
The impact of policy on base metal trade flows

Joint Study Groups' Seminar

Lisbon – 24 April 2025

Concord Resources Limited

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April 2025

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Who we are

- **Founded in 2015** Concord is a global resources merchant focused on the supply chain, financing and risk management of **non-ferrous metals and related raw materials**, led by an experienced and entrepreneurial management team
- Concord is a global company, operating from its **headquarters in London** and through its principal **offices in New York and Hong Kong**. Our experienced team work with resource producers and consumers on spot transactions out to multi-year, structured agreements
- Concord's capabilities include **global sourcing, marketing and management of all the required logistics and finance** to optimise our clients' supply chains from long-term partnership marketing arrangements to single container deliveries
- Concord brings substantial cross-commodity, structuring and asset optimisation experience of its founding team to work for the **benefit of its customers and partners**
- Concord is an **independent company**, and combines its founding management's experience with the commodity and financial industry expertise of its shareholders
- For more information please visit our [website](#)

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The impact of policy on base metal trade flows

- **Base metals and concentrates trade**
- **Role of physical traders in the market**
- **Examples of policies affecting trade**
- **Current policies and consequences**
- **Summary**

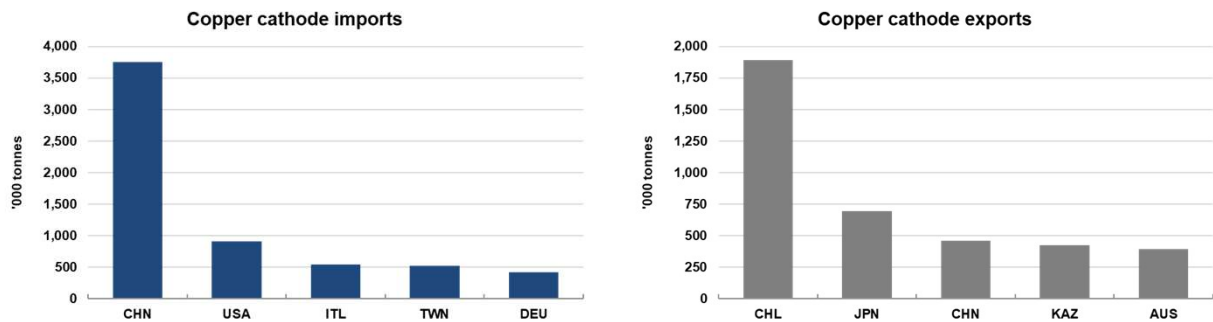
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The impact of policy on base metal trade flows

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Base metals and concentrates trade
Copper cathode imports and exports

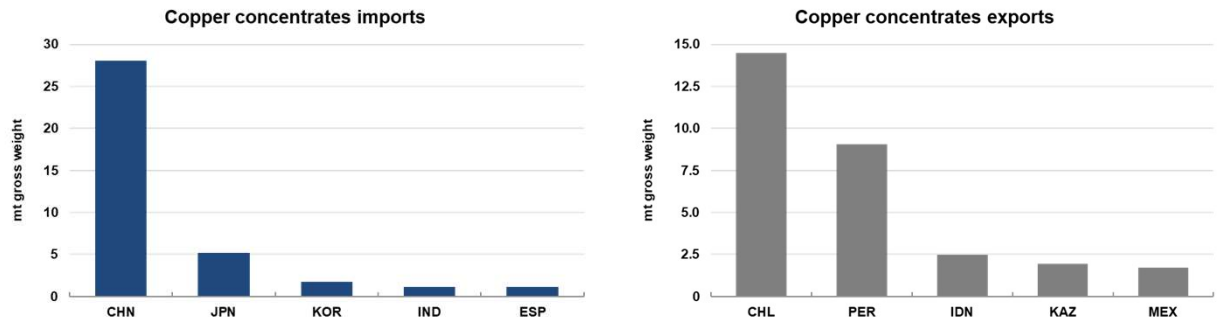


- China is world's largest copper cathode import market (3.8mt, 40% of total in 2024), followed by USA (~910kt, 10%), Italy (~540kt, 6%)
- Chile is world's leading exporter of copper cathode (1.9mt in 2024), followed by Japan (~690kt), China (~455kt)

Note: 2024 data, HSC 7403.11.11 – refined copper, cathodes and sections of cathodes
Source: TDM, Concord Resources Limited, April 2025

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Base metals and concentrates trade
Copper concentrates imports and exports

