

PRESS RELEASE

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

Stainless Steel & Special Alloys Committee:

Senior executive of KMR Stainless at the helm of BIR's Stainless Steel & Special Alloys Committee

Brussels, 3 November 2014

The new Chairman of the BIR Stainless Steel & Special Alloys Committee is a senior executive of one of the world's top three stainless steel scrap merchants and recyclers. At the Committee's plenary session in Paris on October 27, Joost van Kleef - Commercial Manager of KMR Stainless in the Netherlands - officially took over from Interim Chairman Mark Sellier of OneSteel Recycling, who had been successfully heading the Committee since 2012.

The Paris meeting focused on the impact of Asia on the global stainless steel market. And according to Bharat Mandloi of Cronimet ABCOM in Singapore, Asia's influence could be summarised in a single, short word: "Big." Mr Mandloi explained that the continent now produced more than 70% of the world's stainless steel and "definitely drives the market".

China was responsible for a substantial share of this Asian production but had a stainless steel scrap ratio of around 30% (compared to a world average of more than 50%) as a result of its focus on nickel pig iron. India had become the largest stainless steel scrap buyer in Asia over the last two years, Mr Mandloi also noted, although most of its mills tended to operate on a hand-to-mouth basis and did not build large inventories.

André Reinders of Nicrinox argued that stainless steel scrap values in India were driven by supply and demand. At present, Indian buyers were paying prices up to US\$ 100 per tonne higher than those prevailing in Europe "because they have to convince the sellers to sell" in what was described as a largely spot-driven market.

Mr Reinders described China's emergence as a stainless steel powerhouse as "phenomenal and rapid". And he added: "If it wasn't for the 40% export tax, we believe China would be a net exporter of stainless steel scrap." The same speaker contended that India "has the greatest

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potential for stainless steel growth” because its per-capita consumption currently stands at 1.2kg per annum versus 10kg for China. But he also insisted that control of the stainless steel markets “will be in the hands of China”.

Tobias Kämmer of KMR Stainless in the Netherlands confirmed that China was set to produce 22.5m tonnes of crude stainless steel in 2014, or slightly more than half the projected global total of 43.6m tonnes. Indonesia’s ore export ban had triggered a spike in the nickel price but a retreat towards its 2014 lows had followed, partly because Chinese stocks were lasting significantly longer than originally anticipated. If the ban continued and the nickel market moved into undersupply over the coming years, China “will lose the era of cheap nickel” and its mills’ competitiveness would come under threat. “The importance of stainless scrap will definitely increase, also in China,” he concluded.

Meanwhile, the USA was continuing to emerge as a leading importer of stainless steel scrap owing to demand growth related in part to additional capacity coming on stream. Scrap volumes entering the USA in the early months of 2014 had been more than 200% higher than in the same period of 2013, according to Mr Kämmer.

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