
Recent BIR World Recycling Convention & Exhibition in Rome (30 May – 1 June 2012)

Non Ferrous Metals Division:

New study to aid fight against protectionism

Brussels, 4 June 2012

Although the outlook for the non-ferrous scrap business remains generally positive, there is visible growth in protectionist moves as governments look to secure raw material availability for their domestic industries, the BIR Non-Ferrous Metals Division meeting in Rome was warned by its Senior Vice President Peter Dahmen of Germany-based Metallhandelsgesellschaft Schoof & Haslacher mbH & Co., who chaired the gathering in the absence of divisional President Robert Stein of Alter Trading in the USA. “We need free and fair trade,” Mr Dahmen underlined.

In order to support its fight against protectionism, the BIR Non-Ferrous Metals Division board is asking leading metals market researcher CRU to conduct “a detailed worldwide study on non-ferrous scrap, its consumption in the different countries, areas and regions of the world, and the scrap flows around the world”, Mr Dahmen revealed. The initial focus will be on aluminium and copper, and the aim is to present findings to the Round-Table meeting in Barcelona this October, he added.

Loretta Forelli, one of the owners of the family-based Forelli Group in Italy which specialises in brass ingot production, insisted that “protectionism will not work” because it inevitably provokes counter measures; rather than erecting barriers, there is a need for “co-ordinated, regulated and balanced” free trade, she said.

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Mrs Forelli also spoke of the “chronic uncertainty” currently gripping the Euro-zone - a phenomenon which was also highlighted by Marco Valli, Chief Eurozone Economist for the Italian-based pan-European banking organisation UniCredit. He argued that the developed world would suffer the most “if things turn sour” for the European monetary union. However, he also pointed out that rising leading indicators in emerging markets have been helping metals prices. He predicted that the copper market “will remain well supported at least this year” whereas increased supply could push prices lower in 2013.

UniCredit is forecasting an average copper price of US\$ 8400 per tonne for 2012 and of US\$ 8200 for 2013, and aluminium values for the same years of, respectively, US\$ 2275 and US\$ 2450.

The latter of these two metals was the point of focus for Shigenori Hayashi, Director of Materials Management at Daiki Aluminium Industry Co. Ltd, Japan’s largest secondary aluminium smelter. In providing a country-by-country review of trends and possible future developments within Asia’s secondary aluminium alloy industry, he argued that the aluminium alloys market in Japan “may well shrink further” because alloy manufacturers - and customers such as the automotive industry - “both have excess capacity”. The key question for the future, he said, was “how they manage the downsizing process”.

When viewed from the demand side alone, China’s secondary aluminium alloy industry appears to be the best positioned, said Mr Hayashi. The country’s manufacturers have been “actively investing” such that, according to the speaker, the production increases planned by these companies would, if realised, boost annual supply capacity by more than 1m tons compared to the current figure.

In his summary of the world non-ferrous metals markets, Anton van Genuchten of Reukema Blocq & Maneschijn BV in the Netherlands suggested that “scarce supply” in Europe is limiting downward pressure on scrap prices.

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