

Despite almost all major European ferrous scrap exporters and buyers being together in one place for the BIR's autumn conference in Milan last week, very few new deals were reported as exporters held off awaiting further price rises. Offer prices nudged up another \$5 per tonne after a cargo was booked in the week to October 21 before the conference from the Baltic to a Turkish mill at \$233 per tonne cfr Turkey for bonus grade material, but the expected wave of Turkish buying is yet to materialise.

The blocking of ferrous scrap import cargoes at Italian ports is still a risk, according to Ruggero Alocci of Genoa merchant Alocci Rappresentanze, speaking at the BIR conference. Despite appeals by Italian steel producers to the Italian government after a 9,000 tonne shipment of ferrous scrap was blocked at Marghera port in July because it was regarded as waste, the risk of further blocks is always there, he said. The problem arose after the European Commission in July started new proceedings against an Italian law which defines scrap as a secondary raw material and virtually excludes it from an "authentic interpretation" of waste.

Commercial Metals Co's net income more than doubled to \$285.8 million in its fiscal year to August 31 on sales that climbed 38.3 percent to \$6.59 billion compared with a year earlier. Wider margins between its US mini-mills' selling prices and the scrap used as raw material assisted the Texan company in increasing its income. The gross margin widened to \$302 per short ton in the fiscal year from \$230 in the previous year, while the gross margin in the fiscal fourth quarter increased to \$325 per ton from \$293 per ton in the corresponding period of last year. Domestic mills consequently provided 44 percent of operating earnings.

US ferrous scrap prices could rise by about \$30 per long ton as buyers visit the market to ensure supplies during winter, according to John Neu of Hugo Neu Corp, speaking at the BIR conference. "Most people today think the November market will adjust upward around \$30 per [long] ton, but some are guessing more. [This increase] seems justified, as it will restore scrap collection rates, yet not cause short selling, especially as we enter into the winter season and since there are numerous transportation problems that may impede contract shipments," said Neu.

BIR INTERVENES TO HALT INDIAN SCRAP IMPORT BAN

BY BEN GARSIDE

■ MILAN — A plan to ban all ferrous heavy melting scrap imports into India was shelved when representatives from the Bureau of International Recycling (BIR) submitted an application to the Indian government.

The intervention prevented a complete ban and resulted in only blocking imports from Iran, according to Iqbal Nathani, md of the Mumbai-based Nathani Steel Group of Companies and the Bureau of International Recycling's ambassador for India, on the sidelines of the BIR Milan convention last week.

"The new laws will mean that imports will be allowed from non-war zones, such as the USA and Europe, with a relaxation of inspection procedures, but imports from Iran will be blocked," he said.

The Indian government has been concerned about allowing imported ferrous scrap into the country since an explosion killed 12 people at Indian cold roller Bhushan Steel & Strips in September 2004 (MB Oct 1 2004).

"Indian steelmakers are offered cheaper material — which can come out of Iran... originates in the war zones of Afghanistan and Iraq, [and] contains unexploded shells and mortars," Nathani said. "But the USA and Europe are not war

India overtakes Turkey as biggest scrap importer from European Union

■ MILAN — India overtook Turkey as the biggest buyer of ferrous scrap from Europe during the first half of 2005, according to figures from the German scrap federation (BDSV) which were presented at the Bureau of International Recycling conference in Milan last week.

But merchants questioned the figures, as the EU scrap remains the main force in the European market. India imported 1.36 million tons of ferrous scrap from Europe between January and June 2005, double the two largest half times more than the 0.6 million tons imported in the corresponding period of last year (the BDSV said).

Turkey imported 1.04 million tons of ferrous scrap in the first half of 2005, a 13 percent increase on the 0.92 million tons imported in the corresponding period. The overall Indian ferrous scrap imports increased 10 percent from 0.9 million tons in the first half of 2004 to 1.36 million tons in the first half of 2005, according to the BDSV. Merchants were surprised at the size of the Indian increase, which they believed was the overall European export market, although they said the market was generally "flooded" by scrap from India. "We can see that scrap is being sold in India for a very low price, which is not the case in the rest of the world," said Iqbal Nathani.

Indian scrap exporters have been keen to export scrap to Europe since the US steel industry has introduced a ban on scrap imports from the US. "The US steel industry has been a major force in the scrap market, and it has been a major force in the scrap market, and it has been a major force in the scrap market," said Iqbal Nathani. "The US steel industry has been a major force in the scrap market, and it has been a major force in the scrap market," said Iqbal Nathani. "The US steel industry has been a major force in the scrap market, and it has been a major force in the scrap market," said Iqbal Nathani.

zones and all scrap should be allowed to be imported without rigorous customs scrutiny."

India needs to import around 3 million tpy of ferrous scrap. Over

the past year, many Indian mini-mills have opted to reduce their scrap intake and substitute scrap with pig iron in their furnace feed because of lower availability.

Russian government plans to ditch VAT for domestic scrap companies

■ MILAN — Russian non-ferrous scrap companies will be exempt from paying value-added tax (VAT) following legislation to be introduced by the government from January 1, according to Ildar Neverov, director of Russian scrap merchant Torgmet.

The move is expected to cause non-ferrous scrap prices in Russia to drop by as much as 18 percent, he told delegates at the Bureau of International Recycling conference in Milan.

The legislation is intended to end a situation that has seen some companies avoid paying VAT on purchases and sales of material.

Until now, certain companies have managed to avoid paying VAT by making sales through separate companies.

The company benefits because it then gets paid for its material with VAT included.

"There are widespread situations when the supplier of non-ferrous scrap to domestic enterprises does not pay VAT to the Russian budget using special purpose companies, and then receives the payment for scrap including VAT from the final consumer," he said.

"Cancellation of VAT on scrap operations will [have a] serious impact on domestic prices that is favourable for Russian metallurgical plants, and will not allow [the reimbursement of] VAT from state budget for exporters," he claimed.

He did not name the companies involved in the VAT avoidance scheme. While he predicted a double-digit drop in prices, the actual effect of the new legislation will only become evident in the first few months of 2006, Neverov said.

New Delhi to cancel traders' 5% scrap import duty

■ MILAN — The Indian government will remove the 5-percent import duty for traders of ferrous scrap within the next few months, which should further open up the Indian import market, according to Iqbal Nathani, owner of Mumbai-based Nathani Steel.

The Indian government applies a 5-percent import duty for traders of ferrous scrap, with no such duty on "actual users" of the material.

"The 'actual user' condition is outdated in our present liberalised times, but the removal of it will make life easier for smaller end-users who only need small quantities and cannot enter the import market directly [and therefore must] go through traders," said Nathani. India imports about 3 million tpy of ferrous scrap at present, according to Nathani.