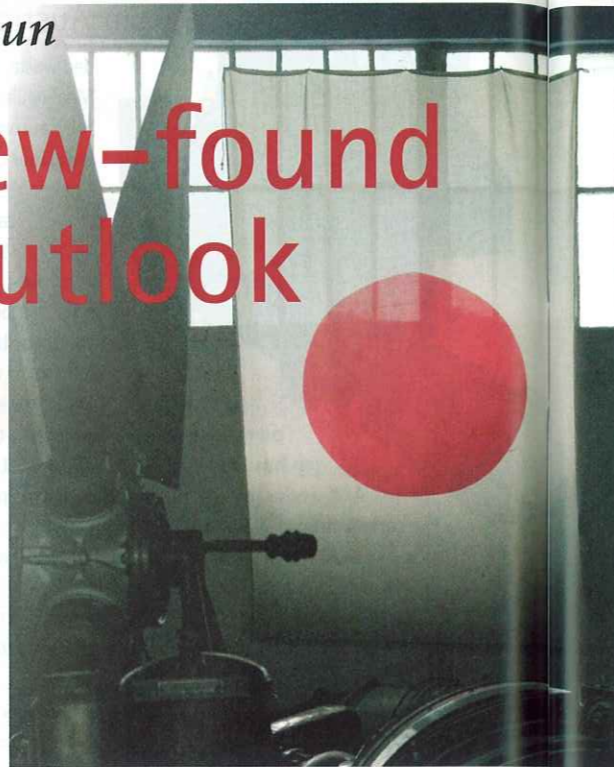


Recycling in the Land of the Rising Sun

Japan toasts new-found international outlook

A net scrap importer before 1995, Japan earned a reputation for adopting a largely inward focus, with scrap companies concentrating mainly on domestic mills rather than on overseas counterparts. Now with surpluses to hand, the scrap industry in Japan is taking a more active – and deep – interest in the international scene. Notably, its national scrap association has joined the BIR world recycling organisation while continuing to cultivate ever-stronger ties with some of its closest and most important neighbours, including China.



The Tekko Kaikan building is located on a quiet street corner only a short taxi ride from the glittering heart of Tokyo's Ginza neighbourhood. Inside the unassuming lobby, it's all business: there's little decoration to catch the eyes of men – and it's mostly men – who rush efficiently to the elevators, pausing to stop if they need to check a directory for whom they plan to visit in this well-known home for some of Japan's leading iron and steel industry companies and organisations.

Five floors up, the headquarters of the Japan Iron & Steel Recycling Institute (JISRI) is located just around the corner from the elevator, behind a glass door that opens to a reception desk. Visitors are just as likely to be greeted by Keiichi Watanabe, the warm and affable Secretary General as he moves around the office, as they are by a lower-level employee. It's a relaxed and unassuming place, even on those occasions when JISRI's President Tsunefumi Nakatsuji has stopped by.

Based in Osaka where he runs Nakatsuji Ltd, a nearly century-old scrap recycler and metal forger, Mr Nakatsuji leaves the day-to-day functions of JISRI to Mr Watanabe, while providing guidance in concert with his board. When I visited in the early summer, he greeted me warmly in almost accent-free English and suggested that I remove my suit coat so as to be more comfortable. He was joined by some of JISRI's most influential members, including several who sit on its International Network Committee, and all of whom have roles in some of Japan's most prominent recycling companies.

Unusually close

Looked at historically, it was an unusual gathering: traditionally, the Japanese scrap recycling trade has been inward looking, focused on the needs of Japanese scrap consumers, with little concern for the international trade, much less the international recycling press.

'Traditionally,' Mr Watanabe told me, 'the Japanese scrap companies pay much more attention to the domestic mills than the international ones.' Indeed, by the standards of most developed scrap trading countries, the relationship between scrap processors, trading companies and mills has been unusually close over the years, partly facilitated by the fact that, until 1995, Japan was still a net scrap importer.

But as Japan's scrap supply has grown over the last two decades (according to JISRI figures, Japan has an accumulated steel reserve of roughly 1.2-1.3 billion tonnes, of which 2-3% finds its way into the recycling stream on an annual basis), the inevitable surpluses have become exports demanded by its developing – and developed – neighbours.

In 2007, a strong year by any standard, Japan consumed 53.24 million tonnes of ferrous scrap and exported 6.438 million tonnes. In the down year of 2008, Japan still managed to export more

than 5.44 million tonnes, with 96% of the material destined for its three major trading partners: 49.8% to China; 42.7% to Korea; and 3.9% to Taiwan. Meanwhile, Japan's electric arc furnaces consumed nearly 30 million tonnes of ferrous scrap, ultimately accounting for approximately 25% of the country's 119 million tonnes of total steel production.

