

 This week:

# Turkey losing scrap influence, export competitiveness: Irepas

Turkey's ability to dictate scrap prices and compete on the global steel market is being severely challenged, while any prospective EU scrap export ban is likely to be wider-reaching than initially thought. So was the conclusion of the International Rebar Exporters and Producers Association (Irepas) meeting in Monaco last week.

Lower scrap demand in the EU and Turkey have been offset by Southeast Asian demand where energy problems are not so severe. This is tempering Turkey's ability to exert pressure on scrap prices. However, Turkey will maintain its role in setting a benchmark in the international scrap market, said Jens Björkman, chairman of Irepas's raw material suppliers committee.

Alternatives to scrap, such as semi-finished products, are coming to Turkey from Russia and Asia at lower prices.

As for the potential EU scrap ban, while it initially seemed to be targeting non-OECD countries, now OECD countries seem likely to be included as well. The European Parliament will vote on a ban on 17 November and it could come into force in 2026. Scrap tonnage recycled in the EU is too large for it all to remain within the bloc. Even if a few million tonnes remain, the rest will need to find other markets.

Following the imposition of sanctions on Russia, Russian steel is mostly going to China, Egypt, Taiwan and Turkey, and "to our surprise 3.5 million tonnes of Russian slab is still going to the EU, to the mills that are Russian-owned," said F. D. Baysal, chairman of the traders committee.

Traders do not expect much change in EU policy regarding steel import quotas for Turkey. "I don't think EU mills will allow that," he added. Some suppliers, such as North African countries and United Arab Emirates, are now exporting to the EU and will eventually gain some market share in the region. They are likely to hold on to it in the longer run. Southeast Asian supply to Turkey and Europe will meanwhile likely fade when energy costs normalise.

Export markets for Turkey are limited, with Turkish supplies mainly taken by countries that are less affected by the energy crisis, like China or India.

"Right after the start of the war, Turkey was able to sell huge quantities to the EU, but now the EU has found other sources that are not included in its quota system," said Murat Cebecioglu, chairman of Irepas and the Irepas producers committee. Turkey cannot compete against Asian countries, such as Malaysia and Indonesia, which are selling to the EU at cfr prices that are lower than Turkey's fob prices.

The EU's prospective banning of Russian slab imports from 2024 and Canada's announcement it will sanction any imported steel produced from Russian material is making buyers cautious over purchasing Russian material. Russian exports are disturbing prices in many markets and producers globally are suffering, with only limited markets remaining for sales opportunities, Cebecioglu concluded.

"Traditionally, it happens in our steel business that the market picks up at the end of the year. Secondly, since a long time, activity is very low and, at some point in time, it will have to pick up. It's a simple cycle," he concludes.

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**KORE INDEX**

Index	58%	62%	65%
W-o-w % Change	1.02%	1.70%	1.78%
14 Oct	<b>86.03</b>	<b>96.80</b>	109.96
13 Oct	86.18	96.69	<b>109.84</b>
12 Oct	86.34	97.58	110.71
11 Oct	86.42	97.99	110.94
10 Oct	<b>86.45</b>	<b>98.56</b>	<b>111.53</b>
<b>Average</b>	<b>86.28</b>	<b>97.52</b>	<b>110.59</b>
07 Oct	<b>85.69</b>	96.31	<b>109.21</b>
06 Oct	85.65	<b>96.48</b>	109.04
05 Oct	85.56	95.99	108.64
04 Oct	85.28	95.99	108.93
03 Oct	<b>84.89</b>	<b>94.69</b>	<b>107.51</b>
<b>Average</b>	<b>85.41</b>	<b>95.89</b>	<b>108.66</b>

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## Global Overview

### Americas:

- US flats mostly stable, HRC makes modest drop
- Fears of Biden policies still cloud market
- OCTG prices make modest gain

