

# New “American Scrap Coalition” Will Address Global Trade Barriers

## COALITION NOTES RECORD LEVEL OF U.S. EXPORTS AND PRICES, CALLS ON USTR AND CONGRESS FOR IMMEDIATE ACTION

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Washington, DC—As steel scrap prices reach record high levels of more than \$600 per ton and with U.S. scrap exports steadily rising, a group of steel scrap using industries has formed the American Scrap Coalition and today urged immediate governmental action to remove global barriers to trade.

The U.S. steel scrap processing and consuming industries are facing a steel scrap export crisis. Steel scrap exports from the United States have tripled since 2000, rising from 6.3 million tons in 2000 to more than 18 million tons in 2007. U.S. scrap exports have surged to a variety of countries, including Turkey, Taiwan, Malaysia, Thailand, India, Egypt, Greece, Hong Kong, Pakistan, Indonesia, Japan, Italy, Vietnam, Bangladesh and Colombia. China and Korea also remain among the top five destinations of scrap exports.

Meanwhile, U.S. scrap imports in 2007 decreased 23 percent from 2006, from 4.8 million tons to 3.7 million tons, as numerous countries have erected trade barriers to restrict steel scrap trade and maintain their scrap for domestic use.

“Steel scrap trade does not occur on a level playing field,” said Alan Price, president of the new American Scrap Coalition and a partner at Wiley Rein LLP in Washington, which serves as counsel to the Coalition. “More than 20 countries, including Brazil, Russia, India and China, have enacted a series of barriers to scrap trade in order to protect their domestic steel industries.” These barriers on exports are distorting trade in steel scrap, Price said, thereby raising scrap prices

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on the U.S. market. U.S. steel scrap prices have surged to unprecedented levels, from less than \$100 per ton in 2002 to more than \$600 per ton today. This has led to serious and growing concerns about domestic scrap availability.

In response, industry associations representing more than 1500 steel scrap consuming companies have announced the formation of the American Scrap Coalition (<http://www.scrapcoalition.com/index.htm>), and are calling on Congress, the U.S. Trade Representative and the Commerce Department to immediately address scrap trade barriers.

"Many of our major trading partners maintain restrictions on their scrap exports, through quotas and other export restrictions," said Thomas Danjczek, president of the Steel Manufacturers Association. "Our government should work immediately to remove these barriers, using any and all means available."

The American Scrap Coalition has identified several priority issues:

- Identify and remove barriers to trade in steel scrap, which hinder U.S. companies and global competition;
- Ensure that scrap exports are not permitted as an easy way around state, federal, and international environmental obligations; and
- Consider actions by Congress, the Commerce Department and the Office of the U.S. Trade Representative to remove trade barriers.

Sharp price increases and the potential for scrap shortages are having significant effects on important manufacturing sectors of the U.S. economy. The rising cost and decreasing availability of steel scrap impacts all manufacturers, buyers and consumers of steel scrap. If actions are not taken to open markets abroad, the United States needs to consider taking more aggressive actions.

Key U.S. industries, from foundries to steel producers to construction to automotive manufacturing to appliances, face impacts from sharply increased steel scrap exports and pricing levels. Companies of all sizes, from national manufacturers to small family-owned steel parts makers, are impacted. This crisis has the potential to affect tens of thousands of jobs in manufacturing and consuming industries.

The American Scrap Coalition, a Washington, D.C.-based nonprofit corporation, is a successor to the Emergency Steel Scrap Coalition, which formed in 2004 to address scrap export and price issues and to advocate for controls on exports of domestic steel scrap. Founding members of the American Scrap Coalition include the Steel Manufacturers Association, the American Foundry Society, and the National Precast Concrete Association. In all, more than 1500 companies are members of these associations.

Companies and industries wishing to join the American Scrap Coalition can register at [www.scrapcoalition.com](http://www.scrapcoalition.com), or contact Alan H. Price or Timothy C. Brightbill of Wiley Rein LLP, which serves as counsel to the Coalition. The website contains additional information on scrap trade barriers, import and export levels and

prices.