

## PRESS RELEASE

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### *Recent BIR World Recycling Convention & Exhibition in Dubai (17 - 20 May 2015)*

#### ***Ferrous Division:***

#### **Lack of scrap a recurring theme at Ferrous Division meeting**

**Brussels, 22 May 2015**

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The World Steel Association's Director General Dr Edwin Basson declared himself to be "quite positive about the health of the steel industry" and about the steel markets' ability to adapt. But as for a buoyant future for the sector, he told the BIR Ferrous Division meeting in Dubai on May 18: "I can't guarantee that."

He made these comments in direct response to Tom Bird of UK-based Mettalis Recycling who, in his report on the European market, had asserted: "To see a sustained improved steel scrap industry, we need a buoyant and healthy steel sector."

On a positive note, Dr Basson suggested in his guest presentation that global demand for ferrous scrap for steelmaking would increase by around 110m tonnes in the period from 2014 to 2019, driven by China and Turkey, as well as by the ASEAN and NAFTA regions. He also anticipated that the electric arc furnace share of global steel production would climb from 27% last year to 30% by 2019 - although he doubted that the figure would greatly exceed the 30% threshold because of a lack of electricity and scrap available to developing markets.

Lack of scrap was a recurring theme of the Dubai meeting, with Mr Bird attesting that "the material is not out there in the market". And in his report on the USA, George Adams of SA Recycling agreed that "there isn't any scrap around", adding that volumes tended to drop off following a sharp fall in prices such as that seen in the first quarter.

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Mr Adams also contended that China's steel exports would "determine where the markets are going to go in the future". BIR Ferrous Division President William Schmiedel of Sims Metal Management Global Trade Corporation in the USA had made a similar observation in his opening address to delegates, stating: "The key number to watch is the amount of Chinese exports of finished and semi-finished steel which, while radically decreasing in February and March, bounced back to over 8.5m tons in April, which is a 15% increase over March."

In other country reports, Hisatoshi Kojo of Metz Corporation predicted that the Japanese export price for H-2 scrap was likely to occupy a range some US\$ 8 per tonne either side of the US\$ 212.50 mark over the coming months. In response to a comment about recent Japanese scrap offers into Turkey, Mr Kojo acknowledged that Japan's exporters would need to find new customers as China and South Korea moved towards becoming steel scrap exporters over the coming years.

According to Andrey Moiseenko of Ukrmet Ltd, the government in Ukraine was trying to make the distribution of scrap export quotas "more transparent" but this was "a slow process". And in other governmental matters, Zain Nathani of the Nathani Group of Companies suggested that lack of clarity over new pre-shipment inspection (PSI) rules for scrap imports into India had brought new bookings from the USA, Europe and Japan "pretty much to a standstill". A few hours after his speech, however, India's Directorate General of Foreign Trade came forward with new proposals covering PSI certificates and agencies (more information can be obtained from the BIR update to members issued on May 19 and the topic will be covered in more detail in the press release on the BIR International Trade Council meeting in Dubai).

Ferrous Division guest speaker Ismail Al-Sulby, General Manager of the Long Products Business Unit of Saudi steel producer SABIC, played down the impact of scrap export restrictions from the country. Many scrap businesses preferred to sell into the local market, he suggested, while Saudi consumers were "very cautious" regarding scrap imports.

The Dubai meeting also saw the launch of the sixth edition of the BIR Ferrous Division's "World Steel Recycling in Figures". According to divisional Statistics Advisor Rolf Willeke, the latest of these popular statistical reviews revealed that steel scrap usage in global steel production climbed 0.9% last year to 585m tonnes. The EU-28 was the world's leading exporter of steel scrap in 2014 following a slender increase of 0.3% to 16.859m tonnes whereas US overseas shipments tumbled 17.1% to 15.34m tonnes. Meanwhile, Russia recorded a massive 53.2% jump in its steel scrap exports to 5.689m tonnes.

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