



**UC**

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## Nuclear Zirconium Alloy Market



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# Table of Contents

<b>Introduction &amp; Overview</b>	<b>6</b>
Comprehensive Coverage of the Global Nuclear Zirconium Industry .....	7
Availability of Data .....	7
What's New in the 2017 Report? .....	8
Structure of the Report .....	9
<b>1 – General Zirconium Overview &amp; Zircon Market Review</b>	<b>11</b>
Occurrence .....	11
• Primary Producing Countries .....	12
• Hafnium Occurrence .....	13
General Uses .....	14
• Zirconium Metal .....	17
Nuclear Applications .....	17
• New Nuclear Zirconium Alloys Under Development .....	18
Zircon Resources and Production .....	22
• Reserves and Resources .....	22
• Notes on USGS Data .....	22
• Zircon Mining .....	23
• Zircon Production .....	25
Zircon Consumption and Prices .....	32
• Overview .....	32
• Consumption of Zircon .....	32
• Market Dynamics .....	36
• Zircon Prices .....	38
The Influence of China .....	41
Conclusions .....	42
<b>2 – Manufacturing Processes for Nuclear Fuel Cladding</b>	<b>43</b>
Production of Zirconium Sponge .....	43
• The Importance of Hafnium Separation .....	44
• Zircon Sand Processing .....	45
• Hafnium Removal .....	45
• Final Sponge Production .....	45
Manufacture of Zirconium Alloy Ingots .....	47
Manufacture of Zirconium Alloy Plate, Sheet, Bar Stock, and Tube-Reduced Extrusions (TRES) .....	48
Production of Nuclear Fuel Tubing .....	50
<b>3 – Nuclear Zirconium Alloy Materials &amp; Product Suppliers</b>	<b>53</b>
Zirconium Sponge Producers .....	54
• China .....	55
• France .....	57
• India .....	59
• Russia .....	60
• Ukraine .....	62
• United States .....	63
Producers of Zirconium Alloy Plate, Sheet, Bar Stock, and TRES .....	65
• Argentina .....	66
• China .....	67
• France .....	68
• India .....	70
• Russia .....	70
• South Korea .....	71
• Sweden .....	72
• United States .....	72
Zirconium Alloy Scrap Recycle .....	73
Manufacturers of Nuclear Fuel Tubing .....	74
• Argentina .....	75
• Canada .....	75

• China.....	76
• France.....	78
• Germany.....	78
• India.....	79
• Iran.....	79
• Japan.....	79
• Russia.....	81
• South Korea.....	82
• Sweden.....	83
• United Kingdom.....	84
• United States.....	84
Possible Future Developments.....	87
<b>4 – Nuclear Fuel Fabricators &amp; Zirconium Components Supply</b> .....	<b>89</b>
Fabrication Market Overview.....	89
Key Players.....	90
• AREVA.....	90
• Global Nuclear Fuel.....	90
• Westinghouse Electric Company.....	90
• TVEL Fuel Company.....	91
• KEPCO Nuclear Fuel.....	91
• National and Regional Fuel Suppliers.....	92
• Non-LWR Fuel Fabricators.....	92
Fabrication Supply & Demand.....	92
• Non-LWR Fuel Supply and Demand.....	96
Fabrication Market Dynamics.....	97
Zirconium Alloy Components and the Fuel Fabrication Process.....	98
• Fuel Cladding.....	99
• End Plugs or Caps.....	99
• Fuel Rods.....	99
• Spacer Grids.....	100
• BWR Water Rods/Channels.....	100
• BWR Fuel Channels.....	100
• PWR Guide Tubes/Thimbles and Instrument Tubes.....	101
• End Fittings.....	101
• Construction of the Assembly.....	101
Zirconium Tubing & BWR Channel Supply to Fabricators.....	103
• Argentina.....	103
• Brazil.....	103
• Canada.....	103
• China.....	103
• France.....	103
• Germany.....	104
• India.....	104
• Japan.....	104
• South Korea.....	104
• Romania.....	104
• Russia.....	105
• Spain.....	105
• Sweden.....	105
• United Kingdom.....	105
• United States.....	105
<b>5 – Nuclear Zirconium Supply &amp; Demand Analysis</b> .....	<b>106</b>
UxC Nuclear Zirconium Demand Modeling.....	106
• Unaccounted for Zirconium Demand.....	107
UxC Nuclear Zirconium Supply Forecasting.....	108
Global Supply and Demand for Nuclear-Grade Zirconium Sponge.....	109
• Zirconium Sponge Demand Forecasts.....	109