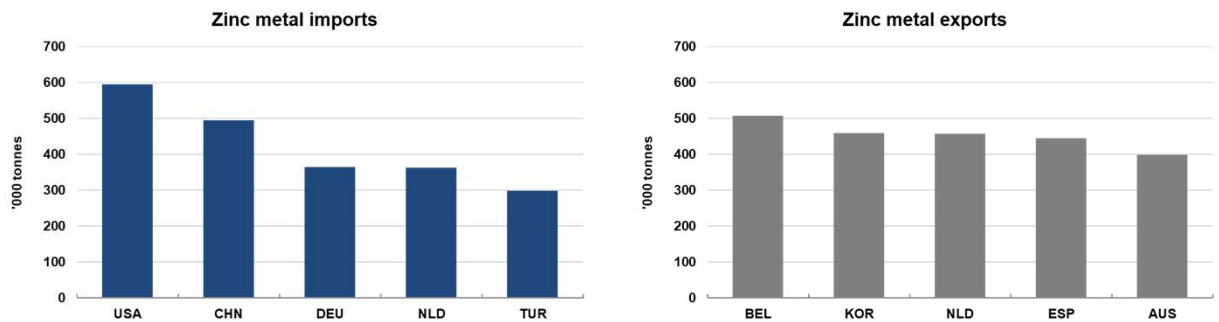


- China is world's largest copper concs import market (28.1mt, 66% of total in 2024), followed by Japan (5.2mt, 12%), Korea (1.7mt, 4%)
- Chile is world's leading exporter of copper concs (14.5mt in 2024), followed by Peru (9mt), Indonesia (2.5mt)

Note: 2024 data, HSC 2603.00.00 – copper ores and concentrates
Source: TDM, Concord Resources Limited, April 2025

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Base metals and concentrates trade
Zinc metal imports and exports



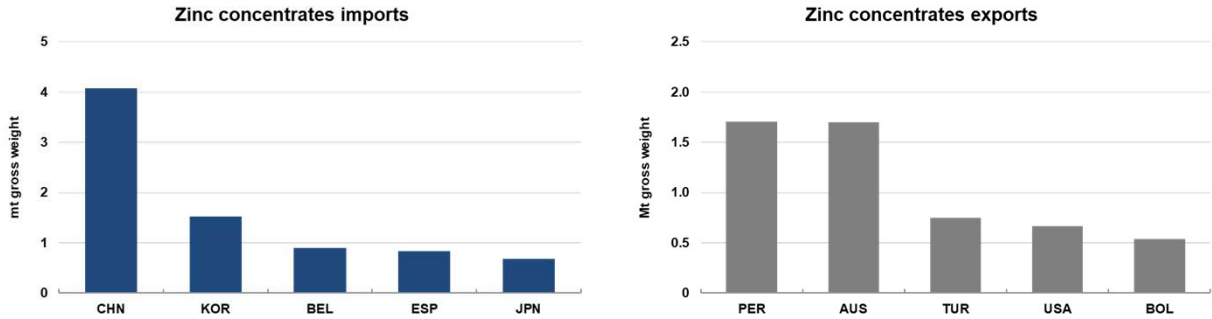
- USA is world's largest import market for zinc metal (595kt, 12% of total in 2024), followed by China (495kt, 10%), Germany (365kt, 8%)
- Belgium is world's leading exporter of zinc metal (~510kt in 2024), followed by Korea (~460kt), Netherlands (~460kt)

Note: 2024 data, HSC 7901.00.00 – zinc unwrought (including alloys)
Source: TDM, Concord Resources Limited, April 2025

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Base metals and concentrates trade

