

BIR: Shredded scrap demand buoyant amid cost efficiency

Global / Scrap

Steel producers around the globe have increased consumption of shredded ferrous scrap over the past few years due to their need to optimise costs. Moreover, the trend is likely to continue amid high economic efficiency of using this scrap grade.

A higher share of shredded scrap in the melting charge allows steel producers to reduce the production cost and ramp up productivity owing to lower electrode, refractory and energy consumption, participants of Shredder Committee agreed during the recent industrial event held by Bureau of International Recycling (BIR) in Barcelona on May 27-30.

“The shredding process has a strong impact in the steel making industry, reducing the direct cost up to \$60/t, and increasing the productivity of the EAF,” Andres Albuja Ribadeneira, Technical Director of Ecuador steelmaker Adelca, highlighted during his speech. “After we switched to shredded scrap the yield has improved from 85% to 94%,” he added.

The electrode issue is one of the most important factors that has contributed to stronger demand for shredded scrap globally. Shredded scrap allows for reaching the needed density of the melting charge, making an EAF work in a more efficient way, Metal Expert learnt. In particular, higher percentage of shredded scrap input could save up to \$20-25/t in liquid steel cost as a result of lower electrode consumption.

Turkey, the world’s largest scrap importer has already experienced a surge in demand for shredded scrap. In January- March, its imports added 25% year-on-year, pushing up its price as Turkish companies are forced to compete for it with other buyers. “Traditionally, the price difference between HMS 1&2 (80:20) and shredded scrap was \$5/t, now it is varying from \$5/t to \$20/t depending on the supplier and the tonnages in the cargo,” a Turkish producer told Metal Expert.

Stronger demand for shredded scrap creates opportunities for the increase of its production capacity. There are now 1,048 shredders in operations, including 322 in the USA and more than 300 in Europe, according to BIR Shredder Committee. However, booming EAF steel production in China may change significantly the segment landscape, adding a big number of new processing facilities. “China’s needs are accounted for as many as 500 shredders,” George Adams, President of US-based SA Recycling, noted.