

China, USA are ‘scrap hubs’ to watch in 2013 - Stein

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India and [Vietnam](#), often tipped to be new scrap hubs, are unlikely to become major influences in the global scrap market in 2013, as the market will continue to be dominated by the USA and China, according to Robert Stein, senior vp of non-ferrous marketing at US-based Alter Trading.

As scrap demand is driven primarily by automobile demand and the housing sector, these two powerhouses will continue to dominate, Stein told Metal Bulletin in an interview.

China’s domestic industries are forecast for continued growth this year.

“China clearly has vast infrastructural demand,” Stein noted.

Expectations for both the US automotive industry and its housing market are, meanwhile, strong.

“The country to watch is the USA. People have written it off, but it has good demand and good energy potential,” he said.

“In the two major sectors affecting scrap demand, automobiles and construction, things are becoming steadier,” he said.

Goldman Sachs this week released a report supporting this view.

The bank’s analysts noted that an encouraging outlook in China and the prospect of a housing recovery in the USA will [bolster metals demand](#) in 2013.

General Motors Company and Ford Motor Company this month also projected [higher vehicle sales](#) in 2013.

“Non-ferrous overall demand exceeds supply. In almost all metals, there is not enough scrap [...] The gap between supply and demand is likely to grow further,” he said.

While some industry participants have tipped countries like Vietnam and India to be new major players in the market, Stein remains unconvinced.

“Vietnam doesn’t have the population. It’s not a big market,” he said.

“The other likely candidate would be India, but I just don’t think it’s going to happen. I don’t know if India has room to grow,” he said.

Concerns remain

Stein, who is also the non-ferrous president of the Bureau of International Recycling (BIR), stressed that the scrap industry continues to [tackle long-running obstacles](#), including scrap theft and

government intervention.

The BIR has voiced its concerns in the past about the potential problems caused by protectionist measures used by governments to control or limit the international trade of scrap.

“The BIR is against any protectionist methods,” Stein reaffirmed.

The world should understand that the international flow of scrap metal is not what is currently making scrap expensive, Stein said.

It is expensive, he argued, because of a combination of underlying metals values coupled with a lower level of supply.

But the biggest concern for Stein is the state of the world’s economy.

“The world’s economy is always at the back of my mind [...] It always boils down to the economy. So much of our business is psychological. We want people spending,” he said.

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