

Big River buying scrap for Dec. melt shop start

Nov 17, 2016 | 1:10 PM | Michael Cowden

CHICAGO — Big River Steel LLC is actively in the market buying scrap and selling steel, the company's top executive has confirmed.

"Big River is open for business," David Stickler, chief executive officer of the Osceola, Ark.-based steelmaker, said in a presentation Nov. 17 at AMM's 10th Steel Scrap Conference and 4th DRI and Mini-mills Conference in Chicago.

The company's melt shop will begin consuming scrap in early December, and its entire mill is expected to be operational in the first quarter of 2017, Stickler said.

Big River Steel has already said that it expects to sell its first coils in December (amm.com, Nov. 14)

Big River Steel expects to produce 1.6 million tons of steel per year in its first phase, including a full complement of hot-rolled, pickled-and-oiled, cold-rolled and galvanized steel, consuming about 2 million tons of metallics annually, Stickler said. Its forecast metallic mix is 25 percent shredded scrap, 25 percent busheling, 20 percent pig iron, 10 percent bundles, 10 percent hot-briquetted iron (HBI), 5 percent plate and structural (P&S) scrap and 5 percent other materials, including direct-reduced iron (DRI).

Big River Steel is on the Mississippi River, has rail access and is close to highways, and Stickler said it expects to receive 60 percent of its scrap by barge, 25 percent by rail and 15 percent by truck, drawing scrap from several regions of the country.

Birmingham, Ala.-based Jefferson Iron & Metal Brokerage Inc. is Big River's exclusive scrap broker and Palatine, Ill.-based Consolidated Mill Supply Inc. is its pig iron supplier, Stickler said, and the steelmaker has signed a long-term supply agreement with Linz, Austria-based Voestalpine AG for HBI.

"We'll buy some DRI. And we might buy that from people who might consider themselves competitors of ours to the extent that it makes sense on a delivered-cost basis," Sticker said.

He did not indicate which competitor he was referring to, but Charlotte, N.C.-based Nucor operates a DRI plant in Louisiana.

Stickler said Big River Steel anticipates that its melt mix could shift to as much as 60 percent virgin material as it gets into niche, higher-quality products. The company is limited to a 32- to 33-percent charge of pig iron in its furnaces, which means the rest likely will be DRI or HBI, he added.

The higher-grade mix of metallics will be necessary as the company expands into next-generation advanced high-strength steels for the automotive industry and electrical steels necessary to update electrical grids, Stickler said.

“And we do have plans to expand Big River Steel,” including adding another furnace, ladle metallurgy station, caster, tunnel furnace, shuttle car, down coiler and complementary finishing facilities, he said.

When Big River Steel does expand, it will consume more than 4 million tons of metallics annually and employment will jump to 600 people from 400, Stickler said.

Big River Steel has said it plans to double capacity, although when that happens will depend on business conditions, Stickler said. An announcement on that expansion is expected in 2017, he added.

Big River Steel has spent \$1.3 billion to build its mill since construction began in 2014, and Stickler said it will probably cost another \$750 million to \$1 billion to double its capacity.

A number of third parties have expressed interest in supplying virgin material to Big River Steel, including exploring whether the company might be interested in a joint venture or installing new capacity, Stickler said. But Big River Steel doesn't want to get into the scrap business or the virgin metallics business, he added. “Our goal is to stick to our knitting. ... We want to be viewed as a pure steel play.”

This article is copyright of American Metal Market. For more information on the distribution of this article or on American Metal Market subscriptions, please contact Karen Ross at kross@amm.com.

See www.amm.com for the latest industry news, take a free trial at <http://www.amm.com/SignUp.html?LS=AFA814> or call the subscription hotline on 877-638-2856 or 412-765-3581.

Connect with AMM! We're on [Twitter](#), [Facebook](#), [LinkedIn](#) and [Google+](#) and download the free apps for [iPad](#) and [iPhone](#).