

# Metal scrap imports disrupted: Recycling industry

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The ongoing West Asia conflict has disrupted nearly a fifth of India's metal scrap imports, pushing up costs for the recycling industry amid a sharp rise in freight rates, insurance constraints, and supply-chain bottlenecks, representatives of the Material Recycling Association of India (MRAI) and industry executives told *Business Standard*.

The disruption, now in its fourth week, follows the shutdown of key Gulf ports such as Jebel Ali and Abu Dhabi, halting cargo movement and forcing exporters to pull back containers already stationed at terminals. "About 20–22 per cent of our imports from West Asia have been disrupted. That translates to roughly half a million tonnes of material that has gotten stuck," said Dhawal Shah, senior vice-president of MRAI and managing partner at Metco Ventures LLP.

MRAI has 1,800 registered members, including most regional trade associations, and claims to represent 25,000 small and medium enterprises employing 250,000 workers in the recycling industry.

Shah added that West Asia is not just a supplier but also a critical trans-shipment hub linking trade flows between the US, Europe, and Asia, amplifying the global ripple effects of the disruption.

Freight costs have also surged sharply as shipping lines reroute vessels away from conflict-affected routes, tightening capacity and increasing transit time. Rates have jumped from \$200–300 per container before the conflict to as high as \$2,000, while export shipments to Europe have seen costs rise from about \$1,200 to nearly \$3,000 per container, Shah said. He added that vessels are being diverted via longer routes such as the Cape of

Good Hope, raising fuel costs and causing delays.

MRAI President Sanjay Mehta said the dominance of a handful of carriers, which control 65–70 per cent of global container traffic, has worsened pricing pressures.

Adding to the strain, global marine insurers have begun withdrawing or restricting coverage for shipments passing through certain routes,

Mehta said. He added that the marine insurance market, controlled by a small group of about eight to 10 global players,

has issued advisories indicating that cargo moving through specific sea routes may not be covered.

"Without insurance, material cannot be shipped. Insurers have clearly indicated they will not take responsibility for cargo moving through some of these routes," Mehta said, adding that the industry has written to the government seeking intervention.

The disruption has pushed up scrap prices by \$25–30 per tonne, or about six to seven per cent, even though there is no global shortage of material, Mehta said. Instead, the increase is being driven by higher logistics costs and restricted access to supplies. Aluminium has been the worst hit, with prices rising by around 15 per cent, reflecting West Asia's significant role in global metal supply chains, he added.

India's recycling industry is particularly exposed because of its heavy reliance on imported scrap, a result of limited domestic availability, Shah said. Industry estimates suggest 60–70 per cent of organised recyclers depend on imports, leaving them vulnerable to global disruptions. As a result, companies are grappling with irregular supplies and planning uncertainties, operating below optimal capacity even as they try to adjust to rapidly changing conditions.

