

BIR CONVENTION - BIR approves Chinese, Indian recycler associations as members

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By Martin Hayes, Chief Correspondent martin.hayes@fastmarkets.com +44(0)20 7929 6339
Rome 31/05/2012 - The Bureau of International Recycling (BIR) on Thursday approved membership applications from the industry bodies that represent the recycling sector in China and India.

At its annual general assembly, two trade associations - China National Recycling Association(CRRA) and the Metal Recycling Association of India (MRAI) - were approved.

"It is a good development for us... it will help to promote business between us," BIR director-general Francis Veys told FastMarkets.

The developing economies in Asia are becoming an increasingly important part of the global non-ferrous and ferrous recycling and secondary metal industry. Some 30 delegates from CRRA attended the spring meeting here.

The BIR's policy is to promote free trade in the secondary raw material and recycling sectors. Its global membership now amounts to more than 800 companies and 38 individual associations in this market.

The BIR has already worked closely with industry groups in China regarding the growing problems of theft and fraud. The addition of these groups to its membership will further underpin this work, Robert Voss, chairman of the BIR's International Trade Council, said.

BIR CONVENTION - BIR sets out anti-trust principles

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By Martin Hayes, Chief Correspondent martin.hayes@fastmarkets.com +44(0)20 7929 6339
Rome 31/05/2012 - The Bureau of International Recycling (BIR) has set out policy regarding anti-trust and competition rules, given the number of meetings that take place under its auspices at conferences.

"Members of the BIR have to fulfil the guidelines of the international competition and cartel law and ensure that association work shall not violate this law," the BIR said in a statement at its spring meeting here.

No exchange of competitive information can be made about actual or future prices, production or sales costs and individual company figures of purchase expenses, output sales and storage, it added.

"No information and discussions between competitors about general market data and development shall prevent, limit or distort competition," it said.

The BIR's policy is to promote free trade in the secondary raw material and recycling sectors. Its global membership amounts to more than 800 companies and 38 individual associations in this market.

The BIR holds two key meetings each year. Its current convention has seen a record level of 1,600 attendees from some 60 countries. Of these, just over 600 companies and 28 associations are represented.

BIR CONVENTION - BIR joins International Maritime Bureau, concerns over theft increase

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By Martin Hayes, Chief Correspondent martin.hayes@fastmarkets.com +44(0)20 7929 6339
Rome 31/05/2012 - The BIR has joined the International Maritime Bureau (IMB), the organisation that polices and investigates seaborne trade, to tackle the growing extent of theft within the shipping of metal cargoes.

"The BIR has joined the ITC as an active member and will work actively with them," Robert Voss, chairman of the BIR's International Trade Council said at the recycling group's spring meeting here on Thursday.

Theft from containers - metals, scrap and secondary materials are all shipped this way - has become increasingly sophisticated, IMB director Pottengal Mukandan said. A typical container has three levels of security, which are the door, the locking bars and a seal.

"But there are five ways to break into a container without breaking the seal," he said.

This has led to problems with insurance companies, Voss said, which have not recognised theft claims when the seal has been undamaged.

"The BIR intends to work with the IMB now on the insurance claim process," he said.

Losses from sealed containers vary, with individual cargoes typically often underweight by between 200 kilos to 10 tonnes, although there have been instances of containers found to be empty at the buyers location.

Every document can now be forged and every system of trade is vulnerable, Mukandan said.

"No-one is immune from a determined fraudster," he said.

But there are some measures that can reduce the risk of theft - such as robust due diligence on companies within the chain - because fraudsters will attack perceived soft targets. Also, photographic evidence before the container is shipped can be provided to back up insurance claims, he said.

In the Rotterdam/Antwerp area, secure areas are being extended beyond the dock so that containers are protected on train and barge shipment inland, Marc Beerlandt of shipper MSC said.

MSC is also developing an electronic seal that registers goods being stolen throughout the whole process.

BIR CONVENTION - Nickel price continues to suffer, ignores potential bullish factors - ELG Haniel

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By Martin Hayes, Chief Correspondent martin.hayes@fastmarkets.com +44(0)20 7929 6339
Rome 30/05/2012 - The nickel price continues to suffer, with potential bullish factors having little or no impact at present, Michael Wright, chief operating officer of ELG Haniel said.

Nickel hit a fresh multi-year low at \$16,170 per tonne, basis three months, on the LME today, down \$380 and its weakest since December 7, 2009.

"Nickel is extremely volatile - the investment funds are not interested in metals, particularly nickel, and there is over-production," Wright, who is also chairman of the BIR Stainless Steel & Special Alloys Committee, said at the BIR's spring meeting here on Wednesday.

