

# 2018 BIR Spring Convention: Shifting nonferrous supply chains

Trade disputes and China's scrap restrictions may rearrange metals and manufacturing supply chains globally.



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Nonferrous metals recyclers and the equipment suppliers who serve them are staying extremely busy in 2018, but in many cases it is because they are reacting to newly created problems. Geographic shifts in trade flows and processing operations were a foremost topic of conversation at the Nonferrous Division meeting of the Brussels-based **Bureau of International Recycling (BIR)**, which met at the 2018 BIR World Recycling Convention & Exhibition in late May in Barcelona, Spain.

Division President David Chiao of Atlanta-based Uni-All Group Ltd. pointed to China's scrap import restrictions as creating the foremost challenges in the market, joined by the increasing possibility that the measures will be copied in the ASEAN (Association of Southeast Asian Nations) region.

In addition to scrap-specific measures, "The [trade] dispute between the United States and China is escalating [with] retaliation on each other," he said. Within days of Chiao's comments, the U.S. also announced it was extending metals tariffs to Canada, Mexico and the European Union, with those countries announcing they intend to respond in kind.

"Taking all the challenges mentioned above," said Chiao, "it is very possible a new chain of markets is forming."

A panel of more than a half-dozen traders and processors discussed the swirling changes. Ibrahim Aboura of the United Arab Emirates-based **Aboura Metals** said, "Free trade and globalization are under dire threat." He added, "Trading is vital for both sides," providing "access and options to several different markets." As of 2018, Aboura said, "Disorder is rampant," with conditions changing "from one day to another."

Dawal Shah of Mumbai-based **Metco Marketing Pvt Ltd.** remarked, "Let India not be another China," saying instead he and others prefer "a sense of responsibility on the buy side."

He continued, "India needs to build its own story, not follow one-time events." He recommended the nation's recycling industry leaders "improve our own domestic supply chains" and "work closely with government on a regulatory framework" relative to scrap imports.

Mogens Christensen of Denmark-based **H.J. Hansen Recycling Industry Ltd. AS** said of European recyclers, "We have to find new markets," which has entailed "several treatment plants" being set up in Europe. To serve the new markets, he said, more "treatment locally" will be necessary.

Andy Wahl of Atlanta-based **TAV Holdings Inc.** said many recycling equipment makers are "backed out to the middle of next year" on their orders. On the red metals melting side, he said the U.S. "doesn't have additional capacity" to melt more scrap and is thus reliant on export markets.

Ion Olaeta of Spain-based **Grupo Otua** said the situation is the same in the BIR convention's host country. Until its restrictions, China had been "central" to Spain's nonferrous scrap market. Although Vietnam, Malaysia and India have stepped in to "act as a bridge between Europe and China," he said advanced processing techniques will be necessary in Spain, as elsewhere.

Olaeta concluded, "Today we have many questions but very few answers. The only clear thing is that trade flows are changing."

Josep Berdejo of Spain-based copper producer **La Farga Group** expressed confidence that the world's red metal scrap supply will become increasingly important in meeting global demand for copper. "The usage of copper in [several] applications is growing and growing," he said, referring to markets such as renewable energy and electric vehicles. "Urban mining is the answer, and recycling will take more and more of the market."

The **2018 BIR World Recycling Convention & Exhibition** was at the Sofia Hotel in Barcelona, Spain, May 27-30.