OECD/South Africa Workshop on Steelmaking Raw Materials

Affects of export restrictions

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ISRI Institute of Scrap Recycling Industries, Inc.
Voice of the Recycling Industry

About ISRI

Institute of Scrap Recycling Industries, Inc.

Voice of the Recycling Industry

1,700
Member companies

7,000+
Recycling facilities worldwide

34
Countries

Industry Snapshot: $90 Billion Industry in U.S.

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135,000,000

Tons processed annually

2013 U.S. Scrap Exports

42.8

Total exported (million metric tons)

$24B

Value of materials exported

160

Number of destinations exported to

ISRI Trade Policy: Free and Fair

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Ferrous scrap is an integral part of today's economy.

A global economy contemplates the trade of ferrous scrap across international borders. Such trade must be conducted in a ***free and fair manner***

ISRI is a forum for information exchange and education on issues related to free trade. ISRI should raise documented unfair or illegal trade with the appropriate government agency

ISRI Export Policy

1. Recyclables are not solid waste
   - Recyclable material is a valuable product

2. Treaties and legislation must distinguish recyclable material from waste
   - E.g. exempt ferrous scrap from unnecessary and counterproductive export limitations

Ferrous scrap

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- traded globally
- dynamic marketplace
- domestic scrap prices in most countries are driven by the global marketplace, not the local economy
- ferrous trade is one of the purest examples of supply and demand economics
- extraordinarily sensitive to artificial intervention

Control Reversal in Economics: U.S. Scrap Export Restrictions

-volume restrictions on ferrous scrap exports1973-74

-to retard the outflow of scrap to ferrous users and to protect the supply for domestic production

-the price of scrap continued to rise

> ”*the traditional relationship between domestic prices and export prices could not be maintained once export controls were applied…*”
>
> R. Shriner, Control Reversal in Economics: U.S. Scrap Export Restrictions, the Business Economist, p. 3

-U.S. scrap export restrictions caused domestic prices to rise, causing US steel to spend additional $2B USD on ferrous scrap, in line with global market price

Trade Obligations Matter

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GATT Article XI(1):

> No prohibition or restrictions other than duties or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party…the exportation or sale of export of any product destined fro the territory of any other contracting party

-Unless some exception applies, the imposition on ferrous scrap would likely violate Art. XI

Export controls still prevalent

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...the list of countries regulating scrap exports is long,

Iron and steel	Zinc	Tungsten	Molybdenum	Tin	Cobalt
234 (30 countries)	32 (21 countries)	22 (18 countries)	20 (17 countries)	21 (16 countries)	20 (16 countries)
Argentina, Guyana, Sri Lanka, Malaysia, Egypt, Uganda, Ukraine, Tanzania, Kenya, Belarus, Dominican Rep., Guinea, India, Indonesia, Paraguay, Rwanda, South Africa, Uruguay, Zambia, Algeria, Jamaica, Mauritius, Nigeria, Russia, Vietnam, Tunisia, Venezuela, Morocco, Pakistan, United Arab Emirates	*Egypt, Guyana, Malaysia, Sri Lanka, Algeria, Argentina, Jamaica, Kenya, Mauritius, Morocco, Nigeria, Pakistan, Russia, Rwanda, South Africa, Tanzania, Trinidad and Tobago, Uganda, Ukraine, Vietnam, Zambia.*	*Guyana, China, Sri Lanka, Algeria, Argentina, Jamaica, Kenya, Mauritius, Morocco, Pakistan, Russia, Rwanda, South Africa, Tanzania, Trinidad and Tobago, Uganda, Ukraine, Vietnam*	*Guyana, Sri Lanka, Algeria, Argentina, China, Jamaica, Kenya, Mauritius, Morocco, Pakistan, Russia, Rwanda, South Africa, Tanzania, Trinidad and Tobago, Uganda, Vietnam*	*Guyana, Sri Lanka, Nigeria, Argentina, Kenya, Malaysia, Mauritius, Morocco, Pakistan, Russia, Rwanda, South Africa, Tanzania, Uganda, Ukraine, Vietnam*	*Guyana, Sri Lanka, Argentina, Algeria, China, Jamaica, Kenya, Mauritius, Morocco, Pakistan, Russia, Rwanda, Tanzania, Trinidad and Tobago, Uganda, Vietnam*

OECD

Export Controls are not the solution

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The global supply of *finished steel and ferrous scrap* should be allowed to meet the demand in the global market place without artificial interference

Otherwise, there is a significant risk of negative indirect consequences

Thank You

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