German Federation of Metal Traders (VDM)

A strong alliance since 1907 in Trading - Recycling - Production

Who we are and what we provide

Primary metals - Recycling - Minor Metals - Ferroalloys
The VDM is 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 225 member companies (as of 1st July 2017), 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. Since 2016 the London Metal Exchange has also been a member of the VDM. The turnover of our member companies (not including the LME) 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.
Non-ferrous metals are an essential part of our lives, traces are even found in the human body. We need two to three milligrams of copper a day to keep up our body’s resistance. It is used in the biological generation of energy of our cells and facilitates the production of haemoglobin. The same is also true for other metals. Our recommended daily intake should therefore also contain 10 to 15 mg of zinc, less could lead to health disorders. Metals are key materials for highly technological applications. Nearly 70 million tonnes of non-ferrous metals are used around the globe every year, nearly 10 per cent of that in Germany. Life without them has become inconceivable.

Nowadays aluminium is the most widely used non-ferrous metal. The light but strong material, which does not rust, reduces the dead weight of cars, track vehicles, aircrafts and ships, thereby making a significant contribution to energy saving and the reduction of emissions.

Lead starts our cars - around 80 per cent of global demand is for the manufacture of starter batteries. Because of its high density, lead also protects doctor and patient from unwanted radiation in radiography.
Copper has high electric conductivity, which makes it an ideal conduit for electricity, heat and information. Without copper there would be no computers, mobile phones or consumer/entertainment electronics. In the age of modern communication copper has become indispensable. And of course, the red metal also has an important role in the construction industry.

Nickel is primarily used in the production of alloys. Steel in conjunction with nickel and chrome becomes “stainless” steel. The material is extremely resistant against rust, heat and acids. Even small additions of nickel increase the solidity and durability of steel.

Zinc is most commonly used in steel galvanising because zinc protects from rust and decay. But zinc alloys are also important, the best example being brass, a copper zinc alloy. Zinc can be found in many aspects of our daily lives; a wide range of drugs and cosmetic products contain this metal.

Metals are the raw materials of progress. Without copper, silver or bronze, ancient civilisations would have been unthinkable and industrialisation during the second half of the 18th century would not have been possible. Metals remain indispensable for modern economies. This is particularly true in relation to Europe. Leading European industries like car manufacturing, chemicals, electronics, semiconductor manufacturing, or mechanical engineering depend on a constant supply of metallic resources in order to continue production. These resources form the beginning of a widely ramified value-added chain. Without metals the growth engines of the German economy would stand still and Germany would not be the world leader in export.
WHO WE ARE

AND WHAT WE PROVIDE

**LOBBYING**

The VDM is an important link between politics and economy in Berlin, Brussels and Vienna. We are active in the centres of political activity and introduce our expert and industry knowledge of the metal trade into political and economic decision processes. Constant dialogue with political bodies and administrations is a basic element of our lobbying work.

**INFORMATION**

We keep you updated and informed about current industry topics, i.e. price developments or current information in the areas of law, environment, taxes, customs, LME or export trade by providing information services and sending out about 300 newsletters annually. Additionally you regularly receive the VDM Magazine and invitations to training sessions and informative meetings. Online information like our website or our social media presence on Facebook and Twitter complete our service.

**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. Since 2016 we have also been offering a degree course: “Business Administration Metal Trade” (VDM).

**NETWORKING**

A good network and personal contacts are essential in the metal industry. For that reason we offer annual regional meetings in Aachen, Leipzig, Cologne, Freiburg, Hamburg and Munich in addition to our general meeting. Occasionally there are also meetings in other European countries. Depending on the region, between 180 and 800 people participate in the meetings. The VDM is therefore the European market place for the metal trade, where traders can get to know each other and engage personally while cultivating business relationships.

**CONSULTATION**

One of the most significant aspects of the support we give our members is direct dialogue. Therefore we offer competent advice on all industry specific topics - whether it is individual advice on a single issue, on arbitral court and arbitration processes or to provide help with a certification. If requested, we will include your topics in the VDM committees, visit local administrations or make contact with external experts who can help in individual cases. Confidentiality is a given in any case.

**ARBITRAL COURT**

The VDM has its own arbitral court. While in earlier years the arbitrators chosen in the general meeting had to primarily mediate disputes between trading companies in the framework of arbitration proceedings, today their skills are sought-after by ordinary courts. Judges often pick up the phone to ask our experts for advice.
Europe is not rich in geological resources, almost all metallic resources have to be imported. For this reason metal trading in Germany and Europe as a whole has special significance. It has to be conducted in a global, fast and reliable manner to guarantee sufficient quantities of non-ferrous metals so that Europe can continue manufacturing. The metal trade has always been geared towards global markets. Aluminium from Australia, copper from Chile, lead and zinc from North America, tin from Brazil, or titanium from South America - the shopping list of the metal trade spans the world.

