plant would provide toll processing for local miners as an initial stage, with expansion possible in the future depending upon the supply of ore, he said without giving forecast production figures. A second phase could see the installation of a furnace to produce ferro-tungsten. The tungsten plant at La Toma was restarted with an investment of 2 million pesos (\$645,000) after a 30-year stoppage. It is operated by La Ciénaga SA.

Globe appeals ITC ruling on Brazilian silicon metal

NEW YORK — Globe Metallurgical Inc has challenged the recent US International Trade Commission (ITC) decision to revoke an anti-dumping order on Brazilian silicon metal, the company said on Friday. In November, the ITC dropped dumping duties of between 91.06 and 93.2 percent against all Brazilian silicon metal producers, clearing the way for exports to the US market. But Globe is not backing down from its quest to have anti-dumping orders reinstated on Brazilian exports. The Cleveland-based company has filed two separate appeals with the US Court of International Trade, challenging the recent sunset review and requesting a reinstatement of anti-dumping duties covering imports from Brazil.

Gold buoyed by firmer Asian stock markets, weaker yen

LONDON — Precious metals were stronger on Monday in London trading, responding to a weaker Japanese yen and firmer equities markets in Asia, with gold leading the way even after an interest rate increase announced overnight in China. The yellow metal fixed at \$655 per oz on Monday afternoon, just below an intraday spot high of \$656, but up from the morning fix of \$654.50 and Friday's afternoon fix of \$653.20.

[Click here for other prices](#)

Titanium mill shipments jump 26% in 2006

LOS ANGELES — A strong fourth-quarter propelled US shipments of titanium products to their highest level ever in 2006, not only breaking a nearly decade-old record but also resulting in a surge of generated scrap that the industry might still be working to absorb. Mill product shipments rose 26 percent last year to 66.1 million lb, edging out the previous record of 65.7 million lb set in 1997, according to statistics compiled by the US Geological Survey. Fourth-quarter shipments gained 33 percent from the same period a year earlier to 17.2 million lb.

LME to hold minors trading till year-end

LONDON — The London Metal Exchange will not start negotiations on its proposed minor metals contracts before the end of the year, choosing instead to focus on a successful launch of its steel contracts, ceo Martin Abbott told *FT Deutschland*. "Steel has propriety... The talks about contracts for other metals, such as cobalt and molybdenum, will start at the end of the year at the earliest. Before this there will be no product development," Abbott told the paper. "My goal is that we should start trading in 2007," he added, suggesting that three or four steel contracts could be launched.

Barrick's Pascua Lama EIA gets approval ...

NEW YORK — The natural resources committee of Chile's lower house, the Chamber of Deputies, has approved the environmental impact assessment (EIA) Barrick Gold produced for its Pascua Lama project in Region III. Pascua Lama is an \$1.5-billion open-pit mine expected to produce 600,000 oz of gold and 23 million oz of silver per year for more than 20 years. Project construction is due to start in September once all permits have been received.

... but bid for rival Newmont unlikely

NEW YORK — Analysts reacted cautiously to a report that Barrick Gold would mount a bid for fellow gold producer Newmont Mining. The talk originated in an article in *Business Week* citing "some pros" as sources. "I wouldn't put too much credibility into it," one analyst said. "The idea is poorly thought out." A Barrick spokesman also dismissed the idea on Friday, calling it "idle speculation and rumour mongering".

CIS mills book billet up \$20 at \$550 per tonne fob

LONDON — CIS steelmakers have increased their billet export prices yet again for May shipment and are now looking for more than \$550 per tonne fob Black Sea, traders told MB on Monday.

The news comes amid reports that CIS-origin rebar is now unavailable after April's production was booked out for as much as \$600 per tonne fob on the last remaining tonnages.

"Moscow's now consuming more rebar than Dubai," one trader told MB. "The price level is being dictated by supply and everything's being eaten up by the domestic market."

Export contracts for billet produced in April have been settled at \$540-550 per tonne fob Black Sea, according to the latest reports, up from \$520-530 the previous week, and nearly 35 percent higher than the \$410-415 paid for billet at the start of the year. Traders said that rebar produced in April for May shipment is no longer available after the last few tonnages were sold at \$600 per tonne fob, while mills are yet to detail or offer export allocations for rebar produced in May.

