
US recyclers look to auto dismantling to obtain ferrous scrap

Monday, 14 Apr, 2008

Platts reported that with available ferrous scrap supplies steadily diminishing, at least two major US processors have turned to the auto dismantling and parts business in an attempt to lock up more material at source.

The move signals a possible change in thinking by some processors, who have traditionally viewed large scale auto dismantling as a related but distinctly separate industry that lay generally outside the scope of their core activities. Many processors handle junk cars on a small scale, but the need for significant storage space, the capabilities required to efficiently recycle usable components and numerous environmental issues involved with vehicle dismantling, present formidable hurdles for the average scrap yard.

In general, processors have instead attempted to lock up additional supply by acquiring or establishing joint ventures with one another. Schnitzer Steel Industries, a mini mill steel producer and scrap producer based at Portland in Oregon, ventured into the auto parts sphere in 2003, when it acquired Pick N Pull Auto Dismantlers, which at the time had 23 locations in six states, primarily in the West. Within a short time, the subsidiary's locations had increased to 30. In late 2005, Schnitzer also acquired GreenLeaf Auto Recyclers, an auto dismantler with 22 locations, which significantly increased the company's presence in the South, East and Midwest regions. Schnitzer made its auto parts business one of its three primary divisions, the other two being the Metals Recycling and Steel Manufacturing divisions.

Scrap processors in Europe, by comparison, have long been in the auto dismantling business, due in part to mandated requirements for end of life vehicles. In UK, for example, large processors such as European Metal Recycling and Sims Group have for years operated facilities known as Authorized Treatment Facilities, where vehicles are dismantled.

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