

INTERVIEW

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Lead recycling, supply from China, likely spelled doom for New Brunswick smelter

By John Chilibeck

Glencore's decision to close its big smelter in Belledune - the last entirely lead smelter in North America - means the operation will likely never come back, says a respected U.S. mining analyst.

That's partly a result of a new trend in favour of lead recycling that has overtaken the western world's traditional lead markets, and partly due to competing smelters emerging in China.

Industry analyst Mickey Fulp, who has more than 50,000 followers on Twitter and writes an industry blog called mercenarygeologist.com, says the last primary lead smelter in the United States, the Herculaneum, closed in 2013, in Missouri. It is still home to one of the biggest lead mine districts in the world, but the ore is mostly shipped to China. And now a different kind of plant in Missouri has replaced the smelter - a lead recycling operation for new car batteries.

"Lead is toxic right? And the North America industry has gone more toward lead recycling," Fulp said in an interview from New Mexico.

"Worldwide the amount of lead mined over the last five years has gone down 20 per cent, while consumption has gone up 10 per cent. And the reason is in North America and Europe we recycle almost 100 per cent of our lead-acid batteries for cars and trucks."

The closure of Brunswick Smelter has thrown some 420 people out of work in the economically ravaged north of the province.

The only remaining primary lead smelter in Canada is in Trail, B.C., run by Teck, but it is a combined zinc and lead operation, not an entirely lead smelter.

Glencore, one of the top-ranked Fortune 500 companies, has three other lead smelters throughout the world, in Kazakhstan, Italy and Australia. The international company's half-year financial report published Aug. 7 states that it made a \$226 million US profit in the first six months of this year, down substantially from the same period in 2018 when it posted \$2.8 billion US in profit.

Alexis Segal, a spokesman from Glencore Canada, told Brunswick News this week that lead smelting is changing worldwide, with most new smelters being built in China.

"The western world lead smelters that are not linked to a captive mine are all suffering," Segal said.

Labour costs are cheaper in China, Fulp pointed out, where plenty of what are called "teapot" smelters have sprung up, which are smaller and more polluting.

According to the federal Department of Natural Resources, China contributed close to 42 per cent of the world's refined production of lead in 2017, with Canada only producing a measly 2.4 per cent.

Meanwhile, most of the total refined lead production in Canada -55 per cent - came from four recycled lead smelters serving the car battery market.

It also noted that Canadian mine production of lead had plunged from about 100,000 tonnes in 2008 and closer to 14,000 tonnes in 2017.

Fulp blamed labour strife and higher environmental standards for Brunswick Smelter's woes.

"You've got a seven-month strike on an operation that's lost \$90 million over the last three years. I would say those union workers probably ended up cutting off their noses to spite their faces here. Also, the fact they had 280 workers in the plant and 200 workers in the office. That's an administratively overloaded operation."

The company, however, insists that neither the prolonged strike nor the cancellation of an acid plant - part of a critical upgrade -had anything to do with the smelter closing.

"That part of the smelter was approaching its end of life and the replacement of it was due in the coming years," Segal said in an email. "Even if we had invested during last summer on phase 2 of the refurbished acid plant, it would not have changed the decision to close the smelter."

Holding out hope that Brunswick Smelter could be converted to a lead recycling facility is futile, warned economist David Robinson, who teaches at Laurentian University in Sudbury, Ont.

Competition is intense within that market, with two lead recyclers in Quebec and plenty of others in the United States. On top of this, smelters use a lot of fossil fuels to generate intense amounts of heat to melt down product. Thanks to increasing carbon taxes, smelter operations are under pressure to switch to electricity.

"Where do you find the cheapest electricity in Canada? In Quebec," Robinson said.

The smelter's closing also raises questions about the Caribou mine, operated by Trevali, a company that still digs up lead and zinc in the province's northeast. It employs 284 workers full-time and another 84 private contractors full-time.

Trevali CEO Ricus Grimbeek told the Daily Gleaner the Caribou mine was processing 3,000 tonnes of lead and zinc a day. All the concentrate, he said, is sold directly to Glencore. The lead goes to Brunswick Smelter and the zinc to other Glencore operations.

But Grimbeek said he had no concern about losing that business when the nearby smelter closes at the end of this month.

"We have a contract with Glencore, but I don't know where they send it. That's their job, not mine. They pay us for what we send them."

Segal said Glencore would start shipping the lead concentrate from Caribou to its own smelters overseas or smelters operated by other companies.