

HBIA – The HBI Producers Association

Nearly two years ago, representatives of several HBI plants got together with the idea of creating an association to promote the use of their products. Since then, they have been successful in drafting a charter, hiring an executive director and the association is now actively carrying out a number of activities aimed toward achieving their goals.

The HBI Association held its Annual General Meeting in Miami, Florida this past February. Attendees at the meeting included representatives from the producer members of BHP-Billiton, CAL Cliffs and Associates, Comsigua, Orinoco Iron and Venprecar; as well as associate members from Ferrostaal, HYL, Koeppern, Lurgi and VAI. The HBI Association Board meeting was followed by a reception for the membership and guests.

The Association President, Alberto Hassan, President and CEO of Orinoco Iron, convened the Annual General Meeting and provided welcoming remarks to the Association.

The HBI Association Executive Director, Ralph Smailer, provided organizational information to each



member company containing relevant documents of the association such as By-laws and membership lists as well as a newly prepared brochure outlining the member companies. Also included were statistical data concerning world production of iron, DRI and HBI.

Discussion regarding membership criteria resulted in the expansion of associate members to include both iron ore companies and transportation

companies. Invitations to participate in the association will be sent to these organizations by the Executive Director.

Marketing reports were prepared by members to cover the following worldwide regions: North America by Ingrid Fermin, Venprecar; Europe and world overview by Gerhard Cip, VAI and Asia/Southeast Asia by Tom Albracht, BHP-Billiton. These presentations served to focus discussion on target areas for expansion of the consumption of HBI products by the steel producing community.

The work of the association will mostly be conducted by the membership through participation in the following committees: Promotion and Value In Use, Standards, Transportation & Storage, Melting, and Safety & Environmental.

Mark Voorham and Paul Eagles of Ship Management & Transportation Ltd. provided an invited presentation on “The Carriage of HBI”. This presentation was well received by the membership and prompted an active discussion session.

A priority action is to create a web site for the association that may present information to both the membership and interested parties. Some of the items to be initially developed include HBI production statistics, a pamphlet on transportation of HBI, and a reference bibliography of published literature relating to HBI, its production and use.

Those interested in contacting the HBIA may direct their inquiries to:

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A follow up meeting, to review the preliminary work of the committees was recommended by President Alberto Hassan to be held during June 2002. A second general meeting of the membership is to be convened in October 2002 in conjunction with the ILAFA meeting in Cancun, Mexico.

HBI Market Prices Rise

The following note was published by Metal Bulletin on May 30 of this year.

Recent rises in HBI market prices could encourage higher production from Venezuelan producers, which are currently working at close to 55-60% of their total capacity of 8.9m tpy, DRI seller sources reported.

However, producers should be wary of boosting output, as this would limit potential price increases in a market whose longer-term prospects remain uncertain, well-placed sources in the USA told MB.com. "There is also a danger of overstating the level of the recent price rises", one seller said. "Recent reports that shipments have been made at \$110-112 a tonne fob Venezuela to the New Orleans area are true. However, it must be stressed that this price was gained only for small cargoes - possibly of 20,000 - 25,000 tonnes, for which a premium would be payable - and are therefore not representative of the market".

"The typical HBI market prices are \$105-106 a tonne fob Venezuela and \$110-115 c&f New Orleans. This represents an increase of \$15-20 a tonne since the start of the year", the seller said.

Prices have increased by a similar amount in the Asian markets, including in Indonesia and other locations where availability is described as short, the sources said.

However, there is potential for HBI prices to rise further over the next few months as Brazilian fob pig iron prices are seen holding firm for the time being at \$126-130 a tonne, they said.

Venezuelan HBI producers Comsigua and Opcos are expected to produce more this year than last when they effected stoppages both for maintenance and due to market slackness. Comsigua is reportedly working at its full 1.2m tpy capacity, as is the 815,000 tpy Venprecar.

Posven, hit by an industrial dispute last year, should also increase output this year. The 2.2m tpy Orinoco Iron said it would continue working at its current 50% capacity rate of 1.1m tpy until at least the end of this year. .

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