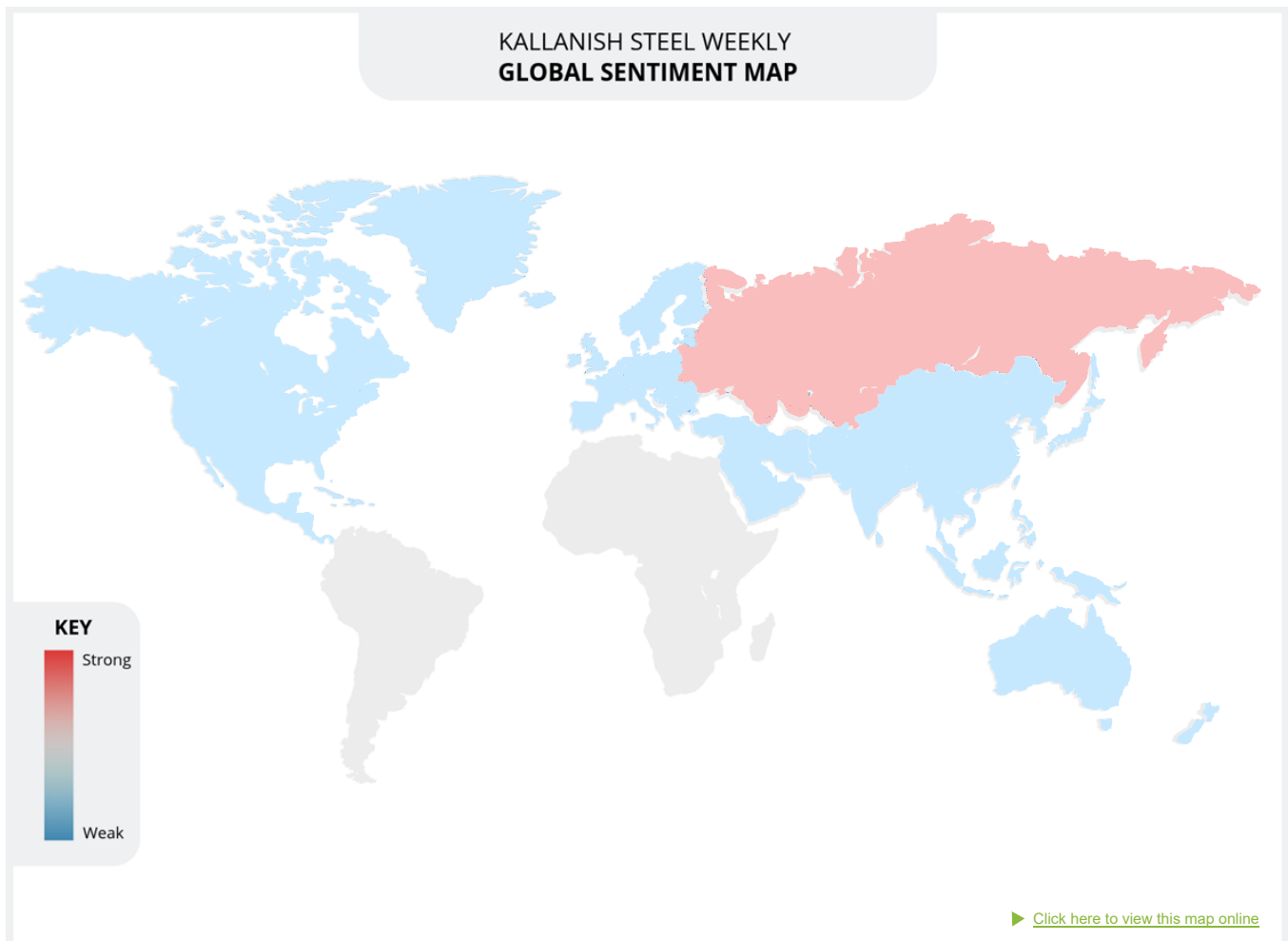
### Europe:

- European rebar prices under pressure
- Italian HRC down
- Benelux scrap astable

### Asia:

- Chinese Q4 demand should be better than Q3
- Vietnamese HRC producer lowers prices
- Iron ore to remain under pressure

### KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



### India:

- High competition, low offers limit Indian HRC exports
- Indian imported scrap remains flat on subdued demand
- Pakistan scrap importers reduces intake amid slow finished steel sales

### CIS:

- Interest in Russian billet grows after sanctions grace period
- Slab prices adjust down

### Middle East:

- Turkish scrap softens amid weak buying
- Turkish rebar mills' cost pressure grows
- Iranian-origin billet drops consecutively in GCC market

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## Word of the week

# Ingot

An ingot is a mass of metal obtained from casting liquid steel into a mould. The resulting ingot - a semi-finished product - is typically then hot rolled or forged.

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