



**BIR**

Bureau of International  
Recycling

BIR is the international trade association of the recycling industries. Around 60 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**

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### **BIR World Recycling Convention & Exhibition Athens, 21-23 May 2007**

#### ***Stainless Steel & Special Alloys Committee: Stainless oversupply continues into third quarter of 2007***

The slow-down in global stainless steel production during the third and fourth quarters of 2006 had been less marked than anticipated, such that production jumped 11.7% over the course of last year to 28.4 million tonnes. However, "the market began to swing to an oversupply situation during the first part of 2007", according to BIR Stainless Steel & Special Alloys Committee Chairman Michael Wright of UK-based ELG Haniel Metals Ltd. And feedback from producers in Europe suggested "this situation will continue certainly during the third quarter of 2007", he told delegates in Athens.

Consumers of stainless steel products appeared to be attempting to shift their orders to lower-value ferritic and chrome manganese grades, according to Mr Wright. Europe's stainless steel producers had cut their scrap purchases in the second quarter of this year and were expected to do likewise in the third quarter.

Reporting for the USA, Barry Hunter of Hunter Alloys LLC agreed that current consumer requirements for scrap had "really slowed down". The high price of nickel was being widely blamed for austenitic stainless production cuts of, in some cases, 10-15% going forward. "The price of nickel has taken its toll on the standard grade of

BIR

Avenue Franklin Roosevelt 24, B-1050 Brussels (Belgium)

Tel: + 32 2 627 57 70 - Fax: + 32 2 627 57 73 - E-mail: [bir@bir.org](mailto:bir@bir.org) -

<http://www.bir.org>

304 or the basic 18/8,” he said in Athens. “Our mills and their customers are moving towards - and successfully marketing - more and more substitute 301, 201, duplex and ferritic grades.”

Turning to exports, Mr Hunter noted that US overseas shipments of stainless steel scrap had soared almost 60% to around 260,000 tonnes in the first quarter of 2007. Ildar Neverov of Scrap Market Ltd identified a contrasting trend in Russia, with stainless scrap exports dropping from 320,000 tonnes in 2005 to 286,000 tonnes last year. In South Africa, meanwhile, a strong local currency and lower prices in Europe had resulted in an increase in domestic scrap consumption, according to new Committee board member Mark Sellier of Capricorn Stainless.

A report prepared by top analyst Heinz Pariser, owner of HHP Alloy Metals & Steel Market Research and Publications in Germany, also reflected the depth of the trend away from austenitic steels. Delivered in his absence by Mr Wright, Mr Pariser’s presentation indicated that the nickel chrome ratio of stainless steel production would decline from around 75% in 2001 to nearer 60% in 2008 whereas production of chrome manganese grades would jump from 3 million tonnes in 2005 to over 4.5 million tonnes next year.

On a global basis, high nickel prices were expected to stimulate a 15.5% increase in stainless steel scrap availability this year and a further 9% jump in 2008. “The stainless steel scrap market will continue to grow and to contribute additional nickel units of approximately 80,000 tonnes per year - or a growth of 8-9% per annum,” it was noted. Mr Pariser’s report anticipated that additional units in the form of nickel pig iron would be seen, particularly in the Far East, and that this trend could contribute to a nickel surplus and lower prices.

According to the special alloys market review from Stuart Freilich of US-based Universal Metal Corporation, the world was experiencing “a major military build-up” with “virtually every country” increasing its expenditure on new weapons. In the “booming” commercial aerospace sector, meanwhile, suppliers of planes, freighters, helicopters and business jets were booked out through 2012. These strong growth trends were likely to result in higher titanium scrap prices by next year, the speaker suggested.

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*For further information please contact:  
Elisabeth Christ  
BIR Communications Director  
Tel: + 32 2 627 57 70  
e-mail: [bir@bir.org](mailto:bir@bir.org)*

BIR  
Avenue Franklin Roosevelt 24, B-1050 Brussels (Belgium)  
Tel: + 32 2 627 57 70 - Fax: + 32 2 627 57 73 - E-mail: [bir@bir.org](mailto:bir@bir.org) -  
<http://www.bir.org>