

BIR: global scrap market adapts to new pricing concepts

Global / Scrap

The scrap industry is facing challenging circumstances. Falling iron ore prices could count as a culprit of the market weakening, but after all direct influence is coming from exports of Chinese billet at ever decreasing prices. The industry situation was discussed during the 2015 World Recycling Convention held by the Bureau of International Recycling (BIR) in Prague on October 25-27.

With the exception of some countries, the majority of regions showed lower liquid steel melting and scrap consumption since scrap prices had been too high against offers of other raw materials for a long period of time. As a result, scrap prices plunged. "There are many of us in this room that have seen conditions equal, if not worse, than what we are presently experiencing," said William Schmiedel from the USA's Sims Metal Management. However, he found certain bright spots even in the current market picture: "The lower prices we are experiencing today should enable our customer base to again start to look at ferrous scrap as a reasonable, viable and economic option."

Scrap collectors' positions are far from perfect, but steelmakers have hard times as well. As an illustration of this, William Schmiedel quoted the chairman of a major Chinese steel producer as saying that the country's steel industry had run up losses of \$2.8 billion for the first eight months of 2015.

Speaking about the global market, Tom Bird from the UK's Mettalis Recycling stated that "there needs to be a change in the approach by China... producing steel at the current rate and pricing it accordingly is simply not sustainable long term."

Becky E. Hites from the USA's Steel-Insights came to the point in her presentation that scrap collecting sector is adapting to new market realities now. "The world has changed. You need to look at how your world has changed and how you need to work in your new world. It's not going to be business as usual," she said.

[Back to top](#)