

# Turkish tariff reduction bolsters ferrous scrap talk at BIR convention

- Author [Nicholas Tolomeo](#)
- Editor [Norazlina Jumaat](#)
- Commodity [Metals](#)

Singapore — The reduction in US tariffs on Turkish steel and its impact on the global ferrous scrap market dominated conversations at the BIR World Recycling Convention & Exhibition in Singapore this week.

Not registered?

Receive daily email alerts, subscriber notes & personalize your experience.

[Register Now](#)

Last Thursday May 16, the US halved the 50% tariff on Turkish steel, which it had doubled in August 2018.

Turkey is the world's largest scrap importer and the US is the world's largest scrap exporter. Turkey imported 20.7 million mt of ferrous scrap in 2018, more than the next three largest importers combined, while the US exported 17.3 million mt last year, the only country to export more than 10 million mt, according to BIR statistics released this week. They are each their own biggest customers when it comes to the global scrap trade.

"With the recent reduction in the US tariff on Turkish steel...the pricing dynamic for US scrap should see some support," BIR Board member and SA Recycling CEO George Adams wrote in his ferrous division report released Tuesday. "Renewed exports of Turkish rebar into the US should support bulk scrap prices into Turkey."

He noted that "weak overall economics" within Turkey should contain price increases.

While some Turkish scrap suppliers were bullish this week, based on the tariff reduction, others tempered expectations.

"There's a general malaise about Turkey at the moment with Istanbul mayoral elections being canceled and new ones being called for," Nathan Fruchter of Hartree Partners said this week in Singapore. "Turkey is like a cat and has nine or maybe a few more lives. Every few months we go through some kind of political crisis in Turkey, enough to send shivers down our spines, it creates financial panic, but somehow Turkey rebounds each and every time. I think we're seeing this same script play out again."

One Asia-based trader pegged current tradeable levels at \$300/mt CFR Turkey for HMS 80:20 and believes upside would be limited to \$20/mt.

The halving of tariffs was enough for Turkish mills to raise domestic steel prices and their return to the US market seems inevitable.

"The US likes the Turkish rebar and it's now price competitive," one US scrap exporter said. "It will probably take down the price of US rebar by \$20-\$40/st over time. That is margin the mills won't be able to squeeze out of a tighter scrap market."

-- Nicholas Tolomeo, [nicholas.tolomeo@spglobal.com](mailto:nicholas.tolomeo@spglobal.com)

-- Edited by Norazlina Jumaat, [newsdesk@spglobal.com](mailto:newsdesk@spglobal.com)