

BIR CONVENTION - Greece to become a net importer of scrap in near future - interview  
(BaseMetals.com – Perrine Faye in Athens)

**Greece, where the Spring Convention of the Bureau of International Recycling (BIR) took place this week, is set to become a net importer of non-ferrous scrap in the near future, Elias Sebos of Greek aluminium manufacturer Elval said on Wednesday.**

**"For aluminium, we believe it will happen in 2007 and for copper, in one or two years time, as it concerns mainly brass scrap," Sebos, who is head of metals purchasing at Elval, said in an interview with BaseMetals.com.**

The country imported 15,000 tonnes of aluminium scrap in 2006, compared to exports of 16,000 tonnes, mainly low grades and aluminium castings shipped to Italy and China, according to recent data from the Greek Statistics Service. Greece also imported 2,000 tonnes of copper/brass scrap last year, while exports stood at 13,000 tonnes.

"There is a big demand for both aluminium and copper scrap coming from several consumers with melting capacity," Sebos said during a presentation at the BIR convention. "Demand grows stronger as big industrial producers realise the significance of recycling and switch from primary to scrap."

"However, as Greece cannot be considered a country with heavy industry, scrap volumes are relatively small," he added. But scrap traders are committed to modernising their operations and opening up to international markets.

## **OPENING UP THE BALKANS**

**Several aluminium and copper companies in Greece have moved their production facilities to the Balkans, with scrap traders also active in these countries, Sebos said.**

"Scrap traders are trying to exploit the Balkans – in Romania and Bulgaria, because these are European Union countries, but also in other countries like Serbia," he told BaseMetals.com.

"They are looking for additional material and transport of scrap is very cheap over there."

But he said Greek non-ferrous companies decided to move into the Balkans "a bit too late" and as a result, they face strong competition from big international players (from Italy and elsewhere) that are already established there.

"The Greek scrap market is still at a developing stage," Sebos said. The market faces issues like low quality, high local prices and very little understanding among the Greek population of the importance of recycling. But stricter implementation of European regulations for the protection of the environment and waste control should help the Greek scrap market in the near future.

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BIR CONVENTION – Primary metals prices to stay high, scrap market to ease in 2007 and 2008 – interview (BaseMetals.com – Perrine Faye in Athens)

**Primary metals prices should stay high this year and possibly in 2008, but the scrap market is likely to ease unless China starts buying again, Marc Natan, president of BIR's non-ferrous metals division, said on Tuesday.**

**"We were sincerely bearish during the second half of 2006 and the strength of base metals' upward progress this year took everyone's breath away. If 2006 taught us anything, it is that the party is not over till it's over," he said in an interview during the Bureau of International Recycling (BIR) Spring Convention in Athens.**

**Copper rose to eleven-month highs above \$8,000 a tonne in April, close to last year's all-time high of \$8,800, while nickel and lead also surged to record highs. Like in 2006, the rapid increases in primary non-ferrous metals prices were mirrored in the scrap sector, but this could change soon.**

"Primary metals prices are likely to rise but scrap prices should ease as long as Chinese demand continues to disappoint," Natan said. "So the ratio between primary and secondary metals price is going to widen."

He said that in the primary sector, base metals prices should stay high in 2007 and possibly in 2008. "As long as supply surpluses are not evident, world inventories remain low, demand stay strong and investment funds continue to benefit from their long positions, there is absolutely no reason for prices to ease."

By contrast, in the secondary sector, there is no shortage of supply expected this year and demand has been weak for some time, especially from China.

"The secondary raw materials sector has become expert at coping with whatever the markets throw our way and I am sure this will hold true in 2007," Natan said, however.

## **CHINA KEY FOR MARKETS' FUTURE DIRECTION**

**"The future direction of all (non-ferrous metals) markets depends to a large extent on the Asian giant's consumption trends," Natan said.**

**In the primary sector, Chinese demand should remain firm despite government attempts to slow down the economy, although an oversupply of metals there has become apparent in the past few weeks. But the outlook is more uncertainty for scrap material, he warned.**

"The Chinese are part-time buyers," he explained. They bought a lot of scrap at the end of last year but have stopped importing since, which resulted in an oversupply of scrap material in Europe. "If scrap prices ease, the Chinese will probably resume buying later this year. It is very cyclical."

But Natan said Chinese efforts to control overseas suppliers of scrap metal were a cause for concern. "The Chinese government has clearly expressed its intention to control investments, production and imports in relation to, among other materials, non-ferrous metals. If this policy is carried through, we will doubtless feel the impact."

In the long term, Chinese scrap imports are expected to decline as the domestic market expands, Natan said. The country now relies on imports for 60 percent of its scrap needs, with the rest produced locally.

But China could become net exporter within the next ten years, which would force European producers to redirect their exports towards other markets, like Russia, Iran, Brazil or Argentina, Natan said.

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BIR CONVENTION - Nickel market to move into surplus in 2007, but prices to stay high – experts  
(BaseMetals.com – Perrine Faye in Athens)

**The global nickel market is expected to move back into surplus from 2007 onwards, but prices could remain near record levels due to strong speculation, industry specialists said on Tuesday.**

**"We can see a nickel surplus in the next few years," Michael Wright of ELG Haniel Metals said during a presentation at the Spring Convention of the Bureau of International Recycling (BIR) in Athens.**

**"The supply deficit of 37,000 tonnes of nickel we saw in 2006 could be reversed to an oversupply situation of 64,000 tonnes in 2007. This may lead to lower nickel prices... but the investment community may see things differently," he added.**

Primary nickel consumption is forecast at 1.414 million tonnes in 2007, a mere 1.4 percent rise from 2006, while availability will continue to increase, especially from scrap - scrap supply of nickel is seen rising by up to 9 percent, or 80,000 tonnes, a year, Wright said.