Unique position

Founded in 1975, JISRI's membership includes 851 scrap companies (90% of which are family owned), with 1200 locations, 69 trading companies and 47 supporting members in seven very well-organised chapters. According to Mr Nakatsuji, the organisation represents 'fully 99% of the industry's volume'.

With such unusually broad and uniform support from its industry and from the government agencies which recognise it, JISRI is uniquely positioned among national scrap associations anywhere in the world. Its industry data are definitive; its voice is authoritative in government and industry forums; and its influence is profound, especially insofar as it plays a significant role in guiding, and supporting, the industry in developing and implementing some of the world's most advanced recycling plants for end-of-life vehicles (ELVs) and electrical appliances.

And despite a low profile on the international scene outside of Asia, JISRI's influence is not merely domestic. In 2003, nearly a decade into its role as a representative of a major scrap exporting industry, JISRI convened a committee to design new scrap specifications to improve upon, and even supplant, those of the US Institute of Scrap Recycling Industries (ISRI). 'When we were heavily dependent upon imports in Japan,' Mr Nakatsuji explained, referring to the industry's traditional reliance upon the US West Coast for its imports, 'of course we used the ISRI specs. But back then and even now, we noticed lots of contamination in US HMS No 1 and No 2.' The Quality Improvement Committee was tasked with developing standards appropriate to the

Japanese market, with a special emphasis on improving the quality of HMS No 2 and baled scrap. As part of this effort, Suzutoku – one of the largest scrap processors in the Tokyo area, with a major export business as well as long-standing ties to the Japanese steel industry – conducted intensive market research with its customers. The result was a new set of specifications that further refined the ISRI specs into new categories. 'Our No 2 is now preferred to ISRI No 2 by the Japanese mills,' Mr Nakatsuji explained. 'It has become the standard in Japan.' In recent years, under the radar of ISRI and the BIR, JISRI has been actively promoting these new standards to its export markets in Taiwan, Korea and especially in China where, with the help of sympathetic partners such as SinoSteel, they are beginning to be adopted.

Promoting international specs

JISRI's Secretary General Keiichi Watanabe leaned forward in his chair and placed his elbows on the table. 'We are actively looking to expand and change the international trading rules,' he told me. 'We have ISRI's specs. We have ours. What we'd really like to have is a set of international specs, or rules.'

In pursuit of this goal, and others, JISRI joined the BIR world recycling organisation earlier this year. Mr Watanabe said: 'We are trying to expand every international relationship. And we felt that this is the next logical step to doing this. Perhaps next we will look at ISRI.'

Sitting nearby, Mr Nakatsuji nodded his agreement. 'We want the rest of the trade, and the BIR specifically, to know that we have a well-organised organisation, involved in many activities and facets of our industry. So while we have joined the BIR, we also want to ask the industry: "Why don't you join with some of our Japanese rules and standards?"'

These ambitions aren't merely confined to the all-important scrap specifications. Mr Nakatsuji acknowledges that Japan's e-waste and ELV rules have European origins, but he is proud of how – as he sees it – Japanese recyclers have adapted





The annual meeting of JISRI was attended by some 800 Japanese delegates.



Eating, drinking and toasting were among the most important facets of the convention.



There was much interest among JISRI delegates in the latest issue of Recycling International.



During JISRI's annual convention, there was also an exhibition area set aside for equipment manufacturers and trading companies.

and improved upon those rules and processes. In a more general sense, limited space and tight environmental rules require Japanese recycling plants to operate far more efficiently than those in perhaps any other developed nation. 'We believe that we have much to offer in showing the rest of the industry how we do things,' Mr Nakatsuji added when I met him. 'The industry is global now, and we feel that the dialogue should flow in several directions.'

Three-way meeting

A week after our initial meeting in Tokyo, I joined Mr Nakatsuji, Mr Watanabe and other JISRI leaders in an elegant restaurant in the heart of downtown Sapporo. It was June 11, the night before the opening of JISRI's annual convention. This year's event was hosted by the Hokkaido chapter, JISRI's most remote outpost. Due to its close proximity to Korea and - to an equally important extent - the lack of large scrap con-

'JISRI is uniquely positioned among the world's national scrap associations.'

sumers on Hokkaido Island, the chapter is also JISRI's most export-oriented.

So it was appropriate that the 2009 conference had a very special and unusual twist: JISRI had invited delegations from the Korean Iron & Steel Association (KISA) and from the China Association of Metal Scrap Utilization (CAMU) to attend the event as special guests, and to join in a one-off three-way meeting between Asia's major ferrous scrap traders. To celebrate this unprecedented moment of inter-Asian dialogue and co-operation, Mr Nakatsuji - seated on one side of a long banquet table - rose and toasted his Korean counterpart Yoon-Soo Sim with sake. Afterwards, Mr Sim took a moment to tell me that KISA represents 35 companies responsible for fully 35% of the Korean economy. 'We are actively working on preventing trade conflicts,' he told me between courses of various kinds of crab and shellfish. 'Too many countries have trade conflicts over this industry these days.'