• Zirconium Sponge Supply Forecast.....	110
Global Supply and Demand for Nuclear-Grade Zirconium Alloys .....	112
• Zirconium Alloy Demand Forecasts .....	112
• Zirconium Alloy Supply Forecast .....	113
Global Supply and Demand for Zirconium Tubing .....	114
• Zirconium Tubing Demand Forecasts.....	114
• Zirconium Tubing Supply Forecast .....	115
Regional Demand and Supply Considerations .....	117
• Regional Demand Distributions .....	118
• Analysis of Regional Supply .....	120
Reactor Type Demand and Supply Considerations .....	122
• Reactor Type Demand Distributions.....	122
• Analysis of Reactor Type Zirconium Supply and Demand.....	124
<b>6 – Overall Conclusions &amp; Market Analysis .....</b>	<b>125</b>
The Influence of Zircon Prices .....	125
The Nuclear Zirconium Alloy Market in the Post-Fukushima World.....	126
Nuclear Zirconium Alloy Market Trends and Outlook.....	130
Nuclear-Grade Zirconium Prices.....	131
<b>Appendix A: Zirconium Weight Calculations for Fuel Assemblies .....</b>	<b>133</b>
<b>Appendix B: UxC Nuclear Power Forecasts .....</b>	<b>134</b>
UxC Base Case Reactor Forecast .....	134
Alternative UxC Reactor Forecast Cases .....	136
Post-Fukushima Changes to UxC Nuclear Power Forecasts .....	137
<b>Appendix C: UxC Nuclear Power Regions .....</b>	<b>138</b>
<b>Appendix D: Statistics on Reactor Technologies and Vendors .....</b>	<b>139</b>
<b>Appendix E: Websites of Nuclear Zirconium Companies .....</b>	<b>141</b>
• Zirconium Sponge Companies.....	141
• Zirconium Alloy Companies .....	141
• Zirconium Tubing Companies .....	142

