



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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BIR Autumn Round-Table Sessions Vienna, 27th-28th October 2003

Ferrous Division: Russian and Ukrainian Scrap Market in the spotlight

An expert insight into the scrap metal markets of both Russia and the Ukraine provided the focus of the BIR Ferrous Division and Shredder Committee joint Round-Table in Vienna on Tuesday, 28th October 2003.

According to divisional Vice-President Denis Ilatovsky of Russia's Mair Joint Stock Company, steel scrap collection in his country was expected to increase by some 20% this year to around 22 million tonnes while a continuation of favourable world steel market conditions would limit export growth opportunities in 2004. At the same time, he added, 'there is a danger that export duty might be increased' as a result of renewed pressure from domestic steel producers.

A €30 export duty had led to a massive decline in Ukrainian steel scrap exports - from 1.858 million tonnes in the first half of 2002 to 596,000 tonnes in the corresponding period of 2003, according to Mr Ilatovsky's statistics.

The focus on these two Eastern European nations was sharpened by two further presentations in Vienna. Vadim Gurzhos, Chairman of the Ukraine's Metal Scrap Association, confirmed that his country's ferrous scrap collections had been more than 1 million tonnes lower in the first eight months of 2003 at 4.807 million tonnes. While the Ukrainian parliament was unlikely to remove the export duty in the face of pressure from domestic steel producers, the speaker appealed to BIR to write a letter of support for the scrap industry's attempts to cut the duty to €18.

Marina Mikhailova, Director of the Far Eastern Recycling Association based in Vladivostok, Russia, suggested through an interpreter that her country's own ferrous scrap export duty had resulted in an 'over-saturation' of the domestic market. The measure had provided 'temporary' support to domestic mills but, at the same time, had pushed a number of major scrap processors towards bankruptcy.

Ferrous Division President Robert Philip of Hugo Neu Schnitzer Global Trade (HNSGT) in the USA welcomed the now-strong input of Russian and Ukrainian representatives into BIR activities and expressed the hope that Far Eastern countries would increase their involvement over the coming years.

Mr Philip went on to note that US steel producers had been demonstrating a willingness to pay higher prices and to 'buy scrap off the dock'. He believed domestic mills were prepared to exceed dock prices to assure themselves of an adequate scrap supply over the next six to 12 months. He maintained: 'Scrap prices will need to stay at current or higher levels to continue to incentivise the collection and processing of raw scrap supplies - this seems to be happening.'

The US market report submitted by John Neu, also of HNSGT, also anticipated significant increases in both domestic and international scrap prices over the next few months, although he also noted 'continuing concern about credit quality and collections'.

The EU report compiled jointly by Anton Van Genuchten of TSR in Germany and Colin Iles of European Metal Recycling in the UK confirmed a 1.6% rise in EU scrap exports to Third Countries in the first seven months of this year; this included a 37.1% increase in Turkish purchases to 2.1 million tonnes, which had been prompted by the 'dramatic' decline in former CIS exports to the country. Overall, scrap demand was rising faster than available sources of supply, they concluded.

Limited availability of shredded scrap in Europe plus high shipping freight rates had forced Indian mills to increase their prices to around US\$ 200 per tonne C&FFO by mid October, reported Ikbāl Nathani of the Nathani Group of Companies. Meanwhile, China's ferrous imports had jumped 5% in the first eight months of this year to 5.6 million tonnes, according to Jeremy Sutcliffe of Sims Group Ltd in Australia. Over the same period, the country's iron ore imports had surged 30% - a trend consistent with China's sharp increase in blast furnace steel melting capacity.

The Shredder Committee meeting revolved around an update from BIR's Environmental & Technical Director Ross Bartley on the End-of-Life Vehicles (ELV) Directive. Many EU countries already had legislation in place for transposing the directive into national law; that said, Finland and Greece were expected to bring in legislation for early next year while no information was currently available from the Republic of Ireland or Luxembourg. Some of the EU accession countries - notably the Czech Republic and Slovakia - were known to be developing ELV-related legislation, according to Mr Bartley.

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