

## Ferrous

# More positives than negatives

The course of any market rarely runs smoothly, and so it has proved for ferrous scrap since the previous BIR Convention in October last year. In general, however, there appears to be a healthy underlying demand for scrap as world crude steel production starts the year at, yet again, record-breaking pace.

**D**evelopments in many of the world's industrialising countries and regions - including Turkey, South Korea, Indonesia, Thailand, Malaysia, South America and North Africa - suggest the long-term future of the ferrous scrap industry 'looks very bright', contended the BIR Ferrous Division's President Christian Rubach of Germany-based TSR Recycling.

In addressing the latest divisional meeting in Singapore, however, he elected to focus on China where scrap availability is 'very, very low' and will remain so 'in the short and medium range'. Given the sustainable development targets laid down in the country's latest Five-Year Plan and apparent steel consumption forecasts of between 600 and 850 million tonnes per annum over the next four years, Chinese demand for steel scrap is likely to increase 'heavily', Mr Rubach told delegates.

### 'Undulating' market

'Aggressive' raw materials purchasing by China and also South Korea on the international markets was reported by Blake Kelley of US-based Sims Metal Management. Speaking late last month, he also suggested that expectations for his domestic market were of June scrap prices broadly similar to or higher than those prevailing in May.

From the global perspective, the same speaker suggested that the world was on course to produce 111 million tonnes more raw steel this year and 63 million tonnes more iron, as a result of which its apparent consumption of purchased scrap would surge 48 million tonnes above 2010 levels. From the other side of the Atlantic, EFR President Tom Bird of Van Dalen Recycling reported an 'undulating' scrap market in the first half of 2011

but insisted 'the general outlook is positive', with finished product demand remaining 'healthy' and scrap orders set to continue 'strong for the immediate future'. As to whether the market would return to 'the heady days of 2008', Mr Bird commented: 'Although we did see prices creep over US\$ 500 (per tonne) at the beginning of the year, rebar levels were only at US\$ 700 as compared to the last time numbers reached these sorts of levels in 2008 when the market for rebar was US\$ 900.'

### Supply chain 'collapse'

Hisatoshi Kojo of Metz Corporation reported that consumption of construction steel in Japan

had been 'sluggish' since the beginning of the year and was expected to slow further towards the summer 'due to the collapse of the supply chain' brought about by the earthquake and tsunami in March this year.

Scrap purchases by domestic blast furnace mills were around half their normal levels in May - 'and June is likely to be the same', said Mr Kojo. 'We anticipate the Japanese scrap market will remain weak during the summer due to a lack of demand at home and abroad, but it will pick up in the second half of the fiscal year (ending March 2012) to about Yen 40 000 per tonne on account of coking coal



Andrey Moiseenko of Ukrmet Ltd in Russia.



General Delegate Rainer Cosson of the German steel recycling federation BDSV.



Zain Nathani of the Indian-based Nathani Group of Companies (right) and EFR President Tom Bird of Van Dalen Recycling.



BIR Ferrous Division's President Christian Rubach of Germany-based TSR Recycling (left) and Rugero Alocci of Alocci Rappresentanze, Italy.



William Schmiedel of Sims Metal management, USA (left) and Hisatoshi Kojo of Metz Corporation in Japan.

and iron ore prices.' At the time of writing, this sum equates to around US\$ 490 per tonne.

#### World demand leader

India is expected to lead the world in steel demand growth this year with an increase of 13% compared to a global average of nearer 6%, according to the presentation from Ikbali Nathani of the Nathani Group of Companies and the Metal Recycling Association of India. In response, domestic crude steel production is predicted to jump from 67 million tonnes in 2010 to 75 million tonnes this year and on to 115 million tonnes by 2014.

Despite this upward momentum in India's steel statistics, ferrous scrap imports in the financial year ending in March 2011 are thought likely to have dropped by 15-25% to between 3.5 and 4 million tonnes, partly as a result of increased consumption of domestic sponge iron production. The country imported nearer 4.75 million tonnes of ferrous in the 12 months to end-March 2010. Mr Nathani also reported in Singapore that some 357 vessels were beached at India's Alang shipbreaking hub in 2010/11 as compared to around 400 in the previous financial year.

#### Move postponed

Despite mounting a recovery to more than 21 million tonnes in 2010, Russian steel scrap collection volumes were still well below the annual norm of around 30 million tonnes in pre-crisis years, said Andrey Moiseenko of Ukrmet Ltd. Also on a positive note, he pointed out that a move by the Russian government to limit the number of scrap-exporting ports to just three - namely Kaliningrad, Azov and Magadan - had been postponed 'and most probably will be abandoned' in the wake of opposition from EU officials and BIR representatives.

Christian Rubach:

*'The long-term future of the ferrous scrap industry looks very bright.'*

The Ukraine also saw an improvement in scrap collection volumes to more than 6 million tonnes last year, Mr Moiseenko added. He also reported that one of the country's steel mills had broken new ground earlier this year by importing scrap 'on a large scale' via rail. □

### In the right place for riches

In words that must have come as music to the ears of recyclers everywhere, the guest speaker at the BIR Ferrous Division meeting in Singapore stated with enthusiasm: 'I think you'll be rich.'

Jim Rogers, a financial commentator and commodities visionary whose words of wisdom have graced The Wall Street Journal, The Financial Times and countless other renowned publications, explained that 'there are three billion people in this world who are increasing their consumption at a time when most commodities are under duress'. As a result, he said, 'I'm very optimistic about the price of raw materials - I think you'll be rich because you're in the right place at the right time'.



Raw materials guru Jim Rogers.

Jim Rogers:  
*'I think you'll be rich!'*

He went on to warn delegates that 'there will be setbacks' and that market players should remain alert 'for the signs of a bubble'; however, he also insisted that the 'long bull market' for raw materials still has some distance to go, perhaps running until 2018 or even 2020.

As for the world's primary market focus looking deep into the future, Mr Rogers had some simple advice: 'Teach your children and your grandchildren Chinese.'

### Shredder committee

#### Technology focus at Shredder Committee

One of the latest weapons in the war against copper in ferrous scrap destined for steelmaking was featured at the BIR Shredder Committee meeting held last month in Singapore.

Jörg Schunicht, responsible for recycling business development at Titech GmbH in Germany, explained how sensor-based sorting with X-ray fluorescence technology has been helping to achieve high rates of copper separation from shredded scrap. The Titech x-tract [XRF], he explained, is made up of four component parts: an X-ray tube; an X-ray fluorescence detector; a spectrometer for elemental analysis; and a computer for data processing.

Through its technical advances, Titech claims to have recorded extraction levels similar to those achieved through manual picking, prompting Mr Schunicht to suggest that this approach could ultimately replace '90% of hand-pickers' and thereby yield significant savings in labour costs. The Shredder Committee meeting in Singapore also featured equipment developments from Belgium's Galloo Group and Steinert of Germany. The former's Olivier François focused on a bi-directional barrel separator which, in certain turnkey projects, has helped achieve end-of-life vehicle valorisation rates in excess of 90%. Steinert's Dr Uwe Habich highlighted latest company developments designed to 'hunt down' various types of wire that can be found in automotive shredder residue (ASR) and its XSS-F X-ray fluorescence system which achieves car shredder meatball separation at a capacity of up to 150 tonnes per hour.

The Shredder Committee discussion was chaired by Jens Hempel-Hansen of Denmark-based H. J. Hansen Recycling Industry A/S and moderated by Andreas Schleinkofer of Recycling Technology magazine.



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