The centre of the international metal trade is London. The London Metal Exchange (LME) is regarded as the most important trading centre worldwide – it sets the prices of non-ferrous metals for global reference. Today, metals are still traded in ‘ring trading sessions’, the first session begins at 11.45 AM local time. Each metal at the LME is traded for a set five-minute period. In addition, the 24h electronic trade (LME select) has also long since established itself at the LME.

The LME has 3 key functions:

- Pricing. The LME sets the internationally accepted reference prices, which are used worldwide by producers, traders and processors in their physical contracts.
- Price hedging. Through hedging, price risks can be secured by the use of futures at every stage of production, processing, trade and consumption of metals.
- Delivery. The LME has a network of licensed warehouses, in which traded metals may be physically stored. The physical fulfilment of contracts however – together with futures trading – only constitutes a small share of the LME’s turnover.

The VDM maintains a constant dialogue with the LME and is represented in several of the LME’s committees through its members. Since 1963 the VDM has had its own Metal Exchange Committee, which regularly addresses all relevant issues in relation to the LME. Since 2016 the LME is a member of the VDM.
Limited metallic raw material resources and an increase in demand for metals have lead to worldwide competition for scarce resources. Europe has very few metal ore deposits. Its dependence on the import of metals as well as primary raw materials from ores and concentrates is therefore great. This makes the recycling of non-ferrous metals, in a closed-loop sense, all the more important.

Metal recycling permanently secures the raw material basis so important for our economic development. Non-ferrous metal recycling therefore forms the second key area of the VDM, alongside the primary metals trade. Our members buy scrap and metal residues from collection points or pre-suppliers and then sort, recycle, and market re-usable batches according to type. The most important buyers are metallurgical plants, smelters and the semi-product industry in Germany, Europe and other parts of the world.

Metals have one big advantage when it comes to recycling: They can generally be used and re-used without loss of quality from the recycling process. A copper cathode from a secondary smelter is identical to one manufactured from primary product.

Recycling scrap metals means saving energy. Only around 5 % of the energy necessary to produce a tonne of aluminium from bauxite is needed to produce a tonne using secondary raw materials. The energy balances of other metals are equally impressive. Depending on the material and process, energy savings of up to 80 % may be achieved with lead, about 75 % with zinc and about 70 % with copper. Scrap metal recycling is therefore less energy-intensive than the extraction and production of primary raw materials. The recycling of non-ferrous metals reduces the annual CO₂ emissions in Germany considerably. Recycling can take on many different shapes. Within the VDM the quality communities “Cable Recycling” and “Electronic Scrap Recycling” have been formed. Their members are all certified specialist companies working to the highest standards.
Aside from the trade in light and non-ferrous metals as well as the non-ferrous metal recycling industry, the trade in “specialities” constitutes the third main branch of the VDM. This not only includes ferroalloys, but the whole spectrum of special metals. Electronic metals like gallium or selenium are as much a part of it as chemical metals such as antimony and lithium. Rare earth metals like scandium and fissile metals like radium are also offered by our traders.

We see base metals like aluminium and copper in many aspects of our daily lives. Special metals and ferroalloys, by contrast, are not very well known, although they are vital to many sectors. Gallium, for example, is used in light emitting diodes and solar cells and lithium is of growing importance to the battery industry. Scandium’s main area of application is laser technology, where it is employed in the manufacture of laser-crystals and laser-rods. Radium is used in nuclear medicine.

The spectrum of the chemical and physical properties of these metals is vast. The sourcing and handling of these specialities therefore requires extensive specialist knowledge. The companies organised in the VDM are active in the global markets and make an important contribution to supplying the European economy with these raw materials.
The VDM is an association registered in Germany. Every three years its members choose an honorary management board which makes fundamental political decisions. The team of the VDM administrative office implements the decisions made by the management board and is responsible for the daily business of the association. You will find a list of the current members of the management board on the VDM website, www.vdm.berlin.

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 are discussed. Not only metal traders and producers participate, but also numerous LME brokers and representatives of the Exchange itself. Dialogue with the LME is important because the lion’s share of worldwide metals hedging is executed through the LME. Among the topics discussed are trading conditions at the LME as well as its warehouse policy and fee structure.

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.

