

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 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.

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## **PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

**Brussels, 30<sup>th</sup> October 2009**

### **BIR Autumn Round-Table Sessions** **Amsterdam, 26-27 October 2009**

#### ***Ferrous Division:*** ***Scrap prices likely to remain volatile***

The strength and sustainability of the much-discussed economic upturn preoccupied speakers at the BIR Ferrous Round-Table in Amsterdam.

Divisional President Christian Rubach of Germany-based Interseroh Hansa Recycling GmbH said of the recovery: "So far, this seems to be based on restocking of inventories and/or the result of stimulus packages and other governmental programmes." And over the coming years, he added, the Western economies appear likely to suffer significantly slower growth rates than leading developing nations.

Idled excess capacity remains an "overriding issue" in the steel industry and so, despite consolidation, the sector's product prices "are unlikely to increase to sustainable levels any time soon", argued Blake Kelley of Sims Metal Management in his US and international market report. "But in the meantime, lower volume makes it very difficult for scrap processors and steel producers to effectively amortise their costs."

He added that scrap prices are likely to continue easing downwards until demand and supply return to balance - possibly by late December buying but more probably not until January.

The EU report from Markus Barg of TSR Recycling in Germany confirmed that “one year of crisis with production cuts of more than 40% has certainly left its mark on the financial situation of our customers; their margins seem to be healthy, but the volumes are missing”. EU steel scrap consumption fell around 40% in the January-August period to approximately 45m tonnes while exports dropped some 20% in the first half of 2009 to 6.5m tonnes, with leading buyer Turkey slashing its orders for EU material by 39% to just short of 3m tonnes.

According to Andrey Moiseenko of MAIR in Russia, domestic scrap collection volumes amounted to some 2m tonnes in September this year - a decline of around 30% compared to 2008. However, October is likely to see the highest collection total of the year to date, he added.

The Ferrous Division’s guest speaker Dr Thomas Ludwig, CEO of German steel distributor Klöckner & Co SE, also warned that real demand for steel has shown no signs of a major recovery and could remain at low levels for some time. Without a rapid improvement in real demand, steel prices are likely to remain highly volatile in the coming years, he said.

Highlighting China as “the wildcard” in his industry outlook, he argued that fears of the country becoming a major steel exporter are unfounded. He also suggested that the worst of the global crisis “is behind us” and that the long destocking phase in the steel sector is at an end.

Ikbal Nathani of India’s Nathani Group of Companies emphasised the concerted efforts of BIR, the US Institute of Scrap Recycling Industries and the newly-formed Metal Recycling Association of India to convince the Indian government that ferrous and non-ferrous scrap should not be classified as “hazardous waste”. Current proposals threaten scrap exports to the country, he warned.

Also at the meeting, Ferrous Division Honorary President Anthony Bird of The Bird Group of Companies in the UK made a special presentation to Alberto Canevali to mark the latter’s retirement from the European Commission. Formerly in charge of steel and scrap industry affairs within the Commission’s DG Enterprise, Mr Canevali has been “an important and great friend of our industry for many years”, delegates were told.

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