

Ferrous

Ferrous market 'well balanced' in the longer term

Ferrous scrap prices had dropped around 20% from recent highs by the time the latest BIR Ferrous Division meeting got under way in Istanbul. However, delegates had reason to leave the auditorium in a reasonably optimistic frame of mind, partly because leading representatives from Turkey's steel industry had given assurances that imported scrap would remain the lifeblood of its production for years to come.

The subject of regular debate in the run-up to the BIR Ferrous Division gathering in Istanbul was when the Turkish steel mills would re-enter the international scrap market. Asked this very question after making a guest presentation to the meeting itself, the response of Uğur Dalbeler, General Manager of steel producer Çolakoğlu Metalurji AS, was: 'Very soon.' The reason for the interest in the Turkish mills' intentions is obvious: the country is established as the world's leading importer of ferrous scrap, holding on to this title last year despite China breaking all previous records in its overseas purchases. And Turkey is planning further significant increases in its consumption and imports of scrap over the coming years, it was confirmed by Dr Veysel Yayan, Secretary General of the Turkish Iron & Steel Producers' Association.

Scrap demand extended

In 2009, Turkey's total melting capacity amounted to 38.5 million tonnes, with electric arc furnace (EAF) mills accounting for 30 million tonnes and integrated producers for the remaining 8.5 million tonnes. By 2015, suggested Dr Yayan, domestic EAF producers would wield an estimated 38.8 million tonnes of annual capacity compared to 12.3 million tonnes in the integrated sector.

In terms of actual crude steel production, Turkey recorded a drop from 26.8 million tonnes in 2008 to 25.3 million tonnes the following year; as a result, the country's scrap consumption declined from 23.8 million tonnes to 21.4 million tonnes. However, Dr Yayan predicted that a production leap of around 15% to 29.1 million tonnes this year will extend scrap demand to 24.9 million tonnes.

With steel production set to carry on rising, Turkey's scrap needs are expected to expand to 27.4 million tonnes in 2011 and to around 30 million tonnes in 2012 - of which around 75% will be imported. 'Despite stable growth in domestic scrap collection, Turkey's need for imported scrap is expected to rise significantly in the medium term,' Dr Yayan told delegates. Mr Dalbeler agreed that, in Turkey, 'we can only generate 25% of our scrap needs'. His figures suggest that the country's imports dropped to 15.6 million tonnes in 2009 after two years in excess of 17 million tonnes. His forecast called for Turkish scrap imports to reach 18.2 million tonnes in



Ferrous Division President Christian Rubach of Germany.



Blake Kelley of Sims Group Global Trade Corporation.



Uğur Dalbeler, General Manager of Turkish steel producer Çolakoğlu Metalurji AS.



Rainer Cosson of the BDSV in Germany was elected as the division's new General delegate.

2010 and perhaps 20 million tonnes in 2011. The overseas scrap supplier mix has shifted over recent years: in 2005, Russia was responsible for meeting 30% of Turkey's scrap import requirements, the EU 38% and the USA 10%; by 2009, Russia's share of this market had plummeted to 8.5%, with the EU and the USA picking up the slack on 50% and 25%, respectively. In the first quarter of 2010, Mr Dalbeler reported, the EU was responsible for 61% of the 3.8 million tonnes imported by Turkey whereas the proportion received from Russia dwindled to just 3%.

Well short of peak

Another wealth of statistics was provided by Ruggero Alocci of Italy-based Alocci Rappresentanze Ind. in his review of the European steel and scrap markets. Using figures from the World Steel Association (WSA), he noted that EU apparent steel use nose-dived 35.2% last year while production slumped from just below 200 million tonnes in 2008 to just 139 million tonnes.

An increase of around 20% to 167 million tonnes is foreseen for EU steel output in 2010 although this total will still be well short of the peak of 210 million tonnes recorded in 2007 and even the year 2000 total of 193 million tonnes. According to Mr Alocci, the figures suggest at least 40 million tonnes of annual steelmaking over-capacity in the EU which needs to be addressed. The first-quarter 2010 improvement in EU steel

production reflects 'progressive restocking' rather than demand growth. Without rapid and substantial steel sales growth, scrap prices will fall again - but not to 'the low level we have seen at the beginning of this year', Mr Alocci contended.