Zinc concentrates imports and exports



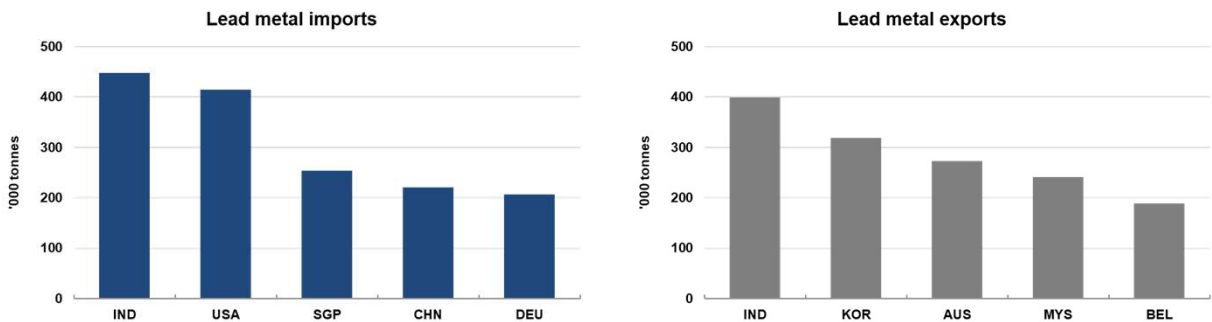
- China is world's largest zinc concs import market (4.1mt, 36% of total in 2024), followed by Korea (1.5mt, 13%), Belgium (~900kt, 8%)
- Peru is world's leading exporter of zinc concs (1.7mt in 2024), followed by Australia (1.7mt), Turkey (~750kt)

Note: 2024 data. HSC 2608.00.00 – zinc ores and concentrates
Source: TDM, Concord Resources Limited, April 2025

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Base metals and concentrates trade

Lead metal imports and exports



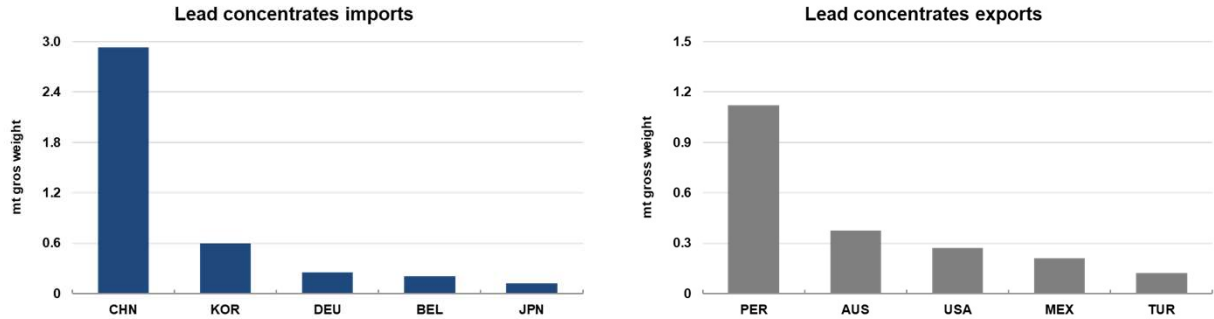
- India is world's largest import market for lead metal (~450kt, 14% of total in 2024), followed by USA (~415kt, 13%), Singapore (~255kt, 8%)
- India is world's leading exporter of lead metal (~400kt in 2024), followed by Korea (~320kt), Australia (~275kt)

Note: 2024 data. HSC 7801.00.00 – lead unwrought (including alloys)
Source: TDM, Concord Resources Limited, April 2025

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Base metals and concentrates trade

Lead concentrates imports and exports



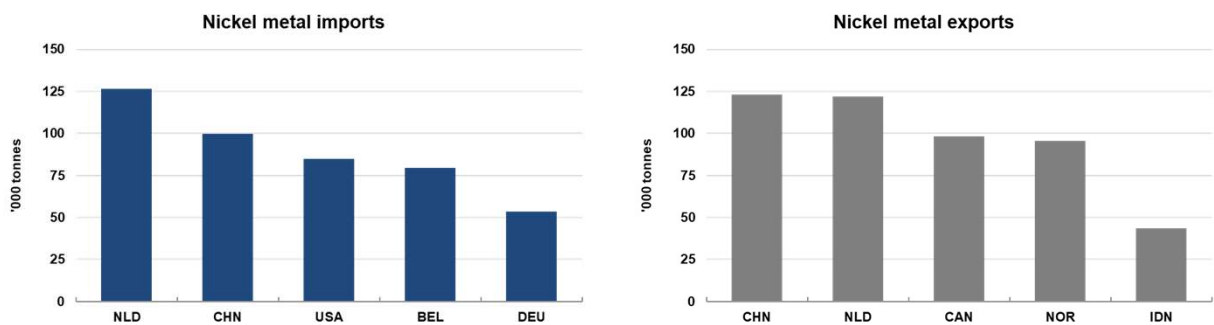
- China is world's largest lead concs import market (2.9mt, 65% of total in 2024), followed by Korea (~595kt, 13%), Germany (~255kt, 6%)
- Peru is world's leading exporter of lead concs (1.1mt in 2024), followed by Australia (~375kt), USA (~270kt)

