
PRESS RELEASE

FOR IMMEDIATE RELEASE

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BIR officially calls upon EU Commission to bring contract breaches to a halt

Today, the Bureau of International Recycling has sent an official letter to EU Commissioners Günter Verheugen (Enterprise and Industry) and Catherine Ashton (Trade) to express serious concern regarding the commercial behaviour of many buyers of secondary raw materials in the EU and in other countries worldwide.

As a result of the current financial and economic turmoil that is affecting all sectors including the production and manufacturing industries, many buyers of secondary raw materials are failing to pay for shipments, renege on open contracts or seek extraordinary discounts from the contracted price for materials even after the goods have reached the ports in the country of destination.

As only one of many examples, BIR informed the Commission that a major European steelmaker with a market share of 34% in Europe recently sent a letter to all its suppliers where he announced that “because of the current situation on the steel market and of the subsequent of the scrap consumption, we are sorry that we have to immediately renege on all contracts which were concluded before the month of September and for which the materials have not been delivered yet”. It must be stressed that this steelmaker also just announced a record profit for the third quarter of 2008.

Although BIR members understand that the current market situation can lead to a reduction of demand for steel, paper, metals etc., they want to vigorously denounce the current practices of some buyers, which are unfair and unethical and which endanger the functioning of the whole European recycling industry.

BIR has asked for an official response of the competent directorates within the EU Commission and intends to discuss the matter at world level within the World Trade Organisation.

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