

News : To grow the circular economy, free trade of scrap needed: BIR

By Michael Fitzgerald

Published on - Tue, 22 Mar 2022 16:48:57 EST | Service - Page#: **Platts Metals Alert (PMA), 0100; Platts Steel Alert (STL), 0100**

- Steelmakers depending on freely traded scrap for EAF shift
- BIR wary of moves to limit trade
- EU steelmakers to continue to acquire scrap companies

As global steelmakers face the challenge of reducing or even eliminating their carbon emissions, they must have access to freely traded scrap to support the switch from basic-oxygen furnace based production, according to the Bureau of International Recycling President Tom Bird while speaking to S&P Global Commodity Intelligence.

"The circular economy is global, it is not local," said Bird during an interview at the ISRI 2022 Annual Convention in Las Vegas. "If we are to support countries in Southeast Asia putting in steelmaking processes that actually reduce carbon emissions going forward, we have to be able to supply them with material as well."

If Europe and the rest of the world are going to continue to trend closer to the US approximate split of 70% electric arc furnace steelmaking to 30% BOF production, it's imperative that countries have access to freely traded material.

"It's going to take everyone to get us around the split you have in the US. Making sure we can freely trade scrap to enable those countries moving away from primary products to secondary that they have access to the material within their own economies. They need to be importing, therefore we have to get it out to them," said Bird.

He was wary of recent measures of what he referred to as "backdoor protectionism" in Europe that aimed to reduce the amount of scrap exported under the guise of environmental reasons or health and safety standards. "We can't cut [other countries] off by imposing regulations in Europe because the European steelmakers want to keep it," said Bird.

Steelmakers to acquire scrap supply

Steelmakers, particularly in Europe were expected to push more into the scrap market by acquiring suppliers to secure the crucial raw materials. "If you look at a company like ArcelorMittal, they are looking to invest in [scrap companies]. I think that is what we could well see going forward. You are going to see steel mills needing to secure their supplies of steel scrap if they are to achieve their carbon targets," added Bird.

The expected trend would be like what occurred nearly 15 years ago in the US with steelmakers like Nucor and Steel Dynamics acquiring the David J. Joseph company and OmniSource, respectively.

"I believe we are going to see investments from big steel companies down the line to scrap companies particularly in Europe," said Bird.

For internal use only. Not for reproduction or further distribution. Platts' standard terms and conditions apply to all use of this article/excerpt. Read Platts' Terms & Conditions at <https://pmc.platts.com/Public/TermsConditions.aspx>.

© 2022 by S&P Global Inc. All rights reserved.

Please contact us to learn more about Platts products and services at +1-800-PLATTS-8 / 1-800-752-8878 (Toll-free in U.S. and Canada) or by email at support@platts.com