Complex questions concerning tax and financial policy are topics for the Tax Committee, where the tax experts of our member companies are involved. They regularly discuss current special topics in regard to taxes which concern the metal industry and try to find solutions on a political level. In this respect, working together constructively with the German Treasury Department is essential.

The quality associations Cable Recycling and Electronic Scrap Recycling unite our experts in both of these special areas of the metal recycling industry. Both quality associations work on standards for their areas and discuss common problems, with issues concerning technology being paramount. Both quality associations have released their own publications (only in German), which can be requested from the VDM.

About 80% of the Austrian metal trade is represented at the VDM. The Working Group Metals Austria offers these companies a platform where the specific problems of these member companies can be discussed. Even though most of the Austrian laws are based on EU-guidelines, their application in the Republic of Austria is usually different than in Germany. For this reason the VDM is also situated in Vienna and works together closely with the Austrian Chamber of Commerce (WKÖ) and other Austrian associations. Maintaining a dialogue with administrative bodies and the government in Vienna is important to us.

The tasks of the Raw Materials Policy Committee are varied. Its members observe events in the metal markets, analyse topical developments and help to shape demands on governments. The dialogue with government and administration is also very important. Main topics are: European national raw material policy, conflict minerals and trade policy. To this end, the committee regularly invites speakers from these fields.

The Special Metals / Ferroalloys Committee offers a forum for companies involved in these areas, from A for Antimony to Z for Zirconium. Internationally, the committee works together with the Minor Metal Trade Association (MMTA) in London.
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A LOOK AT THE HISTORY OF THE ASSOCIATION

The official founding date of the VDM is the 8th May 1907, even though legal registration into the register of associations under the name VDM might have only happened in 1911/12 (the founding file was lost during the war). The founding happened through two predecessor organisations in Hamburg and Berlin, both aimed at establishing metal exchanges in Germany. They were supposed to be competition for the London Metal Exchange which had opened in 1877.

FOUNDING IN HAMBURG

On 7th February 1907, a meeting of people involved in the metal trade in Hamburg took place in room 14 of the Hamburg stock exchange. Max von Schinckel, head of the Chamber of Commerce, welcomed the people present and gave a short overview of the reason which had led to the convening of the meeting. The formation of a Hamburg metal exchange had been suggested by various circles of the Hamburg trade. For this reason the Chamber of Commerce wanted to give the interested parties the opportunity to discuss the pros and cons of such a proposal. The majority of the interested companies were positive about the opening of a Hamburg metal exchange and decided to found an association whose main purpose lay in working towards the creation of such an exchange. The association was founded on 8th May 1907 with its first chairman the Hamburg entrepreneur and senator Franz Heinrich Witthoefft. The "Verein der am Metallhandel beteiligten Firmen in Hamburg" was in all probability never recorded in the register of associations and it presumably existed until the middle of the last century. However, it can still be considered as one of the forerunners of today’s VDM.

FOUNDING IN BERLIN

Around the same time there were similar endeavours in Berlin to those in Hamburg. Berlin had already been one of the most significant metal trading centres at the turn of the century. As the seat of an electricity industry with worldwide recognition and many brass mills and foundries, the capital of the Reich had the world’s highest copper consumption. Furthermore Berlin was one of the most important trade and consumption areas for scrap metals. In Berlin people also saw the necessity to create a counterbalance on the continent to the major London copper market. Long-standing members of the trade community established a permanent deputation in 1907, aimed at advancing the establishment of a copper exchange. Additionally interest in a metal exchange was shown by another party - at the suggestion of Upper Silesian zinc smelting plants and a Frankfurt metal trading company, the management of the Diskonto Company filed a motion for the introduction of an official fixing for the zinc trade. On 30th June 1907, several well-established trading companies applied to the management of the Berlin commodity exchange to open a general metal exchange. Their efforts to establish an exchange were supported by the Verein der Metallgroßhändler e.V., which had been regularly organising get-togethers for its members at which business had been conducted since 1909. From 1911 meetings had been taking place in the Berlin exchange and on 8th June 1911 copper futures trading began – although, according to sources, it was not officially recognised at first. This happened when copper futures trading was approved in Berlin on 6th June 1912. The development in Berlin was especially driven forward by Norbert Levy, who is known as one of the main initiators of the Berlin metal exchange and the VDM. Levy presided over both organisations as a founder chairman.

