

Ferrous scrap classified as critical raw material in Italy as prices soar

Ferrous scrap has been classified as a critical raw material in Italy for the first time and its export is subject to a notification obligation, according to the latest decree issued by the Italian government and published in the Official Journal La Gazzetta.

According to the decree, Italian companies or companies established in Italy that intend to export scrap, directly or indirectly, to outside the EU are now obliged to notify the Ministry of Economic Development and the Ministry of Foreign Affairs at least ten days before the start of the operation.

"We are moderately satisfied with the decree passed by the Draghi government," Flavio Bregant, general manager of Federacciai, told S&P Global Commodity Insights March 23.

"It is a first step, because for the first time scrap is recognized as a strategic resource. Not only for our supply chain, but also with a view to decarbonization," he said.

"Now it would be desirable for Europe to follow the Italian example for an evaluation of the overall export of scrap," he added.

Large Italian steelmakers have been vocal in recent weeks, in particular since Russia invaded Ukraine, to try keep scrap not only within Italy, but also within the EU.

Italian steel producers are facing high energy costs, due to the war, which has led them to temporarily shut production for some weeks, and scrap prices have also been climbing, squeezing domestic steelmaking costs even further.

Scrap prices at historical highs

Southern European ferrous scrap prices reached their highest ever levels for March contracts as domestic mills were forced to raise workable levels following a sharp rise in the benchmark Turkish import scrap market, sources told S&P Global Commodity Insights during a March 10 monthly price assessment.

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The Russian invasion of Ukraine and the subsequent supply shortage of key steel raw materials from the Black Sea region has caused prices for ferrous scrap and long steel products in the south of Europe to rise sharply.

S&P Global Commodity Insights' March 10 monthly assessment for Southern European shredded scrap was at an all-time high of Eur512.50/mt delivered to the mill in March, up from Eur470/mt delivered in February.

Some Italian scrap traders were pessimistic about future prospects of selling ferrous scrap to the export market.