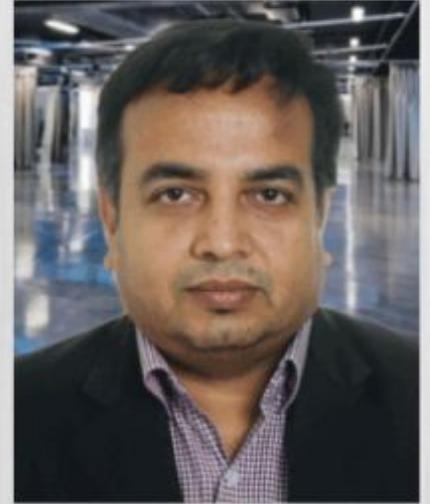


# Metal Expert

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## Synergy Tradeco:

“We have the luxury  
to switch our focus  
very easily from  
one region to another”

RAM PRAJAPATI,  
CEO AT SYNERGY TRADECO NV

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Metal Expert

## Interview

### Synergy Tradeco: “We have the luxury to switch our focus very easily from one region to another”

*Yuliya Filali Ansary, Metal Expert*

*Trading business is very mobile, providing the companies with the possibility to adapt to the changing market environment. Metal Expert had a chance to talk with Ram Prajapati, CEO at Synergy Tradeco NV, the company which entered the market of recyclable raw materials during the most challenging period for the world and managed to become stronger in the COVID-19 pandemic.*

**Synergy Tradeco is a young company, which entered the global raw materials, including ferrous scrap, only last year. What was the main trigger for creating your business? Please tell more about the company’s structure and goals.**

The main trigger to create this business was “Bringing good people together and synchronising their energy in the business”. So Synergy for us means ‘Simply Synchronized Energy’.

With this goal in mind, Synergy Tradeco started operations in Antwerp, Belgium, in mid-2019 as a global supplier, distributor and trader of recyclable and non-prime raw materials, in particular steel, paper, plastic and minerals. We are a team of 65 energetic professionals worldwide with expertise in international trade who came together for a common goal.

Although our company is really young, with the experienced team, we have established a truly global reach in a short period of 15 months. We have a physical presence in over fifteen countries with various branches, strategically placed in Belgium, the UK, the US, Canada, Portugal, Spain, Italy, Turkey, Poland, Germany, Brazil, Mexico, the UAE, Argentina, India, Pakistan, and China. We trade in all types of recyclable materials and aim to give a second life to waste.

**As you mentioned, Synergy Tradeco has several units. Which role does ferrous scrap and minerals play in your business?**

Metal scrap is a substantial part of our business. It constitutes almost 50% of our total turnover. In the current year, we have done business near to 170,000 t of metal scrap until last month. As per the latest import data of Pakistan for September 2020, Synergy stands in the top position with over 25,000 t to supply ferrous scrap to this market. Besides Pakistan, we have a good share of the market in India, Bangladesh, and the Far East to supply ferrous scrap and non-prime steel.

In ferrous, we deal in all types of raw materials like shredded steel, HMS, PNS, blue steel, moon-cut, busheling, bundles, re-rollable, rails etc. and try to find a buyer for every kind of scrap available to us. We have over 200 satisfied customers worldwide with whom we are working with on a regular basis.



*Ram Prajapati,  
CEO at Synergy Tradeco NV,  
Belgium*

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**Your company appeared in the global market during a very turbulent period caused by COVID-19, which changed trade flows and affected steel production in many countries and regions. How have you handled this situation?**

It was indeed a difficult situation for everyone. It made it more difficult for us because we had to deal with the pandemic in various countries, as the local lockdowns and laws of the country tend to differ drastically. However, we were able to turn this situation in our favour.

First of all, we have a modern corporate culture and it was the key to continue our astronomical growth. From the beginning, we have tailored our processes, operations, and infrastructure to a “work from anywhere” model, so the lockdown did not affect the working within the company as everyone could just work from their home exactly in the same way as if they were physically in the office.

Moreover, as an international trading company, we have the luxury to switch our focus very easily from one region to another. At the end of March 2020, when the UK and Europe declared the lockdown, we shifted our complete attention to Brazil and the USA, where business was unaffected. Similarly, on the sales side, we shifted our focus to Pakistan and Bangladesh which were not under lockdown, whereas India had been under complete lockdown for six weeks at this stage.

In China, COVID-19 was already under control by March. Instead, we focused on making effective deals from Brazil and the USA to China during Q2 of 2020.

We made a strategy to stand besides with our suppliers and customers in this difficult situation and kept the continuity in the business wherever possible, with very low or even no margins. This established us in the industry as a serious partner who stands in all seasons. Also, we have some very good partners in business that give good strength to our business.

This strategy was so successful that our sales in Q2 doubled compared to Q1.

