

Cost of Critical Metals for Submarine Construction Climbs During Ukraine Crisis



The Bystrinsky Mining and Concentration Plant is the largest greenfield project in the Russian metals industry. *WIKIPEDIA / Andrey Kuzmin*

WASHINGTON, D.C. – The availability of raw materials and components was a topic of conversation at yesterday's Submarine Industrial Base Council congressional breakfast in Washington, D.C.

Attendees noted the pandemic's impact on the supply chain has made just-in-time deliveries virtually impossible. In the case of specialty steel companies, the availability and prices of raw material such as nickel, especially critical for the high-quality steel used in submarine construction, has been particularly troublesome.

The London Metals Exchange, one of the oldest commodity exchanges, had to suspend trading of nickel because of heavy activity and the concern over Russia's invasion of Ukraine. Nickel is a critical ingredient in heavy-duty vehicle batteries, stainless steel and other alloys and is vital to many defense-industry products.

Nickel is already in short supply, with inventories available on the LME being reduced by half since October. LME nickel prices more than doubled on Tuesday, March 8, to more than \$100,000 per ton. The market panic caused the LME to temporarily stop posting prices for the mineral. Other exchanges have experienced similar activity.

Russia is a major supplier of nickel – about 10% of global output – and Russian company Nordickel is the world's largest

supplier of battery-grade nickel, providing 5%-20% of the world's supply.

Prices on other commodities like copper, tin, lead and zinc are also higher this week

LME hopes to reopen trading on nickel soon. LME's website currently states that the exchange has "been continuing to work on the evolving nickel situation, with the intention of ensuring it is able to reopen the market, with trading continuing in an orderly manner, in an appropriate timeframe."

"The current events are unprecedented," the LME said in a notice to members.