## List of Figures

Figure 1. Nuclear Zirconium Manufacturing Overview .....	7
Figure 2. Zircon Sand .....	12
Figure 3. Microphotograph of Zircon Sand.....	12
Figure 4. Countries with Major Zirconium Resources .....	13
Figure 5. Applications for Zirconium Materials .....	14
Figure 6. Manufacture of Zirconium Products .....	15
Figure 7. Historical Demand for Zircon by End Use (1970-2010) .....	16
Figure 8. Zircon Utilization in 2015.....	16
Figure 9. Zircon Mining Process.....	23
Figure 10. Zircon Mining Pond .....	23
Figure 11. Zircon Mining Dredging Operations .....	24
Figure 12. World Zirconium Reserves Distribution, 2016.....	26
Figure 13. World Zirconium Mine Production Distribution, 2016.....	27
Figure 14. Zirconium Mineral Concentrates Production, 2000-2016.....	27
Figure 15. World Zirconium Mine Production from Industry Sources.....	28
Figure 16. Zirconium Mineral Concentrates Production by Supplier in 2014.....	29
Figure 17. Global Zircon Consumption, Actual and Forecast, Circa 2012 .....	33
Figure 18. Global Zircon Consumption, 2010-2016 .....	34
Figure 19. Zircon Supply vs. Demand Forecast, 1990-2020, Circa 2010 .....	36
Figure 20. Zircon Supply vs. Demand, 2010-2020.....	37
Figure 21. Zircon Prices Q1-2010 – Q1-2012 .....	38
Figure 22. Zircon Price Trends, 1991-2016.....	39
Figure 23. Zircon Price Forecast to 2020 .....	40
Figure 24. Typical Zirconium Sponge Production Process .....	43
Figure 25. Examples of Nuclear-Grade Zirconium Sponge .....	46
Figure 26. Nuclear Zirconium Alloy Manufacturing Process .....	47
Figure 27. Nuclear Zirconium Alloy Ingot Production .....	48
Figure 28. Typical Zirconium Alloy Sheet.....	48
Figure 29. Typical BWR Fuel Assembly Spacer Grid.....	49
Figure 30. Typical Zirconium Alloy Bar Stock.....	49
Figure 31. Typical Zirconium Tube-Reduced Extrusions (TRES) .....	50
Figure 32. Pilgering Process .....	51
Figure 33. Schematic of the Pilgering Process .....	51
Figure 34. Zirconium Alloy Nuclear Fuel Cladding.....	52
Figure 35. Typical BWR (left) and PWR (right) Fuel Assemblies.....	52
Figure 36. Nuclear Zirconium Sponge Producer Capacity Shares .....	54
Figure 37. First Nuclear-Grade Zirconium Sponge Production at SNWZH Plant .....	55
Figure 38. AREVA Zirconium Division.....	58
Figure 39. Nuclear Zirconium Alloy Producer Capacity Shares .....	66
Figure 40. Nuclear Zirconium Alloy Tubing Manufacturer Capacity Shares .....	75
Figure 41. Worker Inspecting Zirconium Tubes at CAST Plant .....	77
Figure 42. Worldwide LWR Fabrication Supply and Demand, 2008-2030 .....	94
Figure 43. Typical BWR Fuel Assemblies .....	98
Figure 44. Typical PWR Fuel Assembly.....	99
Figure 45. Typical Fuel Rod .....	100
Figure 46. Typical BWR (right) and PWR (left) Skeletons/Cages .....	102
Figure 47. UxC Projection of Global Zirconium Sponge Demand, 2008-2030 .....	109
Figure 48. Nuclear Zirconium Sponge Supply vs. Demand, 2008-2030.....	111
Figure 49. UxC Projection of Global Zirconium Alloy Demand, 2008-2030.....	112

Figure 50. UxC Global Zirconium Alloy Supply vs. Demand, 2008-2030.....	113
Figure 51. UxC Projection of Global Zirconium Tubing Demand, 2008-2030 .....	114
Figure 52. UxC Global Zirconium Tubing Supply vs. Demand, 2008-2030 .....	115
Figure 53. Regional Distribution of Zirconium Alloy Demand, 2008-2030 .....	118
Figure 54. Regional Distribution of Zirconium Tubing Demand, 2008-2030 .....	119
Figure 55. Regional Distribution of Zirconium Alloy Supply .....	120
Figure 56. Regional Distribution of Zirconium Tubing Supply .....	121
Figure 57. Reactor Type Distribution of Zirconium Alloy Demand, 2008-2030 .....	122
Figure 58. Reactor Type Distribution of Zirconium Tubing Demand, 2008-2030.....	123
Figure B-1. UxC Nuclear Generating Capacity Forecast, 2008-2030 .....	134
Figure B-2. UxC Base, High, and Low Case Nuclear Capacity Forecasts, 2008-2030 .....	136
Figure B-3. UxC Nuclear Power Forecasts to 2030 – Before & After Fukushima.....	137
Figure C-1. Map of NPO Countries by Region .....	138
Figure D-1. Percentages of Different Operating Reactor Types .....	139
Figure D-2. Percentages of New Reactor Types, 2010-2025 .....	140
Figure D-3. Percentages of New Reactor Vendors, 2010-2020.....	140

