

# This week: H1 2023 scrap consumption falls, long term trend remains strong

China's ferrous scrap consumption fell 2.9% on-year in the first half of 2023 to 116.23 million tonnes despite its 1.3% rise in crude steel output. The country nevertheless remained the world's largest scrap user, Bureau of International Recycling (BIR) statistics advisor Rolf Willeke said at the association's conference in Abu Dhabi this week.

The EU27, US, Japan, Turkey and South Korea registered declines in scrap usage respectively by 9.6% to 40.02mt, 3.1% to 21.8mt, 4.3% to 16.2mt, 16.4% to 13.68mt and 1.5% to 13.9mt. This was amid declines in crude steel output.

Consequently, the proportion of recycled steel used in crude steel production in H1 was 21.7% in China, 60.3% in the EU, 54.7% in the USA, 38.1% in Japan and 41.3% in Korea. Particularly noteworthy was the high figure of 87.2% for Turkey.

Weakness in the global steel market has led mills to reduce scrap consumption and cut production. In addition, sluggish steel prices in China have hindered steel mills from consuming scrap because hot metal is more cost-effective.

H1 saw a 22.9% decrease in Turkey's scrap imports to 9.64mt. Falling steel production and currency depreciation were the main factors driving the decline in imports. However, the country remained the world's foremost recycled steel importer, with its main supplier being the US with a 10.8% on-year decline in supply to 1.99mt, followed by the Netherlands with a 6.4% decrease to 1.09mt and Belgium with a 9.2% increase to 960,000t.

India followed with a 105.5% increase in imports to 5.491mt. The country's steel production and consumption increased during the period, leading to a shortage of scrap supply and a surge in imports.

The USA was third in H1 with an increase in imports of 4.1% to 2.6mt.

The EU maintained its position as the world's leading recycled steel exporter in H1 with a 4.5% year-on-year increase in shipments to 9.07mt. The largest buyer was Turkey, down 4% to 5.65mt, followed by India, up 230.2% to 733,000t, and Egypt, up 3.5% to 647,000t.

There was H1 scrap export growth out of Japan by 10.2% to 3.46mt and Canada by 5.3% to 2.5mt. An export decline was recorded by the USA of 9.2% to 8.24mt, but the country retained its position as the world's second-largest overseas shipper.

Some 630mt of recycled steel are used each year in global steel production, thereby preventing almost 950mt of CO2 emissions while also saving energy and conserving natural resources, Willeke pointed out.

## LONG TERM

Despite the short-term reduction in scrap consumption, for the long term scrap remains central to the steel industry.

Davide Braga, head of global capital equipment sales at Danieli Centro Recycling in Italy, believes that rising steel demand and steel mills' need to transition to green steelmaking will stimulate scrap consumption.

Speaking at a Bureau of International Recycling (BIR) conference attended in Abu Dhabi, Braga said steel demand and production would slowly increase until 2050. Demands for low-carbon steel mean steel mills hope to reduce carbon emissions by 70-90%.

The switch towards electric arc furnaces (EAFs) would double their share of production by 2050 and include a significant increase in direct reduced iron (DRI) production of 245 million tonnes/year, he adds.

More than an extra 300 million tonnes/year of scrap would be needed to feed the additional EAF production in the transition to green steel, BIR also reported.

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### KORE INDEX

Index	50%	62%	65%
Year % Change	1.52%	-0.79%	-0.67%
27 Oct	115.15	121.58	126.95
26 Oct	108.45	119.02	126.32
25 Oct	108.35	119.11	126.37
24 Oct	109.07	119.49	126.41
23 Oct	105.42	115.42	124.97
Average	108.33	118.92	126.11
20 Oct	105.61	115.65	125.94
19 Oct	109.31	119.8	126.95
18 Oct	110.32	122.97	131.71
17 Oct	103.97	120.61	129.71
16 Oct	104.14	120.62	129.65
Average	106.71	119.85	126.97

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 **Global Overview**

**Americas:**

- HRC, CRC pricing spikes as auto labour discord dissipates
- Rebar rebounds, plate still weak in Q4
- Wars may prove bullish for US OCTG pricing

