

## ***Scrap steel price drop adds to pressure on industry in Wales***

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The price of scrap metal has plummeted in the last year, pointing to more evidence of the pressure on the steel industry in Wales.

Scrap steel is now fetching about a half of what it was 12 months ago.

It is another warning emerging economies like China and Brazil are slowing down so there is more steel in the world than there is demand for.

One Wales-based industry expert said prices had been dampened to virtually an all time low.

### **Car scrap metal prices**

£ per tonne for ferrous scrap metal

£50-60

in August 2015

£100-110 in 2014

£120-125 in 2013

£140 in 2012

The price of scrap metal is closely linked to the price of steel and the UK exports more of its scrap than it imports.

So the problems with the UK steel industry are also a problem for the scrap metal industry, itself employing 10,000 people - 1,500 in Wales.

The price of metal for scrap cars alone for example is about a third of what it was just over three years ago. Tom Bird is managing director of Swansea-based Mettalis and also a board member of the Bureau of International Recycling.

His company buys material from all over the region, from councils to factories.

### **'Fundamental'**

It supplies Turkey and Spain but Tata in nearby Port Talbot and in Rotherham is not buying any more scrap for the first quarter of 2016.

"We've seen a huge change in the last two years and 2015 has been particularly tough," he said.

"Cheap Chinese steel has come into traditional European markets and we've had a high energy tariffs as a double whammy which has dampened down the price of steel scrap virtually to all time lows."

He said steelmakers liked scrap metal prices to be high because it meant they too were getting higher prices for their products.

"The metal recycling industry is a big employer, it's fundamental to the steel sector as well," said Mr Bird.

"It's important because we recycle and we collect material.

"What we don't want is if the price of steel scrap to drop to such a level that becomes too uneconomic to collect and that will create an environmental problem."

Colin Richardson from the price reporting agency Platts said scrap and steel "touched every aspect of our lives". He said scrap metal even helped fund new buildings and infrastructure because the scrap from old buildings was used to help fund new developments.

Welsh Secretary Stephen Crabb told BBC Wales last week there was a cloud of uncertainty over the steel industry but that the UK government was "standing on the side" of communities and businesses.

"We've taken action to address the high energy prices that steel companies have been paying and we're taking action at a European level to try to deal with the tidal wave of cheap Chinese imports that are flooding the European market," he said.

"But these are challenging issues and if there was a quick, easy answer to put the smile back on the faces of those in the steel communities we would do it."