

China to hit 200 shredders in 2018: BIR

[Print article](#)

13 Jun 18, 14:22 - Metals, Non-ferrous, Ferrous, Scrap, Fundamentals, Demand, Supply

Houston, 13 June (Argus) — The number of shredders operating in China will hit 200 by the end of 2018 and may rise to 500 or more as domestic scrap generation increases, according to Bureau of International Recycling (BIR) estimates.

There is a "real big movement" in China to install more shredders and use more scrap in the production of steel, BIR shredder committee chairman Alton Scott Newell of Newell Recycling Equipment told attendees at BIR's spring convention in Barcelona on 29 May.

China installed 130 new shredders since the beginning of 2017, but increases in obsolete consumer scrap generation are expected to drive shredding capacity substantially higher.

BIR ferrous division member George Adams, chief executive of US metals recycler SA Recycling, suggested at an earlier ferrous division meeting that China may need as many as 500 shredders. There are 322 shredders operating in the US by comparison and more than 300 in Europe, according to BIR.

Population data supports Adams' estimate as China's consumption and rates of scrap generation increase, with nearly 7mn people/shredder in China compared with just over 1mn people/shredder in the US. The global population of shredders is estimated to be 1,048, according to BIR's Shredder Committee list.

The increase in shredding capacity in China comes amid greater focus on processing and consumption of domestically-generated scrap.

The country's ferrous scrap demand is expected to increase as scrap-reliant electric-arc-furnace (EAF) steel production rises. EAF production accounted for 6.5pc of China's steel output in 2017, with basic oxygen furnace (BOF) consumption accounting for 93.5pc.

By comparison, EAF production accounted for 68pc of total steel output last year.

Global consultancy McKinsey [estimates](#) that EAF capacity could rise to as much as 20pc by 2025.

Demand for scrap is also rising as integrated steel producers boost scrap consumption. Market participants estimate that the share of scrap used in BOF production in China rose to 15-20pc in 2017 from 10pc or less in recent years.

In a separate presentation before delegates at BIR's Barcelona meeting, Andres Albuja Ribadeneira, technical director of Ecuadorian steelmaker Adelca, discussed the benefits of his company's decision to switch from largely pressed/sheared and bundled scrap to shredded scrap as the main source of ferrous units for its production.

The switch to shredded boosted yield rates to 94pc from 85pc, reduced electrode consumption and nearly doubled furnace productivity, Ribadeneira said. The rebar and wire rod producer's direct costs fell by as much as \$60/t.

In a separate presentation, BIR ferrous division interim president Tom Bird of Hong Kong-based Chiho Environmental estimated that China's month-long suspension of the US operations of the China Certification and Inspection Group (CCIC) will cost exporters as much as \$500mn, including market value reduction and shipment diversions to other destinations such as India and South Korea.

Exporters in other regions such as Europe were not immune to problems resulting from the suspension, with "far more stringent inspection protocols leading to confusion and shipment delays," Bird said in Barcelona.