**Synergy Tradeco is headquartered in Europe. From your perspective, how was the recycling industry affected by COVID-19 in the region?**

We definitely have felt a short term impact on the recycling industry in our Q2, like any other business or industry. The steel industry was ravaged by COVID-19 and the HMS 1&2 (80:20) prices in Turkey (industry standard) plummeted by almost \$80/t. There was no such demand for finished products in the market either, as all the major countries were facing large scale lockdowns due to the pandemic. But now it's steadily recovering and prices have seen a significant uptick. We are thankful and appreciative of our customers who stood up by our side and trusted our judgement during the perilous months when the market was negative.

Even the paper recycling industry was affected the most in our experience, since our main market was India, which was in lockdown for several weeks. Moreover, the demand for paper was reduced substantially due to the closing down of schools. Physical shopping plummeted globally, and this meant that there was less consumption overall. All these factors and more led to the demand for recycled paper to plummet. We saw a drop of 80% in the sales of recycled paper in Q2 versus

Q1. But in Q3, paper has also recovered and is slowly coming back to the normal situation.

**What other challenges is your team facing in the global trade except for the pandemic?**

Quality control is a consistent issue in scrap business. We send our inspector for every loading to be sure that the correct material is being loaded for our customers. We choose our suppliers carefully and build trust with them to find the right customer for their scrap. Every type of scrap can be traded, but the maximum value can be generated only with the right customer for it. The suppliers understand this point and give correct specifications for their scrap so we can allocate it to the correct buyer.

In my opinion, Europe is over-regulated for scrap business and by every passing year, it is becoming more difficult to trade with scrap. There are no such regulations in the US or Latin America, where this is treated just like any other commodity. However, we take this positively and abide by all the regulations in every member state of the EU. To give you an idea, this year we have registered our company or opened a subsidiary in over ten countries in Europe to comply with the local regulations.

There were short term restrictions in the UAE and South Africa for the export of scrap, but we did not see any effect for these temporary bans on the market.

Recently, China has opened its door for scrap which will change the dynamics of the industry in the coming years, in my opinion.

**Despite many difficulties during this year, your company managed to achieve targets for 2020 ahead of schedule. How were you able to do that?**

In December 2019, we set our goals for the following year. All the business heads agreed to achieve the targets in the first three quarters of the year, so that we have a full quarter to analyse and correct any issues that may have surfaced before 2021.

Every business unit aimed to achieve 40% of its final goal in Q1, 70% in Q2, and complete the target by Q3, so they have one full quarter to do an analysis and make up the things left out and prepare themselves for the next year. Ultimately, we achieved our \$100 million turnover by Q3, which was our initial target for a full year. It's a team effort and the enthusiasm of the team which gives strength to each and every member to keep the focus on the goal and go the extra mile to achieve the targets.

**Today we see the new way of the pandemic in European countries and other regions. While the world looks more prepared for this test after Q2, the steel industry is likely to be affected again by this negative factor. How will Synergy Tradeco plan to react on new headwinds?**

Yes, Belgium is under lockdown until December 13 and many other European countries are into lockdown for 30 to 45 days. This will lead to a lesser supply of the scrap material.

But the good part is that this time everyone is better prepared and the effect of lockdown in working is minimal. The governments have also taken care that business should run uninterrupted and everyone is well informed about the changed regulations, so the effect on the business will be much less this time.

In Asia, the business is back to normal despite the COVID-19 situation and we are trying to cope up with our customer demand by focusing more on our supply side by giving them the best possible after sales services.

We have our own logistic team which creates a supplier friendly environment. We buy ex-works from our suppliers taking their burden to arrange the logistics and regulatory requirements of exports and our supplier finds it attractive.

If we talk about the current market scenario, we can see the market is firm, rebar prices in Turkey are \$450/t+ and finished products prices also remain steady; iron ore import prices in China keep grounds as well.

So we see lots of scrap demand in Asian market at the moment, local markets in countries like India, Bangladesh and Pakistan are on a positive recovery. Opportunity is there in Indonesia as well, because they have extended the deadline for regulation of their new scrap import policy by the end of this year.

I think the market remains steady for the next three months, as most of the countries are recovering from the pandemic, but lesser supply due to lockdown in many countries might lead to higher scrap prices.

It's very uncertain how the pandemic situation is going to be in 2021, so everyone is cautious and working very carefully without taking much risks or exposure. We are also making our strategy to focus on the region where the COVID situation is under control and business is back to normal.

### **Do you plan some new expansions in your business for 2021-2022?**

We are ambitious for the coming years as well. We hope that the situation should be normal by middle of 2021 and travelling will be allowed normally, then we plan to develop our infrastructure for the new geographical region, i.e. the USA and Middle East.

We are also thinking to have some strategic partnerships with our top suppliers to have a continuity of supply every month to meet requirements of our customers.

One thing we will definitely work on in the coming years is local trading of scrap in Europe as we strongly believe that local trading is the future for scrap industries, because in the long run, every country will have to recycle its scrap.

There is still tremendous growth possibility in the recycling business and Synergy will find its way to grow in this business.

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# Synergy

Simply Synchronized Energy



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