



Wei Cui, managing director

Normag GmbH was founded in 2002 through a merger between Hong Kong Great Wall Trading Development Ltd's business in Europe and Germany's CITIC Europe Resources GmbH, a Chinese state organisation which had cut out trading activities to focus on its core business in the financial sector.

The aim of the new company was to develop the trade of magnesia and to enlarge the product range. Normag has since become a leading European supplier of industrial minerals such as alumina, bauxite, flint clay, fluorospar, graphite, magnesite, spinel, talc, mica, cenospheres, wollastonite and recarburisers to the refractory, foundry, steel, paper, plastic, fertiliser, environment and construction industries.

What developments have you planned at Normag?

As a European company with a Chinese background, it is logical that our main sources of supplies are of Chinese origin. Our new arm Normag Minerals GmbH, formed in April 2010, actively focuses on the refractory, steel and foundry industries. With this new structure, we can provide more individual services to different markets.

A further development is that Normag GmbH is also sourcing raw materials for Chinese consumers. I believe this will be a new growing sector for us.

How do you see the trader's role?

The world is getting smaller and more transparent. But the 'know-how' in sourcing, logistics, quality control and financing is still needed by both producers and consumers.

For small and medium-sized consumers and suppliers, using a trading company as local supplier is yet the most efficient way.

We position ourselves as the extended arm of producers and consumers working transparently, fairly and profitably for all, and bearing in mind that a delivery agreement is always a compromise of both parties' interest.

Normag GmbH

Normag's managing director **Wei Cui** discussed with **IM** about raw material opportunities in Mongolia and North Korea and its new refractory and foundry arm

We also have the function to provide security of deliveries, especially when cargoes come from emerging markets with export quotas. This issue is getting more important, as the market is now much more unstable and volatile.

What factors have most impacted the market lately?

If we are talking about minerals from China, it has to be the export license system as well as increasing costs of energy and environmental protection. These factors have dramatically reduced availability and increased prices.

What are the most popular minerals?

For Normag it is definitely magnesite and new semi-finished materials made from magnesite.

There are many different industries which use magnesite and still a lot of research work is done to discover new application areas. For a company like Normag, it is very interesting and challenging to serve so many different markets.

But challenges also occur owing to different reasons: such as domination from one source; hard competition from several different producers; export quotas from the Chinese government, although the black market comes into play from time to time; and extreme price fluctuations due to export quotas and marketing policy of the big producers.

What are the challenges in finding new sources?

The main challenge is to find the right product for the right customer. It is also to provide technical support and carrying out development work together with consumers and producers is important. Normag cooperates with independent technical consultants to achieve this goal.

I believe Mongolia and North Korea will become more important as mineral suppliers as both countries have excellent sources of minerals including magnesite, fluorospar, and graphite. Normag is strongly involved in these areas and we can confidently handle these developments with our existing structure.

What about consumers buying raw materials direct?

I do not see this as a threat - more as a challenge. As Normag is acting as the extended

arm of both parties, we bring people together: so to say we give them a comfortable and secure platform. Not to forget when all costs and risks are calculated, I believe most consumers will benefit from cooperation with us.

Most of the time, we have a stronger position than consumers because we buy different qualities for different markets and from different suppliers. I am referring in this case to China. If you want to buy magnesite from Brazil or Australia, it would be best to buy direct as the markets have a different set up.

Which countries do you see as emerging markets?

China will remain the main emerging market for sourcing. Due to the increasing cost in energy and environmental protection, we consider more and more semi-finished materials and high quality products will be produced. Compared with other sources, Chinese suppliers have better infrastructure and are very flexible.

On the consumer side, we expect growing demand from East Europe, South America and of course China, which will need more minerals for their domestic market.

Where do you see new growth applications?

Globally we see a growing demand for almost all minerals but we are in a time of demand shifting. The emerging markets need more minerals, while traditional consumer countries remain solid or even lowering demand.

A lot of European companies follow this trend and have moved their production to an emerging market. Whether we can share this development, is questionable.

In Europe, high quality raw materials, low pollution, recyclable and light weight products are the trend.

Normag expects to grow business in the plastic, environment and construction industries in the near future while traditional markets remain stable.

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