



俄乌冲突对钨制品市场与价格的影响

IMPACTS OF RUSSIA-UKRAINE CONFLICT ON TUNGSTEN MARKET & PRICE

DR. HANNS
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作者简介

厦门中钨在线科技有限公司，简称“中钨在线”，是中国第一家钨、钼、稀土行业的电子商务公司，1997年9月以我国第一家顶级钨制品网站 www.chinatungsten.com 为基础在厦门设立。中钨在线以其在钨钼制品领域几十年积累的信息数据和专业经验为基础的设计、制造，卓越的商业信誉和优质服务闻名全球业界，使其成为钨钼稀土，特别是钨化学品、金属钨、硬质合金、高比重合金、钨及钼合金领域的最佳综合应用解决方案提供商。

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BRIEF INTRODUCTION TO THE AUTHOR

As the 1st E-commerce company of Tungsten (W), Molybdenum (Mo), Rare Earth (RE) in China, China Tungsten Online Manu. & Sales (CTOMS) was founded in 1997 based on China's the 1st and top tungsten website www.chinatungsten.com. As its specialized design, professional manufacturing, excellent service and powerful information database, CTOMS is not only the most authoritative information source of Chinese and English information of W Mo and RE products globally, but also the best comprehensive application solution provider of W, Mo and RE, both chemical materials and machined products, such as tungsten oxide, metal, cemented carbide and heavy alloys.

CTOMS has been created more than 1 million web pages and WeChat information message of W, Mo and RE news, price and market research, analysis. The web news.chinatungsten.com, www.ctia.com.cn are the world's top index websites of tungsten which have received 1 billion visits from 1997.

The major business of CTOMS is to complete product design, R & D with customers and provide customers with processing and integration services. In the past 2 decades, it has provided more than 100,000 different types of W, Mo & RE products to more than 10,000 customers all over the world. Years experience and technology accumulation have laid a foundation for promoting the flexible and intelligent manufacturing of customized products.

The professional research articles and reports of CTOMS are written by Dr. Hanns, Miss Sunny Zheng, professional analyst and its marketing team. Dr. Hanns is an expert of the main market and technical research of CTOMS has been engaged in e-commerce and international trade of tungsten and molybdenum products, production and manufacturing of cemented carbide and high specific gravity tungsten alloy since the early 1990s. He is a well-known expert in e-commerce, tungsten product design, processing and Market Research of tungsten and molybdenum products in the industry with more than 30 years of experience. Miss Sunny has been committed to the research of tungsten market, creating and promoting CTOMS social media form many years. She has strong professional delicacy and sensitivity to tungsten products market and price.

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PART IX OF X

The Unfinished End

The Russia-Ukraine Conflict, The Epidemic, The Internal Entanglement, and Things of China's Tungsten

The previous seven parts of this paper have analyzed various strategies of the tungsten products industry in response to the Russian Ukrainian war on the various changes and challenges brought by the Russian Ukrainian conflict to China's tungsten products industry. At the same time, we have analyzed the difficulties and possible problems of the futures of tungsten products; It also makes a professional analysis and reminder of the so-called "Russian tungsten gold" fraud.

In the eighth part of this paper, the author hopes to put forward some foolish opinions on how China's tungsten products industry can get through the difficulties under the pressure of multiple factors such as the Russia-Ukraine conflict and the epidemic situation.



The famous film "Moscow doesn't believe in tears" familiar to many Chinese old people, but young people are not particularly impressed with Russia.





1. The Russia-Ukraine Conflict is a High Fever in The Tungsten Industry

A month after the conflict between Russia and Ukraine, the situation has not improved. The US and European sanctions are still pressing and increasing. Russia is also a consistent style. It continues to counter in political, economic, military and diplomatic aspects, bans food exports, restricts oil and gas exports to unfriendly countries, and requires unfriendly countries to use rubles to pay for goods to Russia, so as to strengthen self-defense and deal with Western sanctions. In this case, we believe that the general situation is powerful for the tungsten products industry, because the war will heat up the demand for tungsten products, drive the price of tungsten products, and may produce a climax in the tungsten products market. However, we again suggest that our tungsten products industry pay attention to the following problems and risk control:

(1) How much and how long will the future development trend of the conflict between Russia and Ukraine affect China's prices in terms of metal materials, energy, grain, chemical fertilizer and so on? Are these price increases temporary or permanent? How long will it take to spill over into the cost of our tungsten products?

