VDM international report

Why an international edition?
The metal trade is international, the members of the VDM are trading around the world. Since the VDM was founded 111 years ago, for decades only German speaking companies from Germany and Austria were members. Over the last 25 years many companies from foreign European countries have joined the VDM, for example from Belgium, the Netherlands or Switzerland. But globalisation progresses further. Nowadays we also have companies from the English speaking area, e.g. the London Metal Exchange (LME), the Mitsui Bussan Commodities Ltd. or the CME Group, whom the copper exchange COMEX in New York belongs to. In addition more and more companies belong to international company groups whose board of directors often does not speak German.

One more reason is the cooperation of the VDM on an international level. This applies to our political contacts in Brussels or worldwide as well as to our close cooperation with other associations in the framework of the Bureau of International Recycling (BIR) or the European Industries Confederation (EuRIC). Even our partner association Minor Metals Trade Association (MMTA) speaks English in an official capacity.

Nowadays the VDM is the largest trade network for non-ferrous metals in Europe. Our member companies come from the fields of trade, recycling and production. About 2,000 people visit our events annually; furthermore we offer networking meetings in cooperation with the Economic Chamber of Non-Ferrous Metals and Recycling (IGMNiR) in Poland. We would therefore keep with the times by offering regular information services in the English language in addition to the multitude of information provided in German (newsletters, VDM Magazine).

VDM active in Alliance Fair Competition
The increasing replacement of medium-sized businesses by state-owned companies has to be stopped. More and more communal corporations get involved in the economic field and become a competition for private companies. Now in general there is nothing that speaks against competition as long as it’s fair. And there’s the rub. Government-controlled companies have numerous advantages as opposed to the private competitors. For this reason eleven strong trade associations in Berlin founded the “Alliance Fair Competition”. The VDM is also part of this initiative, which set the goal to make political bodies and the public aware of this danger for medium-sized businesses.

Fact is: For years the economic activity of the state has been increasing on the communal level and has doubled in the space of a comparably short time period. The turnover of communal companies in Germany reached a new record with 314 billion in 2014, which is almost the equivalent of the federal budget. In proportion to the GDP it has by now reached almost eleven percent.
VDM - Networking and trading metals

The VDM was founded 1907 / 1914 in Berlin and Hamburg. Today we are a modern lobby and service association providing services for the whole metal industry. Its member companies cover the whole range of processes involved in non-ferrous metals, from production to trade to recycling. Primary metal, by-metal and alloy traders are at home there as well as companies belonging to the non-ferrous metals recycling industry. The VDM represents the interests of more than 230 member companies, which together comprise approximately 80 per cent of the metal trade in Germany and Austria. Counting the numerous subsidiaries of the member companies, the VDM covers about 700 locations in Europe.

Producers and smelting operations make up as much a part of our members as samplers, LME brokers and other specialists from the metal industry. The turnover of our member companies (not including broker and exchanges) ranges between 25 and 30 billion euros, they employ about 25,000 people.

The VDM has eight special fields whose managers oversee the content-related work of the association. The representatives of the companies on the management board and on the committees provide the political direction and technical input. The VDM offices in Berlin, Brussels and Vienna facilitate close contact to political bodies. Our international network establishes contacts all around the globe.

Our committees

In the committees of the VDM, metal industry experts represent and discuss the specific interests of the member companies. Each committee is led by two honorary representatives of the member companies and by one division manager of the VDM administrative office. The committees are an important part of the association work, because professional discussions about all topics significant to the industry are held in their meetings.

In the Metal Exchange Committee all relevant topics concerning the LME and other exchanges are discussed. Not only metal traders and producers participate, but also numerous brokers and representatives of the exchanges itself. Dialogue with the LME is important because the lion’s share of worldwide metals hedging is executed through the LME. Complex questions concerning tax and financial policy are topics for the Tax Committee.

The Environment Committee brings together the environment experts of our member companies. Without the professional preparation of our experts the numerous European and national environmental regulations - from waste legislation to aerial and water legislation to licensing issues - would be barely comprehensible for medium-sized companies. The committee works out practical guidelines and professional statements for the political bodies in Berlin and Brussels.

The Special Metals / Ferroalloys Committee offers a forum for companies involved in these areas, from A for Antimony to Z for Zirconium.

The Metal Academy

Qualified and competent employees are necessary requirements for entrepreneurial success. Ongoing education puts you on a level playing field with the competition, so we offer our members a wide range of topics at specialist training sessions, seminars and workshops. With our juniors’ programme, we educate and secure the younger generation in and for the metal trade. This way we specifically support a qualified personnel development in your companies.
Metal traders with stagnating expectations

Compared to the beginning of the year, the VDM business climate index slightly decreases at the beginning of the second quarter 2018. While the companies continue to judge their prospects from predominantly positive to unchanged, only five percent of the companies currently rate their situation as positive (as opposed to 20 percent in the previous quarter).

Reasons for such a breather, compared to the consistently positive year 2017, are among others the uncertainties of the events in the USA and China concerning global and trade politics. Especially the import duties of the USA on steel and aluminium have severely unsettled the industry. The slowdown of the German industry, which expresses itself in the decrease in production of 1,6 percent in the industrial, supply and construction sector, also constitutes as a reason for the stagnating expectations.