Consistent demand foreseen

Focusing on the US and Pacific Rim markets, Blake Kelley of Sims Group Global Trade Corporation noted that steel prices in the USA have benefitted from strong demand from the automotive and oil industries. Plate mills are reporting full order books for the next 60 days, he added, and even the construction steels sector has been experiencing more buying interest. 'The outlook for the summer, while not necessarily bullish, is optimistic as we anticipate consistent demand,' the speaker said.

Turning his attention to China, Mr Kelley observed that the country's scrap buyers have been adopting a 'cautious' approach because of concerns over the possibility that their government will restrict residential construction and economic growth. Nevertheless, added Mr Kelley, 'iron ore imports continue at near-record rates and raw steel production in April set a new record at 55.4 million tonnes - or nearly 650 million tonnes annualised.'

Based on projections from latest WSA data, Mr Kelley indicated that the world is on course to consume an additional 54 million tonnes of purchased scrap this year. He acknowledged concerns over whether current production levels are running ahead of actual demand but added: 'Our view is that the market is well balanced over the longer term.'

Turks to return

With ferrous scrap prices having dropped around 20% from recent highs, the material's advantage over BFI and DRI will potentially encourage more demand from integrated steelmakers, according to Mr Kelley. He also argued that lower C&F prices coupled with declining imported iron ore stock levels should encourage many more Chinese buyers to place orders while Turkey 'is expected to return to the market in an effort to secure delivery for the end of June and July'.

Mr Kelley concluded: 'These factors coupled with decreased supply at the export docks will give scrap a brighter outlook this year.'

Andrey Moiseenko of MAIR in Russia predicted that domestic scrap collections will be 'significantly higher' in 2010 but that volumes

Shredder Committee addresses residue options

The scene for the BIR Shredder Committee panel discussion on optimising residues was set by its moderator, Recycling International's Editor Manfred Beck, who claimed that achievement of the EU's 95% recovery target for end-of-life vehicles (ELVs) is 'impossible' without treating the shredder residue component.



Pierre-François Bareel of Groupe Comet of Belgium: 'I think we will be able to reach a 95.8% recovery rate.'

To this end, Groupe Comet of Belgium is pursuing its so-called Phoenix project, the aim of which is to prove that an integrated, low-temperature and low-emission process can help push ELV recovery rates beyond this 95% threshold set by the EU for 2015. Speaking in Istanbul, the company's Pierre-François Bareel observed: 'I think we will be able to reach a 95.8% recovery rate.'

Among the other guest presentations, Managing Director of France's MTB Recycling Jean-Philippe Fusier spoke of the development of the MagPro eddy-current separator which, unusually, works on a vertical axis. Suitable for extracting non-ferrous metals from fine automotive shredder residue of less than 10 mm in size, the standard version can sort up to 15 tonnes per hour (see feature on pages 76-79 of Recycling International's May 2010 issue).

available for export will remain 'quite limited'. Meanwhile, BIR's Ambassador for the Indian Sub-continent Ikbāl Nathani of the Nathani Group of Companies predicted an 8% increase in the country's crude steel production this year to 65 million tonnes, with significant capacity expansions expected to come on stream before 2014 when steel output is expected to reach some 110 million tonnes.

India's ferrous scrap imports in the 12 months to March 31 this year were around 5 million tonnes, while domestic arisings and consumption of heavy melting scrap were boosted by a massive upturn in ship scrapping numbers at the Alang breaking yard - from 127 vessels (580 000 ldt) in 2007/08 to 400 (3.1 million ldt) in 2009/10. □



Guest speaker Martin Abbott of the London Metal Exchange.



Ruggero Alocci of Italy-based Alocci Rappresentanze.



Tsunefumi Nakatsuji, President of the Japan Iron & Steel Recycling Institute JISRI.



Dr Veyssel Yayan, Secretary General of the Turkish Iron & Steel Producers' Association.