## List of Tables

Table 1. Chemical Composition of Principal Zr Alloys (%) .....	18
Table 2. TVEL's Zirconium Alloys.....	19
Table 3. Chemical Composition of HANA™ Alloys.....	20
Table 4. World Zirconium Mine Production and Reserves .....	26
Table 5. Comparison of USGS and Industry Zircon Production Data .....	28
Table 6. New Zircon Mining Projects.....	31
Table 7. World Nuclear Zirconium Sponge Producers .....	54
Table 8. World Zirconium Alloy, Plate, Sheet, Bar Stock & TREX Producers.....	65
Table 9. World Nuclear Zirconium Alloy Tubing Manufacturers .....	74
Table 10. Worldwide LWR Fuel Fabrication Capacity in 2016.....	93
Table 11. UxC Projection of Global Zirconium Sponge Demand, 2014-2025 & 2030 .....	110
Table 12. UxC Projection of Global Zirconium Alloy Demand, 2014-2025 & 2030 .....	112
Table 13. UxC Projection of Global Zirconium Tubing Demand, 2014-2025 & 2030 .....	114
Table 14. Regional Distribution of Zirconium Alloy Demand, 2014-2025 & 2030 .....	118
Table 15. Regional Distribution of Zirconium Tubing Demand, 2014-2025 & 2030 .....	119
Table A-1. Zirconium Alloy Weight and Tubing Calculations for Fuel Assembly Designs .....	133
Table B-1. Reactor Units & Nuclear Capacities Anticipated by Country by 2030 .....	135
Table B-2. UxC Base, High & Low Case Nuclear Reactor and Capacity Forecasts, 2014-2025 & 2030 .....	136
Table B-3. UxC's Base Case Nuclear Power Forecast to 2030 – Before & After Fukushima .....	137
Table D-1. Operating Reactor Types in April 2017 .....	139
Table D-2. New Reactor Types, 2010-2025.....	139
Table D-3. New Reactor Vendors, 2010-2025 .....	140

## Introduction & Overview

The Ux Consulting Company, LLC (UxC) is pleased to present the sixth edition in its special report series, *Nuclear Zirconium Alloy Market*.

Since 2008, UxC has been closely tracking the nuclear-grade zirconium alloy market and publishing updated reports given the ongoing need and desire for current information and analysis on this important topic.

Nuclear-grade zirconium alloys and components are employed in the fabrication of fuel assemblies used in the vast majority of nuclear reactors currently operating, under construction, and planned around the world. Even as the nuclear renaissance has been derailed in many countries by the Fukushima accident in Japan in 2011, many aspects of the international nuclear fuel supply chain continue to be of concern.

The supply of nuclear-grade zirconium alloys – from the mining of zircon mineral sand through the manufacture of cladding and other components used in finished nuclear fuel assemblies – has not escaped this scrutiny. Therefore, the primary objective of this report is to factually and analytically approach the current and expected future direction of the nuclear-grade zirconium alloy market with the aim of reaching some clear conclusions about how producers of fuel assemblies for nuclear reactors will obtain the necessary zirconium alloys for their finished products and at what cost.

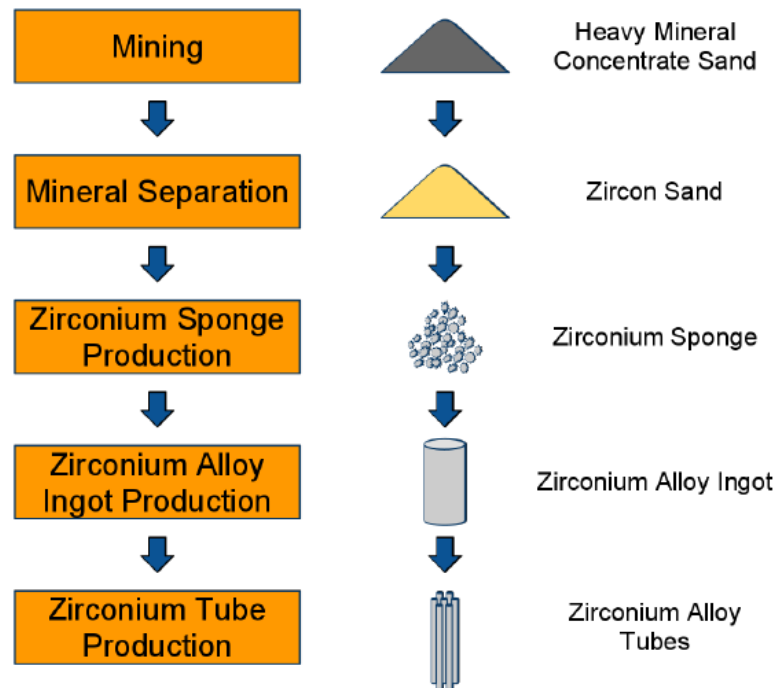
This up-to-date report, published in May 2017, offers UxC's most recent analyses and opinions of the various sectors that make up the nuclear-grade zirconium sponge, alloy, materials, and tubing markets. Additional details are included on the interplay of the nuclear fuel fabrication and zirconium alloy supply markets, and of the fabrication process itself. The report also assesses major trends in this unique industry by analyzing the global and regional supply and demand balances for nuclear-grade zirconium sponge, alloy, and tubing as well as the supply and demand situation based on reactor fuel types. We conclude with some final observations on the global market as well as the status and expectations for future price developments for zirconium alloy products.