Note: 2024 data. HSC 2607.00.00, 2616.10.00 – lead ores and concentrates, silver ores and concentrates (most of which are lead bearing)
Source: TDM, Concord Resources Limited, April 2025

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Base metals and concentrates trade

Nickel metal imports and exports



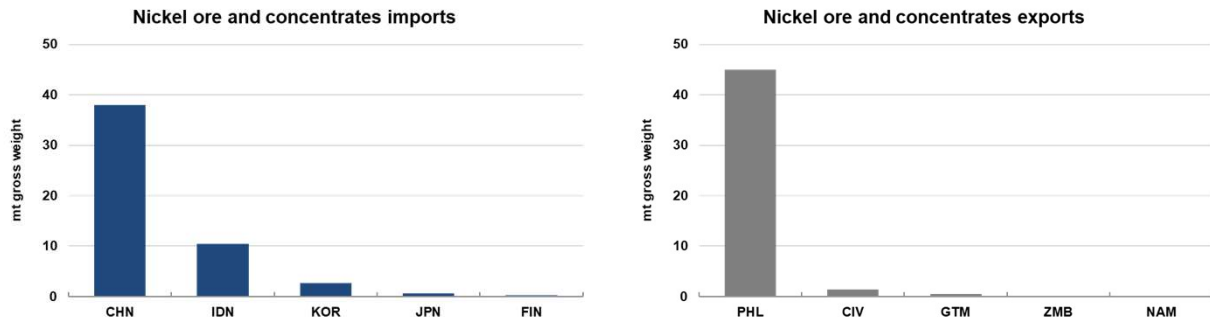
- Netherlands is world's largest importer of nickel metal (~125kt, 15% of total in 2024), followed by China (100kt, 12%), USA (85kt, 10%)
- China is world's leading exporter of nickel metal (~125kt in 2024), followed by Netherlands (~120kt), Canada (~100kt)

Note: 2024 data. HSC 7502.00.00 – nickel unwrought (including alloys)
Source: TDM, Concord Resources Limited, April 2025

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Base metals and concentrates trade

Nickel ore and concentrates imports and exports



- China is world's largest import market for nickel ore and concs (37.9mt in 2024), followed by Indonesia (10.5mt), Korea (2.7mt)
- Philippines is world's leading exporter of nickel ore and concs (45mt in 2024), followed by Cote d'Ivoire (1.4mt), Guatemala (~480kt)

Note: 2024 data, HSC 2604.00.00 – nickel ores and concentrates
Source: TDM, Concord Resources Limited, April 2025

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Base metals and concentrates trade

Key points and patterns

Refined metal

- China and key consumer markets of USA and Europe are the main import markets for most refined metals
- Leading exports of refined metals are more diversified; China important in copper and nickel
- India important in both imports and exports of refined lead

Concentrates

- China is by far the most important import market for base metals concentrates and nickel ore
 - Its share ranges from about one-third to two-thirds of world total, and has increased over last decade
 - Reflects China expanding its smelting / refining capacity faster than world mine output has been rising
 - ROW – until recently – appears to have been content for China to take on 'dirty' business of industrial minerals processing
- Leading exporters of base metals concentrates reflect where resources occur in nature; S.America, Australia, SE Asia important

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The impact of policy on base metal trade flows

- Base metals and concentrates trade
 - **Role of physical traders in the market**
 - Examples of policies affecting trade
 - Current policies and consequences
 - Summary
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Role of physical traders in the market

Physical traders add value by making product modifications in time, space and / or form

- **Time** – for example, storage of (surplus) supplies
 - **Space** – for example, transfer from regions of surplus to deficit
 - **Form** – for example, blending of concentrates; aggregation / disaggregation of cargoes
 - There may be constraints on what and how product modifications are made:
 - Physical – for example, facilities or infrastructure
 - Regulatory – for example, import / export restrictions such as for base metals concentrates into China
 - Constraints can be time related – for example, time to put in place new cargo handling facilities, or beating tariff deadlines
 - Typically the tighter the constraints, the higher the cost of making product modifications
 - **Physical traders resolve constraints and optimise resource allocation in markets**
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Role of physical traders in the market

Physical traders offer flexibility, manage risk and complexity, and contribute to competition

- Physical traders may make multiple modifications to product(s) in time, space and form
- Scope for product modifications offers flexibility but also generates complexity and risks; concentrates are inherently complex products
- Risks can be managed by various means including hedging, insurance, diversification, market knowledge and information
- Risks include:
 - Flat price / basis / spread risk
 - Operational and performance risk
 - Credit / counterparty / currency risk
 - Legal and political risk
- Physical traders bidding for / offering products into the market contribute to competition