Croatia's Sisak back up for sale

LONDON — HFP, the Croatian privatisation fund, has once again offered tubemaker Valjaonica Cijevi Sisak for sale after finding two bids from CIOS and CMC unsatisfactory, a spokesman for the organisation told MB on Monday. USA-based Commercial Metals Co (CMC) said it saw parallels between Sisak and its Polish mill, CMC Zawiercie, while CIOS, owned by German scrap group Scholz AG, has been on the look-out for a steelmaker to feed its distribution business. "Both of the bids failed to satisfy our conditions for the sale," the spokesman told MB. "We were not confident that CIOS would keep the core business and CMC wanted the opportunity to do more due diligence, which is not common practice."

According to HFP, CMC bid 81 million Croatian kuna (\$14.6 million), with 37 million kuna payable immediately, and pledged to invest 347 million kuna in the company, while agreeing to assume the company's 44 million kuna debt, 136 million kuna in state guarantees and debt from the marketplace.

CIOS, in the meantime, bid 2.15 million kuna and promised to invest 170 million kuna over the next three years, while it also agreed to cover the company's debt and state guarantees.

The new tender will be open until April 17 and contains the same conditions as the previous issuance.

India may review iron ore export duty

MUMBAI — Indian iron ore miners are optimistic that the government will grant them some relief against the effects of the Rs300 (\$6.80) per tonne export duty introduced on March 1, mining bodies in the country said. India's finance minister P Chidambaram said on Friday that he would consider all the facts before reviewing the Rs300 (\$6.80) per tonne export duty on iron ore that he introduced on March 1.

"While the steel industry has supported the export duty, the iron ore exporters have pleaded for a reconsideration of duty on iron ore fines. We shall consider all the facts and circumstances objectively and take

MMK signs ten-year ore supply deal with ENRC

LONDON — Magnitogorsk Iron and Steel Works (MMK), Russia's third largest steelmaker, has signed a ten-year iron ore supply deal with Kazakhstan's Eurasian Natural Resources Corp (ENRC).

ENRC will supply iron ore from its Sokolov-Sarbai Mining Production Assn (SSGPO) unit, which has been MMK's main iron ore source since the mid-1950s.

The companies did not disclose the quantities of ore involved. The contract allows prices to be adjusted on an annual basis based on international benchmarks.

The deal is important for MMK to secure the confidence of potential investors as the company prepares itself for a foreign IPO of as much as 25 percent of its capital.

MMK received permission for the listing from the Russian government in January, but analysts believed its lack of iron ore assets in comparison to other Russian steelmakers was a stumbling block with investors.

A pricing spat between the two in 2005 led to the Kazakh side temporarily halting deliveries and forcing MMK to bank blast furnaces as it searched for alternative supplies.

Evraz mine explosion kills at least 61

LONDON — A methane gas explosion at one of Yuzhkuzbassugol's Siberian coking coal mines, 50 percent owned by Russian steelmaker Evraz, has killed at least 61 people.

The blast happened at 11.16am Moscow time on Monday at the Ulyanovsk mine near Novokuznetsk in the Kemerovo region, according to a spokeswoman for Russia's Emergency Situations Ministry.

She said 61 workers had died and 70 had been rescued. "We do not yet have exact information about how many are missing," she said.

Evraz paid \$675 million for a 50 percent stake in Yuzhkuzbassugol in December 2005. The rest of the company is owned by the management.

Yuzhkuzbassugol is Russia's leading coking coal producer with nine mines. About 75 percent of its output is coking coal and the remainder is thermal coal.

[Click here for full story](#)

suitable decisions," he said in a Reuters report.

The Federation of Indian Mineral Industries, a mining association in India, is optimistic that the government will exempt low-grade ore, which the Indian Bureau of Mines (IBM) considers to be ore with less than 62 percent Fe content.

"We are pressurising the government to have duties on iron ore with Fe content above 62 percent," the federation's secretary general RK Sharma told MB.

Votorantim gains control of Paz del Rio for \$491m

RIO DE JANEIRO — Brazil's Votorantim group acquired a 52-percent stake in Colombian integrated steelworks Acerías Paz del Rio for \$490.71 million in a protracted auction at the Bogotá stock exchange on Friday night.

Arcelor Mittal and two other Brazilian steelmakers, CSN and Gerdau group, also participated in the Paz del Rio auction, which went on for nearly five hours and involved 20 rounds of bidding.

