
US recyclers cope with falling scrap metal prices

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It is reported that the world's appetite for recycled metals knew no bounds recently. But since September 2008, prices for used metal have dropped so precipitously the industry has essentially ground to a halt. T

Mr Steve Glucoft GM of Tacoma's Calbag Metals Co said that "This was the quickest and most violent downturn in our history, and I'm fourth generation. Prices are 50% to 60% of what they were 200 days ago. For us right now, it is about cash flow. It is about staying alive and keeping the doors open."

Mr Bruce Savage VP of communications at Institute of Scrap Recycling Industries said that ups and downs are a normal part of the recycling business. He added that "Commodities, by their nature, are cyclical but usually, when foreign demand goes down, domestic demand goes up. This time, both domestic and foreign markets are down at the same time. It is the most precipitous and synchronous drop we have ever seen. Prices have gone down because demand has gone down. When consumers are not buying, companies are not manufacturing."

Mr Savage said that "Most yards are not that big, so they can't have huge inventory building up. The question recycled materials brokers face becomes, how long do you inventory and store? Chances are a lot of it will end up going into the landfill. Metals have much longer life. They can kind of hang around and be processed a year from now."

Mr Savage said that the Institute of Steel Recycling is in the process of surveying its members to find out how many layoffs have occurred. He added that "So far, we have heard of reductions in work forces but very limited numbers of outright closures. The only thing we have eliminated was a small night shift."

The metals recycling industry is obviously not alone in its suffering. The worldwide financial crisis has hit virtually every sector of the economy. But the drop in scrap metal prices is also causing concern of environmentalists because of a possible side effect. According to recycling industry figures, approximately 122,000 tonnes of aluminum and copper and 975,000 tonnes of iron were recycled in Washington in 2007, when the economy was flying high.

Statistics collected by the Steel Recycling Institute indicate that automobiles were recycled at a rate of 110% in 2007. That means that, thanks in part to high metal prices, old cars were turned in for scrap faster than factories churned out new ones. Now, however, with no financial incentive to recycle, environmentalists fear recycling rates may plummet. The moral incentive of doing the right thing might not be enough to maintain a recycling rate that increased from 6% of trash in 1965 to 33% in 2007.

(Sourced from www.thenewstribune.com)

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