

# Impact of Kazakh Production on the Uranium Market: Past and Prospective

## The Rise of a Production Empire

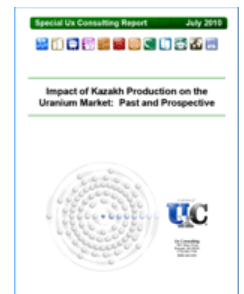


The dramatic expansion of Kazakh uranium production has been one of the most important developments in the history of nuclear fuel. In a period of just ten years, annual Kazakh production has grown from below 5 million pounds  $U_3O_8$  to a rate that today exceeds 40 million pounds  $U_3O_8$ . At the present rate of expansion, Kazakhstan is on target to account for fully one-third of the world's uranium production by the end of the year.

The expansion of Kazakh production has had a considerable impact on uranium price formation, and future production decisions promise to have an important effect on supply availability and price. This fact does not escape Kazatomprom, the national uranium producer of Kazakhstan and the force behind the Kazakh expansion, which has recently announced the prospect of limiting future expansion.

## New UxC Study

Because of the key role that Kazakh production has played in the past and is poised to play in the future, UxC has completed a study examining the Kazakh production phenomenon: *Impact of Kazakh Production on the Uranium Market: Past and Prospective*. The report, which totals over 130 pages including three appendices, covers the following subject areas:



- A historical perspective of Kazakh production and its role in the market;
- An assessment of the past impact of Kazakh production on price using a variety of measurements;
- A detailing of Kazakh uranium resources and projects – reserves, production capacity, production costs, and joint venture partners;
- An analysis of Kazatomprom's strategic market approach, including key alliances and strategic partnerships;
- An examination of factors that will impact Kazakh production growth in the future, including possible constraints;
- An analysis of market impacts of different rates of future Kazakh production including price impacts; and,
- An examination of the long-term sustainability of Kazakh production.

There are a number of questions and issues surrounding Kazakhstan's production expansion. The report addresses the following questions and issues:

- How large an impact did the expansion of Kazakh production have on price during the past decade? Specifically, how high would price have gone in the past if the growth in Kazakh production were limited?
- What are some of the key drivers that motivated the expansion of Kazakh production in the past, and how will they shape future production?
- What are Kazakhstan's key markets and what role does China play in Kazakhstan's expansion?
- Can Kazakhstan continue to expand production in the future and does it desire to do so? Specifically, is it likely to constrain future production to 20,000 MTU per year as it has indicated?
- What is the price impact if Kazakh production fails to expand as expected or if it limits production growth to the 20,000 MTU level?
- What impact does the civil unrest in Kyrgyzstan have on Kazakh production?
- What impact will the recent agreement between ARMZ and Uranium One have on the marketing of Kazakh uranium?
- What is the significance of the recent Memorandum of Understanding between Kazatomprom and Rosatom?

Given that Kazakhstan is expected to play a dominant role in uranium production for the foreseeable future, this report is essential for anyone who is interested in the future course of uranium supply and price.

The price of this 2010 report is **US\$7,500.00**, discounted to US\$5,000.00 for current subscribers of either our *Uranium Market Outlook*, *Uranium Suppliers Annual*, or *Policy Watch* products.

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