BIR is the **international trade association of the recycling industries**. Around **70 countries** are represented through their national trade associations and individual companies which are involved in recycling. BIR comprises **four commodity divisions**: iron and steel, non ferrous metals, paper and textiles, and has **three commodity committees** dealing with stainless steel and special alloys, plastics and rubber. BIR's primary goals are to promote recycling and recyclability, thereby conserving natural resources, protecting the environment and facilitating free trade of secondary raw materials.

PRESS RELEASE

Recent 2010 BIR World Recycling Convention (Autumn Round-Table Sessions), 25-26 October, Brussels

Ferrous Division:

Rapid Scrap Consumption Increase in First Half of 2010

Brussels, 2nd November 2010

The first half of 2010 brought a rapid increase in scrap consumption and an imbalance between availability and demand that fuelled strong price increases. "However, we now seem to sail in much calmer waters," the Ferrous Division Round-Table in Brussels was told by its President, Christian Rubach of TSR Group in Germany. Steel production increases are expected to be "quite low" over the coming months, with stagnating growth a possibility in the Western economies, he suggested.

Mr Rubach added that some parts of the world had seen a rebound in scrap demand during the two weeks leading up to the Brussels Convention. Blake Kelley of Sims Metal Management in the USA agreed that scrap prices "are already off the bottom in many markets, including the USA, Spain, Turkey, India and South East Asia". He predicted that scrap prices and volumes will increase in the short term so long as steel production remains near current levels. Factors in this forecast include: competition among processors for available raw material; the prospect of winter weather hampering supply in the CIS countries and North America; and the fact that many scrap buyers "waited too long to purchase".

Based on an extrapolation of latest World Steel Association data, the world will produce 201m tonnes more raw steel in 2010 when compared to 2009, and consume around 62m tonnes more purchased scrap.

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The EU market report from EFR President Tom Bird of Van Dalen Recycling also spoke of renewed buying interest out of Spain and of Turkish mills accepting prices “at levels up on previous deals”. He added: “The general feeling is that the market has bottomed and that the outlook is relatively strong.”

Meanwhile, Hisatoshi Kojo of Metz Corporation ventured that the Japanese scrap market “should soon touch the bottom” and then rebound owing to lower-than-normal material flows into most regions’ yards and renewed purchasing from some South Korean and Chinese/Taiwanese mills which need to replenish their stocks.

In Russia, high prices and timely payment for delivered scrap will result in collection growth - but to nowhere near the levels of 2007, according to Andrey Moiseenko of PG Mair. Collection volumes are expected to recover from 17m tonnes in 2009 to around 21m tonnes this year; this compares to around 30m tonnes per annum in the 2005-2007 period.

Noting that India has set a crude steel output target of 200m tonnes per annum by the year 2020, Ikbal Nathani of the Nathani Group of Companies reported that domestic production is likely to reach 65m tonnes in the current year before leaping to 110m tonnes over the next two years. The country’s imports of shredded/HMS scrap are expected to rise from 3.94m tonnes in 2008/09 to 4.75m tonnes in 2009/10 but, looking ahead, will not increase in the same proportion as steel production, Mr Nathani observed.

Guest speaker Stefan Schilbe, Director and Chief Economist at HSBC Trinkaus und Burkhardt AG in Germany, provided delegates with an in-depth assessment of prospects for the US, Euro-zone and Chinese economies. In the case of China, he maintained that a recent “cooling” of the economy represented a positive factor and that the country’s GDP growth is likely to reach 9-10% next year. Mr Schilbe also identified deflation as the US Federal Reserve’s “biggest fear”.

ends

BIR – REPRESENTING THE FUTURE LEADING RAW MATERIAL SUPPLIERS

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