## Comprehensive Coverage of the Global Nuclear Zirconium Industry

This report encompasses every aspect of the global nuclear zirconium industry. As such, it provides a detailed analysis and the associated market implications of the numerous steps that convert zircon mineral sand to finished nuclear fuel components. Figure 1 below provides a brief introduction to the principal steps currently employed in the nuclear zirconium industry.

**Figure 1. Nuclear Zirconium Manufacturing Overview**



Source: Lundberg (Uppsala University)

### Availability of Data

During the preparation of UxC's original 2008 report, it became evident that many of the various processors and fabricators of nuclear-grade zirconium sponge, alloys, and fuel assembly components were reluctant to publish, or even discuss, the details of their businesses. Much of their data is considered proprietary and information sharing is restricted. Consequently, the first report in this series had some significant gaps in the data.

When developing subsequent reports on this topic, we have been able to identify additional sources of information and to fill in a number of blanks on specific data. However, the majority of the participants in the industry remain reticent to share information, and some of them have actually reduced the amount of information presented on their websites and in their public pronouncements over the years.

To supplement our own data collection process for this 2017 edition, UxC reached out to principal zirconium processors and producers in order to gain insights into current and future operations. Generally, the best information available from public and

private sources was used to write all supplier reviews. Where possible, we confirmed data from one source with another, independent source.

We believe that the information contained herein is accurate or, at a minimum, representative of the operations, production levels, expansion plans, etc. of the companies discussed in this report. However, the possibility still exists that there may be a few inaccuracies or that the information has changed since the data were obtained. In a couple of instances, there were no available non-proprietary data, and therefore the missing information is listed as “not available” in the affected data tables.

It should also be noted that all price and cost data is quoted in US dollars (US\$) throughout this report.

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## What's New in the 2017 Report?

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In this May 2017 edition of the *Nuclear Zirconium Alloy Market* report, we have continued to employ the format and content of the previous documents, but have updated all the relevant information to reflect current circumstances. Other improvements have been made as well.

Beginning around 2010, the markets for zircon sand and some of the downstream zirconium products entered a period of great volatility. Shortages of zircon led to explosive increases in prices for raw materials and created substantial uncertainty as to the future performance of these markets. This was followed, during the latter half of 2012, by a collapse of demand, production, and prices, raising additional questions about the future of the zircon market. Despite optimistic pronouncements by zircon producers, the market did not recover and seemed to hit a bottom in late 2016.

Consequently, we have substantially expanded our analysis of the zircon minerals market compared to previous reports and highlighted the role of China, both as the world's largest importer of zircon sand and the largest exporter of processed zirconium products. Updates have been made on the latest status of the zircon market as of early 2017 and the outlook for zircon supply and demand as well as prices for the key raw input material to the nuclear zirconium alloy market.

This report also includes detailed descriptions of the zircon mining and refining process as well as the processes employed for the manufacture of nuclear-grade zirconium sponge and downstream zirconium alloy products.

The impact of the March 11, 2011 earthquake and resulting tsunami in Japan, which devastated the Fukushima Daiichi Nuclear Power Plant, continues to weigh on all aspects of the nuclear industry. All of the analyses in this report have taken account of the implications of the Fukushima accident and how they continue to influence the current status and future prospects of the nuclear industry.

