



# EUROPEAN REFRACTORIES PRODUCERS' FEDERATION

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## European Conference on EU's Trade Policy on Raw Materials - prices for refractory raw materials continue to increase -

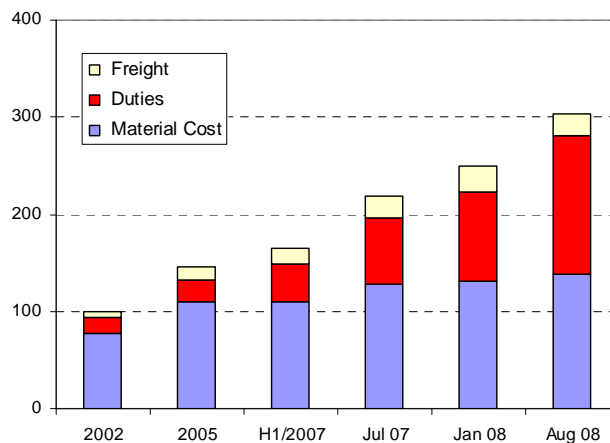
"A vigorous refractories industry in Europe is essential for the strategic independence of the European materials industries. In order to ensure this strategic role, the European refractories industry needs a ready access to Chinese raw materials, and at conditions which are identical to those of their Chinese competitors." This message was brought today by Mr Robin Schmidt-Whitley, the incoming President of the European Refractories Producers' Federation PRE, at a conference on Europe's trade policy on raw materials organised by the European Commission.

### Continued price increases and insecurity of supply

Due to increased demand and the rise in the cost of energy, the prices for nearly all refractory raw materials worldwide are steadily increasing. In addition to the unprecedented price rises already reported on in 2007, raw materials have further appreciated dramatically with an average of another 30 % in the last year alone. These price increases are the highest for refractory raw materials imported from China, mainly magnesia and bauxite. Refractory **Bauxite** has even **increased by more than 200 % within the last twelve months**. At the same time **supply contracts** are being reduced to a monthly or even weekly basis, adding considerably to the insecurity of supply. These developments place the refractory industry in Europe in an ever more difficult situation.

### China's raw materials policy is unfair

The exports of raw materials such as magnesia, bauxite, and graphite from China are subject to quotas, to auctioning of export licences and to various forms of taxes. None of these costs are borne by Chinese domestic producers. As an example, since 2002, magnesia prices have increased by more than 200% for international buyers, but only by 80% within China. Due to licensing and taxation of exported raw materials, Chinese domestic producers of magnesia bricks therefore have a significant cost advantage in European and other export markets.



PRE is asking that all efforts should be undertaken so that European producers have access to raw materials at identical conditions to their Chinese competitors. Should this not be possible in the short term, then the European authorities should take the necessary countermeasures in order to restore a fair competition.

Brussels, 29 September 2008