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Role of physical traders in the market

Arbitrage

- Arbitrage is the market opportunity to add value
- Arbitrage arises where the value of a modification(s) in a product, as shown by the difference in prices before and after modification has been made, is more than the cost of making the modification
- For example:
 - TC for parcel of blended concentrates is lower than weighted average of separate materials combined in the blended product
 - Premium for parcel of metal delivered at one time and place is higher than premium prevailing at another time and place

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Role of physical traders in the market

Physical traders work with multiple variables in buying and selling terms

Concentrates

- TCs
- Metal payables
- Price participation (escalators / de-escalators)
- Penalty charges for tramp elements
- Assays / splitting limits

Refined metal

- Premiums
- Brands (listed vs. non-listed)

Concentrates and metal

- Quotation periods (QPs) for pricing
- Exchange price spreads / forward price curve
- Ocean / inland freight terms / costs
- Payment terms (credit risk)

The outright level of TCs or premiums matters less to traders than miners or smelters

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Role of physical traders in the market

Soft skills and funding

Soft skills

- **Information:** physical trading in base metals markets is an information intensive business
- **Knowledge:** industry knowledge and experience are invaluable in interpreting information
- **People:** this is a "people" businesses – networks are central to securing sourcing and sales
- **Attention to detail:** critical to effective execution (maybe difference between profit / loss)

Funding

- Physical trading firms draw on a wide range of sources to fund business: secured and unsecured debt, equity, etc
 - Funding arrangements will be a function of modifications traders undertake, assets employed, and timelines
 - Short-term assets such as concs / metal stocks typically funded with short-term debt
 - Long-term assets (warehouses, process plants) typically funded with longer term debt
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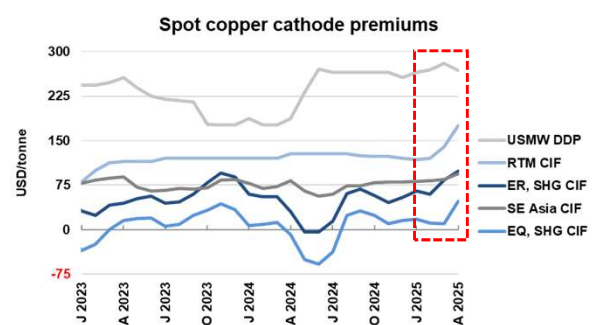
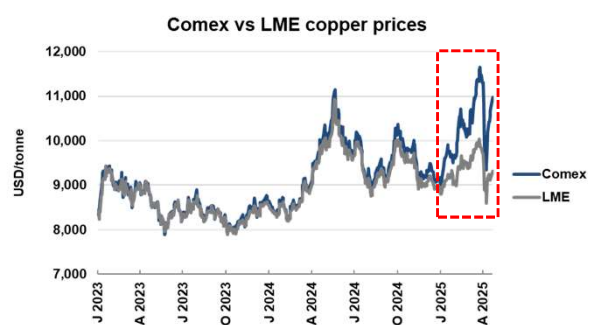
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Examples of policies affecting trade

Trump's tariffs >> copper market impact



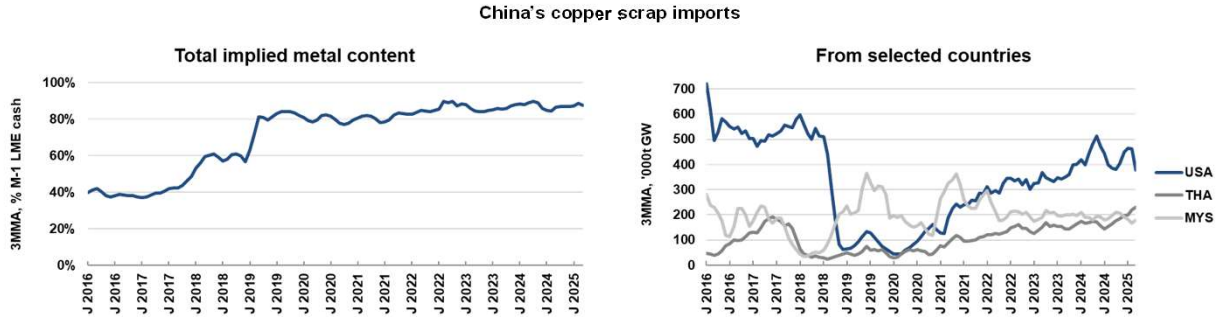
- On Feb 25th US President Trump ordered a 'Section 232' investigation into copper imports in case of risk to national security
- Consensus expects import tariffs to follow, triggering rally in Comex vs LME copper price, rise in spot premiums for prompt imports

