

## BIR: scrap consumption up in 2014, most substantially in USA

### Global / Scrap

Global steel scrap consumption increased over 2014 despite diverse trends in certain regions and countries. The steepest increase was seen in the USA.

Scrap consumption reached 585 million t last year against 580 million t a year earlier (1% up), largely driven by higher production of steel in the countries, where EAFs prevail, as Metal Expert has learnt during the BIR World Recycling Convention & Exhibition held in Dubai (the UAE) on May 17-20.

The rise in global scrap consumption was mainly driven by the USA, where demand for the material increased most substantially – by 5.1%. “One of the reasons for this was last year’s 4.9% upturn in EAF production to 55.2 million t,” Rolf Willeke (the Bureau of International Recycling, Belgium) said during his speech. Scrap proportion in the US overall crude steel production was 70.3%.

Special attention should be paid to China, the world’s top steel producer with prevailing BOF technologies. Scrap consumption gained 3% in China in 2014 and the trend is expected to continue. “It has been suggested that China’s annual consumption of steel scrap is set to exceed 100 million t in the coming years,” Rolf Willeke comments.

The decrease in scrap demand was registered in South Korea, Turkey and Russia. The figure dropped most substantially in Turkey – by 7.3% due to a decrease in the share of EAF steel in the total output from 71.3% in 2013 to 69.8% last year. Being the biggest scrap importer, the country reduced purchases abroad by 3.2% to 19.7 million t. “I believe that scrap imports will continue decreasing in Turkey in 2015, while square billet supplies will be on the rise in view of economic efficiency,” a representative of a major Turkish mill told Metal Expert.

### Global steel scrap consumption, million t

Region/country	2013	2014	Y-o-y, %
EU-28	90.3	91.3	+1.0
China	85.7	88.3	+3.0
USA	59.0	62.0	+5.1
Japan	36.7	36.9	+0.6
South Korea	32.7	32.6	-0.3
Turkey	30.4	28.2	-7.3
Russia	19.4	19.3	-0.5

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## BIR: demand for scrap and DRI to be on rise till 2019, pig iron market to stagnate

### Global / Scrap

The global market requirement for scrap and DRI will increase in the next five years on stronger steel product demand, while pig iron market will stagnate, as reported World Steel Association (WSA) during the BIR World Recycling Convention & Exhibition which finished last week.

The Director-General of World Steel Association Edwin Basson forecasts global scrap demand will improve by 110 million t [to 695 million t] by 2019. The upturn is related to optimistic expectations about steel product consumption that will add 8.2% by 2020 reaching 1.66 billion t. “China, Turkey, ASEAN, NAFTA to drive growth in demand for scrap,” he believes.

The data on shift of global steel casting ratio between BOF and EAF production also indicates an increase in scrap usage. By 2019 the share of electric steel in production will reach 30% (27% now), WSA expects. However, WSA’s official doubts that the rate will go up further given electricity shortage and limited scrap supply to developing markets. At the same time, SA Recycling President George Adams stated during the conference that scrap shortage is urgent issue for scrap collectors already now, since its sources are limited. ➡

◀ Along with growing interest in scrap, global demand for DRI will also strengthen by 2019 to 110 million t (35 million t up) mostly on better buying in India, MENA region and NAFTA. According to Metal Expert's estimate, improvements in demand for DRI will be driven by Iran where requirements of this material are rising on large-scale steelmaking capacity expansion projects.

With existing steel casting facilities, pig iron needs will remain almost unchanged at some 1.25 billion t.

Despite quite optimistic forecast for scrap segment, conference members agree that the segment's developments are directly dependent on steel industry. "To see a sustained improved steel scrap industry, we need a buoyant and healthy steel sector," said Tom Bird from UK's Mettalis Recycling.

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