However, nickel prices are likely to remain supported by low LME stocks - LME-monitored inventories fell from about 43,000 tonnes at the start of 2006 to 5,388 tonnes today, which coincided with a price explosion from \$14,000 to over \$50,000 a tonne.

Also, reduced demand from the stainless steel sector, where substitution to grades of lower nickel content is gaining pace, appears to have little influence on nickel prices, while speculative interest is expected to remain high.

## **SPECULATION TO WIN OVER FUNDAMENTALS**

**"About 30 percent of the price is due to speculation," Carmelo Paolucci of Trentavizi said in an interview with BaseMetals.com.**

**"I think nickel prices may rise further. Speculation is high and there is still a shortage of nickel. The producers have made the necessary investment to meet demand but factories cannot work at full capacity all the time," he added.**

According to Wright, speculators remain bullish about the nickel market against a background of strong economic and stock market growth and it would therefore require a significant change in the market to reverse the upward price trend.

"There are large quantities of money still looking for a place in the market," Wright said. The LME nickel turnover represented over 26 million tonnes, or \$605 billion, in 2006, the equivalent of about twenty times the level of physical consumption of nickel. "It is unlikely that speculators leave the LME."

"So will the nickel bubble burst? We can almost certainly say 'yes' but the main question is 'when'?" he said.

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BIR CONVENTION – New waste directive could ease scrap trade restrictions - interview  
(BaseMetals.com – Perrine Faye in Athens)

**Athens - A new European Commission (EC) directive that revisits the definition of waste for the first time in thirty years could, if adopted, give a major lift to the scrap industry, Alvaro Rodriguez, chairman of the Bureau of International Recycling (BIR) environmental committee, said on Monday.**

**"After thirty years, we can see a light at the end of the tunnel. It is the first time that the definition of waste would be reconsidered," Rodriguez of the International Environment Council said during an interview at the BIR Convention in Athens.**

**Since the first waste directive appeared in 1976, European legislators have regarded recyclables as "waste" rather than valuable secondary raw materials for which consuming countries were prepared to pay a market price. This spurred a lot of criticism within the scrap industry, which argued the "waste" label obstructed the international trade of this indispensable commodity.**

The new Waste Framework Directive is "almost ready" with final discussions currently taking place at the European Parliament, Rodriguez said. It then needs to be adopted by the European Commission before governments have to implement it, which could take "two to three years".

"BIR has been fighting for years to change the definition of waste. The 1976 directive was only one and a half pages long, but its definition of waste was diabolical. For thirty years, it has promoted very tough legislation (on recycled materials)," he said.

"It became just impossible to change the definition, so we changed strategy and worked on how waste could cease to be waste," he added. "It is an enormous change. Basically, when waste is ready to be consumed, it is not waste anymore, it is a product."

## **BIR CO-OPERATES WITH EC**

**The International Environment Council (IEC), a special BIR committee comprised of experts on environmental issues linked to commodities trade, has worked closely with the EC on waste regulations.**

**At the end of February, the EC acknowledged the need for a clear distinction between materials that are not the main objective of a production process but can be considered as non-waste by-products, and those that should still be treated as waste.**

**It then asked its Institute for Prospective Technological Studies (IPTS), based in Spain, and the IEC to develop "end-of-waste criteria", which are expected to be established by mid-2008.**

Rodriguez said three criteria were being considered to determine when waste ceases to be waste: evidence of non-hazardous content, proper standards, and a well-known market. If adopted, the directive will first apply to iron, steel and aluminium scrap.

Tyres may be excluded from the end-of-waste legislation, as it is more difficult to prove the existence of a scrap market for them, although recycled tyres have been used in football fields and for kindergartens flooring.

Delegates at the BIR Convention have highlighted the importance of free trade of metals scrap, as recycling of ferrous and non-ferrous metals has become a vital component in resource availability.

Both primary and secondary raw materials are now essential to cope with industrial demand and to secure supplies of commodities for global production of goods.

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BIR CONVENTION - Stainless steel production to rise 9.6 pct in 2007, but oversupply looms  
(BaseMetals.com – Perrine Faye in Athens)

**Global stainless steel production is likely to rise by 9.6 percent this year to 31.05 million tonnes and combined with slowing demand, could create an oversupplied situation until at least the fourth quarter, Michael Wright of ELG Haniel Metals said on Tuesday.**

**Output increases are expected in all regions, although China will remain the driving force with production growth of 37 percent, Wright, who is chairman of the BIR Stainless Steel and Special Alloys Committee said in Athens. Outside China, growth of just 3.1 percent is likely.**

**Industry specialists are gathered in Athens for the Spring Convention of the Bureau of International Recycling (BIR), against a background of rising production in stainless steel, growing scrap availability and record nickel prices above \$50,000 a tonne. Stainless steel manufacturing is nickel's main end-use – some two-thirds of annual global production.**

Wright said the high nickel price could well prove to be a major risk for the stainless industry this year, as it reduces demand, increases scrap availability and attracts substitution towards grades with low nickel content – ferritic or chrome manganese grades instead of austenitic grades.

“After the strong performance of 2006, the market began to swing to an oversupply situation during the first half of 2007,” Wright said. “This situation will continue during the third quarter of 2007.”

“There is hope, however, that the strong world economy will support the stainless steel industry during the fourth quarter and we may see a correction phase,” he added.

Despite production cutbacks from mills all around the world, world stainless steel output rose by nearly 15 percent in 2006, to 28.32 million tonnes, above initial BIR expectations of 27.1 million.

Scrap availability reached almost 8.4 million tonnes in 2006, a 12.4 percent increase over 2005, and a similar rise is expected for 2007, with availability seen between 9.4 and 9.5 million tonnes, Wright said.

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