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PRESS RELEASE

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

Stainless Steel & Special Alloys Committee:

Global Stainless Steel Production keeps on Course

Brussels, 29 October 2010

Despite a production slow-down in the third quarter and a trend towards "short-term" ordering by consumers, global stainless steel production remains on course to increase some 20% this year to around 30m tonnes, according to UK-based Michael Wright of ELG Haniel. Indeed, the final total "could even be a little bit more than that", he told delegates in his Chairman's address to the Stainless Steel & Special Alloys Committee's latest Round-Table in Brussels.

The third quarter proved to be less positive than the industry had expected. An increase in production is anticipated for the fourth quarter but the key word of the moment is "uncertainty", he insisted, because "everything is on a short-term basis".

The current year has also produced a similarly steep 20% jump in the global availability of stainless steel scrap, with the total expected to reach some 8.5m tonnes. Imports have increased in most markets, with India boosting its overseas orders by around 32% on a year-on-year basis, according to the report from Anand Gupta of Ambica Steels.

China offers an exception to this generally upward import trend because "scrap is in direct competition with the growing production of nickel pig iron", Mr Wright explained. Of the 12m tonnes of annual stainless steel production in China, the austenitic grades account for only 5m tonnes, he pointed out.

The Asia report from Mark Sellier of OneSteel Recycling indicated only "moderate" stainless steel demand in the region during the third quarter despite "almost 100%" production levels. And Ildar Neverov of

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Steelway Limited Company pointed to an emphasis shift in Russia towards supplying stainless scrap to domestic consumers; the 15% export duty represents “an efficient barrier”, he said.

In the USA, a key feature of 2010 has been the “very aggressive” wholesale dealer market, according to Barry Hunter of Hunter Alloys LLC. “Prices quoted and paid within the US wholesale stainless scrap market have at times outpaced mill buying levels for the same months of delivery,” he said. The continuing reduced availability of scrap caused by lower manufacturing activity “has obviously been a trigger”, he added.

Reporting on the German and Belgian markets, Franck Wäckerle of Cronimet observed that traders have been looking “with apprehension” to the LME because soaring nickel quotations “do not compare to actual market behaviour”. And he predicted: “Probably decreasing purchase prices will cause lower availability of scrap during the rest of the year.”

Scrap volumes have been healthy in the Scandinavian market over the last three months, noted Claes Merborn of Kolbäcks Återvinning AB in Sweden. “There are no big stocks in the yards and there has been a good demand from the mills,” he observed. And according to Sandro Giuliani of Giuliani Metalli-Cronimet Group in Italy, there is no obvious explanation as to why scrap prices on his domestic market have been higher on average than in the rest of Europe.

The superalloys report submitted by Phil Rosenberg of Keywell in the USA confirmed that secondary titanium demand has weakened “and should remain soft for the fourth quarter and to start 2011”.

In his guest presentation to the Stainless Steel & Special Alloys Round-Table, the LME’s Chief Executive Martin Abbott told delegates that the Exchange’s new cobalt contract is performing well whereas its molybdenum counterpart “has been quiet” by comparison.

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