

BY BRIAN TAYLOR

ALTERNATING CURRENTS



North America's wire choppers can benefit from a revived construction sector and a narrower nonferrous scrap deficit in China.

The scrap wire and cable that makes its way into a North American wire chopping facility comes from various sources, including several links in the scrap dealer and wholesaler chain.

What much of this scrap has in common, however, is that it became obsolete as the result of construction, demolition or renovation projects in the U.S. or Canada.

Investments in upgrading or expanding the electrical grid can be one major source, particularly for thicker gauge aluminum electrical cable. Buildings being demolished can serve as another source, provided scavengers have not previously illicitly stripped the building of its wiring.

Construction, renovation and remodeling also generate wire and cable scrap, which means a direct correlation exists between the building sector's health and the level of activity at wire chopping plants.

In the 21st century, domestic wire chopper activity also has been tied to the degree of competition from buyers based in China. As China's infrastructure and hunger for copper ramped up, many forms of wire and cable scrap became almost exclusively earmarked for shipment to China.

As 2015 enters its fourth quarter, wire choppers operating in North America face many challenges but also see signs pointing to steady business if one or two economic factors break the right way.

MIXED REVIEWS

Wire chopping line owners and managers contacted by *Recycling Today* as it updated its facility list provided different opinions on where the sector currently stands from their perspectives.

One recycler in the Northeast reports having "added significant additional equipment to expand our processing abilities." The company was one of the only ones that reported having made recent upgrades, with many others indicating a status quo situation since the previous list was published in October 2013.

Two additional companies and plants have been added to the 2015 list (Integrity Recycling in Rosedale, Maryland, and Ed

State	City	Company
Alabama	Pell City	Trans-Cycle Industries Inc.
California	Huntington Beach	Copper Recovery
	San Jose	Sims Metal Management
Colorado	Denver	Atlas Metal and Iron Corp.
	Meriden	Cable Management LLC
	Willimantic	Prime Materials Recovery Inc.
Florida	Fort Myers	Garden Street Iron and Metal
	Jacksonville	Commercial Metals Co.
Georgia	Atlanta	Schnitzer Steel Southeast
	McDonough	Fortune Metal Georgia LLC
	Norcross	Newell Recycling Southeast
Illinois	Chicago	Midwest Industrial Metals Co.
	Chicago	Safran Metal Co.
	Chicago	Tri-State Metal Co.
	Chicago	Universal Scrap Metals Inc.
	Cicero	United Scrap Metal Inc.
	Eldorado	Eldorado Enterprises & Recycle
	Elk Grove Village	G & M Metal Inc.
Indiana	Fort Wayne	OmniSource Corp. – Granulator Division
	Indianapolis	J. Solotken & Co.
	Jonesboro	Exeon Processors LLC
	Nabb	Versatile Processing Group
	Waterloo	MetalX LLC
Iowa	Spencer	Shine Bros. Inc.
Louisiana	Hammond	Southern Recycling LLC (EMR Group)
Maryland	Rosedale	Integrity Recycling
Massachusetts	Holden	Salitsky Alloy Inc.
Mississippi	Jackson	Metal Processors Inc. (Jackson Iron & Metal Co.)
Missouri	Kansas City	Mallin Bros. Co.
	St. Louis	Metal Recovery Systems
New Jersey	Howell	Emil A. Schroth Inc.
New York	Canastota	Prime Materials Recovery Inc.
	Lancaster	Manitoba Corp.

State	City	Company
New York	Medford	Gershow Recycling
	Owego	Upstate Shredding
North Carolina	Charlotte	Southern Metals Co. Inc.
	Roxboro	Wesbell Technologies
Ohio	East Liverpool	Six Recycling Corp.
	Zanesville	Muskingum Iron & Metal Co.
Pennsylvania	Philadelphia	Northeast Metal Traders Inc.
	Philadelphia	Pasco Inc.
	Pittsburgh	Tube City Inc.
Rhode Island	Lincoln	Fortune Metal Inc. of Rhode Island
South Carolina	Charleston	Charleston Steel & Metal Co.
	Duncan	Ed M. Sisk Inc.
	Orangeburg	Prime Materials Recovery Inc.
	Spartanburg	OmniSource Corp.
Tennessee	Jackson	Hutcherson Metals Inc.
Texas	Dallas	Commerical Metals
	El Paso	W. Silver Recycling
	McKinney	Encore Wire Ltd.
	Waco	M. Lipsitz & Co.
Utah	Salt Lake City	Utah Metal Works
Virginia	Richmond	Stratton Metals
Washington	Tacoma	Simon Metals LLC
Wisconsin	Stevens Point	Copper Connection Inc.
CANADA		
Alberta	Edmonton	General Recycling Industries
	Edmonton	Mapleleaf Metals Industries
Ontario	Barrie	Global Electric Electronic Processing (GEEP)
	Brampton	Triple M Metal
	Mississauga	Peel Scrap Metal Recycling Ltd. (idle as of late 2015)
	North York	Ingot Metal Co. Ltd.
	Toronto	Super Metal Recycling & Equipment Inc.
Quebec	Montreal	American Iron & Metal

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M. Sisk Inc. in Duncan, South Carolina) while Newell Recycling Southeast now operates the former Blaze Bros. facility in Norcross, Georgia.

