

Japanese ferrous scrap exporters increase focus on India

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Japanese ferrous scrap exporters are expanding their focus on the growing Indian steel market as they seek to maintain sales despite falling demand from their traditional Asian markets.

Bureau of International Recycling Board Member Hisatoshi Kojo told Platts on Tuesday that currently Japan is selling bulk cargoes to India ranging from 10,000 mt to 15,000 mt.

"We are now aiming for India," Kojo said on the sidelines of the BIR Round-Table Sessions in Prague. "We have to find a new home. Right now they are evaluating our scrap quality." Japanese scrap exporters have been exploring alternative homes for their material due to declining demand from Taiwan and South Korea, which have reduced their scrap purchases in favor of Chinese billet.

Average freight from Japan to Taiwan or South Korea is about \$20-\$25/mt, according to Kojo while freight to India is \$40-\$45/mt.

In the first six months of 2015, Japan exported 4.14 million mt of scrap.

The top destinations were South Korea (1.6 million mt), China (1.04 million mt), Vietnam (700,000 mt) and Taiwan (677,000 mt). Japan is the world's second largest scrap exporter behind the US.

"We have seen them do this over the years from Japan," said one scrap exporter who sells material into India. "Right now India is so price-sensitive so if the price is right, they will buy. Typically when bulk is sold to India it is bought by groups of mills, not just one."

Kojo said Turkey is not currently a viable market for Japanese scrap because cargoes would have to be 20,000-25,000 mt to make best use of the expensive freight.

India has re-emerged as a top destination for scrap.

In the first six months of 2015, India imported 3.17 million mt, second most in the world behind Turkey and a 29.9% year-on-year increase from first half 2014.

India is on the verge of surpassing the US to become the third-largest steel producer behind China and Japan.

India produced 67.6 million mt of steel through the first nine months of 2015, and a total of 87.3 million mt in 2014, according to worldsteel data. In 2014, the US produced 88.2 million mt.

Asked if India would become the next China, Sunil Barthwal, Ministry of Steel for the Government of India, said: "This is the question which the whole world is asking."

Based on economic growth projections, Barthwal said annual Indian steel production could reach 300 million mt in the near future. Chinese steel production topped 800 million mt last year.

"We are not close to China and we do not want to become that close to China," Barthwal said.