



Dramatic flu

London's famous double deck buses are threatened with extinction now that the authorities have decided to replace them by more up-to-date buses.

In Germany, the scrap ratio in stainless steel production had grown from 36% to 40.4% in 2003, and the country had exported some 300 000 tonnes while importing 190 000 tonnes. Belgium had been producing at some 85 000 tonnes a month in the third quarter, Spain had imported much less scrap, while Outokumpu in the UK had healthy order books and would increase production from 420 000 tonnes in 2003 to 484 000 tonnes this year. The industry in Spain and Italy had suffered from a series of strikes, the Round-Table was told.

Russian scrap in US dollars

In his overview of the Russian market, Mr Neverov said his country was currently exporting some 500 000 tonnes of stainless steel scrap each year but still faced an export duty of 15%. Major buyers were Finland and Germany. He also reported that Russia had been enjoying rather steady market prices as scrap was quoted and traded in US dollars whereas the rouble remained strong.

Russian companies' cash flow had suffered the effects of an 'artificial' banking crisis during the summer and the stainless steel scrap industry had been particularly affected, said Mr Neverov. State authority requirements and controls had become stricter such that many small and medium-size traders had been pushed out of the market. The trade was still suffering the effects of high energy prices and transportation costs, Mr Neverov remarked. In addition to modern equipment, better recycling technologies were badly needed in Russia to improve efficiency levels, he added.

According to Mr Neverov, there was also a need to develop contacts with the World Trade Organization, the European Union and international scrap associations.

On-going tightness

One of the guest speakers at the Round-Table, Jim Lennon of Macquarie Research Metals and Mining, provided an insight into the global nickel market. Of the 22.9 million tonnes of stainless steel produced worldwide in 2003, 76.8% had been austenitic and had comprised an average nickel content of 8.49%, he explained. The average scrap

Despite some 'rebalancing' of the nickel market during 2004, prices should remain firm in the first half of next year, the BIR Stainless Steel & Special Alloys Round-Table in London was informed by guest speaker Jim Lennon of Macquarie Research Metals and Mining. His company's latest charts suggested an LME cash price average of US\$ 13 558 per tonne for 2004, rising to US\$ 14 881 next year.

By Alfred Nijkerk

Round-Table Chairman Sandro Giuliani of Italy began by welcoming Ildar Neverov of Teplotorresource in Moscow as a new member of the BIR Stainless Steel & Special Alloys board before going on to recall the 'roller-coaster' ride that has characterised this year's LME nickel quotations. These had swung from a high of US\$ 17 700 on January 6 to a low of US\$ 10 495 on May 18, before achieving a new high of US\$ 15 980 on July 7 and then another low of US\$ 12 050 on September 9. In October, the LME price had witnessed a high price of close to US\$ 17 000.

'These fluctuations can be attributed to a constant production growth,' Mr Giuliani observed. 'In 2003, for instance, there was an 11.2% increase in stainless production to a total of 22.5 million tonnes.' But, he added, 'this production increase is hardly enough to match higher demand.' As a result of these higher prices, dealers had been induced to de-stock their scrap arsenal, and hence scrap availability had increased in early 2004 but had dipped again in the third quarter.



From left to right: Neil Marshall, Director General of the British Metals Recycling Association; Mogens Norsk of H.J. Hansen of Denmark; and Stuart Freilich of US-based Universal Metal Corporation.



Guest speakers Jim Lennon of London-based Macquarie Research Metals and Mining (left) and Secretary General of China's CNIA steel association Mr Zunqing.



ctuations appear set to continue

ratio had been 43.8% while the stainless share of primary nickel use had been 67%.

Mr Lennon agreed that speculation had played its part in the current bull market - 'but not the central one'. He emphasised the pivotal role of China whose nickel consumption had risen by 84.4% between 2001 and 2004. China has almost doubled global nickel consumption over the past ten years; over that period, world growth has been 4.1% per annum but would have been 2.2% without China.

The same country was also responsible to a large extent for a 45.2% increase in global production of 200 series stainless during 2003 and for a predicted 37.6% increase in the current year. However, the 200 series was 'a bit of a time bomb - particularly from the scrap recycling perspective', Mr Lennon contended. 'This is giving stainless a bad reputation, particularly in external applications.'

Among the major factors influencing the nickel market this year, Mr Lennon mentioned the clearing out of stocks, wider use of lower-grade scrap, Russian de-stocking of nickel (70 000 tonnes in 2003

and maybe another 10 000 tonnes this year), and substitution of nickel, for instance, in the 200 series of stainless steel. According to Mr Lennon, Asia was currently the dominant nickel user (*see Graph 1*) with consumption showing 5.9% annual growth from 1988 to 2003.

In conclusion, Mr Lennon predicted that the market was likely to remain tight in 2005 barring a major global economic correction. □



Ildar Neverov of Teplotorresource in Russia: 'An artificial' banking crisis has created payment problems for many scrap enterprises this Summer.'

Graph 1

Asia now the dominant nickel user...
nickel consumption from 1988 to 1993

	000t 1988	000t 2003	1988-03 Growth % p.a.	% share 1988	% share 2003
Western Europe	272	436	3.2%	30%	35%
Eastern Europe	227	43	-10.6%	25%	3%
USA	133	120	-0.7%	15%	10%
Japan	158	195	1.4%	17%	16%
China	33	140	10.2%	4%	11%
Other Asia	46	226	11.1%	5%	18%
Total Asia	237	561	5.9%	26%	45%
Other	42	89	5.1%	5%	7%
Total World	912	1249	2.1%	100%	100%