

Stainless Steel & Special Alloys



Gloom and goodbyes

It was the end of an era in Barcelona as Michael Wright stepped down after a long stint as Chairman of the BIR Stainless Steel & Special Alloys Committee. And with typically minimal fanfare, he concluded his tenure with a no-nonsense, downbeat assessment of current conditions and near-term prospects for the stainless steel industry.

In 2012, global stainless steel production will struggle not only to achieve the growth predicted for this year but also to better last year's total. That was the opinion given by Michael Wright of ELG Haniel GmbH in signing off as Chairman of the BIR Stainless Steel & Special Alloys Committee after six and a half years in the top post and many more spent on the board. He will be succeeded by Frank Waeckerle of Cronimet Germany.

It is 'very doubtful', he told the Round-Table gathering in Barcelona, that production will rise the projected 4% to 33.3 million tonnes in 2012. And given that market conditions have been 'much weaker than anticipated' in recent months, there is a chance that global output this year will fall short of the 32.1 million tonnes recorded in 2011. Overall, 2012 has turned out to be 'an extremely difficult year' for stainless steel scrap processors and traders, he said, while the stainless steel industry itself 'will have to continue to deal with the effects of short-term ordering'.

But driven principally by growth in China and India, expectations are that world stainless production could climb to 42 million tonnes by the year 2016.

'Dramatic rate of increase'

In his final meeting in the Chairman's seat, Mr Wright provided delegates

with a whistle-stop tour of the major factors - and pressures - bearing down on the stainless sector at present.

The ever more central role occupied by China in the global stainless steel firmament was exemplified by a table outlining stainless steel scrap reserves around the world. Of the global total of 171 million tonnes in 2011, the EU held the largest share on 42 million tonnes with China trailing in second place on 33 million tonnes. By 2015, the figures suggested, China will have leapfrogged into the lead with 52 million tonnes out of a world total of 201 million tonnes.

Similarly, stainless steel scrap availability in China is expected to soar from 1.34 million tonnes in 2010 to 2.268 million tonnes by 2015 - 'a dramatic rate of increase', noted Mr Wright. Over the same period, availability in the EU is slated to climb from 2.735 million tonnes to 3.671 million tonnes. From the global perspective, meanwhile, stainless scrap availability is forecast to jump from 8.112 million tonnes in 2011 and 8.735 million tonnes this year to 10.297 million tonnes in 2015. Despite the fact that Asia's share of world scrap availability will advance to 44% next year, the figure will still fall well short of the same continent's share of stainless steel production, which is expected to reach 68% in 2013.

Consolidation essential

In raw material terms, nickel pig iron will remain China's 'preferred option' domestically so long as nickel prices continue above US\$ 15 000 per tonne, according to Mr Wright. He also maintained that the new stainless steel production facility in Alabama 'could affect the dynamics of scrap flow in the USA', although he emphasised that it is likely to be 'three or four years' before the plant's production targets are reached. The market report submitted to the latest Stainless Steel & Special Alloys World Mirror by Barry Hunter of US-based Hunter Alloys LLC suggested the aforementioned flow shift could extend to: reduced exports of stainless scrap from America to the Asian market; and imports of stainless scrap from Europe to the US Gulf region.

Reporting on developments affecting Europe, Mr Waeckerle noted that the

Outokumpu/Inoxum merger is still on hold and that the most recent indications suggest AST will not be part of the package, thus leaving traders in Italy 'in a state of uncertainty'. Mr Wright expressed the hope that the deal will be concluded in the near future 'because there has to be consolidation' in a European stainless steel industry recording operating rates of 60%. Indeed, this merger alone - if it were to go ahead - will not be sufficient to solve Europe's over-capacity conundrum, he observed.

In India, stainless mills have been operating at around 70-75% capacity utilisation, according to Anand Gupta of Ambica Steels. Meanwhile, new factory scrap generation has dropped typically 30-40% below the optimum in South East Asia because of a lack of orders, it was reported by Bharat Mandloi of Singapore-based Abcom. □



After a long stint, Michael Wright of ELG Haniel UK stepped down as Chairman of the BIR Stainless Steel & Special Alloys Committee.



Frank Waeckerle of Cronimet Germany was elected as the new Chairman of the Stainless Steel & Special Alloys Committee.



Anand Gupta of Ambica Steels in India