

## **PRESS RELEASE**

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### ***2008 World Recycling Convention & BIR's 60<sup>th</sup> Anniversary Celebration Monte Carlo, 2-4 June 2008***

#### **Ferrous Division: Outlook for Steel remains excellent**

"The future outlook for the worldwide steel industry remains very good," the BIR Ferrous Division meeting in Monte-Carlo was assured by its President Christian Rubach of Interseroh Hansa Recycling GmbH of Germany. As a result, "demand for scrap will be growing which means supply of scrap will remain tight."

The Belgium-based International Iron and Steel Institute (IISI) estimates that apparent steel use will jump 6.7% this year to 1.282 million tonnes and a further 6.3% in 2009. World steel production is therefore expected to reach 1.4 billion tonnes this year and 1.5 billion tonnes in 2009, with the BRIC countries of Brazil, Russia, India and China "leading the growth", Mr Rubach pointed out.

Ferrous Division Vice-President Anton van Genuchten of TSR GmbH & Co. KG in Germany noted that scrap prices were continuing at "record levels", with the HMS I/II (80/20) fob Rotterdam price soaring 110% to US\$ 655 per tonne between mid-December last year and mid-May 2008. He observed: "We believe the highest prices for scrap in 2008 will be achieved during the second half-year. There is only one factor that can stop this demand for steel and therefore scrap, and that is the end consumer of steel products - nobody else."

According to Mr van Genuchten's statistics, EU-27 steel scrap exports climbed 4.8% last year to 10.566 million tonnes while imports tumbled 29.5% to 5.142 million tonnes. The biggest buyer of EU scrap was Turkey whose requirements surged 22.6% to 5.927 million tonnes whereas Russia remained the leading supplier despite a 47.7% reduction in its shipments to the EU.

Elected to the Ferrous Division board in Monte-Carlo, Roman Genkel of the Mair group in Russia confirmed that his country's steel scrap exports were likely to continue to decline owing to substantial electric arc furnace capacity growth and a lack of investment in port infrastructure, while Ukrainian exports would drop for similar reasons. Mr Genkel also anticipated an increase in Russian export duties of between Euro 120 and 200 per tonne.

Commenting on the US market, Blake Kelley of Sims Global Trade predicted a continuation of the current high rates of steel production and raw materials consumption. These conditions had led to mounting difficulty in financing steelmaking and scrap processing operations "as prices have doubled or tripled and caused commensurate demands on working capital". The scrap industry had "performed very well" to meet the increased demand from steelmakers, he later added.

While most of the world's steelmakers had been increasing their prices, India's producers had implemented reductions of US\$ 100-150 per tonne, according to Ferrous Division board member and BIR Ambassador Ikbāl Nathani of the Nathani Group of Companies. Furthermore, the Indian government had reduced the import duty on scrap from 5% to zero.

India's annual steel production was expected to reach of 280 million tonnes by 2020 compared to 55-56 million tonnes at present, Mr Nathani added.

In his guest presentation, IISI's Deputy Secretary General Mika Saariaho revealed that the 20 billionth tonne of steel was recycled during the course of 2007 and that "almost all available steel is recycled". And owing to energy efficiency benefits among others, "maximum recycling is crucial to the steel industry in the future", he said. However, he warned, the rate of obsolete scrap availability was growing more slowly than crude steel production.

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