

Further steel trading consolidation inevitable: Ferrostaal

304 words

8 November 2007

[Steel Business Briefing](#)

STSCNW

English

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A consolidation in the global steel trading community is inevitable, argues **Ferrostaal Metals Group** CEO Uwe T. Schmidt, because most of the steel trading industry's leading firms have expanded their activities beyond traditional steel trading.

"Of the world's top ten steel traders, nine will say that traditional steel trading is an important contribution to their bottom line but it is no longer their core business," Schmidt tells Steel Business Briefing. He attributes this largely to the consolidation that has taken place in recent years among steel producers, raw materials suppliers and customers.

"In terms of steel production, the world's largest steel producer accounts for only 10%. That's a lot but it's still a fraction of the share enjoyed by the largest players in the aluminium industry or ore mining," Schmidt notes. He suggests that "a company" should serve as the lead consolidator to which the trading interests of several houses are combined into a larger group where steel trading is the "core business".

Ferrostaal is moving to support this industry consolidation itself, acknowledging that the Essen-based trader is in the final stages of concluding the sector's first major merger. When asked whether the prospective partner is Coutinho, Caro & Co, Schmidt declined to comment officially, but stated that based on current discussions, it is his belief and the belief of his team that "our preference would be to merge Ferrostaal's assets with those of CCC Steel."

Schmidt says that between his firm and CCC, "there is almost no overlap in terms of the companies' respective activities. The two could complement each other very well."

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