Note: Data to 22nd April 2025. Comex & LME settlement prices. Grade A cathode month average premiums. ER – electro-refined cathode. EQ – LME equivalent quality, but not brand registered. RTM – Rotterdam. SHG – Shanghai. USMW – US Midwest.
Source: Comex, Fastmarkets, LME, Concord Resources Limited, April 2025

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Examples of policies affecting trade

China import controls >> copper scrap market impact



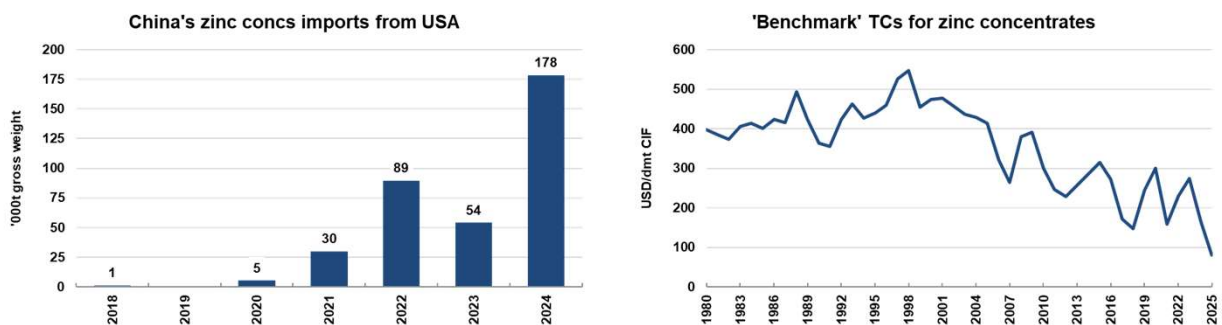
- In July 2019 China Customs implemented tighter controls on scrap metal imports, effectively excluding 'low-grade' material
- Implied metal content in copper scrap imports points to change in product mix; trade data show change in origin of imports

Note: HSC 7404.00.00 – copper waste and scrap. GW – gross weight
Source: China Customs, LME, TDM, Concord Resources Limited, April 2025

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Examples of policies affecting trade

China import controls >> zinc concentrates market impact



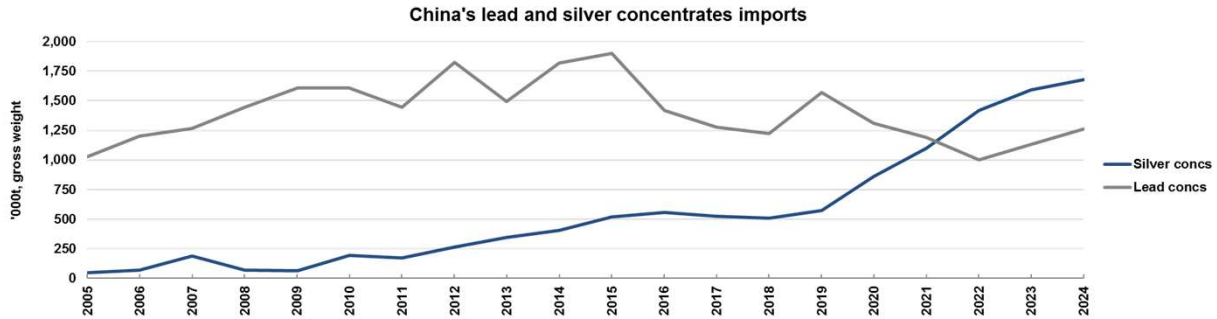
- China Customs changed approach to approving imports of base metals concentrates containing certain tramp elements
- Trade data show recent increase in imports of zinc concentrates from USA; 'BM' TCs reduced to record low levels in 2025

Note: HSC 2608.00.00 – zinc ores and concentrates. Benchmark TCs basis USD2,800/tonne zinc, nominal terms
Source: China Customs, CRU, LME, TDM, Concord Resources Limited, April 2025

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Examples of policies affecting trade

