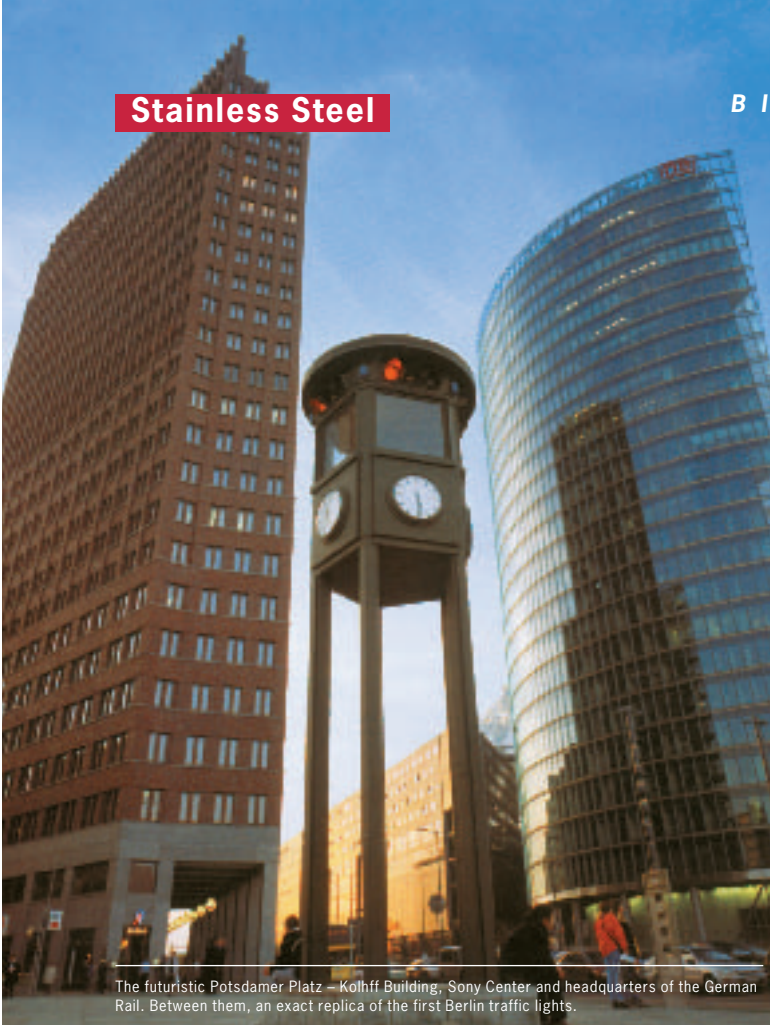




The futuristic Potsdamer Platz – Kolhoff Building, Sony Center and headquarters of the German Rail. Between them, an exact replica of the first Berlin traffic lights.

Sandro Giuliani of Italy, Chairman of BIR's Stainless Steel & Special Alloys Committee, confirmed in Berlin that world production of stainless steel achieved its target of 22 million tonnes last year - an increase of 7% over the preceding year. He attributed a good performance in Europe to strong exports to the Far East, although the drop in Chinese imports during the first quarter of 2004 - down 23% compared to the same period last year - had caused LME nickel to fall from its peak of US\$ 17 700 on January 6 to US\$ 10 500 by late May.

Even though traders sensed a scrap shortage, mills were hinting at a strong increase in scrap availability - up by 15% last year compared to 2002 and by a further 15% in the first quarter of this year. The external or purchased scrap ratio was 37.2% in Europe last year and would probably exceed 38% in 2004, Mr Giuliani observed. Scrap prices were not only driven by rising nickel prices, but also by spectacular rises for ferrous scrap and chrome.

The report from Gerhard Teborg, CEO of the world's leading scrap trader ELG, noted that Germany's

austenitic and ferritic production fell by 3.22% last year while scrap consumption declined slightly. According to the speaker, speculation risks and high investments in stocks due to the much better nickel price had led to a reduction in scrap yard stocks.

Russia export oriented

Ildar Neverov of Teplovtorresource in Russia suggested that the stainless steel scrap market in his home country was decidedly export oriented, with some 400 000 tonnes per annum being shipped beyond its borders despite the 15% export duty on stainless steel scrap. Main export destinations were Finland and Germany, while key suppliers were to be found in the Moscow and St Petersburg areas, as well as in Samara in the Volga region and in Perm and Yekaterinburg in the Urals. Russian mills were suffering from a shortage of scrap as their prices were not competitive with those offered by foreign buyers, many of whom had established offices in Russia. Domestic suppliers were complaining of slow payment or even non-payment by the mills, and they were also suffering from high energy prices

Improvement in stainless steel scrap availability

By Alfred Nijkerk

Traders have been talking in terms of a shortage of stainless steel scrap but evidence from the mills suggests otherwise, it was suggested at the BIR Stainless Steel & Special Alloys Committee meeting in Berlin. In addition, it was suggested that the 'boom' in 201 grade production in India and China was unlikely to persist given its corrosion resistance characteristics relative to the 300 series.

and expensive transport costs over, in general, large distances.

Reporting on the U.S. market, Barry Hunter indicated that 75% of his home nation's exports were destined for Asia, with South Korea accounting for 54%, China 24%, Taiwan 16% and Japan 4%.

With reference to the 201 grade of stainless steel in which manganese replaces nickel to a large extent, the guest speaker at the Stainless Steel & Special Alloys Committee meeting observed that the current production 'boom' in India and China was unlikely to last long given its corrosion resistance relative to the 300 series. Jan Bender, Head of Sales at Thyssen Krupp Nirosta (TKN) of Krefeld in Germany, suggested that stainless steel was showing the strongest growth among the major metallic materials while cold rolling capacity was growing particularly strongly in China.

While global industrial production has doubled over the last 40



Michael Wright of ELG Haniel Metals in the U.K. and Gerhard Teborg of Eisenlegierungen Handels GmbH in Germany.

years, consumption of stainless steel has increased nine-fold. World consumption of cold rolled sheet increased from 5 million tonnes in 1990 to 12.255 million tonnes in 2003 although growth in Europe was slower, ie from 1.768 million tonnes to 3.32 million tonnes. In Eastern Europe, Poland was currently the largest consumer of cold rolled flat products, followed by Russia and the Czech Republic, the guest speaker explained. □



From left: General Delegate Neil Marshal, Director General of the British Metals Recycling Association; Giuliani of Italy, Chairman of the Stainless Steel & Special Alloys Committee; and guest speaker Jan Bender, Head of Sales Coordination at ThyssenKrupp Nirosta in Germany.