**JISRI (Japan Iron & Steel Recycling Institute)**
**INTERNATIONAL FERROUS RECYCLING FORUM**
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I would like to thank President Nakatsuji and the International Networking Committee of JISRI for the very kind invitation to join you today at this International Ferrous Recycling Forum. It is an honor to be here among colleagues from Japan, China, Taiwan, and Korea and to address all of you this afternoon.

The Institute of Scrap Recycling Industries, also known as ISRI, is based in Washington, DC and represents more than 1,550 companies that process, broker and consume ferrous, nonferrous, paper, plastics, glass, textiles, rubber, and electronics in the US and 38 other countries throughout the world. We also represent suppliers of equipment and services to the recycling industry.

ISRI's mission is to provide education, advocacy, and compliance assistance to its members; and to promote public awareness of the vital role recycling plays in the US economy, global trade, the environment and sustainable development.

It is estimated that in 2008, ISRI members processed 150 million metric tons of recyclables worth $86 billion. Last year, due to the global recession, those numbers dropped to 125 million tons worth $54 billion, but we are expecting 2010 to be significantly closer to 2008 figures.

I have been asked to speak for no more than 5 minutes so I will do my best to provide a brief snapshot of the US ferrous recycling industry. The US scrap recycling industry processed approximately 79 million tons of ferrous scrap in 2009, compared to 85 million tons in 2008.

The makeup of the ferrous scrap supply varies year to year, but probably ranges from 60 to 70% obsolete scrap, 20% prompt, and the balance home scrap. And independent research reports the size of the US obsolete ferrous scrap reservoir to be 1.1 billion tons, more than enough supply to meet both domestic and global demand for US Fe scrap.

On the domestic steel consumption side, the US Steel Manufacturers Association reports that electric arc furnaces produce approximately 60% of the steel manufactured in the United States but consume nearly 80% of the ferrous scrap

recycled annually due to the ability of the EAFs to use nearly 100% scrap to meet their raw material needs.

Overall, steel mills in the US are operating at nearly 74% of capacity as of the end of May – their highest level since October 2008. Operating capacities in 2009 averaged around 50%, resulting in the production of 58.1 million metric tons of steel compared to 91.4 million metric tons the previous year.

As for future US steel demand, the outlook looks positive. Demand for steel for automotive applications is strong while demand for construction, while weak for sometime, is now showing strength with order book increases. ISRI looks to the manufacturing component of Industrial Production (IP) as an important indicator of the direction and strength of the scrap recycling industry. The good news is that domestic IP has been heading upwards for the last 10 consecutive months in a row.

On the scrap export side, the US, like Japan, is a net exporter of ferrous scrap. Overall, between 33 and 40 percent of all scrap processed in the US annually is destined for export. Last year, $22 billion of scrap (or 44 million tons) was exported from the US to 154 different countries worldwide. With regard to ferrous

scrap specifically, the US exported 20 million metric tons of iron and steel scrap last year worth $5.4 billion to 90 different countries.

The largest consumers of US ferrous scrap exports are China, Turkey, Korea, Taiwan and India. These five consuming countries purchased 77% of total US ferrous scrap exports in 2009, with China surpassing Turkey as the US's largest customer, taking 27% of the total. Japan's purchase of ferrous scrap from the US varies widely from year to year. For example, Japan purchased 109,000 tons of ferrous scrap from the US in 2007, 292,000 in 2008, and only 11,000 tons in 2009.

Let me conclude by inviting everyone here to attend ISRI's annual convention next year, April 5-8, 2011, in Los Angeles. At our convention each year we provide much more extensive coverage of the US and global ferrous markets than I can provide here today, along with numerous workshops on environmental, safety and other topics of interest to the scrap recycling industry. More than 4,500 people joined us for this year's convention, which also included one of the largest trade shows of recycling equipment in the world. I hope I will see many of you next year in Los Angeles!

And let me again thank President Nakatsuji and all the members of JISRI for allowing me join you here today.

Thank you