China import / export controls >> lead concentrates market impact



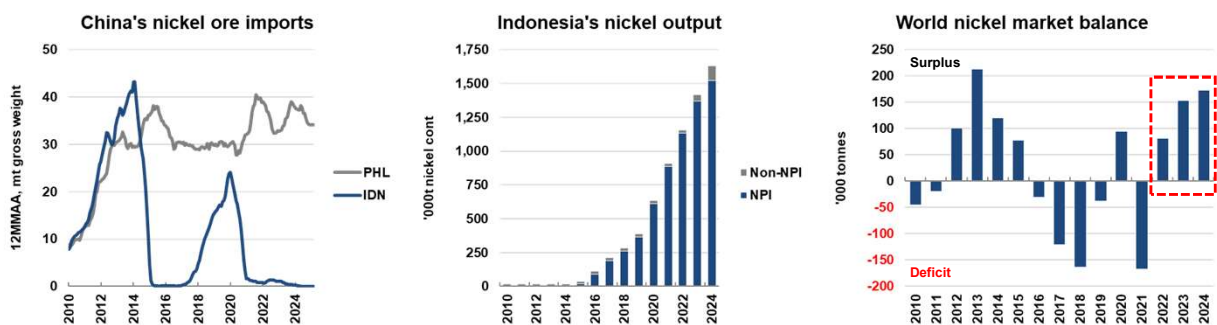
- In 2015 China's government passed regulations allowing lead smelters to import silver bearing concentrates for toll processing
- Subsequently proportion of 'silver' concentrates in total lead and silver concentrates imports has risen, reaching 57% in 2024

Note: HSC 2607.00.00 – lead ores and concentrates. HSC 2616.10.00 – silver ores and concentrates
Source: China Customs, TDM, Concord Resources Limited, April 2025

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Examples of policies affecting trade

Indonesia export controls >> nickel market impact



- In 2014 and 2020 Indonesia banned export of nickel ores (most had been sold to China) to encourage investment in local processing
- Indonesia's primary nickel production has surged in last decade, topping 1.5mt in 2024, but pushed world market into heavy surplus

Note: HSC 2604.00.00 – nickel ores and concentrates. NPI – nickel pig iron
Source: China Customs, CRU, TDM, Concord Resources Limited, April 2025

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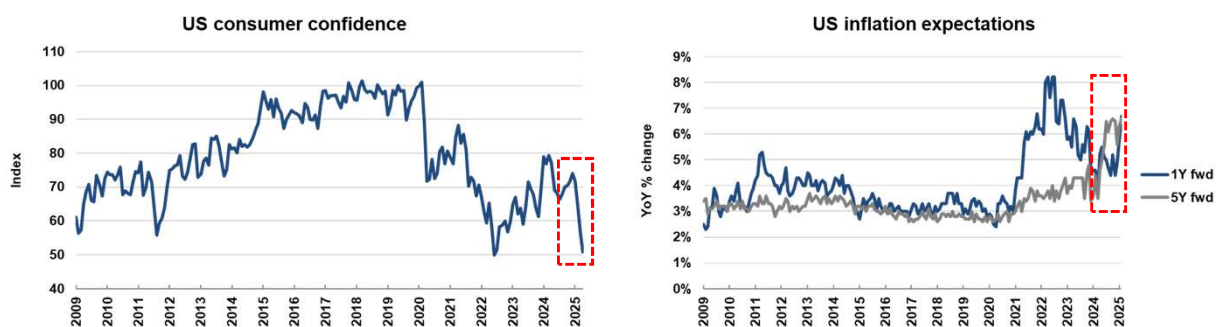
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Current policies and consequences