The market has seen Indonesia roll out a ban on several raw materials, including nickel ore, potentially crimping primary metal production in China and Japan.

"[But] that is having no impact whatsoever," Wright said.

Nickel's main end-use is in the manufacture of stainless steel - there are also short-term difficulties in this market through over-production, which will reduce future demand from mills.

In the UK, for example, stainless steel production will fall back below the 300,000-tonne-per-year mark to around 280,000 tonnes in 2012. Consolidation in Europe, where output is some 3.5 million tonnes, is needed.

Finland's Outokumpu is looking to acquire ThyssenKrupp's Inoxum stainless steel division, although this is being scrutinised by EU regulators and may be delayed.

"Outokumpu/ThyssenKrupp will not totally compensate but it is a step in the right direction," Wright added.

BIR CONVENTION - Stainless steel outlook positive over long-term but short-term rocky - ISSF

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By Martin Hayes, Chief Correspondent martin.hayes@fastmarkets.com +44(0)20 7929 6339
Rome 30/05/2012 - The long-term future for stainless steel, invented exactly 100 years ago, is bright, although the industry faces further short-term challenges from the current economic environment, Pascal Payet-Gaspard, secretary-general of the International Stainless Steel Federation (ISSF), said.

Over the 30 years from 1980 to 2010, stainless steel production grew tenfold to reach 30 million tonnes per year. In the latter part of that period - from 2006 to 2009 - it stuttered and fell because of the financial crisis.

"But it is reviving now and in 2010 and 2011 [production] rose to first 31 million tonnes and then to around a record 32.1 million tonnes," Payet-Gaspard said at the BIR's spring meeting here on Wednesday.

At present, there is overcapacity in the industry - capacity utilisation is running around 60-70 percent, which is hurting profits and returns. Also, raw material volatility has increased over the last decade not only for nickel but also for chromium and carbon steel scrap, he said.

This has caused the stainless steel industry to underperform, compared with other metal sectors, although there are signs that this is changing.

Producers are cutting costs, have closed mills and are looking at cheaper raw materials such as nickel pig iron (NPI) in China. Companies are also looking to integrate back down the chain and also into higher value-added products.

The industry is also growing in size and efficiency. In 2000, the top four firms produced just more than 1 million tonnes, accounting for 34 percent of the market. By this year, the top four firms will be producing more than 3 million tonnes, or some 38 percent.

Payet-Gaspard noted that China accounted for most of the growth over the last decade and, although this will continue, the pace may slow. However, India has the potential to accelerate - annual output is seen rising to some two million tonnes and could even reach more than 4 million tonnes over the rest of this decade.

NPI NOT A THREAT

On the raw material side, NPI should not be seen as a threat but rather an opportunity, Payet-Gaspard added.

"It gives a ceiling to the nickel price, which will not go over \$25,000-30,000 a tonne - remember the record was over \$51,000 in 2007. Now, all the small Chinese producers start their blast furnaces to fill any supply gap."

Nickel is expected to range now in a broad \$17,000-22,000 range, which will help the industry by reducing volatility. It peaked at \$51,800 on May 9, 2007 and was last at \$16,215.

Additionally, stainless steel is also long-lasting and sustainable. The average life of stainless steel across its applications is 22 years. It has the potential for 100 percent recycling - at present 82 percent is recovered, with some 18 percent heading to landfill, Payet-Gaspard said.

BIR CONVENTION - Japanese secondary aluminium alloy sector shrinking as China expands

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By Martin Hayes, Chief Correspondent martin.hayes@fastmarkets.com +44(0)20 7929 6339
Rome 30/05/2012 - The secondary aluminium market is shrinking in Japan, continuing an established trend, Shinegori Hayashi, director at Japan's Daiki Aluminium, said.

But growth is being sustained in China, although there are some challenges there, Hayashi said at the BIR's spring meeting here on Tuesday.

Secondary alloy's key end-use sector is in the automotive industry - this sector is shrinking in Japan,

"New car sales are falling there - people are holding on to their cars longer now, while the younger generation are not buying so many new cars either," he said.

In China, by contrast, motorcycle production is increasing, with only a marginal blip after the 2008 financial crisis - again, secondary aluminium is a key industry input. China is now the world's largest exporter of motorcycles.

Even so, China faces challenges - environmental legislation will hit smaller producers, while labour costs are rising. Traditionally, raw material intake by producers is hand-sorted - wages for hand-sorters are rising.

But this is not likely to deflect China's overall production expansion, which is evident in coastal regions and close to consumer locations, he added.

