



BIR CONVENTION - Scrap export restrictions loom in Russia for 2012

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Singapore 23/05/2011 - Russia may impose export restrictions on ferrous and non-ferrous scrap metals in 2012 after attempting to do so this year, sources from Russia's scrap metal industry said at the BIR convention here.

The Russian government's strong desire to restrict any possible exports of scrap already hurt the domestic scrap industry this year, causing a temporarily halt in shipments and pushing prices significantly lower within the country, Ildar Neverov, director at Sever Ltd, told delegates.

"The major target of these possible restrictions is steel scrap," he said.

A key government proposal is a ban on exports from all Russian ports but three – Azov, Kalingrad and Magadan – none of which is large enough to manage containers efficiently, he explained. Already a 15-percent export duty is in place.

The government initially planned to impose these restrictions from April or June this year, but the plan was postponed following strong lobbying from Russian exporters and the international community.

"We're OK for this year I think but the issue will come back next year," Neverov told FastMarkets on the sidelines of the convention.

However, steel scrap exports from Russia were halted for nearly a month due to this uncertainty over legislative changes, he noted. "As a consequence, scrap prices decreased significantly and payment delays resulted."

Steel scrap exports have since nearly returned to normal levels, Neverov said.

Russia wants to keep steel scrap at home due to a supply deficit in the country and environmental considerations, but Russian exporters argue that they can obtain better prices abroad than in Russia.

"We've been doing exports for 20 years - all the infrastructure in Russia is built for exports, so restrictions would cost millions," Neverov said.

(Additional reporting by Perrine Faye)