

Recycling Steel Scrap - The Overview

Steel Scrap is the world's largest and oldest recycling sector. Processing of steel scrap is a global industry which has developed over time. It now supplies over 40% of ferrous material used for steel-making. World prices for scrap are set in the USA. Scrap prices regularly half and double with rare price crashes. Scrap prices are determined by supply and demand: the price for steel scrap, which is a commodity, varies from month to month.

Steel Grit and Steel Shot Media primarily use scrap steel as the source raw material. The scrap is melted; the chemistry is modified and then solidified into small particles using a high pressure stream of water.

Why a Steel Scrap Surcharge?

Back in the early 1970's (as well as today) the scrap steel market was very volatile with significant monthly swings in prices. This made purchasing difficult for large shot and grit users.

A pricing scheme was put in place in 1979, it developed a constant that fixed the base price and added a surcharge to the base that would reflect the ups and downs of the market. The Scrap Price Bulletin (Formerly Iron Age Scrap Price Bulletin) has been used as the standard for setting the monthly steel scrap surcharge prices, which are published in New Steel Magazine.

In the last 30+ years the pricing scheme has become the accepted standard. As such, the base price of Steel Grit and Steel Shot remains consistent and the applicable steel scrap surcharge is applied at the time of shipment. It is a strange but fair system that gives everyone – suppliers and purchasers – an opportunity to get the best value.