BIR CONVENTION - BIR seeks to tackle growing theft and fraud in scrap sector

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By Martin Hayes, Chief Correspondent martin.hayes@fastmarkets.com +44(0)20 7929 6339

Rome 30/05/2012 - The ever-increasing incidence of theft and fraud in the scrap sector must be addressed, the Bureau of International Recycling (BIR) said, and it will look to raise awareness of it this week.

"It is a problem that is not going to go away - we must stand up and confront it," Robert Voss of Voss International said at the Brussels-based BIR's spring meeting here on Wednesday.

The BIR is holding a workshop on Thursday to illuminate some of the practices in theft and fraud around the world - in the latter these include false documentation and the setting up of false companies with very similar names to existing firms.

Theft, similarly, is becoming a major issue around the world. Typically, there are two types of theft, Voss said.

On the small-scale side, these include theft of material from church roofs and copper cabling alongside railway lines as well as in the UK from war memorials. However, 50 percent of this type of theft is from within the industry's own premises.

Large-scale theft, which is more organised, is on the increase as well, particularly in the seaborne container sector. Whole containers often go missing, while there is also theft from actual containers, even though seals remain unbroken, which can see around one to three tonnes of material stolen.

"This is becoming contagious. Now insurance premiums are rising, shippers don't want to handle our material, as they are held liable and consumers are unhappy when they receive under-weight [units]," Voss added.

BIR CONVENTION - BIR to carry out study on world scrap flows, appoints CRU

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By Martin Hayes, Chief Correspondent martin.hayes@fastmarkets.com +44(0)20 7929 6339
Rome 30/05/2012 - The Bureau of International Recycling (BIR) has commissioned a world-wide study on scrap flows, it said, and has appointed CRU Group to handle the exercise.

"The industry needs scrap at competitive prices and we need free and fair trade," Peter Dahmen, vice president of the Brussels-based BIR's non-ferrous metals division, said at the group's spring meeting here on Wednesday.

Initially, the study will concentrate on the copper and aluminium sectors - these two metals are the largest non-ferrous global markets. The report is scheduled for the BIR's autumn meeting, which will be in Barcelona, Spain, in October.

A record number approaching 1,300 delegates from around the world are attending this year's BIR Convention.

BIR CONVENTION - Trade barriers the major challenge for recyclers - BIR President

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By Martin Hayes, Chief Correspondent martin.hayes@fastmarkets.com +44(0)20 7929 6339
Rome 29/05/2012 - Tackling trade barriers and protective measures, which are restrictive to business, is the major challenge facing the recycling industry, BIR President Bjorn Grufman said on Tuesday.

"Free and fair trade is the number one priority for this organisation," Grufman said at a briefing ahead of the BIR's bi-annual meeting here.

He said that trade barriers have been regularly imposed around the world in recent recent years, but in an era of increasing globalisation they are a deterrent to business. Although effective as a short-term measure in the worldwide recycling and secondary material sector, protectionism is not beneficial in the long-term.

In many ways, countries will introduce policies that are specifically designed to artificially safeguard their domestic sector, but this is just delaying inevitable and much-needed change.

"To put up barriers just to let an industry survive will only prolong problems," Grufman said.

He added that environmental legislation often exacerbates the problem, as it can prevent the international movement of waste and secondary materials - Europe is typically such a case.

"In the future we all need to trade around the globe - it is necessary that the recycling industry develops in the right way."

BIR CONVENTION - Record numbers attend meeting, nearly 100 new members pending

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By Martin Hayes, Chief Correspondent martin.hayes@fastmarkets.com +44(0)20 7929 6339
Rome 29/05/2012 - A record number of more than 1,300 delegates from around the world will attend this year's BIR Convention, which starts here on Wednesday, with pending applications to join the group totalling 96.

These will be formally ratified at the BIR AGM, which takes place here on Thursday. Among the companies seeking membership are metal traders LN Metals International and Triland Metals Ltd, both of the UK, and South Africa's Achilles Commodities Trading, the BIR said.

Downstream manufacturer US-based Novelis Inc has also applied, while two key trade associations - China National Recycling Association and the Metal Recycling Association of India - are joining.

The developing economies in Asia are becoming an increasingly important part of the global non-ferrous and ferrous recycling and secondary metal industry.

Delegates at the BIR meeting this year will be grappling with the fallout from the eurozone crisis and its impact on Greece and shipping, as well as a slowdown in China's economic activity, which will affect the country's scrap demand.

High prices of some primary metals, such as copper, have led to increased theft, and the implications for the secondary sector will be scrutinised, as well as fraud issues. Additionally, the group will explore the impact of export restrictions on primary steel, scrap and waste.