

## PRESS RELEASE

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### *Recent BIR World Recycling Convention (Round-Table Sessions) in Budapest (13-15 October 2019)*

#### ***Ferrous Division:***

#### **Obstacles to free trade in recycled materials also stand in the way of sustainability**

**Brussels, 17 October 2019**

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“I think we can agree that there is no place for quotas, tariffs and bans in the scrap industry,” insisted Greg Schnitzer of US-based Schnitzer Steel Industries Inc. in Budapest on October 15.

The BIR Ferrous Division’s President was responding to a guest presentation delivered to the body’s latest meeting by Viktor Kovshevny of national recycling association Ruslom.com in which he reviewed recent moves in Russia towards scrap export restrictions. Having imposed quotas for the final four months of 2019, the Russian government is now proposing that all export sales business should be listed on a metal exchange platform from April 1 next year for greater transparency. The main problems with such an exchange, he argued, are that “scrap is bought, not sold” and that commercial confidentiality is destroyed.

Mr Kovshevny also revealed that delays in the quota licensing process caused a suspension of exports that cost the scrap industry “hundreds of millions of US dollars”.

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Having underlined that problems with restrictions are not limited to Russia, the guest speaker urged investors worldwide to stop putting money into businesses that restrict the free trade of recycled materials and that therefore put obstacles in the way of sustainability.

In a guest presentation focusing on steel industry oversupply, Becky E. Hites of Steel-Insights LLC in the USA highlighted the steep surge in China's scrap-intensive EAF production from less than 80 million tonnes in 2017 to more than 120 million tonnes in 2018. She estimated a further increase of almost 22% by the year 2022 to 142.6 million tonnes.

In a subsequent question-and-answer session moderated by Ms Hites, George Adams of SA Recycling in the USA expressed disquiet at the global manufacturing decline. He also warned that the longer-term future held the prospect of a significantly lower car population - something which he described as "a huge concern for our business".

While Japan's domestic demand for steel is expected to remain relatively stable, exports are thought likely to decline owing to weaker demand from, for example, China, it was observed by Hisatoshi Kojo of Metz Corporation. And on the issue of Brexit, Shane Mellor of Mellor Metals Ltd in the UK expressed concern about its potential to hinder trade but remained confident that "the market will always sort itself out" and that the UK will continue to maintain a strong trading relationship with the rest of Europe.

In his update of the 10th edition of "World Steel Recycling in Figures", BIR Statistics Advisor Rolf Willeke noted a further 20.7% leap in China's steel scrap usage for crude steel production - from 85.57 million tonnes in January-June 2018 to 103.28 million tonnes in this year's corresponding period. This growth "reinforces China's position as the world's largest steel scrap user", he underlined.

Mr Willeke ascribed this steep increase to: the higher pollutant emission standards set for China's steel industry and, as a consequence, a hike in most BOF mills' scrap inputs to an average of 20.2%; the further increase in China's EAF production; and a 9.9% year-on-year surge in China's total crude steel production when comparing the first six months of 2019 with the same period in 2018.

Although Turkey remained the world's top importer of steel scrap, the opening half of 2019 brought a 16.4% year-on-year decline in the country's overseas steel scrap purchases to 9.009 million tonnes, according to Mr Willeke. The EU-28 remained the world's leading steel scrap exporter in boosting its outbound shipments in the first six months of 2019 by 3.1% to 11.017 million tonnes.

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