Bureau of International Recycling

PRESS RELEASE

Recent BIR World Recycling Convention & Exhibition in Singapore (19 - 22 May 2019)

Stainless Steel & Special Alloys Committee:

Most new plants use low-scrap input

despite cost and environmental pluses, says analyst

Brussels, 24 May 2019

There are some powerful reasons for mills to favour the use of stainless steel scrap over virgin materials, not least that it is "the lowest cost option" for consuming mills and the subject of "very competitive pricing at the moment". So said Robert Messmer of Austria-based analyst Steel & Metals Market Research in his guest presentation to the latest meeting of the BIR Stainless Steel & Special Alloys Committee, staged in Singapore on May 20.

Scrap prices "can decline further" whereas ferroalloys "have a firm price floor", he also pointed out. At the same time, scrap produces less slag and its carbon imprint is lower than that for ferroalloys-based production. Also on the upside, noted Mr Messmer, there is a growing availability of scrap in "ageing" stainless markets.

Despite these advantages, however, most new plants are designed for a low-scrap input, according to the speaker. Among the downside issues for scrap, he listed the presence of impurities as well as density problems leading to the necessity to recharge several times and thus to melting process interruptions. Scrap trade restrictions in several countries were also mentioned as one of the key disincentives to the use of scrap.

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Earlier in his speech, Mr Messmer identified last year's global average 304 stainless steel scrap ratio as 43.6% - a figure that would have been higher but for the impact of the new Tsingshan Group production in Indonesia.

In terms of production of stainless steel around the world, "the power has shifted very obviously to the Asian continent", confirmed Mr Messmer. Reviewing the crude stainless production numbers for 2018, the speaker noted a global year-on-year increase of 4.8% to 52.43 million tonnes, thanks in no small measure to growth of 181.2% in Indonesia where output is expected to climb a further 29.6% in 2019 as part of a world production increase of 2.7% to 53.82 million tonnes. Also for the current year, Mr Messmer foresees no strong increase in Indonesia's stainless steel scrap imports, with India likely to remain the prominent Asian buyer on the international stage.

The International Nickel Study Group is projecting another nickel shortfall this year, although the gap between supply and demand is expected to narrow. Indeed, Mr Messmer contended that this year's deficit "may be the last".

Higher domestic consumption and healthier demand from overseas have provided a boost for stainless steel scrap processors in the USA while scrap flows in Europe have been helped by higher numbers for LME nickel, explained Vegas Yang of HSKU Raw Material Ltd in his summary of the reports submitted to the latest BIR Stainless Steel & Special Alloys World Mirror. While Asian mills' demand for stainless scrap has stabilised, he added, India has reduced its imports over recent months because cheaper scrap is claimed to be available domestically "on even better credit terms".

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