



## DEFYING ODDS

# Base Titanium exports stable despite Covid-19

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Australian mining company-Base Titanium says it exports to China which is its largest market has been stable despite the effect of the coronavirus.

The virus has disrupted the Chinese economy, the largest in the world, leading a shutdown of key sectors and industries in the last two months.

According to the Kwale based miner, exports remain stable amid a projected increase in production of all the three key minerals-ilmenite, rutile and zircon this year.

Base's general manager external affairs, Simon Wall, has said Chinese companies dealing with titanium are far from the affected areas, hence business has not been hit.

This is on the back of long-term sales contracts entered with its

buyers.

"Nothing has changed. There is no disruption on our exports," Wall said in an interview.

"Export of minerals continue as normal," he said

China accounts for more than 55 per cent of Base's exports.

This comes as the Chinese government reported positive changes in consumption despite the epidemic.

According to the Chinese Ministry of Commerce, the average daily sales of retail companies increased 5.6 per cent in late February compared to mid-February.

In late February, sales of automobiles increased 14.8 per cent month-on-month, followed by communication equipment and home appliances, which increased 11.7 per cent and 11.1 per cent respectively.

The growth is attributed to the effective control of the epidemic and the fast-paced work resumption.

"Market sales are expected to rise steadily as companies restore pro-

duction and the lives of common people return to normal," according to an update by the Chinese Embassy in Nairobi.

Base Titanium's stable business is among few positive dealings in the wake of the coronavirus pandemic which has cut down global supply chain, with Kenya's import-export business being hurt.

Base Titanium accounts for 65 per cent of Kenya's minerals output value contributing about Sh20 billion annually to the country's exports.

In the December 2019 quarter, the company shipped a total of 126,712 tonnes of minerals, 56.7 per cent up from 80,840 tonnes in quarter three.

Ilmenite accounted for 106,544 tonnes, Rutile 13,078 tonnes while Zircon exported was 7,090 tonnes. More shipments have been going out this year.

"We just loaded rutile that is going to the UK," Wall said yesterday.

The company has projected an average 12 per cent rise in production

for the year ending June, pegged on higher prospects for the three minerals.

The firm's financial year guidance projects rutile production to be between 75,000 tonnes to 81,000 , ilmenite 335,000 to 355,000 tonnes and zircon 29,000 to 32,000 tonnes.

This is an upward revision from a high of 70,000 tonnes, 350,000 tonnes and 28,000 tonnes for rutile, ilmenite and zircon.

"Production guidance increased on sustained improved recoveries and higher rutile in the assemblage," the firm notes.

High volumes easily translate to more royalties for the government, depending on global titanium prices.

Ilmenite, and the majority of rutile, is sold in bulk, with typical shipment sizes of 50,000 to 54,000 tonnes for ilmenite and 10,000 to 12,000 tonnes for rutile, which means any given quarter will usually contain either one or two rutile and ilmenite sales.

Zircon is sold in smaller parcels and sales generally align with production volume.

Product sales mix will, therefore, vary depending on the number of bulk shipments of ilmenite and rutile in each quarter.

Titanium ore minerals accounted for 66.1 per cent of the total value of mineral output, the Economic Survey 2019 shows, which increased by 5.9 per cent from Sh28.7 billion in 2017 to Sh30.4 billion in 2018.

Export price per tonne of titanium ore and concentrates rose by 5.5 per cent to Sh27,249 in 2018.