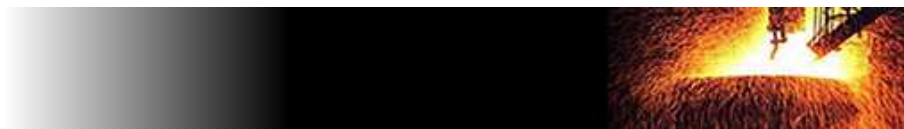




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BIR ferrous meeting fixed on China, trade protectionism - Thursday, 30th October 2014

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BIR

Bearish sentiment and short-term uncertainty dominated the atmosphere of the Bureau of International Recycling conference in Paris on Monday and Tuesday. The committee for ferrous metals focused strongly on Chinese concerns and rising protectionism in the global steel market.

Hans Jürgen Kerkhoff of the German steel federation spoke on the difficulty posed by overcapacity in the steel markets in the wake of China's increased export activities. He said that there was little hope for Chinese domestic intervention as the President has described the deceleration of the country's growth as "the new normal", meaning that the spill of Chinese product into the global market was also here to stay.

Some reduction of capacity is expected through environmental concerns erupting in China. "We have to take the Chinese government's promise to reduce seriously," said Kerkhoff.

He also addressed the growing concerns surrounding trade barriers that now cover 65% of steel production. "There has been a decisive sealing of important markets," he said. The EU has begun to suffer from these decisions, as domestic producers begun to lose out to an increasing volume of cheaper import materials.

William Scheidel of Sims Metal Management cited import taxes and anti-dumping duties installed by Egypt, Mexico and Turkey – further mentioning ongoing cases in Thailand, Malaysia and Indonesia – that are firmly aimed against Chinese presence. "Until regulations such as these become effective, ferrous scrap prices will need to continue to be priced competitively versus iron ore and coking coal," he said.

"The EU has to commit to trade policy that matches the reactions of other markets," Kerkhoff said, but he admitted that it was essential that free and fair access to raw materials and ferrous scrap remain in order to compensate for the shortage of coking coal.

-- *Simon Price*

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