

PRESS RELEASE

Recent BIR World Recycling Convention in Paris (27-28 October 2014)

Ferrous Division:

Steel and scrap markets “rely on free movement”

Brussels, 30 October 2014

There is “not much fun or profit” to be had in the ferrous scrap business at present, declared Christian Rubach of TSR Recycling in his final address as President of the BIR Ferrous Division. His eight years in this post had produced “everything you can have” - from the early “boom” years to the economic crisis of 2008/09 and then periods of stagnation punctuated by a good year in 2010, he told delegates in Paris on October 27.

In introducing the guest presentation of German Steel Federation President Hans Jürgen Kerkhoff, Mr Rubach contended that the scrap and steel industries “sat more or less in the same boat” regarding the challenges they face. And the guest speaker confirmed that, indeed, both sectors were battling the “bad behaviour” of countries which sought to protect their domestic industries by imposing protectionist measures. “For the steel and steel scrap markets, we have to rely on free movement,” he insisted.

Mr Kerkhoff pointed out that the lower growth trend now being seen for the world steel industry might become “the new normal”. Arguing that surplus steelmaking capacity was increasingly becoming a point of focus, he reckoned that China’s overcapacity in 2014 could be as high as 280m tonnes.

The Ferrous Division’s new President - William Schmiedel of Sims Metal Management in the USA - spoke in his US/Pacific Rim market report of the electric arc furnace sector’s struggle to compete with its integrated counterpart. Pointing to moves made recently by Egypt, Mexico and Turkey, he said: “We may see an entirely new wave of protectionism that will be legislated by many countries against China.”

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In other market reports, EFR Immediate Past President Tom Bird of UK-based Mettalis Recycling explained that the low iron ore price and subsequent large-scale exports of Chinese finished steel product “has led to prices for steel scrap being forced down across EU regions”, although he expressed the hope that the market was “not far from the bottom”.

Parliamentary elections in Ukraine were likely to delay the distribution of new export quotas, according to Andrey Moiseenko of Ukrmet. Since May, he noted, overseas shipments had been running at around 100,000 tonnes per month, with Turkey the biggest buyer. The same speaker observed that ferrous scrap prices in Russia had been falling since the start of October, while Hisatoshi Kojo of Metz Corporation added that Japanese scrap prices had slumped 16% since the start of September. “The scrap market will be continuously affected very much by Chinese steel exports,” the latter concluded.

For the fiscal year 2014/15, ferrous scrap imports into India were expected to total 4.25m-4.5m tonnes - thus exceeding the 3.8m tonnes of 2013/14 but falling well short of the record 6.9m tonnes of 2012/13, reported Zain Nathani of the Nathani Group of Companies. And looking at global steel scrap movements as part of his “World Steel Recycling in Figures” update for the BIR Ferrous Division, Statistics Advisor Rolf Willeke pointed out that the EU-28 had been the world’s leading exporter in the first half of 2014 with a year-on-year increase of 4.6% to 8.584m tonnes whereas US overseas shipments had declined 23.5% to 7.595m tonnes.

In another guest presentation, Björn Voigt - Managing Partner of Germany-based Active M&A Experts - identified “failed post-merger integration” as the key factor behind the majority of unsuccessful business mergers.

The meeting in Paris had begun with BIR Ferrous Division board members and delegates standing for a moment of silence in honour of Blake Kelley, who died in September. Vice President of Sims Metal Management in the USA, Mr Kelley was a long-time contributor to the divisional meetings.

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