Acidspar markets ride out the storm at Fluorspar 2014 conference

The fluorspar sector in 2014 has been subdued for many companies, leading to cautious market sentiments for many delegates attending this year’s Industrial Minerals Fluorspar conference in Miami, USA, 11-13 November.

At the start of 2014, industry participants were optimistic that the coming year would show signs of a recovering market. However, fluorspar prices and consumption remained quiet throughout the year, leading to tighter margins for existing businesses and a lack of finance for project developers.

Andres Mugica, CEO of leading fluorspar miner and fluorochemicals producer Mexichem Fluor, kicked off the conference with a keynote paper on global market trends and Mexichem’s future strategies.

Mugica touched upon regulatory issues affecting the acid-grade fluorspar and fluorochemicals markets. These included the US Department of Commerce’s anti-dumping action against imports of certain Chinese fluorinated refrigerants. The DOC ruled in October 2014 that US imports of HFC-134a from China would be subject to duties of 280.67%.

Meanwhile in Europe, from 2017 the mobile air conditioning (MAC) units of all new cars and vans produced can only contain fluorinated refrigerant gases with a global warming potential (GWP) of less than 150. This is likely to lead to higher use of HFC-152a (GWP of 124), and certain hydrofluoro-olefins (HFOs) that have GWPs of close to 1. Other restrictions on the use and sale of fluorinated gases are due to come into force in the EU. Mugica pointed out that similar legislation could be introduced in Japan and China.

Outlining Mexichem’s strategy, Mugica said the company aimed to become an integrated producer along the whole fluorochemicals value chain. Currently the company mines fluorspar and feeds this into hydrogen fluoride (HF) and some downstream fluorochemicals. Mexichem is now planning diversification into fluoropolymers and fluoroelastomers, which Roskill forecasts will have some of the highest market growth rates.

Fluorspar prices were discussed by Andy Miller of Industrial Minerals Data, who pointed out that acidspar exports from Rotterdam were at four-year lows. The fluorspar market has been characterised by overcapacity and oversupply since 2011. As the market has sought to reduce stockpiles, there has been a corresponding decrease in fluorspar prices. This situation has the greatest implications for high-cost miners and fluorspar development projects.

China is the largest producer and consumer of fluorspar worldwide. Lampson Liu, vice president of China Commodity Data Group, discussed the economic and policy changes in China. Liu pointed out that fluorspar export tariffs were abolished following the ruling by the World Trade Organization (WTO) in 2013. The government is cleaning up China’s fluorspar industry and integrating small mines; by the end of 2013 the number of fluorspar mines had fallen to 1,028, held by 700 companies.
The domestic industry in China faces a number of challenges, not least decreasing ore quality. Liu explained that prior to 2010, the average conversion rate of fluorspar ore to fluorspar concentrate was 2.7t to 1t. Since 2010, the average conversion rate has been 3.8t to 1t.

An increasingly important source of fluorspar supply is Mongolia, which was addressed by several papers over the course of the two-day event. Munkhbazar Dorj of the Mongolian Fluorspar Association said close to 50 fluorspar miners are now operating in Mongolia with a combined production capacity of 1.8Mtpy. Eight processing facilities are operational with a further seven planned for 2014-2015, and two more in 2015-2016.

The largest Mongolian fluorspar miner is the Mongolian-Russian joint venture Mongolrostsvetmet (Monros), which produces 500,000tpy of ore and 130,000tpy of fluorspar concentrates.

Although market activity has been subdued for several years, the fundamentals remain promising for fluorspar use in steelmaking, aluminium and downstream fluorochemicals, where there are few viable replacements. Several new mining projects were discussed at the conference including Berkh Uul in Mongolia, Fluorita Exportadora de Mexico, and Hastie Mining’s developments in the USA.

Further downstream, Gulf Fluor updated delegates on the progress of its aluminium fluoride and hydrogen fluoride project in the UAE. Gulf Fluor has been developing the world’s largest anhydrous HF and AlF₃ plant, with 53,000tpy of AHF capacity and 60,000tpy of AlF₃ capacity, since 2007. Most of the AHF is used captively for AlF₃ production. Radwan Qaddadeh, Gulf Fluor’s general manager, said that commissioning was 83% complete with 140tpd of AHF currently being produced. The project is well-located to supply aluminium smelters in the Middle East and further afield.

Roskill’s Fluorspar: Global Industry Markets and Outlook report profiles major producers and projects, an assessment of key market trends and an outlook for supply, demand and prices.

This latest edition is available at of £3800 / US$6100 / €4800 from Roskill Information Services Ltd, 54 Russell Road, London SW19 1QL ENGLAND. Tel: +44 20 8417 0087, Email: info@roskill.co.uk Web: www.roskill.co.uk/fluorspar

##ENDS##

Note to editors
Roskill Information Services Ltd. of London, UK is a leading provider of multi-client and bespoke market research services to the minerals and metals industry. The fluorspar report provides a detailed review of the industry, with subsections on the activities of the leading producing companies. It also analyses consumption, trade and prices.

For further information on this report, please contact Kerry Satterthwaite, ksatterthwaite@roskill.co.uk or +44 20 8417 0087.