

mine and recycle waste metal. They have done so with the goal of reducing the amount of scrap metal that needs to be disposed of in landfills.

For example, almost a quarter of the metal produced by the shredding of an automobile cannot be recycled and needs to be disposed of in a landfill. Hugo Neu is working to dispose these waste materials in a more environmentally sound manner, as well as find ways to recycle and reuse a larger portion of scrap material.

I ask to submit an article from the Business News New Jersey that better outlines Hugo Neu's efforts on behalf of the environment.

[From the Business News New Jersey, Jersey City, NJ, June 5, 2001]

SCRAPPING OLD WAYS AND LOOK FOR NEW ONES

(By Geeta Sundaramoorthy)

John Neu and Robert Kelman like to say jokingly that they are still trying to figure out how to make money after being in the scrap metal recycling business for 40 years. As part owner and general manager, respectively, of Hugo Neu Schnitzer East, one of the biggest recyclers in the region, they may only be half joking.

Jersey City-based Hugo Neu buys scrap metal from auto dealers and construction companies, then shreds, processes and ships it to customers for use as raw material in making steel. With international prices of scrap funding to historic lows and costs going up, scrap metal recyclers, including Hugo Neu, are finding it hard to keep the revenue flowing in from their core business.

The company has annual revenues of about \$170 million, 225 employees, and handles 1.3 million tons of scrap annually in the New York metro region. It says it is the region's largest exporter of processed scrap.

According to Kelman, in the last 18 months scrap prices have dropped from about \$130 per gross ton to less than \$80, a 38% falloff. International demand for scrap has also fallen as Asian economies hit hard times, competition increased from Russia and domestic demand decreased as cheap imports of steel pushed many U.S. steel makers near bankruptcy. Strict environmental standards for the disposal of waste and higher wage and energy costs are also pushing the costs up, he points out. "We are squeezed into a box," says the 62-year-old Neu.

Their neighbors, which in Hugo Neu's case include the residents of the Port Liberty condominium complex, on the Jersey City waterfront also don't much appreciate the noise and grit associated with recycling operations.

So Neu and Kelman, as well as other recyclers, are now busy looking for ways to diversify their revenue stream. Hugo Neu is looking for ways to recycle new materials, especially the waste left behind after the current processing is done, and for new lines of business to enter.

Hugo Neu is spending \$20 million to dredge the channel leading to its Claremont terminal pier facility in Jersey City to a depth of 34 feet so it can use its port and crane facilities to off load freighters carrying break bulk metal cargoes such as rods, rails and other steel products. The company is splitting the cost of the dredging project with the state and work is slated to be finished in 18 months.

Hugo Neu is not the only scrap recycler looking to diversify into break bulk cargo. Newark-based Naporano Iron and Metal, a

unit of Chicago's Metal Management which is close to emerging out of Chapter 11 bankruptcy, also plans to boost its stevedoring business and handle break bulk cargo at its Port Newark facility. Last month, the company won a battle against the International Longshoremen's Association to use its own labor for loading and unloading some break bulk cargo.

John Neu's father, Hugo Neu, who is considered a pioneer in the scrap recycling industry, started the family business in the early 1960s. It split in 1994, after Hugo Neu's death, with John Neu getting the scrap metal operations and half the real estate business. John Neu, now CEO of Manhattan-based Hugo Neu Corporation, formed Hugo Neu Schnitzer East in 1998—as a 50% joint venture with Schnitzer Steel Industries of Portland, Oregon. It is now Hugo Neu's largest operation, and is run by Kelman, 38, who is Neu's brother-in-law.

Kelman concedes the scrap business is dusty and noisy and some neighbors have a legitimate grouse about noise. Port Liberty is about 1,000 feet from Hugo Neu's Claremont terminal, and is separated by a channel, where the recent dredging work has only increased residents ire. Our business involves processing and transportation. It is an environmental issue. "People say why do we need to have a scrap processing business in a residential area?" says Neu, adding that most scrap is generated in the New York metro area. "It has to get out of the city and come to the docks in the New York harbor."

Kelman says his company's port has been operating for more than 40 years, whereas the Port Liberty residents came only 12 years ago. "There is only so much we can do to minimize the impact," he says, adding the company has even built a container wall to keep the operations out of the sight of residents. The question is whose impact will be greater for the economy, ours or the residential units, he asks.

Jersey City has, in a way, answered that question by choosing to keep that part of waterfront reserved for industrial use. Anne Marie Uebbing, director of the city's department of housing, economic development and commerce, says it has supported Hugo Neu's dredging project, recognizing the importance of Claremont as an international port, especially when Hugo Neu starts bringing in more ships carrying break bulk cargo. Uebbing says the city supports industrial development that can arise around the port, including warehousing and manufacturing. "We see port activity in the New York harbor increasing. It is imperative that we maintain our competitive edge."

Hugo Neu has also invested several million dollars in research and development to find new ways to "mine" the waste metal it produces. About 25% of every automobile that is shredded can't be recycled and has to be disposed of at an environmentally approved landfill, an expensive proposition for many recyclers.

A year ago, Hugo Neu entered into a joint-venture project with Daimler Chrysler and set up a facility in Utah to do research on recycling plastics. Kelman hopes to announce the results of that research in the next two months. In addition, the company is converting waste from the auto shredding process into landfill cover that reduces its tipping fee—money charged by landfill companies for dumping waste. Kelman hopes in the next few years the company will be able to reduce its waste by 50%, with the ultimate goal of producing zero waste.

CORRIDORONE FUNDING

HON. GEORGE W. GEKAS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 26, 2001

Mr. GEKAS. Mr. Speaker, I am joined in my remarks by my fellow colleagues from Pennsylvania, Representative PITTS and Representative PLATTS. We would like to take this opportunity to note that language was included in the FY '02 Transportation Appropriations bill that reallocated unexpended funds from previous appropriations acts for various projects around the country. Much to our surprise, and disappointment, a project which is critical to the central Pennsylvania region—the CORRIDORone project—was on the list to be rescinded.

The report language from the Committee states "these sums are not needed due to changing local circumstances or are in excess of project needs." Upon further inquiry, I was informed by the Subcommittee that these funds for the CORRIDORone project were being reallocated because it was presumed the funds would not be obligated by the September 30, 2001 deadline. However, this is not the case. Capital Area Transit (CAT), the local agency responsible for the project, is proceeding through the Federal Transit Administration (FTA) approval process and is expected to obligate the funds within a few short weeks, well before the September 30 deadline. I am at a loss as to why it was thought that these funds would not be obligated. How this misinformation came to be I do not know, but it saddens me that such a vital project for the central Pennsylvania region, and one which has the support of state, local, business, and environmental leaders would suffer such a serious setback due to faulty information.

Representatives GEKAS, PITTS, and PLATTS have written to Chairman ROGERS requesting that the project be removed from the reallocation list or at the very least be granted an extension of one year in order to utilize funds already appropriated and desperately needed. We have also written to the FTA requesting an explanation of their decision to recommend that CORRIDORone's FY '99 funds be reallocated.

Mr. Speaker, if FY '99 funds were reallocated, CAT would lose half of all federal funds appropriated for CORRIDORone to date. Coupled with the fact that no additional funds were appropriated for the project this year, reallocation of half its federal funds would almost certainly prevent CAT from completing the CORRIDORone project. If central Pennsylvania is to successfully move into the 21st century, such an investment in Pennsylvania's future can not be abandoned at this crucial hour.

We look forward to working with the Appropriations Committee to rectifying the situation, but hope that FTA approval to obligate funds will satisfy the Committee and prevent reallocation.