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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.

PRESS RELEASE

FOR IMMEDIATE RELEASE

Brussels, 3rd November 2003

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

Stainless Steel & Special Alloy Committee:
China to become 'the next superpower' in nickel alloys

Russian and other Eastern European companies did not feature on the list of world-leading stainless and speciality steel producers. However, the 'big advantage' of low wage costs would 'sooner or later' attract significant investment to the region, declared Markus Moll, Managing Director of Austria-based Steel & Metals Market Research, in his guest presentation to the BIR Stainless Steel and Special Alloys Round-Table in Vienna on Monday, 27th October.

Total imports of speciality steels by Eastern European and former CIS countries had been growing at more than 30% per annum for more than a decade and had reached 360,000 tonnes last year, said Mr Moll. By contrast, production in these countries had dipped sharply in the early 1990s and, since 1995, had remained relatively flat. Despite lower labour costs, local producers had been unable to compete against imports because of the lack of a sophisticated scrap supply chain, unreliability of supply to customers and difficulties in finding qualified personnel to operate the mills.

Mr Moll anticipated that, by 2007, Eastern Europe would constitute a '1 million tonne market' serviced mostly by Western European mills. However, moderately-sized brown- and greenfield production projects were likely to emerge after 2005; these would be supplied from local scrap sources although 'partners' would be required to develop this business, he suggested.

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Turning to wider trends, Mr Moll expected China to become ‘the next superpower’ in nickel alloys. While Japanese companies were dominating the world league table of alloy engineering steel producers, China had signalled its ambitions by implementing massive expansion programmes, such as the US$ 1.2 billion investment at Baosteel.

The guest speaker also anticipated: increasing sophistication of scrap processing; new technologies resulting in better yields and therefore less scrap returning from the mill; further producer consolidation and therefore fewer scrap consumers; and greater control of the scrap supply chain by mills.

Several potential threats were also underlined by Mr Moll, including ‘price wars’ sparked by market newcomers and over-capacity; he anticipated a ‘bloodbath’ in stainless steel flat products in a couple of years from now owing to over-capacity in China, although ‘early saturation’ of the Chinese market was deemed unlikely given that it had witnessed ‘unbelievable’ 32% consumption growth in 2003.

Mr Moll also warned that an explosion in the nickel price was forcing buyers to look seriously at low- or no-nickel raw material alternatives. In his report on the European market, Round-Table Chairman Sandro Giuliani of Giuliani Metalli-Cronimet Group in Italy also noted that some European operators were carrying out research into stainless steel alloys with a low nickel content and high carbon, chrome and manganese combinations.

Mr Giuliani recognised China as ‘the real engine’ of global stainless steel industry growth, the rate of which had held steady despite a slowing in European production during the third quarter. No new mining capacity was expected to come on stream before 2006-07 despite a constant increase in stainless steel industry demand. High prices had temporarily increased scrap availability but not sufficiently to increase the scrap ratio of the steelworks.

The US stainless steel scrap report submitted by Barry Hunter of Hunter-BenMet Assoc. highlighted continued production and thus scrap consumption growth at North American Stainless, as well as an expectation that, this year, US exports would exceed the record 455,000 tonnes set in the year 2000. He believed the resultant pressure on domestic scrap supplies was likely to result in ‘a strong consumer reliance on the availability of primary nickel’.

Also US-based, Stuart Freilich of Universal Metals Corporation suggested the aerospace industry had ‘changed forever’ while commercial airlines were downsizing their fleets in a bid to resist low-cost competition. On the upside, ‘fairly constant’ jet storage figures suggested the airline market had ‘bottomed out’.

Meanwhile, low-cost Russian titanium producers had already claimed around 30% of the US market and would ‘make it impossible to sustain the current number of Western titanium producers,’ he said. ‘Someone will have to go.’

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