



BIR

Bureau of International Recycling

BIR is the international trade association of the recycling industries. More than 50 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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Statistics support a bright future for ferrous scrap

‘I see a future where demand for scrap is going to grow larger, which means supply of scrap is going to remain tight, which means prices for scrap are going to stay high,’ the latest **BIR Ferrous Division and Shredder Committee Round-Table** was reassured by **guest speaker Steve Mackrell, Director of Operations at the London-based Iron & Steel Statistics Bureau.**

None of the experts on hand at the London convention contradicted Mr Mackrell’s rosy assessment of the future, which was backed up by an array of impressive statistics. The guest speaker calculated, for example, that the world’s steelmakers would require an additional 32 million tonnes of scrap this year to support the anticipated 9% increase in global crude steel production to 1.05 billion tonnes. The global requirement for merchant scrap had risen from 235 million tonnes in 1998 to 292 million tonnes this year, and was likely to reach 388 million tonnes by 2010, he added.

Chinese steel production was continuing to show ‘solid’ growth despite government measures to cool the domestic economy and the country’s scrap imports were likely to advance from 9 million tonnes in 2003 to 11 million tonnes this year. ‘And the Chinese economy could actually remain in this steel-intensive mode for possibly another 20 years,’ ventured Mr Mackrell. Meanwhile, India’s move towards electric arc steelmaking had increased the country’s scrap requirement by 4-5 million tonnes in the last four years. That said, uncertainty had been created by the introduction in India of a new import control policy.

Estimating that the merchant scrap trade had a global value of around US\$ 60 billion per annum, Mr Mackrell highlighted that around 30% of this total volume - equivalent to some 85 million tonnes - was exported across international borders. He observed: ‘The areas where recycled scrap is processed tend to be those areas where steelmaking is not growing, and the areas where steelmaking is growing

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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 - <http://www.bir.org>

tend to be the areas that are not self-sufficient in scrap generation - so we have a physical problem.' With no major increase in dry cargo vessel capacity anticipated over the next three to four years, 'shipping costs will continue to rise', he added.

Mr Mackrell also emphasised that the world's leading 10 steelmakers were responsible for only 28% of global production. 'Steel is still relatively fragmented,' he commented. 'Larger steel companies will have greater purchasing power. I think it also means they'll want to form relationships with trusted suppliers who can also operate on a global basis. Perhaps ferrous scrap companies need to consider consolidation and becoming global players.'

According to BIR Ferrous Board member **Jeremy Sutcliffe of Sims Group Ltd** in Australia, the guest speaker's figures confirmed the industry's own sense of a 'squeeze' in the market whereby demand for scrap was outstripping availability. In his report on the Pacific Rim market, Mr Sutcliffe expressed confidence in market prospects for the first quarter of 2005.

Ferrous Division President Robert Philip of Hugo Neu Schnitzer Global Trade in the USA also reported a 'bubbly' economy for steel and scrap.

The EU market report submitted by Ferrous Board member **Anton van Genuchten of TSR GmbH & Co. KG** in Germany highlighted the region's 1.8 million tonnes export surplus in the first half of 2004, while BIR Ferrous Division Vice-President **Denis Ilatovskiy of Russia's Mair Joint Stock Company** predicted that his country's ferrous scrap exports would leap 70% in 2004 to around 12 million tonnes.

China's crude steel production jumped 21.6% to 194.15 million tonnes in the first nine months of 2004, according to the Round-Table's other **guest speaker Zunqing Yang, Deputy Secretary General of the China Iron & Steel Association**. Apparent consumption in China had been some 16.22% higher over the same period at 229.21 million tonnes. However, the speaker acknowledged the need to intensify consolidation within the domestic steel sector, as well as problems associated with shortages of iron ore, electricity and transportation.

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*For further information please contact:
BIR Secretariat
Tel: + 32 2 627 57 78
email: bir@bir.org*