



BIR
Bureau of International
Recycling

BIR is the international trade association of the recycling industries. More than 55 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.

PRESS RELEASE

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Stainless Steel & Special Alloys Committee: **Markus Moll anticipates scrap shortage**

The worldwide share of scrap in stainless steel production will decline from 34.8% in 2004 to nearer 32% by 2010, according to Markus Moll, Managing Director of Austria-based Steel & Metals Market Research. Guest speaker at the BIR Stainless Steel & Special Alloys Committee meeting in Beijing, Mr Moll added: "It seems to be there is not enough scrap in the world."

He went on to note that the 300 series had seen its share of the world stainless steel market fall below 65% last year while sky-high nickel prices could prompt this share to fall as low as 55% by the year 2015. He urged the scrap industry to approach its producer customers and assure them that scrap remains the "value source" for nickel in the long term.

In his review of conditions in Europe, Sandro Giuliani of Italy-based Giuliani Metalli/Cronimet Group suggested that the stainless scrap market had switched "from surplus to shortage" earlier this year. Key factors in the market included competition among dealers, an increase in nickel prices, and exports to the Far East. The shift towards upgraded ferritic qualities and low-nickel grades had not reached "the

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dramatic levels some analysts had foreseen”. Quoting figures from the International Stainless Steel Forum, Mr Giuliani said European stainless steel production was expected to increase by 7.4% this year to 9.5 million tonnes.

Barry Hunter of US-based Hunter BenMet Assoc. talked of the stainless steel scrap market entering “uncharted waters” in terms of wholesale buying prices. “General knowledge of all available wholesale buying prices has allowed those willing to sell material into this highly-competitive wholesale market to basically dictate pricing for individual loads,” he said.

Operating rates at the major US mills “are as close to 100% as production will permit” while order books appeared set to remain strong throughout the third quarter. “North American Stainless, perhaps our largest flat rolled stainless producer, has already announced tonnage allocations for customers on new orders,” he noted.

Strong domestic demand and limited scrap availability had impacted on US exports, with shipments dropping 15% between the final quarter of 2005 and the first quarter of 2006. Furthermore, export volumes in February and March were, respectively, 30% and 35% lower than in January.

According to Ildar Neverov of TeplotovResource in Russia, an increase in domestic demand for stainless steel scrap over recent years could lead to a reduction in his company’s exports.

A report from Stuart Freilich of Universal Metal Corp. in the USA pointed to continuing strong demand for high-temperature alloys and titanium alloys, not least because major consumers were “scrambling to secure metal in order to increase their production rates of military and commercial aircraft”. The ferro-titanium market had been “in the doldrums” during the third and fourth quarters of last year but was showing signs of renewed strong demand. This was helping to fuel an increase in ferro-titanium scrap prices.

In Beijing, Mr Giuliani stepped down after four years as Chairman of the BIR Stainless Steel & Special Alloys Committee. He was succeeded by Michael Wright of ELG Haniel Metals of the UK.

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