The final price to be paid by Votorantim is considerably higher than the \$192 million that had been set as a minimum price for the shares to be sold in the auction, indicating the strategic value the bidders gave the Colombian works, which has its own iron ore and limestone mines.

The 52-percent stake that Votorantim bought was formerly held by the Colombian state of Boyaca. Acerías Paz del Rio employees also have a stake in the 350,000 tpy crude steel capacity works, which has both long and flat product rolling mills.

The steelmaker was fairly recently upgraded with the installation of a new Danieli billet caster and ladle furnace, and a rolling mill modernisation.

Votorantim's capture of the works was a surprise to many local observers, who had widely expected that Gerdau would win the auction.

Gerdau is Colombia's largest steelmaker following its entry into the capital of the Diaco and Sidelpa mills over the last two years. Several weeks ago Gerdau won approval from the Colombian anti-trust authority to participate in the Paz del Rio auction.

Noble to commission Indonesian iron ore project

SINGAPORE — Hong Kong's Noble Group is expected to bring on stream a 2 million tpy iron ore mining project in Indonesia by the end of this year.

Noble Group only has a minority stake in the project but it has the "exclusive marketing rights" to the iron ore, Harry Banga, vice chairman of Noble Group, told MB Monday.

"The Indonesian government does not allow majority ownership by foreign investors. We are fine with it — it is the marketing rights that matter," said Banga.

An Indonesian company holds the majority share but its name was not disclosed, nor any more details concerning the project.

Noble Group sold 20 million tonnes of iron ore into the Chinese spot market last year, with 80 percent sourced from India, and the balance from Russia, other CIS countries and Canada.

Anshan Steel secures three-year funding from China Eximbank

SINGAPORE — Anshan Iron & Steel Group, the major steelmaker in northeastern China's Liaoning province, has secured financial support for the next three years from Export-Import Bank of China (Eximbank).

The two parties signed a formal pact in Beijing on Thursday, with Eximbank agreeing to support Anshan Steel in the next three years in its overseas investments, exports of steel products, imports of raw materials and its development of advanced technology and machinery, according to Anshan Steel.

No specific amount or project was mentioned by either party.

Anshan Steel produced 15 million tonnes of crude steel last year, and was ranked the third largest steel mill in China.

It is building a 5 million tpy flat products complex in Yingkou, Liaoning, which is expected to come on stream in 2008.

State-owned Eximbank, set up in 1994, lends financial support to Chinese companies for overseas investment efforts that are in line with Beijing's policy and subject to its approval.

China's concession not enough for US mills

WASHINGTON — US steel producers are underwhelmed by China's announcement that it would voluntarily eliminate one of the nine subsidy programmes targeted by a US case at the World Trade Organisation.

In response to the case, filed by the USA in February, China said it would end a programme giving cheap credit to companies that meet certain export requirements.

"China's recent announcement that it will terminate only one of the nine subsidy programmes identified by the United States as violating WTO rules is a disappointing response to the US consultation request," the American Iron and Steel Institute (AISI) and the Steel Manufacturers Association (SMA) wrote in a joint letter to the US Trade Representative (USTR).

"AISI and SMA urge vigorous and rapid action to ensure an immediate end to China's illegal subsidy practices," the letter said.

The development means the parties will commence with consultations later this month. If those are unsuccessful, a WTO panel will hear the case.

Attorneys for the US industry had hoped China would do away with all nine programmes before formal consultations began, believing the Chinese had no defense for the targeted programmes.

Baosteel and CSSC agree 9m tpy shipbuilding project in Beijing

SINGAPORE — China's largest steelmaker, Baosteel Group, has set up a 9 million tpy shipbuilding joint venture with China State Shipbuilding Corp (CSSC), a major naval and civil shipbuilder with its headquarters in Beijing.

The 10 billion yuan (\$1.3 billion) shipbuilding project is located at Changxing Island, Shanghai, where the Yangtze River meets the East China Sea. Baosteel owns 35 percent and CSSC owns the rest, according to the March 16 agreement signed in Beijing.

CSSC started building the shipbuilding facility in June 2005.

Baosteel may supply a proportion of the shipbuilding plate for the project, according to a senior CSSC official. CSSC claims to be the world's second largest shipbuilder in terms of annual carrier volume and tonnage in 2006.

Baosteel supplies around 30 percent of the shipbuilding plate consumed in China, according to the steel mill. The actual quantity is undisclosed.