

Mineral Industry Surveys

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LEAD IN JANUARY 2002

Domestic mine production, based on the net quantity of lead recovered from concentrate, increased by 12% in January compared with that of December. Secondary refinery production decreased by 6% in January, and reported consumption was down by about 4% in January compared with the previous month.

According to Platts Metals Week published quotations, the average North American producer price and the average London Metal Exchange (LME) cash price (U.S. dollars) increased by 0.21% and 6.17%, respectively, compared with that of December.

Demand for lead in North America was down in January, as a generally weak market persisted for industrial batteries and original equipment starting-lighting-ignition (SLI) batteries. The slow rate of automotive battery failures and consequent weaker demand for replacement automotive SLI batteries continued, prompting some in the industry to remark that they were unable to recall an overall milder winter than had been experienced thus far in 2001-02. In Europe, cold weather across most of the Continent from late December through mid-January increased the demand for replacement automotive batteries and initiated an increase in the flow of spent batteries to the secondary smelters. As a result of the strong replacement battery sales during this period, it was anticipated that a significant decline in demand for replacement batteries would occur during the approaching spring season (CRU International Ltd., 2002).

The National Defense Stockpile (NDS) monthly cash disposal (sale) of lead in January was 320 metric tons (t) (353 short tons). Sale of lead through the first 4 months of fiscal year 2002 (October 2001 through September 2002) was 1,690 t (1,863 short tons).

The Defense National Stockpile Center (DNSC) recently issued an amendment to its Solicitation of Offers (DLA-LEAD-004) for an additional long-term offering of lead. The amendment solicits offers for the sale of approximately 5,000

t of lead through one or more contracts with a contract period of 360 calendar days. The offering was held on January 12 (U.S. Defense National Stockpile Center, 2002a).

On January 30, the DNSC announced its intention to hold an industry meeting to discuss proposed changes in the manner in which lead, as well as tin and zinc, would be sold from the NDS. The DNSC proposal would convert the current monthly negotiated or sealed bid sales format for these metals to one that permits more frequent sales offerings via the Internet. Under the new format, the DNSC would no longer reveal details of the final sales. In addition, credit and exposure limits would be imposed on bidders that would require them to submit details of their finances. The DNSC meeting with interested parties was held in New York City on February 12. According to a DNSC spokesperson, additional comments, concerns, and suggestions on the proposal could also be submitted to the DNSC through the end of the first week in March (U.S. Defense National Stockpile Center, 2002b; Metal Bulletin, 2002b).

The U.S. Environmental Protection Agency (EPA) recently proposed a rule that would affect the regulation of new uses for certain lead-containing chemicals in aerosol spray paints. This significant new use rule (SNUR), covered under the Toxic Substances Control Act, section 5(a) (2), pertains to six chemicals, five of which contain lead. These include lead salts in chromic acid or sulfuric acid, lead-containing compounds of molybdenum and molybdenum-chromium oxide, as well as the paint pigment C.I. Pigment Red 104. The action proposed by the EPA in this SNUR would require persons who intend to manufacture, import, or process any of these chemical substances for use in aerosol spray paint for nonindustrial, indoor spray application to notify the EPA at least 90 days before commencing such activities. Upon notification, the EPA then would evaluate the intended use, and if necessary, prohibit or limit the activity (U.S. Environmental Protection Agency, 2002).

In another action by the EPA, the Agency reportedly intends to alter its approach to the assessment of metals and the determination of their inclusion in the Agency's rules and regulations. The EPA's concern in this matter has been prompted by the considerable interest shown in the application of persistence and bioaccumulation assessments to metals in EPA actions, such as the recent Toxics Release Inventory (TRI) lead rulemaking (U.S. Environmental Protection Agency, 2001). Initially, the EPA will develop an Action Plan to identify the primary elements to be addressed and to establish a framework for a review process. This framework will establish guidance for the EPA's program offices as to the manner in which the various environmental properties of metals, such as persistence, bioaccumulation, and toxicity (PBT) are to be addressed, in assessing the hazards and risks of metals and metal compounds. The EPA intends to submit the Action Plan to its Science Advisory Board (SAB) for consultation by April 2002, followed by an SAB peer review upon full development of the plan. The EPA also intends to request the SAB to review the specific issue of whether the PBT chemical framework applied in the TRI lead rulemaking would result in a classification of lead and lead compounds as highly bioaccumulative. Both SAB reviews are expected to be completed by June 2003. Opportunities for stakeholder participation in the development and review of the Action Plan will be available during the entire process (International Lead Zinc Research Organization, 2002).

