

PRESS RELEASE

FOR IMMEDIATE RELEASE

Brussels, 29 May 2007

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

Ferrous Division: **Growth in steel demand likely to continue**

At his first meeting as President of the BIR Ferrous Division, Christian Rubach of Germany-based Interseroh Hansa Recycling GmbH was able to confirm 2006 as a "very good" year for the scrap industry. "And all signs indicate that the growth in steel demand will continue, thus helping our industry to grow," he told delegates in Athens.

Steel demand is expected to climb a further 5.9% this year - equivalent to some 65 million tonnes - and by a further 6.1% in 2008 to 1.251 billion tonnes. Chinese demand is predicted to surge 13% in 2007 and 10% in 2008 to reach 443 million tonnes, or 35% of the world total.

However, Mr Rubach believed International Iron and Steel Institute forecasts for this year to be "at the low end". He noted: "World crude steel production has shown an increase of 10.2% in the 2007 first quarter compared to the same period in 2006. Nearly all major steel producing countries showed strong increases; only the United States had a weaker production."

Further growth in scrap demand would be underpinned in part by "strong investments

in electric arc furnace (EAF) capacity expansions on nearly all continents - especially in Russia, the Middle East and Turkey, but also in 'old' economies like Germany", observed the Ferrous Division President.

This positive message was echoed by divisional Vice President Anton van Genuchten of TSR GmbH & Co. KG in Germany. In his report on the European market, he calculated that EU-25 steelworks had consumed approximately 107 million tonnes of steel scrap in 2006 - a record level and well ahead of the 101 million tonnes recorded in 2005. EU-25 steel scrap exports also scaled new heights in rising 9.1% last year to 10.1 million tonnes; Turkey strengthened its position as the EU's leading customer in increasing its order levels by almost 60% to more than 4.8 million tonnes.

Fellow Vice President Denis Ilatovskiy of Russia's Mair Joint Stock Company reported that domestic scrap consumption had leapt 25% in the first four months of this year in response to the introduction of 12-15 million tonnes of new EAF capacity. Scrap collection in Russia had improved 20% over the same period owing to relatively mild winter weather; this had led to a small increase in exports although the trend was deemed unlikely to continue in the coming months. Ukrainian steel scrap collection was expected to increase slightly to 8 million tonnes in 2007 although the export proportion would be "negligible", according to Mr Ilatovskiy.

Reporting on the US market, divisional Vice President Jeremy Sutcliffe of Sims Group argued that a combination of factors had created "the distorted appearance that scrap is in surplus and readily available from many sources". He expected firming scrap prices given that "the world may consume up to 20 million tonnes more purchased scrap this year". And he added: "Buyers should view the present market as a brief buying opportunity."

The first of two guest speakers, Peter Albrecht of PricewaterhouseCoopers' management board anticipated further consolidation within the world steel industry in both 2007 and 2008. Some 250 steel-related mergers and acquisitions in 2005 had been followed by a further 220 last year. But he added: "It seems there will always be a market for small niche players that use barriers to shipping to target specific markets."

Dr Heinz Hetmeier, Director Trade Policy Division at Germany's Federal Ministry of Economics and Technology, provided an insight into latest moves at the World Trade Organization (WTO) to tackle trade barriers. Under the current Doha Round of negotiations, he noted, the EU had tabled a proposal that would commit all WTO members to eliminate export taxes "if they are not justified by specific reasons".

ends

BIR

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

Tel: + 32 2 627 57 70 - Fax: + 32 2 627 57 73 - E-mail: bir.sec@skynet.be -

<http://www.bir.org>

For further information please contact:
Elisabeth Christ
BIR Communications Director
Tel: + 32 2 627 57 70
e-mail: 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.sec@skynet.be -
<http://www.bir.org>