US consumer confidence down, inflation expectations up



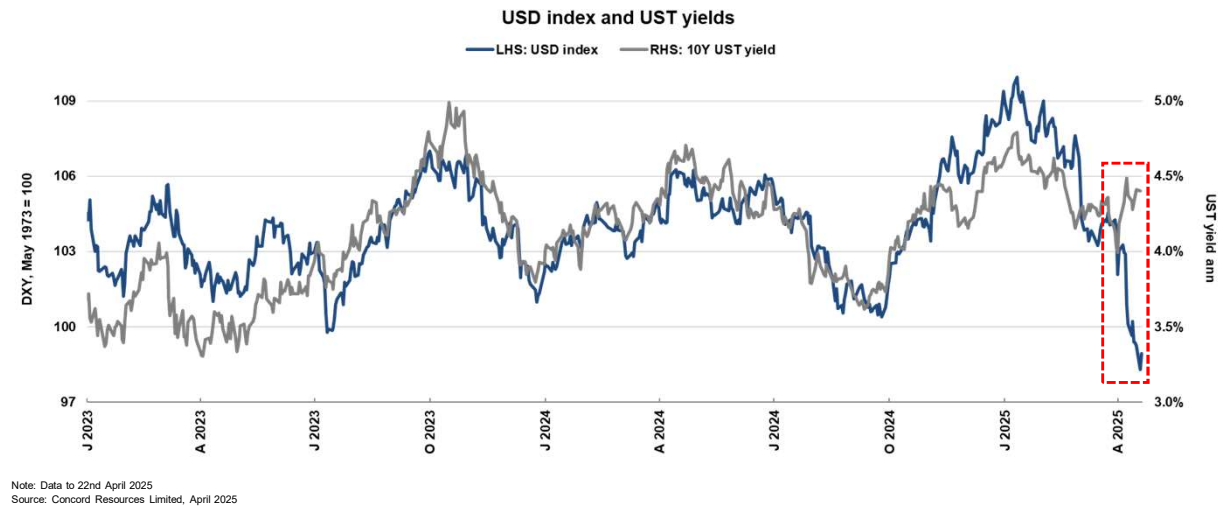
- US consumer confidence index has dropped sharply to its second lowest level since GFC in 2009
- 2025 has started with sharpest 2-month jump in US consumer expectations of 1-year forward inflation since before GFC

Note: Inflation expectations – mean monthly data points
Source: UoM, Concord Resources Limited, April 2025

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Current policies and consequences

Wider economic worries well reflected in unusual disconnect between USD and UST yields



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The impact of policy on base metals trade flows

Summary

1. **Trade and industrial policies of China, USA and Europe will likely be most important for flows of base metals and concentrates**
2. **Policy changes (well-advised or otherwise) will likely open up new and / or close current arbitrage opportunities and risks**
 - Tariff changes / export controls may have most immediate impact but are not the only policies that matter long-term
3. **Physical traders' whole business is based on bridging arbitrage opportunities to improve resource allocation**
 - Market and news monitoring to anticipate possible policy changes, and distinguish signal from noise, more important than ever
 - Key role for research in mapping range of prospective outcomes from policy changes to decision making / positioning in markets
 - Keep in mind criticality of people and soft skills; information, knowledge and attention to detail for effective execution
4. **Overall economic environment matters, of course, and current outlook has declined**
5. **More volatility can be anticipated with present approach to policy making**

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Our markets: every step of the supply chain

	Aluminum	Copper	Zinc, lead, nickel	Alumina, bauxite	Precious metals
Metals					
Products	<ul style="list-style-type: none"> • P1020 • Billets • Alloys • Rod 	<ul style="list-style-type: none"> • Cathode • Copper rod • Concentrates 	<ul style="list-style-type: none"> • SHG & CGG zinc • 397 & 49s lead • Primary nickel • Concentrates 	<ul style="list-style-type: none"> • SGA • Raw bauxite 	<ul style="list-style-type: none"> • Gold • Silver • PGMs
Origination	<ul style="list-style-type: none"> • Consignments • Prepays/financing • Off-take/marketing • Tolling 	<ul style="list-style-type: none"> • Consignments • Prepays/financing • Off-take/marketing • Tolling 	<ul style="list-style-type: none"> • Consignments • Prepays/financing • Off-take/marketing • Tolling 	<ul style="list-style-type: none"> • Swaps • Prepays/financing • Off-take/marketing • Tolling 	<ul style="list-style-type: none"> • Off-take/marketing • By-products from concentrates
Storage / logistics	<ul style="list-style-type: none"> • LME system • Warehousing • Shipping 	<ul style="list-style-type: none"> • LME system • Warehousing • Shipping • Blending 	<ul style="list-style-type: none"> • LME system • Warehousing • Shipping • Blending 	<ul style="list-style-type: none"> • Warehousing • Shipping • Blending 	<ul style="list-style-type: none"> • Vaulting
Consumers	<ul style="list-style-type: none"> • Aerospace • Automotive • Construction • Packaging 	<ul style="list-style-type: none"> • Wire and cable • Tubing • Brass • Smelters 	<ul style="list-style-type: none"> • Galvanizers • Battery makers • Stainless & alloy steelmakers 	<ul style="list-style-type: none"> • Refineries • Smelters 	<ul style="list-style-type: none"> • Banks • Smelters

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