

PRESS RELEASE

Recent BIR World Recycling Convention in Warsaw (28-29 October 2013)

Ferrous Division:

Stronger alliance between steel scrap industry and EAF steelmakers called for

Brussels, 31 October 2013

At the plenary meeting of the BIR Ferrous Division in Warsaw on 28 October 2013, Marcel Genet, founder and manager of French consulting firm Laplace Conseil, presented results of a study part-funded by BIR, noting that the scrap/EAF industries were responsible for 42% of all EU crude steel production. At the same time, they employed 56% of the region's total steel/scrap workers while accounting for only 22% of the entire EU steel sector's energy usage and just 15% of its carbon dioxide emissions. Furthermore, they generated a trade surplus of Euro 11bn versus a deficit of Euro 19bn for the BF/BOF steelmaking segment.

According to Mr Genet, it was therefore "surprising" that the scrap/EAF industries "have to pay 54% of the total cost of EU steel regulations" and that the scrap industry was now "threatened with new regulations and restrictions". The steel scrap industry and EAF steelmakers enjoyed "a symbiotic relationship" and should "create a stronger alliance to defend their common interests as well as the common good".

Rather than considering further, potentially costly regulation, the European Commission should "strongly favour" scrap processing and electric arc furnace (EAF) steelmaking because they offer substantial social, economic and environmental benefits.

BIR – REPRESENTING THE FUTURE LEADING RAW MATERIAL SUPPLIERS

At the start of the meeting, BIR Ferrous Division President Christian Rubach of Germany's TSR Recycling had explained that EU policy-makers were openly discussing potential restrictions on scrap and the mandatory certification of non-EU steel mills and foundries which receive EU scrap.

Export restrictions would reduce EU scrap collection and processing industry revenues by "close to 18%" while costing perhaps 50,000 jobs, Mr Genet contended. Furthermore, the proposals would provoke "a major dispute" with leading buyer Turkey. Indeed, the Secretary General of the Turkish Steel Producers Association, Dr Veysel Yayan, warned the same Ferrous Division meeting that proposals at EU level had the potential to undermine the free trade agreement between the EU and his country. "We would like to see free and fair trade," he insisted.

The importance of Turkey to exporters was underlined by the BIR Ferrous Division's Statistics Advisor Rolf Willeke in his latest "World Steel Recycling in Figures" update covering the first half of the year. The main reason for falls of 12% and 21.5% in exports from, respectively, the USA and the EU was "the steep drop in Turkey's purchases", he pointed out.

According to Mr Yayan's statistics, Turkey's scrap consumption slid from 22m tonnes in the first eight months of 2012 to 20.2m tonnes in the corresponding period of 2013. For the year as a whole, he expected the country's consumption to drop from 32.4m tonnes in 2012 to 30.5m tonnes in 2013, with imports sliding almost 3m tonnes to 19.5m tonnes.

In Warsaw, market summaries and updates were provided by contributors to the recently-released BIR Ferrous World Mirror, namely: Blake Kelley of Sims Metal Management, reporting on the USA and Pacific Rim; Hisatoshi Kojo of Metz Corporation for Japan and other parts of Asia; Andrey Moiseenko of Ukrmet for Russia and Ukraine; and Mr Bird for Europe who observed that, in market terms, the general outlook for the fourth quarter was "far more optimistic" given strong demand from the Eastern Mediterranean, low stocks and the likelihood of tighter supply in the approaching winter period.

ends