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EU SCRAP EXPORT CURBS COULD RESHAPE RAW MATERIAL SOURCING FOR INDIAN FOUNDRIES

The EU's revised Waste Shipment Regulation is scheduled to restrict non-hazardous waste exports to non-OECD countries. For Indian foundries, the impact will depend on whether affected grades can be replaced through domestic processing, alternative imports or other metallics at competitive delivered costs, writes Sanjeeban Sarkar

The European Union's proposed restrictions on metal scrap exports to non-OECD countries could force Indian foundries to reassess established raw material supply channels from 2027. The immediate issue is not simply the loss of European tonnes, but whether specific grades can be replaced at competitive delivered costs.

India imported around 8.45 million tonnes (mnt) of ferrous and stainless-steel scrap in FY26, including about 0.79 mnt from the EU. The EU's proposed restrictions could redirect around 4-4.1 mnt of steel scrap exports currently going to affected non-OECD markets, increasing competition among buyers for alternative origins.

Scrap availability is a quality question for foundries

For foundries, scrap is a metallic charge rather than simply a commodity input. Grade, chemistry, cleanliness, physical form and metallic yield determine how much usable metal a tonne of purchased scrap ultimately provides.

India's foundries use scrap alongside pig iron, DRI and other metallics, with the appropriate mix depending on the casting grade, furnace and production economics. A tonne of lower-priced scrap is not necessarily cheaper if it contains more impurities, requires additional processing or produces higher melting losses.

This makes the EU restriction more significant for specific grades than the headline import volume suggests. The question for a foundry is not whether another supplier can provide a tonne of scrap, but whether that supplier can provide the required material consistently and at a competitive delivered cost.



India is already reducing dependence on imported scrap

The Indian market has some protection against a sudden loss of European supply because domestic scrap availability is increasing. Ferrous scrap imports fell 19% y-o-y to around 6.82 mnt in FY26, while domestic scrap generation rose 22% to about 32 mnt. The 6.82 mnt import figure covers ferrous scrap and excludes stainless steel, while the 8.45 mnt figure cited above combines ferrous and stainless steel scrap. Total ferrous scrap consumption increased to around 41 mnt.

The shift means India does not need to replace every tonne of European material with another imported tonne. More domestic material is already entering the market, while weaker import economics have reduced overseas purchases.

The limitation is grade and location. Domestic scrap generation does not automatically translate in suffiencient processed scrap of the quality required by individual foundries. Collection remains fragmented, and material generated in one region may not be economical to move to another after freight and processing costs.

Alternative imports could face stronger competition

India already sources ferrous scrap from several origins, giving buyers some flexibility. But the EU is one of the world's largest scrap-exporting regions, with around 22.9 mnt of ferrous scrap exports in 2025. The US exported 21.4 mnt, the UK 7.5 mnt and Japan 7 mnt.

If the EU redirects 4-4.1 mnt of steel scrap away from affected non-OECD markets, those tonnes will seek other destinations. The adjustment will not occur only through India. Türkiye, Egypt, Pakistan and other scrap-consuming markets will also compete for available material from the US, Japan, the UK and other exporters.

For Indian foundries, that could increase competition for alternative grades even if global scrap availability remains adequate. The effect would be felt through freight, regional premiums and supplier competition rather than through a simple global shortage.



Delivered cost will determine substitution

The economics of substitution will therefore depend on more than the quoted scrap price. Freight, processing, port costs, currency movements, metallic yield and impurity levels all affect the effective cost of the charge.

This is particularly important for processed grades. If a foundry operator replaces European material with lower-priced scrap that requires additional sorting or processing, the apparent saving can disappear before the material reaches the furnace.

Alternative metallics can provide another adjustment mechanism. Pig iron and DRI can replace part of the scrap charge where furnace configuration, chemistry and economics allow, but they are not interchangeable with every scrap grade. A shift in the metallic mix can also change melting economics and the requirements for carbon and alloy additions.

Domestic processing could become more important

The EU’s restrictions come as India's domestic scrap ecosystem is expanding. Higher vehicle recycling, demolition activity and industrial scrap generation are increasing the available pool, but collection, segregation and processing remain critical links between generation and consumption.

Better processing can make domestic scrap more competitive with imports by improving consistency, reducing contamination and supplying material closer to foundry specifications. For foundries, the relevant comparison is therefore increasingly between domestic processed scrap and imported delivered scrap, rather than between domestic and imported material at the collection point.

