

PRESS RELEASE

Brussels, 11th June 2008

2008 World Recycling Convention & BIR's 60th Anniversary Celebration Monte Carlo, 2-4 June 2008

Non-Ferrous Metals Division: Commodity Research Unit to monitor scrap movements

"The era of cheap scrap has long passed," declared BIR Non-Ferrous Metals Division President Robert Stein of US-based Alter Trading in his opening address to a well-attended divisional meeting in Monte-Carlo. "The need for metal units is - and will be - strong for the foreseeable future. Strategically-minded consumers and fabricators will do well to take note that the supply side of this industry will dominate its economic model for years to come."

In recognition of the importance of understanding trends in the international flow of scrap metal, Mr Stein revealed that his divisional board had voted to engage the services of the Commodity Research Unit to help the industry monitor more closely the movement of its products. This would serve as a reporting tool and as a means of deciding "where the emphasis of our efforts needs to be placed now and in the future".

Reviewing current global market conditions, Paul Coyte of Hayes Metals in New Zealand drew particular attention to discussion of a 60% power consumption surcharge in South Africa which would have a potentially "massive" impact on the metals sector.

Meanwhile, the recent earthquake in China's Sichuan province had disrupted production of lead and zinc such that "prices could potentially spike in the short to medium term".

The meeting in Monte-Carlo featured a number of guest presentations, led off by London Metal Exchange's Chief Executive Martin Abbott. He argued that "volatility is inherent in commodity marketplaces" and was not attributable to exchanges, as some people had contended. "We do not create the market - we reflect the market," Mr Abbott insisted, pointing out that non-exchange traded commodities were often "even more volatile than on-exchange products".

Mr Abbott went on to confirm that the LME was "a long way down the road" with its "very serious study" into the possibility of introducing cobalt and molybdenum contracts, adding that an announcement on this would be made within the next few months.

According to Ujjwal Munjal, CEO of motorised vehicle specialist Rockman Industries of India, his country's comparatively low per capita consumption of metals "cloaks immense potential". A significant proportion of the population consumed "virtually zero" but would become more substantial metal users over the next five to 10 years, he maintained. By way of example, he suggested India's aluminium demand would climb 8-9% per annum while the country's copper consumption growth would easily outstrip the world average.

Thomas Tumoscheit, Director European Metals Group of Alcoa Europe, noted that his company's annual aluminium scrap consumption had exceeded 1 million tonnes for the first time ever in 2007. Having underlined the need for suppliers to provide scrap of a consistent grade and quality, he confirmed that his company preferred to rely on long-term partnerships.

The continuing discussion of when a waste ceases to be a waste provided the basis for the presentation from Everard van der Straten, Deputy Administrator at Metallo-Chimique NV of Belgium. In particular, he pointed to trade concerns over disclosure of the names of suppliers and end consumers on the controversial Annex VII document.

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