

## **BIR: Container issues unlikely to ease in 2021**

Kallanish | 2 June 2021

The Bureau of International Recycling (BIR) expects current issues with container shipments to remain until the end of 2021.

The market needs to prepare for more challenging times, as container production is insufficient, resulting in a shortfall of a several thousand containers, said participants at BIR's annual convention on Tuesday attended by **Kallanish**.

On the other hand, China's policy shift is expected to imply major repercussions for global steel scrap flows.

Objectives enshrined in China's 14th Five-Year Plan include cutting domestic crude steel production capacity and boosting the use of scrap-intensive electric arc furnaces over the more traditional blast furnace route. China's policy shift implies reducing its reliance on iron ore and increasing its consumption of scrap and billet imports.

Japan exported 31,496 tonnes of steel scrap to China in March alone, equivalent to more than 65% of total imports. One of the attractions was that Japan was able to supply sought-after plate and structural (P&S) scrap in relatively small tonnages suitable for trial cargoes.

A relatively short sailing time was another reason why Japan, and also South Korea, emerged as leading suppliers to the Chinese market, explained Jiak Lim, Senior Trader at Singapore-based Zhejiang Metals and Materials. The choice of Japan was also influenced by the fact that many of its large companies had established offices in China. He advised prospective exporters to China to focus initially on P&S and shredded scrap in 20-foot containers for ease of conforming to the country's import specification requirements.

China's policies aimed at reducing carbon emissions "will definitely drive up prices globally for scrap", he concluded.

Tom Knippel of SA Recycling in the USA pointed to a previously unseen "decoupling" of new steel and scrap prices, adding that the former were "not sustainable in the long term".

Knippel and Denis Reuter of TSR Recycling in Germany agreed the USA and Europe were witnessing significantly lower generation of prime scrap, partly as a result of production issues in the automotive sector.

Reuter also acknowledged concerns over proposed changes to EU shipment regulations that would potentially limit exports of materials designated as "waste" only to those facilities which operated in accordance with EU standards (*see separate story*). He insisted: "I do not think it will be realistic that we will see a total ban on exports from the EU."

The root of the problem, argued Schnitzer, was that steel scrap fell under the "waste" definition in Europe when in fact it deserved proper credit for being a "recycled raw material".