

## PRESS RELEASE

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

## ***Stainless Steel & Special Alloys Committee: Dramatic period for both Europe and the USA***

Brussels, 10 June 2014

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Two leading experts in the field of stainless steel scrap highlighted fundamental developments on both sides of the Atlantic at the latest BIR Stainless Steel & Special Alloys Committee meeting, held in Miami on June 3.

Having been an established importer, "Europe will be having an oversupply of stainless steel scrap from this year onwards and will need to export material - a major change," Cronimet Europe's Director of Sales Paul Gielen told delegates. The ore export ban implemented in Indonesia, meanwhile, has helped push the market towards "a turning point" as China - whose share of global stainless steel production has grown from almost nothing in the year 2000 to approaching 50% - is short of nickel units "that have to be compensated one way or another".

The US stainless steel scrap market, meanwhile, has witnessed a "dramatic shift" from an oversupply of scrap to a shortage "in under six months" and will remain on a "roller-coaster ride" for some time, according to Simon Merrills, President and CEO of ELG Metals, Inc. in the USA.

Estimating a US scrap import requirement going forward of approximately 12,000 tonnes per month, he asked whether this is achievable and suggested one or all of the following can happen: scrap formerly shipped to Asia from Rotterdam can be sent to the USA,

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dependent on freight cost and price; scrap formerly flowing to Rotterdam from Canada and South America can flow instead to the USA, again dependent on freight cost and price; US mills can pay higher prices to attract scrap; and US mills can reduce their scrap melting ratio. The major influence on these scenarios, Mr Merrills added, “is the discount from primary metal, offered by the world’s melters, for scrap units”.

In the USA, scrap flow “will be influenced by how quickly Asian mills shrink discounts in order to capture lost nickel units due to the reduced production of nickel pig iron”, he continued. “With discounts of 20%, there is currently ample room for upward movement, before we bump up against the prime or ferro alternatives.”

Overall, buying activity in all areas of stainless steel is likely to continue to pick up “given the lack of any near-term negative growth signals”, said Mr Merrills. “A sustained high level of activity feeds on itself and, as market players try to get ahead of price rises, we can expect to see some further volatility.”

Barry Hunter of Hunter Alloys LLC in the USA, a former Chairman of the BIR Stainless Steel & Special Alloys Committee, prefaced a “fireside chat” with the two guest speakers with the comment: “I don’t think there has been, in my experience, a more interesting time than right now. For the first time in many, many years, the world of metallics is realising the impact of the scrap industry.”

Both Mr Gielen and Mr Merrills identified a recent strengthening in stainless mills’ order books; according to the latter, their lead times are “as good as they’ve been in many, many months”. The guest speakers also pointed to evidence of a more centralised purchasing approach by Outokumpu and Acerinox, two groups which are leading players both in Europe and America.

Asked by Mr Hunter whether stainless steel overcapacity has shifted from Europe to the USA, Mr Merrills contended that there is “pretty good potential” for American production to be absorbed within the Americas.

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