Perhaps Fukushima's greatest impact has been on the future growth of nuclear power around the world, and therefore the demand for nuclear fuel assemblies and the zirconium

niium alloy components that comprise them. The updated demand projections for zirconium sponge, alloys, and tubing described in this report have taken specific account of the post-Fukushima world as well as other major developments over the past few years, in which projected nuclear capacity continues to shrink.

The current demand projection incorporates detailed UxC calculations of the zirconium weight and tube content in all the major nuclear fuel assemblies in the world, including improved estimates of the quantities of material used in various assembly designs. Moreover, the forecasts make use of UxC's recently refined *UxC Requirements Model* (URM) to forecast global reactor fuel loading requirements and the resulting demand for zirconium alloy materials and products. The URM projects demand on a reactor-by-reactor basis taking account of each plant's refueling schedule (and/or construction schedule for new plants), the specific fuel assembly design used in that plant, the size of the reload batch (or initial core), and the zirconium alloy content of the individual fuel assemblies.

Since 2013, we have included a supply-demand analysis for nuclear-grade zirconium sponge, in addition to those for alloys and tubing. In this 2017 edition, we continue to include market analyses for every step in the zirconium cycle from zircon sand through nuclear fuel tubing.

We have also noted that many of the subscribers to the previous editions of this report represented organizations that did not participate directly in the nuclear fuel fabrication market. Thus, for those not familiar with the technical aspects of the fabrication industry, we have again included a discussion of the design of BWR and PWR fuel assemblies, the zirconium alloy components of which they are constructed, and the fuel fabrication process itself.

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## Structure of the Report

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This report contains separate chapters for various aspects of the nuclear-grade zirconium alloy market, supply and demand, and other related areas. In addition to this **Introduction & Overview**, the report includes the following chapters:

**Chapter 1 – General Zirconium Overview & Zircon Market Review** provides a broad exploration of the zirconium mineral occurrence, resource base and industrial applications, including the role of zirconium alloy production in the nuclear fuel industry. It describes the mining and refining of zircon sand, and most importantly, it addresses the current and projected supply, demand, and price of zircon in the international marketplace with emphasis on China's critical role.

The General Zirconium Overview discussion helps to put the specific nuclear-grade zirconium alloy market analysis in perspective, as there are numerous applications for the zirconium mineral beyond nuclear reactor fuel. Additional discussion is provided on the broader global market for zircon and how it impacts the specific nuclear-grade zirconium alloy market.

**Chapter 2 – Manufacturing Processes for Nuclear Fuel Cladding** discusses the manufacturing process steps from zircon sand through zirconium sponge and alloy production to the manufacture of nuclear fuel components, i.e., the overall “nuclear zirconium cycle” for production of the materials and components used in nuclear fuel assemblies.

**Chapter 3 – Nuclear Zirconium Alloy Materials & Product Suppliers** presents a profile of each of the companies involved in nuclear-grade zirconium alloy materials and product supply. This includes all the companies in the world involved in nuclear-grade zirconium sponge and alloy production and processing through manufacture of sheet, plate, bar stock, and tube-reduced extrusions (TREX), as well as tubing and other component manufacture.

**Chapter 4 – Nuclear Fuel Fabricators & Zirconium Components Supply** provides a brief overview of the global nuclear fuel fabrication industry and indicates the source of each fabricator’s fuel assembly tubing and other components. It also includes a discussion of the individual components that make up fuel assemblies and describes the fuel fabrication process.

**Chapter 5 – Nuclear Zirconium Supply & Demand Analysis** offers UxC’s most recent analysis of the global supply and demand balance for nuclear fuel-related zirconium sponge and alloy products as well as zirconium tubing. In addition, this chapter includes an analysis of zirconium supply and demand by region as well as by reactor type.

**Chapter 6 – Overall Conclusions & Market Analysis** summarizes our findings on the nuclear-grade zirconium market and offers some final thoughts on the current situation and forecast of future trends. This chapter also provides UxC’s analysis of the current nuclear-grade zirconium alloy prices and expectations for future price developments.

Finally, the **Appendices** include the data and assumptions used in many of the analyses discussed in the body of the report as well as several additional reference materials.