Metalico, Inc., Cranford, NJ, and Mayfield Manufacturing Co., Birmingham, AL, recently announced plans to merge their lead fabrication units. The new company will be named Mayco Industries LLC with Metalico assuming administrative and financial responsibilities for its operation. Metalico's lead fabrication plants are located in Atlanta, GA, and Granite City, IL, and Mayfield's plant and headquarters are located in Birmingham. Metalico will continue to produce lead shot as a separate entity and independently operate its Santa Rosa, CA, lead products plant. Metalico's secondary lead smelters in Tampa, FL, and College Grove, TN, were not included in the merger transaction (American Metal Market, 2002b).

Glencore International AG reportedly will close its Porto Vesme primary lead smelter in Sardinia, Italy, for 2 years in order to conduct necessary maintenance work. According to a Glencore spokesperson, the facility would be revamped so that both primary and secondary lead could be processed. Details were not available regarding future production levels at Porto Vesme or the projected source of scrap feed material. The current lead production capacity of the smelter is 100,000 metric tons per year (t/yr) (American Metal Market, 2002a).

Australia's Pasmenco Ltd. recently decided to withdraw the sale of its Century Mine. According to a Pasmenco spokesperson, although there was considerable interest in the mine, the offers received from prospective buyers did not reflect the retention value of the asset. Pasmenco planned to

continue working with its administrators and its creditors to agree on a form of company restructuring that would enable it to move out of administration. In 2001, the processing of ore at the Pasmenco Mine yielded 888,000 t of zinc concentrate and 70,000 t of lead concentrate (Platts Metals Week, 2002a).

In China, the Chizhou Non-Ferrous Metal Group reported that it was in the process of commissioning a new 50,000-t/yr refined lead production line at its facilities in Guichi City, Anhui Province. The addition of this line will increase overall lead output at the plant to 60,000 t/yr. Officials from Chizhou further noted that the construction of an additional 100,000-t/yr production facility was scheduled to begin in early 2002 and was expected to be completed by the end of the year (Metal Bulletin, 2002a).

China's Shenyang Industrial & Technologies Co. (formerly Shenyang Smelter) plans to resume lead production by 2003. Environmental issues at the Shenyang plant had forced it to be closed in mid-November 2001. Current plans, drafted by the municipal government in Shenyang, would have the smelter relocated to a suburban site from its present urban site. However, no firm decision has been made regarding the exact location or production capacity of the new plant. The lead production capacity of the present plant is 80,000 t/yr, but only 20,000 t were produced in 2001 as a result of significant reductions in the workforce during the year (Platts Metals Week, 2002b).

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TABLE 1
SALIENT LEAD STATISTICS IN THE UNITED STATES 1/

(Metric tons, lead content, unless otherwise specified)

	2001				2002 January
	2000	January	December	January - December	
Production:					
Mine (recoverable)	457,000	42,900 r/	35,400	450,000	39,500
Primary refinery	341,000	NA	NA	NA	NA
Secondary refinery:					
Reported by smelters/refineries	1,120,000	88,200	92,400 r/	1,090,000	87,200
Estimated	--	891	933 r/	11,000	880
Recovered from copper-base scrap e/	16,100	1,250	1,250	15,000	1,250
Total secondary	1,130,000	90,300	94,600 r/	1,110,000	89,300
Stocks, end of period:					
Primary refineries	18,600	NA	NA	NA	NA
Secondary smelters and consumers	70,000	63,600	86,100 r/	86,100 r/	83,600
Imports for consumption:					
Ore and concentrates	31,200	2,240	--	2,240	NA
Refined metal	356,000	25,500	18,200	271,000	NA
Consumption:					
Reported	1,720,000	132,000 r/	125,000 r/	1,550,000 r/	120,000
Undistributed e/	--	13,000 r/	12,200	153,000	11,900
Total	1,720,000	145,000 r/	138,000 r/	1,700,000	132,000
Exports:					
Ore and concentrates	117,000	2,190	17,100	181,000	NA
Bullion	32,100	1,040	--	3,470	NA
Wrought and unwrought lead	48,500	5,410	1,750	34,700	NA
Ash and residues	11,300	81	2,220	14,200	NA
TEL/TML preparations, based on lead compounds	6,110	26	7	3,470	NA
Exports (gross weight): Scrap	71,600	7,740	8,070	108,000	NA
Platt's Metals Week North American producer price (cents per pound)	43.57	43.64	43.66	43.64	43.75

e/ Estimated. r/ Revised. NA Not available. XX Not applicable. -- Zero.

1/ Data are rounded to no more than three significant digits, except prices; may not add to totals shown.

TABLE 2
MONTHLY AVERAGE LEAD PRICES

	North American producer price cents/lb	LME		Sterling exchange rate dollars/£
		\$/metric ton	£/metric ton	
2001:				
October	43.61	467.62	322.19	1.451378
November	43.67	486.09	338.60	1.435610
December	43.66	482.84	335.01	1.441265
Year	43.57	453.58	300.08	1.515869
2002:				
January	43.75	512.63	355.67	1.441270

Source: Platts Metals Week.