Tsunefumi Nakatsuji, President of the Japan Iron & Steel Recycling Institute (JISRI).



Wang Zhenwu, Secretary General of the China Association of Metal Scrap Utilization (CAMU).

Relations with the Japanese are good, he told me, although he was concerned because, in his opinion, the Japanese export price is below its domestic price, leading some to believe that Japan is dumping steel on its trading partners. 'But these are issues we can discuss,' he added.

Informal gathering

Later, Mr Nakatsuji invited me to accompany him downstairs, to where the much larger Chinese delegation had arrived two hours late and was just settling into a capacious private room. Led by CAMU's Secretary General Wang Zhenwu, the Chinese delegation was joined by Chinese representatives of Japanese scrap companies.

Unlike the more formal gathering between Japanese and Korean traders upstairs, the Japanese-Chinese interaction was much more relaxed. Mr Wang and Mr Nakatsuji exchanged toasts, and Mr Wang made a point of inviting Mr Nakatsuji to visit Shanghai in the autumn where he might try China's version of the fine crabs being served in Sapporo.

Reportedly, eating - and drinking - continued late into the night. One participant later assured me that, in Asian terms, the dinner and toasting represented the most important parts of the international dialogue between the parties. What would come in the morning was mere formality.



JISRI President Tsunefumi Nakatsuji (left) and Yoon-Soo Sim, President of the Korean Iron & Steel Association (KISA).



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Uncomfortable 'information sharing'

Come morning, the three parties promptly convened in a large conference room in Sapporo's Keio Plaza Hotel. It was a formal gathering, with introductory speeches by the respective association leaders, followed by an uncomfortable 'information sharing' session between the three groups.

Of them, it was the observation of this reporter that the Japanese were the most forthcoming in relation to statistics. The Koreans seemed to have very little information available to them; and the Chinese appeared to be unwilling to reveal even the most minor aspects of their industry's operations, much less government policy related to it. Still, this rather unprecedented meeting - designed, as I was told, to build relationships - broke up after two hours with good will and with Mr Nakatsuji of JISRI gushing about 'how wonderful it is that the three respective associations can get together with mutual respect and discuss issues - we can build on this'.

From there, Mr Nakatsuji walked with me from the conference room towards the much larger conference hall where, a few minutes later, he would convene the annual meeting of JISRI. Along the way, we passed dark-suited representatives of equipment manufacturers and trading companies, standing in front of their booths and awaiting potential customers. It's a highly civil and polite arrangement, much in contrast to the often aggressive salesmanship common at other national conventions, whether in Europe, North America or elsewhere in Asia. 'This is the Japanese style,' Mr Nakatsuji told me before disappearing into the conference room.

For the remainder of the afternoon, he presided over a series of presentations on the state of the Japanese industry, its regulations and prospects. One over-arching theme was the industry's increasing and definite concern for greenhouse gas emissions; late in the afternoon programme, a sea ice expert from a local university addressed the impact that global warming was having, and would continue to have, on sea ice and Japan. Again, unlike conferences in North America, Europe and China, the JISRI conference is a far more formal affair.

Highly elaborate banquet

Despite the international meeting earlier in the day, the actual general session of the JISRI conference was very much focused on the 800 Japanese delegates assembled in the hall. No translation was provided in any other language, but neither was there anyone from the other foreign delegations present in the hall (the only foreigner, so far as could be determined, was this correspondent). The subsequent, highly elaborate banquet was a different matter altogether, with both the

'We are actively looking to expand and change the international trading rules.'

Korean and Chinese delegations seated at prime tables, and active participants in the endless rounds of toasts.

Yet, for all of the merry-making, the banquet wrapped up promptly and the invited guests dispersed into a soft rain. The next gathering will be held in June 2010 in Yokohama, and Mr Nakatsuji assures me that it will incorporate more opportunities for international dialogue, and for JISRI to demonstrate its unique place, and growing force, in the global industry. □

This feature article about recycling in Japan is the first in a series written by Adam Minter. In the course of this year, Recycling International will publish additional features about the recycling industry in Japan, including articles on: ELV and ASR recycling at Toyota Metals; Pachinko recycling at eCONeCOL; a company profile of the Mitsui Group, one of Japan's major recycling companies; metals recycling at the Phoenix Metal Group; Metso Minerals' activities in Japan; scrap processing at Matec; and ELV dismantling in Japan.

For more information about the Japan Iron & Steel Recycling Institute, visit:
www.jisri.or.jp

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