

US and Pacific Rim scrap

Various ongoing market concerns in the US and Pacific Rim will likely keep both buyers and sellers of ferrous scrap cautious, leading to smaller inventories and in turn, tight supply lines, according to Blake Kelley of Sims Metal Management.

Among the chief concerns expressed by Kelley were energy cost increases, a likely weaker euro and increased trade barriers and steelmaking capacity. By country, concerns were raised about the tenuous financial situation in Greece, sputtering growth in India and a Chinese economic slowdown.

Discussing current US market conditions while speaking at the Bureau of International Recycling (BIR) conference in Rome, Kelley said, "Excess scrap processing capacity continues to cause severe competition for unprepared scrap as dealers are forced to reach out further to find supply volume adequate to (repay) fixed costs."

In the Pacific Rim, Kelley discussed Korea's development into an active and consistent importer of scrap with most of the material originating from Japan and East Russia. Taiwan steel mills, active buyers of both bulk and containerized cargoes, have been under pressure from recent increases in energy prices. A weakening rupee has reduced scrap imports into India as buyers "wait for stability and adjustment," according to Kelley.

And in Indonesia domestic scrap prices have experienced a sharp increase as new containerized shipments stopped following reports of some containerized shipments containing sub-standard material.

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Scrap exports

Lifting existing trade barriers on ferrous scrap continues to be a top priority for the Bureau of International Recycling (BIR). Over 20 countries have some sort of restriction of the flows of steel scrap from their shores in the form of quotas, taxes and/or outright bans.

"That is one of the things at the top of the list, free and fair trade," BIR president Bjorn Grufman said during a press briefing at the BIR conference in Rome. "All these trade barriers... for our industry they are a negative thing, we have to act on."

The US is the leading exporter of steel scrap in the world, exporting a record high 24.3m tonnes in 2011. The US has no restrictions on scrap exports.

"I think that nobody in the world will gain from trade barriers even if they believe so in the short term," Grufman said. "In the long term we need fair trade, we need to utilize the raw material at the site where it can be best utilized. Trying to put up barriers to let an industry in one part of the world survive, because it can't stand the competition from another part of the world, will only prolong the decrease and only (cause) more problems."

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