

## **PRESS RELEASE**

### **FOR IMMEDIATE RELEASE**

Brussels, 3 November 2008

## **BIR Autumn Round-Table Sessions** Düsseldorf, 30-31 October 2008

### ***Non-Ferrous Metals Division:*** **Truly Challenging Market Conditions**

In recent weeks, twin forces have been acting upon the recycling industry to create truly challenging market conditions, it was explained by Non-Ferrous Metals Division President Robert Stein of US-based Alter Trading in his opening address to the Round-Table meeting in Düsseldorf.

On the one hand, recyclers have been experiencing "huge losses" due to inventory revaluations. On the other, scrap suppliers have been forced to acquiesce to customer demands for renegotiation of contractual terms and have even been on the receiving end of "outright and arbitrary cancellations". While recognising that many buyers "simply won't survive" without such concessions from sellers, he went on to underline that, in turn, "some suppliers may not survive because of them".

While many scrap purchasers have "very real needs", said Mr Stein, "there are always those who take advantage of situations like this, and that is reprehensible and absolutely inexcusable."

Mr Stein described the performance of trading partners as “the single most challenging factor in the well-being of our industry”. He also argued that the recent “profound” change in market conditions would lead to a re-distribution of secondary metal shipments around the world. In this context, he added, the Non-Ferrous Metals Division is working with the newly-formed BIR International Trade Council to establish statistical procedures to monitor scrap flows.

In his summary of the world non-ferrous metal markets, South Africa's Mark Sellier of KMR Stainless BV reported that some customers have been prepared to walk away from business despite having paid substantial deposits only a few weeks earlier. The volume of scrap flowing into many processors' yards has been dramatically reduced as some suppliers opt to sit on their stocks in the hope of higher prices to come.

One of two guest speakers at the Non-Ferrous Metals Round-Table in Düsseldorf, Christian Schirmeister of RBS Sempra Metals suggested the world economic/financial crisis still has some considerable distance to run by quoting British statesman Winston Churchill: “Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.” And he joined with naturalist Charles Darwin in arguing that “it is not the strongest of the species that survives ... not the most intelligent ... but the most responsive to change.”

The Chairman of the LME's Copper Committee contended that, over recent years, the influence of the financial community has increasingly distanced the metal markets from the fundamentals of supply and demand. Prices have collapsed because of a need to liquidate among people who have “never seen a cathode”, he told delegates.

The division's other guest speaker, Paul Thomes of Aachen University's Faculty of Business and Economics in Germany, suggested that the current economic crisis emphasises the need to aim for a fair allocation of resources and for more social responsibility which he dubbed “responsible capitalism”. He called for “a certain level of systemic control” of economic players while leaving “space for creative entrepreneurial action”.

ends