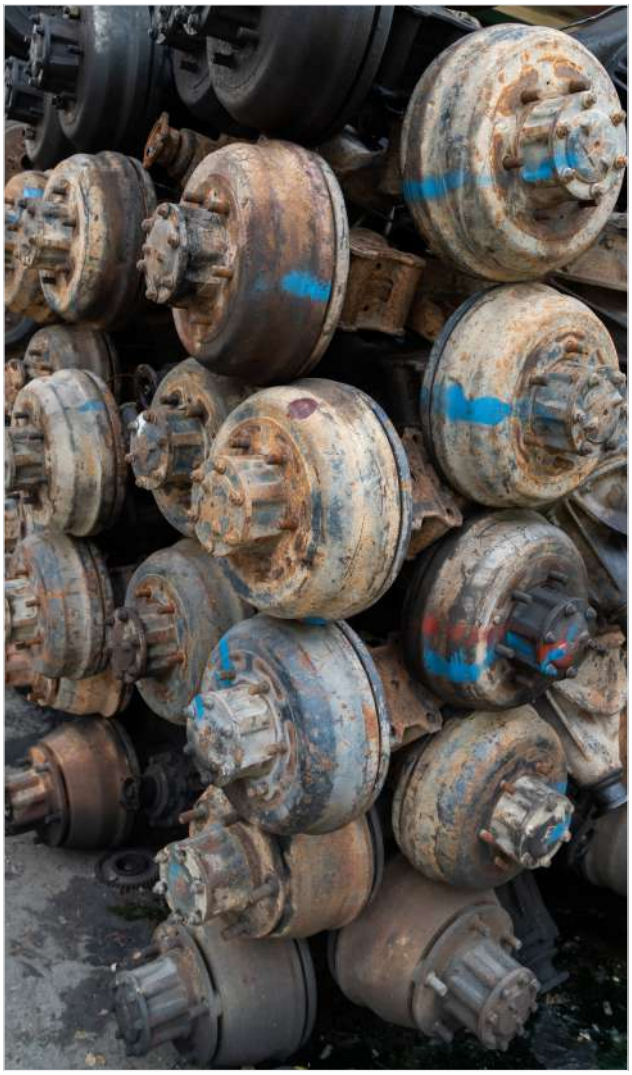
The regional distribution of scrap also matters. India's ferrous scrap consumption is spread across major industrial regions, while scrap generation and processing capacity are not uniformly distributed. A national increase in scrap generation does not guarantee that every foundry cluster will see a corresponding increase in locally available material.



Scrap is becoming a strategic raw material

The EU measure also fits into a broader change in the global scrap market. Major steel-producing and consuming economies are increasingly using export restrictions or other trade measures to retain scrap for domestic recycling and steel production. The OECD estimates that the EU, US, UK and Japan together accounted for a large share of global ferrous-scrap exports in 2025.

As more countries seek to retain scrap domestically, import-dependent markets will face greater competition for internationally traded material. That makes domestic collection and processing more important for India, particularly as the steel and foundry industries increase their use of recycled metallics.



Final EU decision remains critical

The European Commission's draft framework has created uncertainty over access to EU metal waste, while India has sought continued access to the material. The revised Waste Shipment Regulation is scheduled to restrict non-hazardous waste exports to non-OECD countries from 21 May 2027 unless the destination is authorised.

For Indian foundries, the immediate task is to assess exposure by grade, origin, supplier and delivered cost, rather than by total import volume alone. The 0.79 mnt of EU-origin ferrous and stainless-steel scrap imported in FY26 is a small share of India's overall scrap consumption, but specific grades within that volume may be harder to replace.

The EU restrictions could accelerate a sourcing shift already underway in India. The competitive advantage will increasingly lie with foundries that can secure consistent metallic charge material through a combination of domestic processed scrap, diversified imports and suitable alternative metallics, without allowing higher sourcing costs to erode casting competitiveness.



INDIA: FOUNDRY SCRAP PRICES DIVERGE IN OCT'26 AS PLATE CUTTING SOFTENS, LOW-MN CR BUSHELING GAINS

Plate cutting prices eased in southern markets as secondary steel demand moderated, while low-Mn CR busheling scrap prices continued to rise amid tight availability and higher auction prices, writes S Shankar

India's foundry scrap prices diverged during the first half of October compared to 15-30 September. Plate cutting prices were stable in Kolhapur, while they fell in Kolkata, Chennai, and Coimbatore. Meanwhile, low-manganese (Mn) cold-rolled (CR) busheling prices increased across Kolhapur, Chennai, and Coimbatore, supported by tight availability and higher auction prices.

Plate cutting prices soften in Oct, while low-Mn CR busheling remains firm

During 1-15 October, processed plate cutting prices showed a mixed-to-weak trend compared to the latter half of September. Prices remained unchanged in Kolhapur at INR 41,500/tonne (t) DAP, while Kolkata recorded a marginal decline of INR 500/t to INR 40,900/t DAP.

The correction was more pronounced in southern markets, with Chennai prices falling by INR 1,600/t to INR 42,000/t DAP and Coimbatore prices declining by INR 1,900/t to INR 44,000/t DAP over the same period.

The moderation followed the September rally, driven by reduced demand from secondary steel manufacturers and improved availability of plate cutting and mild steel (MS) scrap. This reduced competition for material and limited the scope for further price increases.

In contrast, low-Mn CR busheling prices continued to strengthen during the first half of October. Kolhapur recorded the highest increase of INR 2,000/t to INR 47,200/t DAP, followed by Chennai, where prices rose by INR 1,800/t to INR 45,700/t DAP. Coimbatore prices increased by INR 1,700/t to INR 47,300/t DAP.

