

# Metal Bulletin

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## BIR CONF: China's steel policy flawed; mills will close – Stemcor ceo says

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The ceo of global steel trader [Stemcor](#), Ralph Oppenheimer, believes that China's policy on exporting steel is fundamentally flawed, and says the country will have to close steel mills in the next few years. "I believe that China shouldn't be exporting so much steel," Oppenheimer told delegates at the Bureau of International Recycling (BIR) conference in Barcelona on Monday October 29.

"Why import raw materials, convert them into steel for very little added value and sell them without recovering your costs in export markets?" he asked.

"It doesn't make sense. [China] has 45% of the world's production but only 20% of the world's population. It's a wasteful investment," he added.

Oppenheimer does not see China as a competitive steel producer, because of its need to import ore and the shortage of domestic coking coal in the country.

He also does not think China's surplus steel capacity will weigh on global prices in the long term, saying that it will "remain a Chinese problem".

And the rest of the world will not allow China to dump steel, he said, "because steel is still very political".

### **Bull market in scrap**

Speaking at the same event, Oppenheimer said he expects international scrap prices to rise by \$50 per tonne in the next three months.

"It's only a matter of time" before the price of domestic US HMS 1 scrap goes above \$400 per tonne, he said.

And he argued that scrap prices were driven by their own fundamentals rather than by the price of the finished product.

A US scrap merchant speaking on the conference sidelines disagreed with Oppenheimer on price influence, however, saying that scrap prices were indeed driven by finished products.

The US merchant said scrap prices will continue to rise this winter, but the long-term outlook is not necessarily good.

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