IMPERIAL ERA AND WEIMARER REPUBLIC

After the above mentioned associations in Berlin and Hamburg had been founded, there now existed two metal trader associations which saw as their task the creation and support of the metal exchanges in Germany. It was in this period that cooperation between traders grew beyond the common bond of the exchange; it was soon recognized that a joint
representation of interests would be beneficial. As a result, the metal trading companies involved in the exchange trade came together and formed the Verein Deutscher Metallhändler e.V. (VDM) in Berlin. The first president of the VDM was the Councillor of Commerce Norbert Levy from Berlin, who carried out this office until his death in 1928. His successor was Adolf Schoyer, also from Berlin. Levy and Schoyer both belonged to important Jewish metal trading families that were active worldwide. The role of Jewish families in the metal trade is described in a contemporary paper as follows: “We should call attention to one remarkable aspect, which is that the major metal trade – as in perhaps no other line of business – finds itself exclusively in Jewish hands… Jews have always played a big role in this line of business, most of the big metal trading companies are old companies, their owners came from the same branch of trade and slowly but surely built up their own businesses.”

During this time two events happened which were really important for the VDM. Firstly, the founding of the German metal exchanges, and secondly, the drawing up of standard terms and conditions of business for the metal trade.

Only a few years after the VDM was founded, the productivity of its members was put to the test and the German metal trade passed admirably. The First World War with its highly increased armour production significantly increased demand for metal. The metal exchanges in Berlin and Hamburg were closed while an unprecedented wave of scrap metal buying set in. After the War, the metal trade was facing enormous difficulties. After all, before the First World War the German metal trade had enjoyed a leading role on the world market but this was completely lost due to the war. Furthermore the loss of numerous international relationships had an extremely negative effect and only with great effort was it possible to restore lost contacts after the war. The German metal exchanges were only reopened in 1925.

**NATIONAL SOCIALISM PERIOD**

After the national socialists seized power in 1933, Adolf Schoyer had to give up his position as president of the VDM. Many VDM members, especially ones like Schoyer from Jewish families, were being persecuted. Great names of the German metal industry emigrated and created new existences for themselves in other countries. In 1934 all associations in Germany lost their functions, they became - with other names - part of the German Working Front. From 1934 the function of the VDM was transferred to the specialist group Metals, within the subgroup Scrap Metals. However, the VDM was never formally disbanded. In § 2 of the statute of the specialist group it says: “It is the task and duty of the specialist group to advise and supervise the members assigned to them by the economic group on their specialist area as well as to support their professional matters under consideration of the overall interests of the industrial economy and the protection of public interest.” From 1934 the director of the specialist group Metals was consul Hans Kroeger from Lübeck. For the secondary metals sector a specialist subgroup Scrap Metals under the direction of the Frankfurt metal wholesaler Carl Ludwigsen was formed. A certain continuity in the work was maintained by
keeping the existing management of the association. Rearma-
ment beginning in the thirties increased the demand for metals 
considerably. Trade soon became subject to governmental in-
terference, leading to an absolute regimentation of trade by the 
government in 1933. On 24th May 1944 a day-time attack was 
carried out on Berlin. The metal exchange and with it the admi-
nistrative office of the specialist group were heavily damaged

ALLIED OCCUPATION

Dr. Rudolf Müller, the director at the time, witnessed the end of 
the war at the relocated administrative office in Lautenthal / 
Upper Harz. Old member files show that even in the trials and 
tribulations of the year 1945, a continuous contact between 
the administrative office and the member companies was 
maintained. The specialist group Metals existed beyond the 
war, under the direction of consul Kroeger, until autumn /winter 
1945, since the allied occupation forces needed a certain time 
to disband the specialist group organisations formed in 1934.

Soon after the end of the war, Dr. Müller seized the intiviative 
to resurrect the old VDM. A first newsletter was sent to the 
metal trading companies on the topic "organisation of the 
metal wholesale market" on 7th November 1945. It became 
clear very quickly from the responses of the companies that 
the metals trade was also interested in an immediate rebuil-
ding of the VDM. As a consequence of the political situati-
on in the postwar period, the re-establishment of the VDM 
was only possible in the British zone and under a different 
name. The formal foundation of the "Fachverband Metallhan-
del (former Verein Deutscher Metallhändler e.V.) was agreed 
upon on the 11th of October 1946. In the following months 
tenacious discussions were held about the future structure 
and direction of the association and only on 1st October 
1948 did the specialist association change its name back to 
"Verein Deutscher Metallhändler e.V.".

The early years were affected by government regulation, the 
occupation forces and the imminent dismantling of manufac-
turing plants. In the British zone for example, the administra-
tion department for non-ferrous metals (VANEM) was created 
and on 1st May 1946 implemented "the non-ferrous metal di-
rective I concerning acquisition, clearance and consumption 
in order to ensure an ordered metal industry in the British con-
trol area". A further testimony to the management at the time 
is the price list for raw and waste materials of 1948.