The continued rise in low-Mn CR busheling scrap prices reflects tighter availability and higher auction prices, which supported procurement costs despite the moderation in plate cutting demand. The divergence between the two scrap categories highlights the importance of material-specific supply conditions in determining foundry scrap price movements.



Foundry finished-product demand remains healthy

Demand for finished foundry products remained strong across key markets in October, supported by export orders and healthy demand from the automotive and agricultural equipment sectors. Several foundries reportedly had order books extending through November, providing visibility on production requirements.

However, rising raw material costs continue to put pressure on foundry melting costs. While finished-product demand remains supportive, the ability of foundries to absorb higher scrap prices will depend on their order realisations and operating costs.

Outlook

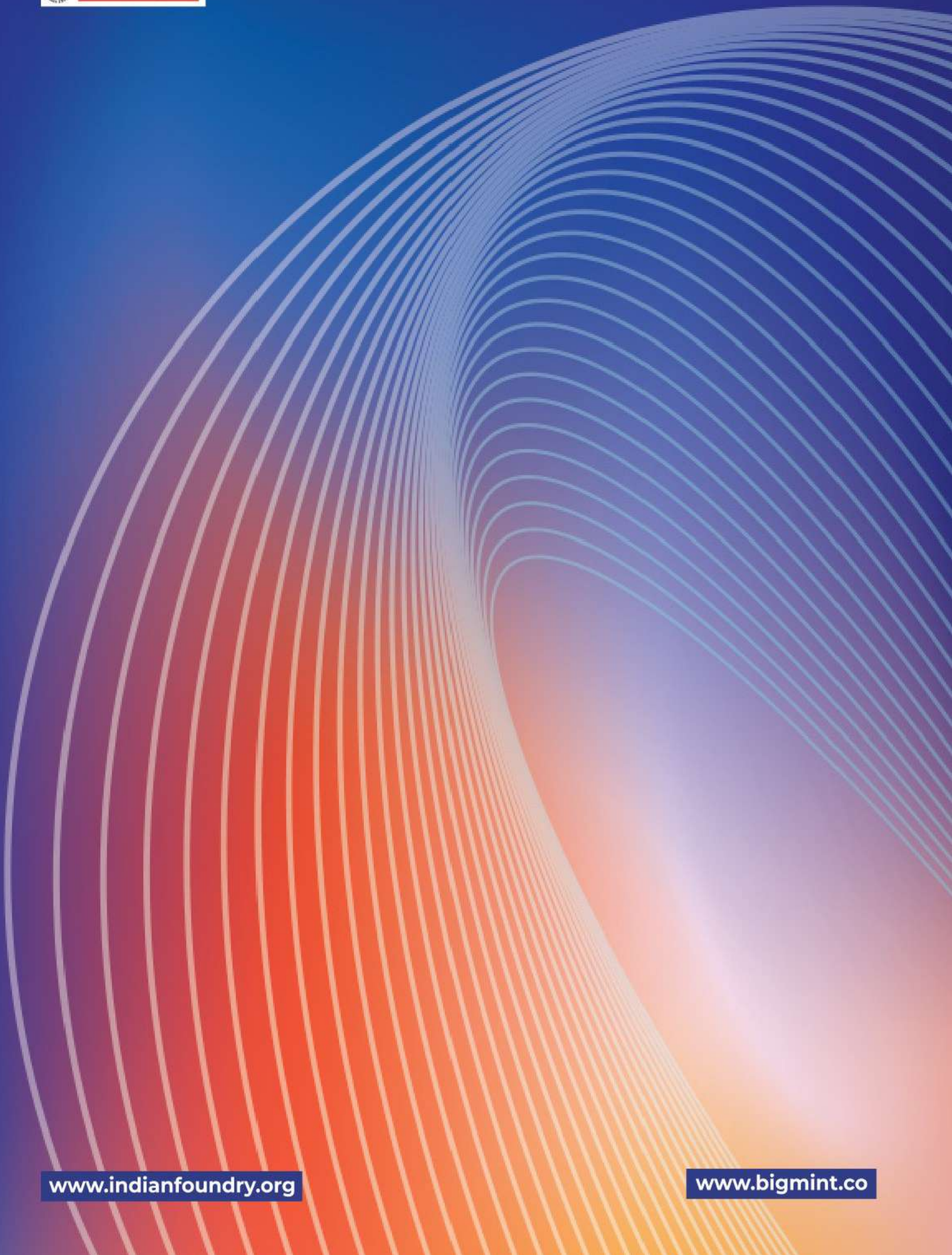
BigMint expects India's foundry scrap prices to remain sensitive to the availability of quality melting materials in November. Plate cutting prices may remain largely stable if secondary steel demand stays moderate and material availability improves. Meanwhile, low-Mn CR busheling could remain firm as long as supply remains tight and auction prices stay elevated.

Any renewed shortage of quality scrap could trigger further price increases, particularly in low-Mn CR busheling. However, improved availability and subdued secondary steel procurement could limit further gains in plate cutting prices.



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