Several other companies, however, have idled their chopping lines in moves that may be tied to the lower value of cop-

per and aluminum and perhaps that also testify to the incompleteness of the construction sector's recovery.

"Business is not that good, so we haven't added any other locations to chop wire or do anything else, for that matter," states one recycler based in the western U.S.

A recycler in Canada says, "Our chopper is currently down at the present time and hopefully will be running sometime next year."

The cooling off of China's economy and the reduced price for primary nonferrous metals has put a dent in that nation's demand for nonferrous scrap. A presentation by Carlos Risapatron, director of the Lisbon, Portugal-based International Copper Study Group (ICSG) at a Metal Bulletin conference in May 2015, characterized some of the recent changes.

As reported by Reuters columnist Andy Horne, the ICSG director said copper product fabricators in China have taken advantage of widely available primary copper and have upgraded their manufacturing systems to use these primary materials.

Largely owing to these circumstances, the ICSG estimates China's red metals fabricators consumed just 550,000 metric tons of imported copper scrap in 2014, down from 1.2 million metric tons in 2012.

This fundamental shift in the fabricator sector, Home writes, "means that China's overall [imported] copper scrap usage may well have peaked in 2011."

Wire processors and nonferrous traders continue to report, however, that wire and cable with lower copper content commonly still are shipped to China.

The ongoing overseas demand for lower-grade wire scrap means North American chopping line operators will be best served if the construction sector in the United States can rebound a little more thoroughly from the trough it fell into after the subprime mortgage crisis of 2008.

DECIPHERING THE DIRECTION

Elected officials, trade association economists and industry analysts can provide different takes on the same statistics, often highlighting data that bear out their own political agendas or investment strategies.

Sorting through the conflicting statements can be one challenge in determining where the U.S. economy is headed, but another has been the start-and-stop nature of the economic rebound.

In a sector of direct interest to wire choppers, electric utilities in the U.S. have been engaged in a variety of strategies to cope with changes caused by strict regulations on burning coal, competition from abundant natural gas, figuring out how to incorporate renewable energy and main-

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taining an electrical grid that may soon have the opportunity to power a growing fleet of electric vehicles.

An April 2015 story on the Market-Watch website, www.marketwatch.com, describes electric utility capital spending as “soaring,” noting that New York state utili-

ties invested \$17 billion from 2005 to 2014. This spending can be on the installation of new electrical poles, cables and wiring, but it also can mean pollution control devices or new alternative energy plants.

The Edison Electric Institute (EEI), Washington, says its member companies

(predominantly investor-owned utility firms) spent \$16.9 billion in 2013 on transmission infrastructure-related projects.

EEI says its “Transmission Projects: At A Glance” report (www.eei.org/issuesandpolicy/transmission/Pages/transmissionprojectsat.aspx) includes a list of more than 170 “major transmission projects that EEI member companies completed in 2014 or have planned over the next 10 years.”

The report characterizes the projects by value: \$19.2 billion (40 percent) for large, interstate transmission projects spanning multiple states; \$22.1 billion (46 percent) for projects that support the integration of renewable resources; \$17.4 billion (36 percent) for projects where EEI member companies are collaborating with other utilities, including non-EEI members, to develop the project; and \$31.5 billion (66 percent) for high-voltage projects of 345 kilovolts and above. (Some projects fall into more than one category, EEI says, explaining the 188 percent total.)

In the wider building industry, of recent concern to the Associated General Contractors (AGC) has been whether America has a workforce to build new buildings.

“The recent slowdown in construction hiring appears to reflect difficulty in finding qualified employees rather than lack of projects needing workers,” says Ken Simonson, the AGC’s chief economist.

“Other indicators—such as rising architectural and engineering employment and permits for both single- and multifamily housing—suggest demand for construction will remain strong, but contractors may have difficulty finding enough workers to take on all those projects.”

Building permits and housing starts may be good news for wire choppers. According to U.S. Commerce Department data, July 2015 featured the most single-family housing starts since October 2007.

Commercial construction spending increased by almost 10 percent in the first half of 2015 compared with the same period in 2014.

Although contractors generating wire and cable scrap on those construction sites may not be happy with the scale price as of late 2015, they are still likely to bring the material to a scrap dealer to begin its journey to a wire chopping plant. **rt**

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