TABLE 3
CONSUMPTION OF PURCHASED LEAD-BASE SCRAP 1/

(Metric tons, gross weight)

Item	Stocks		Consumption	Stocks
	December 31, 2001	Net receipts		January 31, 2002
Battery-lead	9,340 r/	84,400	81,300	12,500
Soft lead	W	W	W	W
Drosses and residues	2,630	4,060	4,130	2,550
Other 2/	1,610 r/	1,860	1,920	1,550
Total	13,600 r/	90,300	87,300	16,600
Percent change from preceding month	XX	+6.4	+4.3	-10.4

r/ Revised. W Withheld to avoid disclosing company proprietary data; included with "Other." XX Not applicable.

1/ Data are rounded to no more than three significant digits; may not add to totals shown.

2/ Includes solder, common babbitt, antimonial lead, cable covering, type metals, and other lead-base scrap not elsewhere classified.

TABLE 4
LEAD, TIN, AND ANTIMONY RECOVERED FROM LEAD-BASE
SCRAP IN JANUARY 2002 1/

(Metric tons)

Product recovered	Secondary metal content		
	Lead	Tin	Antimony
Soft and calcium lead	49,400	--	--
Remelt lead	W	W	W
Antimonial lead	19,100	W	W
Other 2/	W	W	--
Total lead-base	87,200	48	470

W Withheld to avoid disclosing company proprietary data; included in "Total."

-- Zero.

1/ Data are rounded to no more than three significant digits.

2/ Includes cable lead, lead-base babbitt, solder, type metals, and other products

TABLE 6
CONSUMER AND SECONDARY SMELTER STOCKS, RECEIPTS, AND
CONSUMPTION OF LEAD 1/

(Metric tons, lead content)

Type of material	Stocks	Net receipts	Consumption	Stocks
	December 31, 2001			January 31, 2002
Soft lead	43,200 r/	68,900	69,400	42,800
Antimonial lead	28,500 r/	26,900	27,000	28,400
Lead alloys	W	24,400	23,700	W
Copper-base scrap	W	210	217	W
Total	83,500 r/	120,000	120,000	83,600

r/ Revised. W Withheld to avoid disclosing company proprietary data; included in "Total."

1/ Data are rounded to no more than three significant digits; may not add to totals shown.

TABLE 7
U.S. EXPORTS OF LEAD, BY CLASS 1/

(Metric tons)

	2001			
	2000	November	December	January - December
Lead content:				
Ore and concentrates	117,000	10,200	17,100	181,000
Bullion	32,100	13	--	3,470
Materials excluding scrap	48,500	2,730	1,750	34,700
Ash and residues	11,300	19	2,220	14,200
TEL/TML preparations, based on lead compounds	6,110	37	7	3,470
Total	215,000	13,000	21,100	237,000
Gross weight: Scrap	71,600	9,510	8,070	108,000

-- Zero.

1/ Data are rounded to no more than three significant digits; may not add to totals shown.

Source: U.S. Census Bureau.

TABLE 8
U.S. IMPORTS OF LEAD BY TYPE OF MATERIALS AND BY COUNTRY OF ORIGIN 1/

(Metric tons, lead content)

Country of origin	General imports				Imports for consumption			
	2000	2001			2000	2001		
		November	December	Year		November	December	Year
Ore, matte, etc.:								
Canada	(2/)	--	--	--	(2/)	--	--	--
Mexico	13,000	--	--	--	12,600	--	--	--
Peru	10,800	--	--	--	1,720	--	--	--
Other	42,700	--	--	11,200	16,800	--	--	2,240
Total	66,400	--	--	11,200	31,200	--	--	2,240
Base bullion:								
Colombia	65	--	--	--	65	--	--	--
Pigs and bars:								
Australia	36,000	--	5,980	18,300	36,000	--	--	18,600
Canada	216,000	10,900	10,400	167,000	216,000	10,900	10,400	167,000
China	72,100	--	7,650	53,100	72,100	--	7,650	56,300
Germany	537	--	--	120	537	--	--	120
Mexico	18,400	551	197	12,400	18,400	551	197	12,400
Peru	1,790	--	--	2,330	1,790	--	--	2,330
Other	3,540	--	--	3,260	11,700	--	--	14,500
Total	348,000	11,400	24,200	256,000	356,000	11,400	18,200	271,000
Reclaimed scrap, including ash and residues	25	--	--	203	25	--	--	203
Grand total	415,000	11,400	24,200	268,000	388,000	11,400	18,200	274,000

-- Zero.

1/ Data are rounded to no more than three significant digits; may not add to totals shown.

2/ Less than 1/2 unit.

Source: U.S. Census Bureau.