In regards to the metal prices it is predicted that particularly the prices for nickel, copper and zinc will increase. On the other hand industry experts expect falling prices for aluminium, tin and lead. From the point of view of the companies, the whole average metal price level will not increase for the time being.

Contrary to the assumption that a declining index value means that the situation of the metal trade is evolving negatively, the VDM assumes that the high-price phase has only taken a break. “The world market with all of its technology and developments continues to primarily need non-ferrous metals – this will not change. Customs and political measures only unsettle the market temporarily”, VDM CEO Ralf Schmitz states.

Petra Zieringer new President of VDM

On the 26th of April 2018 the general meeting of the VDM in Vienna took place and a new managing board was elected. With a large majority Petra Zieringer (Zirec Kabelaufbereitungs-GmbH) was elected as the new president of the VDM. She is taking over the position from Thomas Reuther (Trimet Aluminium SE), who in turn is leaving the managing board after 15 years.

Petra Zieringer is the managing director of the Zirec Kabelaufbereitungs-GmbH in Bensheim. She is currently running the family business in its third generation.

“In the future personal interaction and direct communication should once again play a bigger role. Not only technical matters and disputes are solved faster this way – in between the flood of news, rules, requirements and regulations one forgets that in the end it is about people. This applies to business as well as political exchanges – in any case a focus on more respect, fairness and honesty is an additional benefit for society”, Petra Zieringer said in her inaugural speech.

The new managing board: Ralf Schmitz (VDM CEO), Marc Thompson (GMH Stachow-Metall GmbH), Achim Lindhorst (Siegfried Jacob GmbH & Co. KG), Michael Planger (Wilhelm Raven Euro-Metall GmbH), Murat Bayram (EMR European Metal Recycling GmbH), Petra Zieringer, Marion Finney (Aurubis AG), Dieter Likuski (Wilhelm Grillo Handelsgesellschaft mbH), Helmuth Nagl (Salzburger Metall & Kabelverwertungsge.m.b.H.), Michael Diekmann (Wachtmann Rohstoffhandel GmbH), Peter Kasimir (Curef GmbH Metall- und Kunststoffhandel) and Heiko Neuffer (Otto Müller GmbH, not in the picture).
Demand for sensible handling of „conflict minerals“

Due Diligence in the supply chain has gained importance in recent years. Nowadays consumers want to know under which conditions metals that are used in basic commodities like phones or computers, are extracted. At the same time the awareness of the industry for this topic has significantly increased over the past years. More and more frequently customers of the non-ferrous metals industry demand proof of compliance with environmental and social standards as well as of a conflict-free origin of minerals.

The requirements generally diverge. In practice different quality standards often require companies having double structures when conducting due diligence – increasing the risk of losing manageability. Business initiatives help the industry to ensure due diligence in the supply chain and to meet the requirements of the consumer. They locally audit and certify mines and provide assistance to improve the conditions in these specific countries. The initiatives check different criterias like human rights, environmental standards or occupational safety and try to further develop the mines and enhance their standards.

At present there are also numerous commercial as well as political initiatives and projects, all of which target the supply chains of our companies. Among other things the Dodd-Frank Act has been in force since 2010, the EU-Regulation (EU) 2017/821 concerning conflict minerals takes effect in 2021. In addition, the political activities at federal level have considerably increased in recent years. As an industry rich in raw materials the non-ferrous metal industry is particularly affected by the initiatives.

The German non-ferrous metal economy welcomes the intention to improve due diligence in the supply chain. In this connection the industry has been advocating the extracting of metals under humane conditions for a long time.

Different criteria used in the evaluation and the sheer quantity of different political strategies make it considerably more difficult to carry out efficient inspections. Experiences with the US-American Dodd-Frank Act have shown that more bureaucracy has not affected much change in the areas concerned. Rather the developments are of an opposite nature. Feared damage both financially and to their reputation the companies withdraw from certain areas. This especially concerns small-scale mining and often mines which extract raw materials under reasonable conditions.

From the point of view of the VDM the EU regulation overshoots its mark. In practice it is not feasible because in reality many requirements are hard or impossible to implement. Furthermore it already becomes apparent that some states negate the regulation and issue false proof of origin. The VDM appeals to the EU commission and parliament to pay more attention to future regulations being more viable as well as reasonable. Especially the numerous unanswered questions in the regulation pose an incalculable risk for the industry.

European Recycling Conference 2018 in Berlin

EuRIC – the European Recycling Industries’ Confederation – in partnership with VDM, BDSV, BVSE – organise the second edition of the European Recycling Conference, on 10 September 2018, in Berlin. Gathering traders, recyclers, consumers and machinery suppliers from across Europe, this conference will offer unparalleled networking opportunities. High level industry speakers will keep you abreast of the latest business and regulatory developments at European level.

Confirmed speakers include:

Dr. Andreas JARON (Keynote) – Circular Economy Legislation Unit, German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety

Mr. Murat BAYRAM – Member of the Board VDM and Head of European non-ferrous business, EMR

Mr. Pouyan DARDASHTI – Member of the Board, TSR Recycling Group

Mr. Kai BEMBENEK – Senior Sales Consultant, Tegos GmbH

In the evening please enjoy a Gala dinner at the most emblematic river cruise of Berlin.

More information and register:

www.euric-aisbl.eu