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Norilsk Nickel Seeks to Expand to Asian Market

By The Moscow Times

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Production sends sparks flying at Norilsk Nickel, a top metals company.

The world's top producer of palladium, Norilsk Nickel, is in negotiations to sell a substantial amount of palladium and sister metal platinum to Chinese and Japanese buyers on a long-term contract, Vedomosti reported Monday.

Norilsk Nickel reported $5.6 billion in revenue in the first half of 2013. Palladium accounted for 19 percent of the company's revenue, while platinum accounted for 10 percent.

Norilsk's CEO and co-owner, billionaire Vladimir Potanin, has said that Asia could be an alternative to Western clients if stricter U.S and European Union sanctions are imposed. Europe and North America account for 65 percent of Norilsk's revenue, while Asia is only 25 percent of the mining giant's market. Pavel Fyodorov, deputy chief executive and head of sales and marketing at Norilsk, confirmed to the Financial Times that any deals with Chinese buyers would be in yuan, China's national currency.

South Africa had been another top supplier of platinum and palladium, but strikes beginning in January curtailed production and raised global prices. Norilsk leads production, with 43 percent of the world's palladium and 14 percent of the world's platinum coming from its mines.

Even before strikes in South Africa reduced global output, demand for both metals outstripped supply. Both metals are used primarily for catalytic convertors for use in the automobile industry, although they have a variety of chemical uses.

Norilsk earlier this year signed a long-term agreement with market leading German chemical company BASF, supplying palladium and platinum in exchange for a prepayment of $400 million.

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