

## Importers say China steel scrap exports overstated

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Singapore, 26 May (Argus) – The hype of Chinese ferrous scrap exports are playing a bigger role in pushing prices lower than actual exports, Asia-based importers say.

Chinese exports have been limited and have not added significantly to seaborne supplies, an Indian scrap importer said. Chinese steel mills will aggressively buy scrap if prices fall too low, he said. Price levels into India for HMS 1/2 80:20 have fallen to \$260-270/t cfr India compared with a high of \$310/t in January, he said.

By comparison, the Argus daily HMS 1/2 80:20 cfr Turkey steel scrap price at \$275/t on 25 May has fallen from a 2017 high of \$303/t on 8 March and January high of \$290/t.

South Asia scrap prices have been under downwards pressure from Chinese scrap being offered into the region well under expected levels, Liberty Steel president Tom Bird said in a market update at the Bureau of International Recycling conference in Hong Kong.

"After a flurry of cargo bookings to India in April, sub-continent buyers have gone quiet for June bookings," he said. Bangladesh has not been active in recent weeks, and there have been a few bulk sales into Pakistan at lower levels.

South Asia market participants expect Chinese offers to be temporary phenomenon and allow the market to return to normal.

Some China-based market participants contend the exports are not temporary.

"This should be a new trend," said a Hong Kong-based steel exporter whose company is examining the feasibility of scrap exports. His team was examining scrap yards in south China this month, but there is a quality issue. Many yards have too much extra material like plastic and cloth associated with the scrap, he said.

The exporter may discover the structural hurdles facing China's scrap collection industry that analysts cite, that it needs investment in equipment for processing and separating scrap from its associated materials to be a significant participant in seaborne markets.

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