(2) The United States and Europe expelled Russian banks from swift, Russia withdrew from the WTO, the United States and Europe froze Russian state and private property, Europe and the United States threatened not to allow Russia to participate in the G20, Russia asked unfriendly countries to use rubles to pay for Russia's energy... How much will a series of economic and financial tricks ultimately strengthen the status of the RMB? When will this effect appear? To what extent? What countermeasures should our tungsten products industry take in the situation that the net export of the industry is greater than the import?



China Europe train - Chengdu International Railway Port





(3) The uncertainty of shipping goods from Russia to China and the EU and Ukraine will have a great impact on the operation time of the EU-EU war. If the implementation of the EU-EU sanctions is close to the standard freight volume of 2 million yards per year, it will have to be further affected by the uncertainty of the implementation of the EU-EU sanctions, what uncertainties and challenges will it bring to the operation of tungsten products industry?

(4) If the war time is prolonged, the participants are expanded and the intensity of the war is strengthened, as a sensitive industry, all parties to the conflict, countries around the world and our government may reduce, strictly restrict or prohibit the import and export trade of tungsten products for various reasons such as protecting resources, avoiding war and reducing injury. How should we face it?

(5) If the United States and Europe list Russian products such as tungsten, molybdenum, rare earth, copper, aluminum, nickel and tin as conflict minerals and treat them as 3tg products with a row of tubes, how should we deal with them?

These problems may not only require each of our enterprises to think and come up with response plans, but also require our whole industry to have a clear understanding of this and come up with relevant suggestions and dispute strategies.

2. The Epidemic Situation is an Acute Inflammation Faced by the Tungsten Industry

COVID-19 has evolved from Delta to Omicron, and the latest virus variant has been detected as Deltacron, which has the dual characteristics of the first two and has spread around the world. In the past few years, there has been an epidemic in mainland China. From the northern part of Jilin to Shenzhen in the southern tip, the city, often called the Chinese mainland, has been severely restricted from going out. From March 14 to March 20, the city was basically closed. Shenzhen is the headquarters of large technology companies such as Huawei, oppo, ZTE and TCL, as well as the factories of Foxconn, SMIC international, Shennan circuit, Changying precision and other industrial chain companies. Therefore, at the time of upgrading the prevention and control measures in Shenzhen, the global supply chain is struggling to cope with the supply chain dilemma caused by the lack of core and the conflict between Russia and Ukraine. The current round of epidemic spread has caused a number of enterprises to temporarily stop production, and the supply chain may face more uncertainty.

Since the beginning of 2020, China Tungsten online has experienced several epidemic tests. In 2020, the initial office in Xiamen was closed for two weeks after the Spring Festival, and many colleagues worked at home for a long time; In 2020, some raw materials passed through the epidemic area on the way and were suspended from isolation, so the goods could not be transported to the production





workshop; After that, the production and transportation were interrupted due to the epidemic in Hangzhou, Shandong and Guangdong, which affected the continuity of production and the timeliness of delivery. Therefore, we take the reasonable time arrangement between purchase, supply and consumption seriously, and realize that zero inventory and minimum inventory may no longer be the best way of management and operation. Sufficient raw material surplus backup and sufficient delivery time preparation have become our better options to deal with the epidemic.



In recent days, several new coronavirus cases have also occurred in Xiamen, the city where China Tungsten online is located. Therefore, the city became nervous, various control measures were put in place immediately, and urban management, production and life immediately entered the battle mode of anti epidemic. In view of the great impact of the epidemic on Shenzhen and the global chip supply chain, we not only need to carefully consider the concentration and impact of the distribution of China's tungsten, molybdenum and rare earth industry. China's tungsten products are mainly concentrated in Zhuzhou, Hunan, Ganzhou, Jiangxi and Xiamen, Fujian. Of course, Luoyang, Henan is also one of the production areas of tungsten and molybdenum products. If these places are plagued by serious epidemics and have to be controlled for a long time or even closed, and the production of non people's livelihood stops, we can also foresee that the impact on the whole global tungsten and molybdenum products industry chain will be huge.

