

# Metal Bulletin

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## **BIR: Mexican crackdown on copper theft will not stop scrap trade, says Jaramillo**

May 24, 2011 - 06:27 GMT **Location:** Singapore

Mexico's crackdown on copper thefts spooked some traders but did not bring scrap trading to a halt, said Alejandro Jaramillo, sales manager at Recicladora Cachanilla and non-ferrous board member at the Bureau of International Recycling (BIR).

"Some traders have totally shut down operations for fear of landing in jail. I personally know a 1,000 tpm copper scrap operation that closed down; 1,000 tonnes is quite a significant amount for copper scrap trading," Jaramillo told MB on the sidelines of the BIR conference in Singapore.

"Managing the risks [of copper theft allegations] is difficult. When you want to manage the risks of volatility, in the market, you can hedge. But managing the risks of landing in jail is more complicated," he said.

Scrap trading however will not cease in Mexico, he says.

"Because copper scrap has intrinsic value, it will not stop trading," said Jaramillo. "The question is who will trade it? Will it be formal established traders or the black markets?"

Black market operations already exist though the value is difficult to estimate, he said.

The normal size of copper scrap trading in Mexico before crackdown was 10,000 tpm, 50% of which is exported to major markets China and the USA.

"This crackdown is very recent... only starting this year. We have not got new data of how much trading has fallen because of this," said Jaramillo.

The power and phone companies have recently used their lobbying power to designate copper theft as a major crime — like drug trafficking, kidnapping or murder.

This means police can conduct a search without a warrant, make arrests based on suspicion, and retain suspects for up to 90 days without pressing charges for copper theft.

And when copper deemed stolen is found at an operation, the police can arrest everyone from the buyer to the owner.

In some cases, they arrested up to 40 people in a company, including yard workers, managers,

accountants, and owners, reported the Canadian Assn of Recycling Industries (Cary) last month.

At least 100 arrests were made, 10 operations shut down by the authorities, rendering their inventory and equipment inaccessible, and dozens of copper containers seized at Mexican harbours, Cary said.

"We hope [the crackdown] is just temporary," said Jaramillo.

Recycling companies across the country were approaching different government agencies to tackle the problem, he said.

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