THE VDM FROM 1948 UNTIL 2018

Shortly before the Federal Republic of Germany was founded, 
the VDM moved from Launenthal to Wiesbaden. The reason 
for this change of location was that Frankfurt was expected 
to become the next federal capital. The association came to-
gether for its first regular general meeting after the war on 
20th May 1949 in Bad Kissingen. The reorganisation of the 
association came at the right time. After the currency reform 
in 1948 restrictions of free trade were receding and the last 
regulation concerning the management of metal expired in 
1955. In the years before that, the LME had begun trading 
in copper and other metals again and therefore established 
conditions for transparent pricing. Metals trading was now 
benefiting from the general economic upswing.

In the sixties and seventies trade was becoming increasingly 
more European. The gates to the world markets were slowly 
being opened and the European Economic Community beca-
me the European Union. Trade barriers within Europe were 
removed. In April 1979 the seat of the VDM was relocated 
from Wiesbaden to Bonn, the federal capital at the time.

In 1985 the metals market was rocked by the tin crisis. The 
International Tin Council declared bankruptcy, leaving debts 
of more than £900 million. The tin market collapsed worldwi-
de. As a result tin trade at the LME ceased until mid-1989. On 
one hand the tin disaster ended discussions about smoothing 
out or rather limiting price fluctuations on commodity markets 
through commodity agreements, on the other a far-reaching 
reform process of the venerable LME was initiated.

In the eighties Europe developed a new environmental aware-
ness, ecology became an integral part of the metal industry. 
International environmental laws, like for example the Waste 
Shipment Regulation, henceforth dictated daily business to 
a large extent. The VDM accompanied its members on their 
way to an ecological, resource-saving recycling economy.

On 3rd October 1990 the German Democratic Republic 
(GDR) joined the Federal Republic of Germany. Many compa-
nies that had been in the communist sphere of control were 
now able to join the VDM. As a result of German unity, the 
seat of the association was relocated from Bonn to Berlin in 
June 2006 and the name of the association was changed to 
"Verband Deutscher Metallhändler" (VDM). On 1st Septem-
ber 2007 the VDM opened its European office in Brussels, 
which is still today being operated alongside WV Metalle. In 
April 2013 the "Arbeitsgemeinschaft Metalle Österreich" was 
founded with its seat in Vienna. In 2018 the VDM celebrates 
its 111th year - the association which was established for the 
purpose of creating a metal exchange in Germany has beco-
me a modern lobby and service association with members 
from many European countries.
The VDM and its strong partners

Politics are a complicated process. Not only parliaments and governments are players in political trade, but also political associations which in most states have explicitly been given rights of participation in political decision-making. In Germany alone there are already about 15,000 associations, 8,500 of them are managed by a professional administrative office. The estimated number of lobbyists in Brussels is 13,000. In the face of these numbers, it is obvious that being successful is only possible when one looks for allies. Only by working together is it possible to make the interests of the metal industry heard in order to contribute to a sensible raw materials policy.

International

The European Union has great influence in all areas of the legislative process. Today almost all important laws have their origins in Brussels. For this reason the VDM is a member of the European Recycling Industries’ Confederation (EuRIC). EuRIC is the umbrella organisation for European Recycling Industries. Owing to its strong network of Member European and National Recycling Associations, EuRIC acts as the trusted interface between the industry and the European Union and serves as a platform for information, cooperation and exchange of best practices on all European recycling matters.

On a global level the VDM is a member of the Bureau of International Recycling (BIR). Here the managing directors of the national associations also meet regularly in order to discuss the most important topics concerning recycling. Central topics are trade and environmental policy.

National

The VDM is a member of the federal association Großhandel, Außenhandel, Dienstleistungen (BGA), an umbrella organisation in the German Economy which has over 70 member associations. Furthermore we are a partner of the WV Metalle, the representation of the German metal industry. In the recycling sector we work closely with numerous specialist associations of the recycling industry and issue combined statements when appropriate.

Trading in non-ferrous metals doesn’t just mean dealing with the raw material – it also means understanding all stages in the metals value chain. While the member companies of the VDM cover the raw materials sector, the members of the Wirtschaftsverband Großhandel Metallhalbzeug (WGM) are involved in the trade of non-ferrous semi-finished products. Their product lines include metal plates, pipes, rods and profiles. Since 1948 the VDM and WGM have been working together in a shared administration office.