3. Chronic Involution in tTungsten Industry

3.1 Basic Situation of tTungsten Industry Last Year

In 2021, the national tungsten concentrate production capacity was 176,000 mts, a year-on-year increase of 1.73%, apt production capacity was 192,000 mts, a





year-on-year decrease of 2.78%, and cemented carbide production capacity was 60000 tons, a year-on-year increase of 9.09%; It is estimated that the national output of tungsten concentrate is about 138800 tons, with a year-on-year increase of 0.14%, apt output is 115,000 tons, with a year-on-year increase of 9.52%, and cemented carbide output is 50,000 tons, with a year-on-year increase of 21.95%. In 2021, the annual sales revenue of tungsten industry was 88 billion yuan, with a year-on-year increase of 18.12%; The total profit and tax was 7.4 billion yuan, a year-on-year increase of 0.68%, and the total profit was 4.3 billion yuan, a year-on-year increase of 22.86%.



Wolframite

In 2021, the tungsten market price was boosted after a long downturn. The average price of tungsten concentrate in the whole year was higher than 100,000 RMB Yuan /mt, up 21.9% year-on-year, the average price of apt was 156,000 RMB Yuan /mt, up 21.1% year-on-year, and the price of apt in Europe was 281 US dollars / ton, with an increase of more than 25%. The general significant improvement in the benefits of tungsten products enterprises is due to the simultaneous rise in the volume and price of tungsten products. In fact, it is due to the good control of the epidemic situation and the stable and substantial growth of the economy in China. It seems that the situation is very good, but we also see the prominent problems in the development of China's tungsten industry, such as the rapid consumption of tungsten resources due to the relatively large amount of mining; The proportion of low-end rough processing raw material products is too high, there are few high-end tungsten products with high technical content, and the industrial structure is unbalanced and unreasonable; At present, we are only in the competition of product output and production capacity, and lack the comprehensive solution of combination of software and hardware and the solution ability of supporting





facilities and equipment; In 2021, when the price of tungsten products is high, the profits of enterprises with resources will increase simultaneously, which just proves this problem.

Related reading: "[Tungsten Products Price Trend China,2021](#)"



3.2 The Appearance of Internal Volume in the Industry

3.2.1 Insufficient Technological Innovation

A total of 224 projects passed the preliminary evaluation of China Nonferrous Metals Industry Science and Technology Award in 2021. We regret to find that the tungsten products industry accounts for only 2%, only one first prize (key technology of wet preparation of modified tungsten based powder and its application in heat resistance / superhard), and two second prizes (metallogenic law and metallogenic prediction of Indosinian tungsten polymetallic ore in East Tianshan, preparation technology and application of cemented carbide roll ring material for temperature controlled rolling), There are only two third prizes (determination of specific surface area and particle size of metal and its compound powder, establishment of national standard for ultrasonic flaw detection, and development of national standard samples of tungsten concentrate Series). Zhuzhou Cemented Carbide Group Co., Ltd. ranks among three, which we admire.

3.2.2 Insufficient R & D Investment

Maybe our company has applied for many patents every year, but most of them are practical patents with a low degree of innovation. Maybe we have established a professional R & D team, but the attraction of talents and limited financial resources,





insufficient human resources and low intellectual density may be our weakness. After all, long-term and stable capital investment is the basic condition of innovation. For a long time, since most of our large tungsten products enterprises are state-owned enterprises and listed companies, they have to face the pressure of performance and profitability every year. Therefore, the R & D investment is relatively low. The following statistics can be seen.

Investment ratio of operating income and R & D expenses of a tungsten products listed company in China in recent two years

	2021 RMB/yuan	2020 RMB/yuan
Total operating income	31,842,491,691.62	18,963,748,093.80
R & D expenses	1,275,749,852.49	860,807,924.96
Proportion of R & D expenses	4%	4.5%

Investment ratio of operating income and R & D expenses of Sandvik in Sweden in recent two years

(MSEK)	Q4 2020	Q4 2021	Q1-Q4 2020	Q1-Q4 2021
Revenues	2,514	3,077	9,599	12,244
R&D costs	-434	-442	-1,386	-1,496
Rate			14.50%	12.22%

From the above statistics, we can know that there is a big gap between our domestic enterprises in the total R & D investment and revenue proportion of the two companies. Therefore, it is not difficult for us to understand why Chinese tungsten products enterprises with resource advantages have such huge revenue and benefit differences with them.

