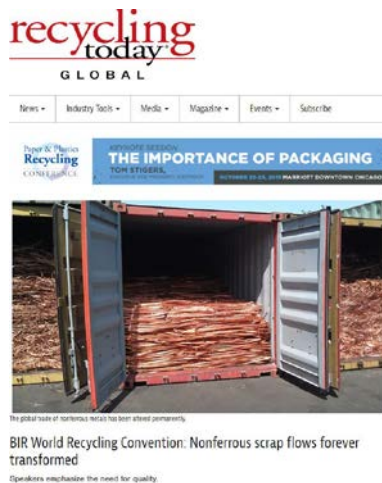


# BIR World Recycling Convention: Nonferrous scrap flows forever transformed

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Speakers emphasize the need for quality.

Brussels-based Bureau of International Recycling (BIR) Nonferrous Metals Division President David Chiao of Uni-All Group Ltd., Atlanta, said the primary issues affecting nonferrous scrap companies are the U.S.-China trade war, global political instability and a widespread decline in manufacturing, with some countries' automotive industries recording 10 percent declines in production. Additionally, he said, scrap metal flows have been "transformed" by factors that include changing environmental policies.

Chiao addressed the BIR Nonferrous Metals Division during the 2019 World Recycling Convention Round-Table Session, which took place in Budapest, Hungary, Oct. 14-15.

Guest speaker Perrine Faye, global base metals editor at London-based Fastmarkets, argued that these shifts in scrap flows are far from temporary. "A number of investments have been made, and so a certain amount of permanent change has occurred, particularly on the copper side," she said during a panel debate moderated by Natallia Zholud of the Belarus-based TRM Group.

"There is no way back," agreed Murat Bayram of U.K.-based European Metal Recycling Ltd. (EMR) agreed. "We have seen huge investments in the Western world. We need to fasten our seatbelts. Quality, service and reliability are the most important things to focus on to help our industry overcome the turbulence."

Chiao urged everyone in the scrap industry to show "environmental consciousness" in regard to the quality of the material they ship, while Divisional Senior Vice President Dhawal Shah of Metco Marketing (India) Pvt. Ltd., Mumbai, India, underlined that the recycling industry's primary responsibility must be to buy and sell "good, clean scrap." He also acknowledged the huge potential for increased scrap consumption within India.

Faye insisted that Chinese demand for copper scrap remains “robust” with alternatives such as blister, concentrates and cathodes being expensive.

She also highlighted a “very, very strong correlation between copper scrap discounts and the LME (London Metal Exchange) price” despite occasional disconnects.

Faye also spoke of a manifest downtrend in aluminum scrap prices, particularly among the less pure grades, and of an uncertain future for secondary aluminum prices owing to the growing adoption of hybrid cars and the move away from diesel engines.

She predicted that LME aluminum prices are likely to remain below \$18,00 per metric ton in 2020 but also indicated that the market is “near the bottom.”

Andriy Putilov, chairman of the board at MZ Ltd. in Ukraine, who was also a guest speaker, highlighted his country’s changing approach to exports of nonferrous scrap—from a ban in 1999 and a 30 percent duty in 2008 to today, where the export duty to EU countries is 7 percent, while it is 15 percent to other countries.

He also alluded to more promising prospects for Ukraine’s secondary aluminum industry through the creation of joint ventures and parliamentary moves toward achieving more favorable conditions for the recycling industry. Since 2017, he noted, no EU import duty has been assessed on secondary aluminum alloys from Ukraine.

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