

Asia in the stainless driving seat

A single Chinese company is producing more stainless steel than all the mills in the USA combined. This was one of the facts offered at the BIR Stainless Steel & Special Alloys Committee meeting in Paris to support the contention that, in just a very short period of time, Asia had become the industry's engine room. The meeting also brought confirmation of the appointment of a new chairman for the committee.



Stainless steel & special alloys

The scale of Asia's impact on the global stainless steel market was emphasised at the latest meeting of the BIR Stainless Steel & Special Alloys Committee. The continent was responsible for more than 70% of global production and 'definitely drives the market', stated board member Bharat Mandloi of Cronimet ABCOM in Singapore.

China accounted for a substantial share of overall Asian production but had a relatively low stainless steel scrap ratio of around 30% as a result of its focus on nickel pig iron (NPI), it was pointed out in Paris. This compares to an average ratio worldwide of more than 50%. Going forward, said Mandloi, a key factor for the Chinese market would be the point at which nickel ore stocks reached critically low levels following Indonesia's implementation of an export ban. The speaker went on to note that India had become the largest stainless steel

mouth basis and did not build large inventories.

André Reinders of Nicrinox argued that stainless steel scrap values in India were driven by supply and demand, and that some of the country's buyers were currently paying prices up to US\$ 100 per tonne higher than those prevailing in Europe 'because they have to convince the sellers to sell' in what was described as a largely spot-driven market.

India's 'enormous' potential

Reinders contended that India 'has the greatest potential for stainless steel growth' because its per-capita consumption currently stands at 1.2kg per annum versus 10kg for China. The scale of the opportunity in India was 'enormous', he added.

But the same speaker also insisted that control of the stainless steel markets 'will be in the hands of China'. He described China's emergence as a stainless steel powerhouse as 'phenomenal and rapid', with major player Tisco producing more than the whole of the USA. He put the total number of stainless steel mills in China at around 70.

With China having an abundance of stainless steel scrap but being a relatively low consumer, Reinders observed: 'If it wasn't for the 40%

export tax, we believe China would be a net exporter of stainless steel scrap.'

More than half the total

China is set to produce 22.5 million tonnes of crude stainless steel in 2014 - or slightly more than half the projected global total of 43.6 million tonnes, according to another guest speaker at the Stainless Steel & Special Alloys Committee meeting in Paris. Tobias Kämmer of KMR Stainless in the Netherlands confirmed that Indonesia's ore export ban had triggered a spike in the nickel price to more than US\$ 21 000 per tonne in May of this year; however, a subsequent retreat towards the metal's 2014 lows had resulted in part from the fact that Chinese stocks had lasted significantly longer than originally anticipated.

Experts remained unconvinced that the nickel price had reached its low point as yet, he added.

If the Indonesian ban continued and the nickel market moved into under-supply over the coming years, China 'will lose the era of cheap nickel' and its mills' competitiveness would come under threat, Kämmer contended. 'The importance of stainless scrap will definitely increase, also in China,' he concluded.

Meanwhile, the USA was continuing to emerge as a leading importer of stainless steel scrap owing to demand growth related in part to additional capacity coming on stream. Scrap volumes entering the USA in the early months of 2014 had been more than 200% higher than in the corresponding period of 2013, according to Kämmer. □



Tobias Kämmer: 'The importance of stainless scrap will definitely increase, also in China.'

KMR Stainless executive fills top post

The BIR Stainless Steel & Special Alloys Committee welcomed its new chairman at the meeting in Paris. Joost van Kleef, commercial manager of leading scrap merchant and recycler KMR Stainless in the Netherlands, officially took over from Mark Sellier of OneSteel Recycling, who had been fulfilling the role of interim chairman since 2012.

The decision to appoint Van Kleef had been unanimous, Sellier informed delegates.



Joost van Kleef.