3.2.3 The Utilization Rate of Tungsten Resources is samll While the Export Volume is Biger

Although China has the advantages of tungsten resource reserves and the production and processing capacity of primary tungsten resources, for a long time, the rapid development and consumption of resources, low finishing capacity and few high-end products have been the hidden dangers of the sustainable and healthy development of China's Tungsten Industry and the guarantee of tungsten resources; At the same time, the national strategic reserve mechanism of tungsten concentrate is not perfect, and there is no good operation and start-up mechanism; In order to maintain their own economic development and enterprise scale, many places and enterprises have maintained the operation of backward production capacity and have not been replaced.

China is a large country in tungsten production, consumption and export. Our tungsten products enterprises consume almost half of the world's tungsten resources, and the net export volume also accounts for more than half of the international tungsten consumption every year; Therefore, the export of low-end and low-cost tungsten resources unnecessarily consumes our valuable non-renewable resources, and uses these resources





to create strong market competitors for us. Unreasonable industrial chain layout, poor competitiveness, insufficient innovation and development, few high-end tungsten products and imperfect marketing service system have always been our weaknesses and weaknesses.

Sandvik cv216 fixed vertical shaft impact crusher provides not only cemented carbide ball teeth and pick, but a comprehensive solution.

3.2.4 Capital Investment is Mostly Production Expansion Rather Than Innovation

Looking back at the past 2020 and 2021, many investments in the tungsten industry are basically the expansion of production capacity and the construction and expansion of basic infrastructure capacity; After careful investigation of some investments, we will find that the differences are basically the different manufacturers, scales and output of new equipment on the production line. However, the construction of these large-scale industrial parks and industrial parks is more like the municipal engineering construction of the local municipal government. Most of the investment is not used for the upgrading of tungsten product manufacturing technology and scientific and technological research and development, but more about how to use more resources. The previous apt capacity and actual output have shown that our capacity has been greatly surplus; Because of our resource advantages, our old thinking has always been how to expand production capacity, vigorously carry out mining and processing, and sell our primary products to competitors to develop high-end products. In this way, we can never compete with competitors who are capable of developing high-end products and providing overall solutions.

3.2.5 Involution of Tungsten Industry



The picture above shows the “Inner Scroll” writing of Chinese characters. The inner scroll has been the same as lying flat, which is a kind of life and living state of people in this era.

Inner volume is one of the most popular words in 2020. Its main meaning is that when





social resources can not meet the needs of all people, people can obtain more resources through homogenization and fierce "price war" competition; It generally refers to the phenomenon that a social, economic or cultural model stagnates or cannot be transformed into a higher-level model after it has developed to a certain stage. From this point of view, the word "inner volume" is suitable to describe our current industry status, which is worthy of our reflection and vigilance. Otherwise, we will not have many days when we can make money by "lying flat" relying on resource advantages.

Our inner volume is not only a horizontal tungsten product manufacturing enterprise, but also reflected in the internal management of the enterprise and the source, training and promotion mode of human resources, reflected in the constant ratio of inbreeding of human resources, and reflected in the operation mode and management mechanism of the enterprise.

It's just a kind of groundless worry of onlookers. The author himself has no ability and qualification to talk about the so-called involution, but it may indeed be the most serious problem in our tungsten products industry for a long time.

(THE PART IX is Finished, The PART X to Be Continued)

SUMMARY

Based on the experience of tungsten products market in the past decades and the current situation of the conflict between Russia and Ukraine, the author believes that the price of tungsten products will continue to rise in 2022, but the main factor is not traditional market factors; Therefore, in the first part, we focus on the Russian Ukrainian conflict and the military use and importance of tungsten products. In the second, third and fourth parts, we focus on the global resource distribution of tungsten products, especially the overview of Russian tungsten resources and the relationship between China's tungsten products industry and Russia. In the fifth part, we analyze the cost pressure of US dollar over issuance and fed interest generation on China's tungsten market under the background of Russian Ukrainian conflict, And the possibility of RMB strength; The sixth part discusses the particularity, feasibility, legal conflict and risk of tungsten products futures in China; During this period, we also described some recent news such as the so-called sky high price "Russian tungsten bullion" and other fraud behaviors that have occurred from time to time in recent decades, trying to give you the most clear anti fraud information. In the last part, we briefly shared some latest thoughts on the tungsten products industry in the context of the conflict between Russia and Ukraine.

