

'The scrap industry can only become more important'

Non-Ferrous

Under the now-extended presidency of Robert Stein, the BIR Non-Ferrous Metals Division has engaged in a number of initiatives aimed at improving the collation and dissemination of information that is of direct assistance to the membership in the day-to-day running of their businesses. One such innovation was highlighted at the Round-Table meeting in Barcelona.



In a world becoming increasingly preoccupied by raw material depletion, there is one metal resource on the planet 'that is actually growing year on year' - namely the pool of 'old' scrap. This was one of the conclusions drawn by Chris-



Guest speaker Christopher Stobart, Managing Consultant of CRU Strategies: 'The future of the metals industry belongs to you.'



BIR Non-Ferrous Metals Division President Robert Stein: 'Our scrap does and should continue to find its highest value at the discretion of the seller.'

topher Stobart in his guest presentation to the latest BIR Non-Ferrous Metals Round-Table. Mr Stobart is Managing Consultant of CRU Strategies, the international management consulting division of the CRU Group charged with gathering statistical data on copper and aluminium scrap flows. And in Barcelona, he shared not only some of the early headlines from this research but also reasons why the metals recycling industry should look ahead with optimism. 'The future of the metals industry belongs to you,' he insisted. 'The scrap industry can only become more important as the years go by in comparison with the primary mining, smelting and refining industry.'

'Promise for the future'

Mr Stobart's presentation naturally identified the important contribution of China to flow shifts over recent years. The country has been responsible for 'the lion's share' of recent aluminium scrap consumption growth, although South Korea and India have also emerged 'very substantially' over the last decade as aluminium scrap importers and continue to show 'promise for the future,' he said. China also dominates the consumption picture for copper scrap, with South Korea, India and Japan also established as major importers, the speaker observed.

Mr Stobart contended that the scrap industry within China will grow to become 'a bigger

business' and that, therefore, international scrap traders will ultimately need to look for 'new, growing export markets' such as in India, Brazil and South East Asia. He explained that a

'We depend on the ability to buy and sell our scrap without the barriers of protectionism.'

point is reached on a country's growth curve where it starts to become more self-sufficient in scrap; and for ferrous scrap, he contended, this point is likely to be reached in the 2020s when China will experience a considerable acceleration in domestic supply and could even become an exporter. The questions as yet unanswered are therefore: will this same scenario apply to non-ferrous metals, and if so when?

'Wait-and-see' attitude

With analysts believing GDP growth in China could have been at a 20-year low of 7% in the third quarter, all of the country's metals consumers have been adopting a 'wait-and-see' attitude, it was noted by Andy Wahl of US-



According to Andy Wahl of US-based Newell Recycling of Atlanta, China's metals consumers have been adopting a 'wait-and-see' attitude.



Guest speaker Norberto Vidaña, EU Aluminum Purchasing Manager at global component producer Nemak, believes light vehicle sales will jump to 82.2 million units in 2017.



Transition period

It was confirmed in Barcelona that Robert Stein of US-based Alter Trading will stay on for an additional year as President of the Non-Ferrous Metals Division to assist the process of navigating BIR through 'a significant transition period'. His term of office had been due to end at BIR's 2013 Spring Convention but will now be extended until May 2014.

Speaking at the latest Non-Ferrous Round-Table, Mr Stein noted that the International Monetary Fund has lowered its 2013 growth forecasts for the major developed and industrialising economies. And with most analysts now envisaging 'a repeat of 2012' for next year, he stressed that the non-ferrous sector is already experiencing 'an almost universal downturn'. Most processors 'complain of a lack of material to process, and subsequently many consumers are feeling pain at the prices they need to pay for our scrap to feed their furnaces'. Margins realised at all levels of the recycling chain have been 'compromised by scarcity on the supply side' as industrial production in many countries has declined. In other words, he said, it has become a case of 'too many people chasing too few pounds'.

'The globalisation of our industry has a significant impact on the price we pay for our scrap and the values at which that scrap can be sold wherever in the world that might be,' Mr Stein continued. 'Our local markets have become part of an elaborate dynamic that changes with increasing rapidity.' The scrap industry depends on its ability to buy and sell its material 'without the barriers of protectionism that many of our established domestic consumers promote', he told the meeting. 'Our scrap does and should continue to find its highest value at the discretion of the seller, and not by government regulations brought on by those who would seek in many ways to detract from our freedom to do so.'

He went on to insist: 'Consumers around the world need to understand that the international flow of scrap metal is not what is currently making scrap expensive; it's a combination of underlying metals values coupled with a lower level of supply that is making a marked and negative impact.'

Positive portrayal

On a different issue, Mr Stein called on the scrap industry 'to do a better job of portraying ourselves in a positive way; to show the world through our business and operational prac-

tices that we are a reputable industry that brings a sustained benefit to the world'. He added: 'We are an industry whose benefits to society get less attention from tabloid-like journalism than often irrelevant and minor stories of illegal activity on the part of a small minority of industry participants.' As an aside, the divisional President also confirmed in Barcelona that 'we are in the planning stages of forming an electronic scrap committee.' □



Peter Dahmen, Senior Vice President of the BIR Non-Ferrous Metals Division.



Chairman of BIR's Young Traders Committee Paul Coyte of Hayes Metals in New Zealand.



BIR's International Trade Council Chairman Robert Voss of UK-based Voss International.

Theft and fraud an enduring problem

Despite some suggestions to the contrary, the scourge of metals theft and fraud is intensifying rather than receding, BIR's International Trade Council Chairman Robert Voss told delegates to the Non-Ferrous Metals Round-Table in Barcelona. He revealed that his own company - UK-based Voss International - has suffered six thefts from containers within the last three months. And although insurers have been largely sympathetic to metals recyclers over the theft issue to date, it is 'only a matter of time' before they impose restrictions and higher costs on their clients in this sector, he warned.

The BIR has been working with the International Maritime Bureau (IMB), a specialised department of the International Chamber of Commerce, on the collation of information about thefts and fraud. Mr Voss urged BIR members to feed through any relevant details to this growing database and to use the IMB's facilities 'as this can save you a lot of money', he insisted.

based Newell Recycling of Atlanta in a review of world markets based on reports submitted to the latest BIR Non-Ferrous Metals World Mirror, which was published at the Round-Table in Barcelona. In India too, industry and the overall economy 'are facing some contraction', with a vehicle sales slump of more than 9% in September representing the steepest drop in over four years.

Despite this rather negative snapshot of the Indian market, the other guest speaker at the Non-Ferrous Metals Round-Table argued that the country's light vehicle sales will grow perhaps 12% per annum in the coming four years as credit availability pushes up demand, reaching 5.1 million units in 2016 after recording a figure of around 3 million units in 2011. Norberto Vidaña, EU Aluminum Purchasing Manager at global component producer Nemak, contended that contributions to the increase in global light vehicle sales would come from every region of the world but stressed the 'drive' would be provided mainly by China's emerging middle class, with the country's overall sales expected to record annual growth of 9% over the next few years to give a total of 26.6 million units in 2016 versus 17.6 million last year.

The speaker forecast that, from the global perspective, light vehicle sales will jump from 61.3 million units in 2011 to 82.2 million in 2017.