

Scrap

Europe relaxes customs duties on scrap imports from US FSCs

PHILADELPHIA — The European Union has suspended the customs duties it had imposed on iron, steel and aluminum scrap sold through U.S. foreign sales corporations (FSCs), the Bureau of International Recycling (BIR) said.

The Brussels-based trade group said in a statement that the EU suspended the duties imposed on some U.S. exporters effective Jan. 1. The decision reportedly was adopted Jan. 31 by the EU's Council of Ministers.

According to the BIR, the European Union obtained a ruling from the World Trade Organization (WTO) in 2000 allowing it to impose trade sanctions on the U.S. companies in response to the passage of U.S. legislation establishing the foreign sales corporations for U.S. exporters, which allegedly enabled some to benefit from export subsidies amounting to more than \$4 billion annually since 2000.

The BIR said the new EU regulation is intended to encourage the United States to comply fully with WTO rules and remove the remaining trade distortions created by the subsidies.

Ferrous and aluminum scrap exports were only a few of the products eligible for such subsidies. It also included worn clothing and rags as well as numerous manufactured products.

U.S. scrap metals exporters traditionally ship little ferrous or aluminum

scrap to EU member nations. Some EU nations import stainless steel scrap and alloy steel scrap from U.S. companies, but it is unclear whether those are deemed to be iron and steel scrap and whether any of that U.S.-exported scrap was sold through FSCs.

In the past year, though, as a consequence of the weak U.S. dollar, some European countries like Italy have sharply increased the tonnage of ferrous scrap bought from some U.S. East Coast scrap exporters.

The BIR said the duties would be suspended until Jan. 1, 2006. EU trade officials are awaiting a WTO ruling on the American Jobs Creation Act, the FSC successor legislation. If that legislation also is deemed to be incompatible with WTO rules, customs duties could be reimposed within 60 days, the BIR said.

Robin K. Wiener, president of the Institute of Scrap Recycling Industries, the Washington-based scrap industry organization, said ISRI was pleased to see the EU had removed the trade restrictions on scrap metals from the United States. "Any such restrictions have the potential to disrupt free and fair trade," she said.

BIR officials could not be reached for additional comment.

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