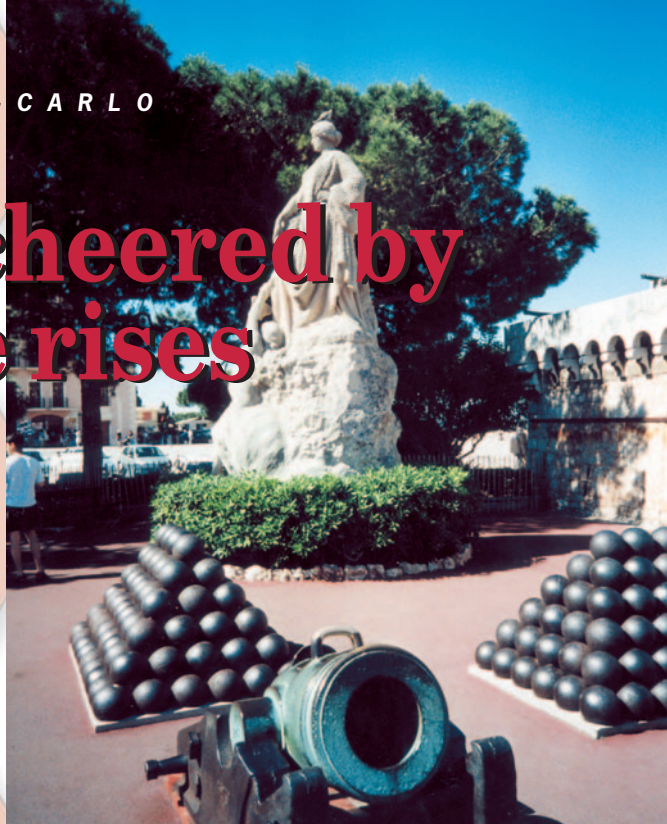




Ferrous division

Delegates cheered by scrap price rises

A fair amount of good news was on offer at the BIR Ferrous Division meeting in Monte-Carlo. In particular, scrap prices in many parts of the world had improved significantly since the previous meeting last October. Delegates heard that U.S. steel industry utilisation rates had also made a significant recovery.



Cannon and cannonballs in the square in front of the Palace of Prince Rainier III of Monaco.



John Crabb recently stepped down as CEO of Simsmetal in Australia after having guided the company to the point of being one of the world's leading scrap conglomerates. Mr Crabb has been President of BIR's Ferrous Division for the last four years.

Robert Philip, CEO of Hugo Neu Schnitzer of the U.S., was elected to succeed John Crabb as President of the Ferrous Division. Mr Philip will be assisted by Vice-Presidents Björn Voigt of Thyssen Sonnenberg Recycling, Germany, and Colin Iles of European Metals Recycling, U.K. Poul Norregaard of Denmark and Michel Poulin of Canada were re-elected board members, while Jeremy Sutcliffe of Simsmetal, Australia, and Ruggero Alocci of Simsmetal, Italy, were nominated as new members of the board.

In his report to the BIR Ferrous Division on the Pacific Rim markets, Kumar Radhakrishnan of Simsmetal Australia remarked that economic strength in the region has boosted steel demand while U.S. steel import tariffs have been something of a blessing in disguise for the steel and recycling industries given that prices for finished steel and raw materials have risen substantially in recent times.

Exports of Japanese steel during the first quarter increased by no less than 29% and continued to be strong in the second quarter. Japanese demand for scrap has consequently increased, resulting in lower volumes available for export to the rest of Asia - leading potentially to an annualised decline of 30% for the year.

Read out by Jeremy Sutcliffe, Mr Radhakrishnan's report foresaw continuing high imports of scrap into China as the country's output of crude and finished steel continues to rise. South Korea and Taiwan are

also expected to maintain a high demand for ferrous scrap in the light of the strength of their construction industries.

Mr Radhakrishnan also referred to the recent decision of the Russian government to ban exports of ferrous scrap from Far East Russian ports. This move will have a significant impact on scrap flows in the region since up to 100 000 tonnes of scrap has been imported monthly from these ports into Korea and Taiwan. A number of cargoes contracted from these ports have even been cancelled due to the sudden imposition of this restriction, thereby creating tightness in the market.

Prices recently reached US\$ 130 per tonne for HMS I into South East Asia and Mr Radhakrishnan expected these prices to remain firm in the near future despite marked freight rate increases in recent weeks.

Reduced Black Sea exports

Denis Ilatovsky of Mair, Russia, reported that total scrap collection as well as exports from his country are expected to fall by 3-5% this year. He cited the following reasons: an almost doubling of railroad freights; the curtailment of steel exports combined with rising scrap values; and the closure of Russia's Far East ports for scrap export. Exports from the Black Sea fell by 20% in the first quarter of this year, but rose 10% in April. Mr Ilatovsky expects Ukrainian exports in 2002 to remain broadly similar to last year.

By Alfred Nijkerk



Robert Philip of Hugo Neu Schnitzer LLC, U.S., told delegates that his nation's steel production utilisation rates had improved from a low of 63% to around 89% at the time of the BIR Ferrous Division meeting in Monte-Carlo. Hailing this as 'a good sign for scrap', he noted that the Heavy Melt Scrap price had risen by more than third since reaching US\$ 64 per ton in November last year.

In Europe, by contrast, scrap prices have been subject to 'relatively small fluctuations', according to Bjorn Voigt of Germany, Managing Director of Thyssen Sonnenberg Recycling. The early months of 2002 brought a clear increase in demand from Third Countries, notably Turkey and some Far East nations. Overall, high-grade specifications of scrap are enjoying particularly strong demand, he added.

Sadao Taya of Shinsei Co explained that scrap prices in Japan have improved dramatically, with H2 having almost doubled to Yen 10,500-11,000 per tonne. 'The day was saved' by large demand out of China and South Korea, he said, with shipments to these two countries accounting for around 80% of a vastly increased export total.



Robert Philip, CEO of U.S. company Hugo Neu Schnitzer Global Trading was elected as the new President of the Ferrous Division.



BIR Treasurer Björn Voigt (left) and General Delegate Rolf Willeke.



From left: Tony Bird, who stepped down as Chairman of the Shredder Committee, Guest Speaker Colin Iles of European Metals Recycling, U.K., and Jeremy Sutcliffe, who recently succeeded John Crabb as CEO of Simsmetal.

Slump in production

Also from the U.K., former Shredder Division President Tony Bird provided a brief written report on the recent activities of EFR-ESG. Comparisons have been made between the various EU member state initiatives designed to implement the ELV Directive while close liaison has been maintained with car manufacturers, he said. 'We have reached basic common positions on major issues raised by the directive,' he added. 'We are now drafting EFR-ESG specifications for shredder infeeds.'

Mr Bird also noted that the waste/non-waste issue with respect to the status of processed scrap is to be addressed shortly by the EU Court of Justice. The preliminary ruling, expected by the end of June, will be of 'major importance' to the European ferrous recycling industry in particular, he said.

The Ferrous Division's guest speaker Guy Amedro, Central Director of Scrap Purchasing and Recycling at Arcelor, highlighted the aims of this recently-formed steel conglomerate, which is now the world's leading producer. He said the group is aiming to achieve 'synergy' savings of Euro 700 million by the year 2006, around 27% of which are expected to come in the area of purchasing. Mr Amedro went on to recommend continuous development of European scrap classifications. □



Dennis Ilatovsky gave the report on the Russian scrap and steel market.



Sadao Taya of Shinsei Co. Japan: 'Scrap prices in Japan have improved dramatically, with H2 having almost doubled to Yen 10,500-11,000 (US\$ 87.56 tonne).'