

Exports and the Scrap Recycling Industry in the European Union

As the first link in the manufacturing supply chain, the scrap recycling industry in the European Union serves as a job creator, economic leader, major exporter, and



2016 EU-28 Scrap Exports to China

(metric tons/FAS €)

Commodity	Volume	Value
Ferrous scrap	686,621	€335 million
Aluminum scrap	669,933	€440 million
Copper Scrap	1,385,034	€1.4 billion
Paper & Fiber	8,650,000	€1.16 billion

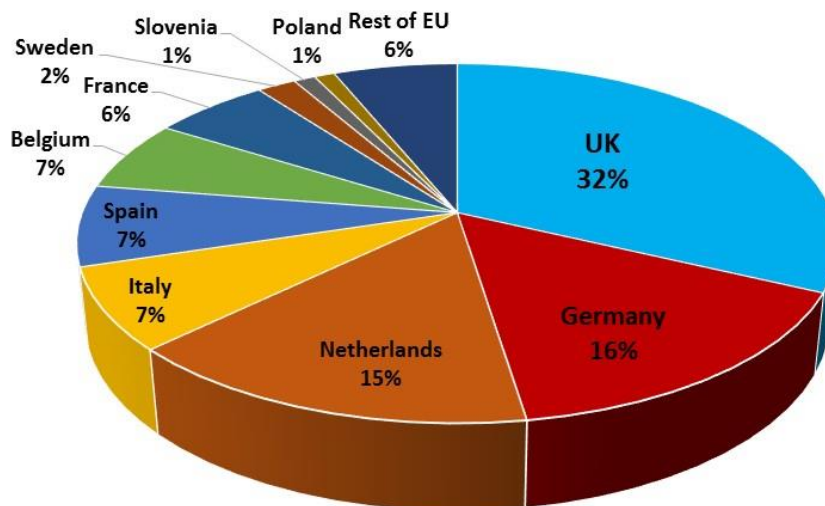
environmental steward. According to figures from Eurostat, scrap recycling companies directly supported 164,000 jobs in the EU and generated €58 billion in turnover in 2014. In addition, scrap recycling reduces the need to deplete our natural resources, produces significant energy savings, and reduces the amount of material being sent to landfill. Rising global demand for scrap is not only good for the environment and the

economy, it also provides a useful outlet for the excess supply of scrap generated in the European Union. In 2015, European scrap recyclers exported more than 30 million tons of scrap outside the EU valued at nearly €11 billion. Asia, and China in particular, is one of the largest markets in the world for scrap commodities. In 2016, EU scrap exporters shipped €3.9 billion of scrap commodities to mainland China alone. With the steady growth in China's industrial economy, there has been ever increasing demand for scrap supplied from the European Union and other origins. **Maintaining open markets for scrap is vital to ensuring that recycling's economic and environmental benefits are fully realized.**

Share of EU Scrap Exports to China in 2016 by Major Origin

(% of trade value in Euros)

Sources: UN Comtrade and EuroStat

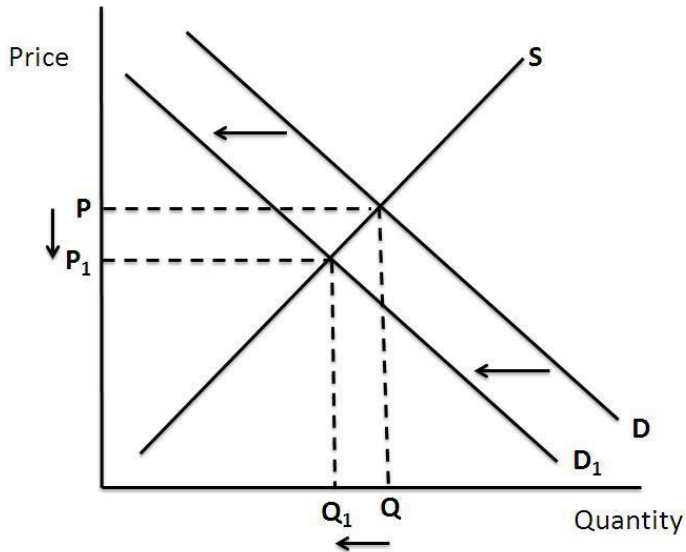


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Trade Restrictions on Scrap Commodities Are Not the Answer

The global scrap market is one of the purest examples of supply and demand economics. Scrap is a globally-traded commodity that is less dependent on local supplies and local markets every day. The movement of material responds directly to market forces regardless of location. And the long-term



cyclical nature of the scrap economy makes it clear that the market is adept at correcting irregularities in price or supply quite naturally. Any attempt to artificially alter that cycle will distort markets and prices. Import controls, for example, artificially reduce the global demand and price for scrap. As a result, scrap exporters profit margins are negatively impacted by reduced volumes and prices. As prices provide the incentive to bring recycled materials to the marketplace, import controls can also reduce the incentive to recycle and may inadvertently increase the flow of material into landfills.

While Europe is actively moving towards a circular economy, that vision depends upon the global trade of scrap commodities, free of market distortions that impact the price of scrap, reduce scrap processors profitability, and divert scrap from being consumed where it is most needed, thereby curtailing recycling's significant economic and environmental benefits.

About ISRI

As the Voice of the Recycling Industry™, ISRI represents approximately 1,300 member companies operating at nearly 4,000 locations in the United States and 34 countries worldwide including Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Spain, Sweden, and the United Kingdom. ISRI members process, broker, and consume the entire range of recycled commodities including ferrous and nonferrous metals, recovered paper and fiber, tires and rubber, plastics, glass, electronics, and textiles. ISRI members range in size from small, family-owned firms to large multinational corporations. ISRI's stated purpose includes: promoting the best interests of the recycling industry; fostering trade and commerce of its members; promoting free and fair trade; and aiding the industry by seeking to eliminate abusive and disruptive business practices and unfair competition.