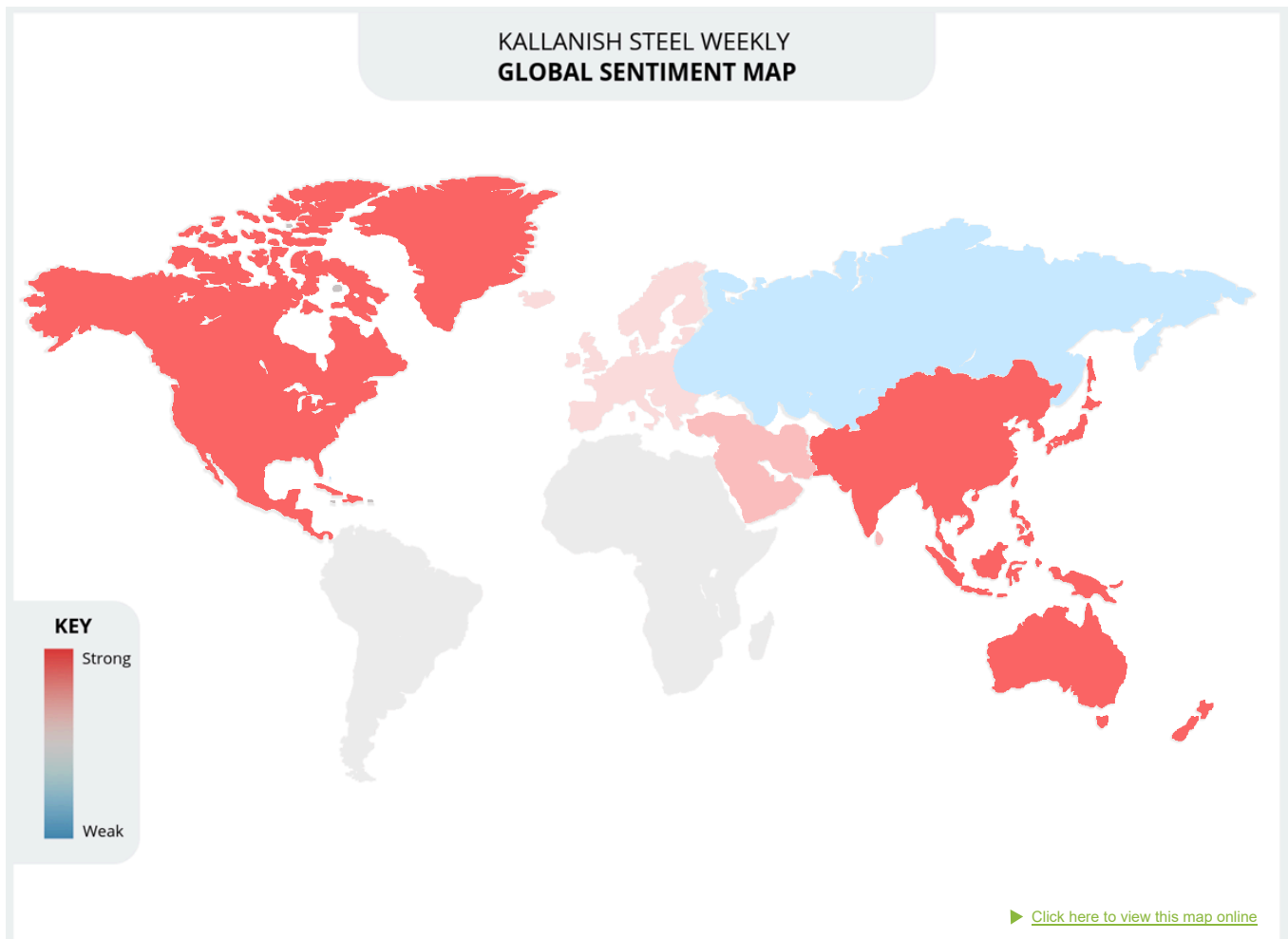
**Europe:**

- Crude steel production in Europe down
- Italian rebar suppliers restart quoting
- HRC mills in Europe prepare hikes

**Asia:**

- Iron ore up again
- Chinese steel prices recovery limited
- Indian market sees scrap market at bottom

**KALLANISH STEEL WEEKLY  
GLOBAL SENTIMENT MAP**



**CIS:**

- Russian billet suppliers eye Turkish market alternatives

**Middle East:**

- Turkish scrap rebounds
- Turkish rebar exporters resist lower bids
- Subdued activity reduces Turkish HRC



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## Word of the week

# Busheling

Clean steel scrap consisting of sheet clips and stampings from metal production. This is applied to thin uncoated clippings and stamping offcuts from manufacturing operations. Consequently it only applies to new production scrap, rather than scrap generated from obsolete used items.



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# STEEL SCRAP 2024

 **THURSDAY**  
**8 FEBRUARY 2024**

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