

PRESS RELEASE

*Recent BIR World Recycling Convention & Exhibition in Miami
(1-4 June 2014)*

Non-Ferrous Metals Division: Stein: "Our industry is not well understood"

Brussels, 6 June 2014

"Margins for the scrap that merchants are handling through their processing yards continue to be compressed," the latest meeting of the BIR Non-Ferrous Metals Division was told by its President, Robert Stein of Alter Trading in the USA. "Prices being paid don't allow the merchants to replace what they sell at acceptable margins."

The "incredible" business years earlier in the millennium "are becoming too much of a distant memory" and many experts now contend that "scrap arisings may never reach those levels again, regardless of where prices may trend", he said in Miami on June 2.

At the same time, and despite the importance of non-ferrous scrap to the world's infrastructure, "our industry is not well understood" and legislation "is often biased against it", Mr Stein argued. For instance, there are "more than 40 nations who, in some way, create false internal markets by reducing their consumer fabricators' prices of feedstock by banning or impeding exports (of scrap)". In many cases, he added, "this amounts to nothing less than subsidising prices of finished goods because of fictitious domestic scrap markets".

Mr Stein underlined BIR's belief in free and fair trade as "the proven best economic system known to create responsible growth in industrialising nations". The world recycling organisation therefore continues its monitoring efforts to ensure regulations are "conducive and encouraging, and not discouraging, to the movement of scrap to the consuming sectors in these countries". To this end, local recycling expert Ma Hongchang had been engaged by BIR to report on relevant changes in law and policy enforcement in the key market of China. His insight, said Mr Stein "has already proved of worthy value" on issues which are "sometimes rather opaque to exporters".

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Another persistent pressure on the non-ferrous scrap industry - theft and fraud - was highlighted at the same meeting by the Chairman of the BIR's International Trade Council, Robert Voss CBE of UK-based Voss International. Once again, he urged members to take advantage of access to the International Maritime Bureau's database of information regarding fraud and other "ill-doings" which, he said, has already yielded specific benefits for his own business.

The world market overview from Ibrahim Aboura of Aboura Metals in the United Arab Emirates reflected not only the boost to business sentiment provided by the BJP's recent election victory in India but also the warnings from China that, if tightened economic policies continue, the country will face difficulties in meeting the GDP growth of 7.5% promised for this year. He also noted that fiscal reforms in Mexico are "causing distress" to recycling businesses and prompting "scaled-down operations" at some.

The guest presentations in Miami focused particular attention on developments in Latin America. Luis Fernando de Souza, Raw Materials Corporate Manager for Brazil's biggest copper recycler Paranapanema SA, noted that domestic copper consumption is less than a sixth of that in Europe and therefore has "huge space to grow". He also identified a rising trend for Brazil's copper scrap imports.

Fellow guest speaker Alejandro Jaramillo, founder of Mexico-based service provider for the international recycling industry Glorem SC and a long-time member of the BIR Non-Ferrous Metals Division board, talked of Latin America's "demographic bonus" of a relatively young population and of Mexico's labour efficiency, with some indicators suggesting the country's labour will be cheaper than China's by 2020. As well as highlighting opportunities in Latin America, he also noted challenges such as the price distortion caused by some companies integrating VAT into scrap prices.

Asked how BIR can help recycling companies throughout Latin America, Mr Stein and Mr Jaramillo pointed to the networking opportunities presented by the world organisation's conventions and by the wide trading experience available within the BIR Latin America Committee.

Also in Miami, Mr Stein presented a commemorative plaque to Marita Sax, the widow of former BIR Non-Ferrous Metals Division President Larry Sax. This was in recognition of Mr Sax's contribution to the world recycling organisation over more than 30 years.

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