

March 31, 2015

The Honorable Penny Pritzker
Secretary
U.S. Department of Commerce
1401 Constitution Avenue
Washington, D.C., 20230

Dear Secretary Pritzker,

On behalf of the Institute of Scrap Recycling Industries, Inc., representing more than 1,600 companies in the \$87 billion a year scrap recycling industry, I would like to express my concern with the long-term impacts of the recent West Coast ports dispute on the health of the economy, the recycling industry and our balance of trade. Today's scrap marketplace is global in nature and the United States is the world's leading supplier of scrap commodities - including ferrous and nonferrous metals, recovered paper, plastic, rubber, glass, textiles and used electronics - to manufacturers and consumers around the globe.

Since President Obama first took office in 2009, net exports of scrap have contributed \$120 billion to the U.S. balance of trade and maintaining access to overseas markets is vital to the health of our industry. The U.S. annually exports more than 40 million tons of scrap to 160 countries around the globe every year, with total U.S. scrap exports valued at more than \$23 billion in 2013. This amounts to 30 to 40 percent of the annual industry revenue. And while falling commodity prices were already hurting the recycling industry, the West Coast ports situation had an equally damaging effect on recyclers across the country. The knock-on effects of the labor dispute between the International Longshore and Warehouse Union and Pacific Maritime Association caused production lines across the country to slow, shipments to retailers to dwindle, and manufacturing jobs to be lost. It may be surprising to some, but the recycling industry is the perfect case study for the collateral damage caused by the ports dispute. In fact, scrap is the top export by volume out of the ports of Los Angeles and Long Beach.

In 2013, more than 73 million tons of commodities, including 18.6 million tons of scrap valued at nearly \$8 billion were shipped from California ports. To put that in perspective of California's role in exporting, those figures amount to 43 percent of all U.S. recyclable exports by volume or 38 percent of the total when measured by value. When factoring in all West Coast ports, scrap exports reached approximately \$9.4 billion in 2013. In 2014, scrap exports from West Coast ports declined nearly 12 percent year-on-year to less than \$8.4 billion. The slowdown in scrap exports from the West Coast became more pronounced as the year progressed and the port situation deteriorated. In December 2014, the value of scrap exports from the West Coast plunged 17 percent year-on-year, reflecting a year-over-year volume decrease of nearly 160,000 metric tons of scrap and a decline in scrap export sales approaching \$130 million for the month of December alone. And despite the tentative agreement, the backlog created by the dispute is far from resolved.

Fortunately a complete shutdown appears to have been averted as that would have been even more devastating. Using figures from 2013, before the slowdown, an estimated \$25 million of scrap exports were put on container ships and sent overseas every day. This would have been lost each day the ports were shutdown. Despite the deal, we still don't know the long-term costs, many of which can be catastrophic. Key overseas markets for scrap exports from the West Coast last year included China (\$4.2 billion), Taiwan (\$1.1 billion), South Korea (\$1.1 billion), Japan (\$402 million), and Thailand (\$200 million). These are critical and extremely competitive markets for U.S. scrap exports, especially at a time of slowing global growth, a stronger U.S. dollar, and falling commodity prices.

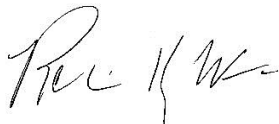
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Prolonged disruptions to U.S. scrap export shipments, such as those caused by the West Coast port situation, not only impact American recyclers' current ability to sell scrap overseas but could result in permanent market share losses if overseas customers lose confidence in our ability to reliably deliver scrap commodities.

The port dispute hit much closer to home for many American workers. Scrap exports support 35,000 jobs in California, Washington, and Oregon, and hundreds of thousands more across the country that process, broker, ship, and perform numerous other roles in the manufacture of recycled commodities. Many of these workers lost their jobs or saw a reduction in hours as a result of the slowdown.

On behalf of ISRI, I would like to thank you for all of your efforts to promote trade and support our industry. As the parties on the West Coast begin to restore full operations and clear the backlogs at the ports, it is critical that we work together in the future to avoid these disruptions that are so costly in terms of economic growth, jobs and our balance of trade. ISRI would be pleased to provide whatever assistance we can to help ensure the reliable and uninterrupted functioning of the ports that are so important to our economy and the scrap recycling industry.

Yours sincerely,



Robin K. Wiener
ISRI President