

Asian buyers hear warning on stainless scrap supply

BY CHRISTOPHER CUNDY

■ LONDON — Asian buyers will soon have to find alternative sources of stainless steel scrap, as worldwide availability will tighten in 2003 and exports from the USA are expected to fall.

The USA has been a major supplier to Asia, which is forecast to require scrap imports of around 880,000 tonnes

in 2003, Heinz Pariser said in a presentation at the Bureau of International Recycling's autumn convention in Brussels last week. He forecast that Asian stainless steel mill production will rise by more than 10%, from 3.8m tonnes this year to 4.2m tonnes in 2003.

However, US exports of stainless scrap are likely to fall to 130,000 tonnes in 2003 from around 305,000 tonnes this year.

In his report on the US market, Barry Hunter of Hunter BenMet Associates told BIR delegates that US scrap shippers exported just 17,000 tonnes of stainless scrap in August. "This is a far cry from the 40,000 to 50,000-tonne-per-month shipments last year," he noted.

Furthermore, the start-up of North American



Stainless (NAS) will mean more scrap units staying within the USA. "The developing production capacities of NAS will undoubtedly reshape historic scrap supply programmes within the USA," Hunter said.

However, Hunter reported "very strong indications" that fourth quarter demand for scrap will be "significantly down". He anticipated that in

the short term there will be sufficient scrap available in the USA and suggested that exports of stainless scrap from the US east coast to Europe could resume.

Life will also be difficult for European stainless mills, which have seen exports fall from former Soviet Union states and will now face growing competition from exports.

Stainless production also will be affected by rising nickel and chrome prices. "The chrome market is much more dramatic [than nickel]. We can see easily prices peaking for six months around 50 cents per lb," said Pariser, a Germany-based specialty steel analyst.

Pariser forecast that if the global economy grew 2-3%, worldwide stainless steel production would rise 8%. "Optimism is surprisingly strong," he said.