

Steel Recycler Expanding in Chesapeake

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CHESAPEAKE -- According to Tom Shean, reporter for The Virginian-Pilot, one of Australia's largest steel producers has opened a metal recycling and export facility in the City of Chesapeake. Smorgon Steel Recycling, a unit of Melbourne-based Smorgon Steel Group Ltd., cited the robust demand for scrap steel in announcing the company's intention to spend \$24 million upgrading a metal-recycling and export facility on the Elizabeth River that it bought in February.

The company expects to boost the annual capacity of its Chesapeake plant to more than 150,000 tons of scrap by installing a powerful shredder and making other improvements, Smorgon officers said.

The plant, which opened in 1991, now can handle 70,000 tons of scrap annually. As part of its recycling process, the plant separates steel from copper, aluminum and other metals.

Ray Horsburgh, Smorgon Steel's managing director and chief executive officer, said the company acquired the plant because of its presence in a deep-water port, the availability of scrap metal nearby and the plant's productive work force. The 11-acre facility is on the river's Southern Branch near the Gilmerton Bridge.

The Australian company bought the plant, along with a metals-export facility in Tampa, Fla., from a family-owned company for an undisclosed amount.

Horsburgh said some of the scrap being recycled by the Chesapeake plant is exported and some is sent to nearby mills owned by Nucor and Chaparral Steel, two steel makers that use electric-furnace mills. In contrast to traditional steel mills that produce the metal from iron ore and other ingredients, electric-furnace mills melt scrap for production of new steel.

On April 14, the Smorgon facility sent a shipment of 27,000 tons of scrap to a steel mill in Turkey. After the pending expansion, the number of ships arriving at the Chesapeake plant is likely to climb to 10 a year from four, Horsburgh predicted.

The outlook for exports of scrap is particularly bright because of the demand for steel in China, northern Asia and India, Horsburgh said. Smorgon Steel's two mills in Australia are self-sufficient and won't need the scrap being recycled in Chesapeake, he said.

Horsburgh, Smorgon Steel Group chairman Graham Smorgon and other officers were in Chesapeake on Monday to visit the plant and meet with city officials.

Scott Hall, senior business development manager for Chesapeake's economic development department, said the city did not provide any financial incentives to Smorgon Steel for the expansion.

Tommy Quirke, president of Smorgon Steel Recycling and general manager of the Chesapeake plant, said the company expects to expand the size of its local work force from 21 to as many as 40 employees after completing the plant improvements.

The expansion, to be completed within a year, includes replacing a metal-cutting shear with a more versatile 6,000-horsepower shredder and installing equipment to capture dust and debris.

As part of its effort to gather scrap for the Chesapeake plant, Smorgon Steel will adopt a program used in Australia that appealed to farmers by offering them credit toward purchases of fencing and contributions to their local fire departments, Horsburgh said.

In 2004, Smorgon Steel bought the assets of a Kansas City company that produces grinding materials used in the mining industry. The company, a major producer and distributor of steel in Australia, continues to look for expansion opportunities in the United States, Horsburgh said.

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