

Recyclers News Press

Iowa Auto Recyclers

July / August 2015

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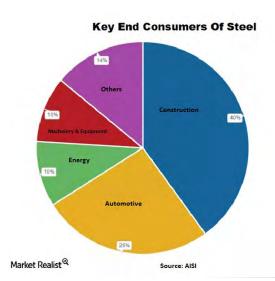
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Metal Market Recovery Next Quarter?

When will the steel scrap market recover? This is the biggest issue facing our industry today. The crash of the steel scrap market has put tremendous pressure on automotive recyclers. In this article we'll attempt to gain an understanding of the complex puzzle that makes up the steel scrap supply and demand curve. But first we must ask: Why did steel and steel scrap prices fall sharply?

Steel is a cyclical industry with its fortunes tied to several macroeconomic factors.



There are several indicators domestic and global that investors, like U.S. Steel or Nucor, track according to author Mark O'Hara's fifteen part article on the steel industry published recently at marketrealist.com¹.

Understanding the demand for steel through consumer trends will help to predict when the metal market will be on the road to recovery. But first we must understand the supply side of the market in order to gain the patience needed to ride out the tsunami of low steel scrap prices.

Steel prices in the United States fell by over 10% in 2014 and steel scrap fell by about 20%. Steel is one of the world's most important materials used in construction, cars and all sorts of machines and appliances. By far the biggest producer of crude steel is China, followed by European Union, Japan, United States, India, Russia and South Korea. The biggest producers of iron ore are: China, Australia, Brazil, India, Russia, Ukraine and South Africa. Steel Futures are traded on the London Metal Exchange (LME).

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Summer Outing Recap on page 12





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IAR

IOWA AUTOMOTIVE RECYCLERS

Recyclers News Press

The RECYCLERS NEWS PRESS is published six times per year for the lowa Automotive Recyclers. None of the material in this publication necessarily reflects the opinion of IAR, its officers, director, staff members or advertisers. Statements of fact and opinion are the responsibility of the author.

IAR Members are encouraged to submit material for publication in the Recyclers News Press. Content may be edited for length with the author's permission.

Deadline for submission is the 20th of the month prior to publication. Send content to Sue Schauls at Schauls3@mchsi.com with a full color graphic when possible.

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Iowa Automotive Recyclers

Board of Directors Meeting

June 16, 2015 5:15 pm Teleconference

Members present: Andy Wilken, Sue Schauls, Mike Swift, Brad Osborn, Mike Davidson, Tom Quandt, Brent Nugent, Jordan Barkow, Joel McCaw, Pat Rooff, Jodi Kunde, Tom Snyder, Eric C. Piper, Eric L. Piper and Joel McCaw.

President Andy Wilken called the meeting to order at 5:23 p.m.

New Business:

<u>Vendor Lists Updates</u> – Sue asked for a discussion following the transportation committee meeting and after-market/sheet metal committee meeting.

<u>Transportation Committee</u> – There was discussion on transportation vendors being associate members, getting member discounting programs initiated and how to get the list out to IAR members. There is a definite

need for transportation vendors especially out of the central lowa area. Sue has made a list and is updating it to eventually put on the IAR website. It was decided to have another committee conference call to solidify the list and get potential discounts nailed down for the members. Sue would like to get the final list into the next newsletter which has an August 20th deadline.

<u>After-Market/Sheet Metal Committee</u> – There was discussion on this and the lack of vendors and/or distributors. It was suggested to table this until more information can be gathered with a possible meeting of the committee.

<u>Insurance List</u> – Sue has compiled a list of insurance businesses and is working on discounts with them. She will put the information on the website when finalized

Marketing Campaign – Sue and Jordan have met to discuss ways to improve marketing of the IAR. Sue has created and designed a new website that will provide a more comprehensive site for members to ac-

www.lowaAutomotiveRecyclers.com. Jordan went over the ideas that will be incorporated into the new website that will be used in conjunction with the present one. He said the new one will be more user-friendly and comprehensive and beneficial to the members. It will cater to the members and show to our customer base what we do and why we do it. Jordan plans to add language to the home page so it will be from the recycler's perspective. The vendor lists

cess as well as promote the industry at

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Sue explained that we need to refine our message to the customer base and show the positive aspects of our industry such as: we offer green recycled parts that are home grown, we pay both sales tax and property tax and we require our members to be certified. Sue asked for board members to suggest any of their catch phrases and other ideas to her as the website gets designed. She also asked about designing a poster that can be sent to members' yards to hang.

may be included on the website. We will continue to use some useful features of the current website.

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Iowa Automotive Recyclers

Board of Directors Meeting

June 16, 2015 5:15 pm Teleconference

Other Business

Sue said Mike Garvin with VanderHaag's in Des Moines has asked to become more involved in the board meetings. Sue will invite him to join in on the next meeting.

Jim Piazza, IAR lobbyist, wants to meet with the DOT in July to start the writing of the NMVTIS and Affidavit rules. Sue will also be at this meeting.

Hamari Report – Sue will contact them again for a quote for them to get an alert message out to Craigslist advertisers.

Meeting Schedule

- July 23, 2015 Tentative face-to-face meeting in Des Moines
- August 2015 Teleconference call TBD
- September 2015 Face-to-face meeting (legislative priorities) TBD

October 2015 - Teleconference call TBD

Brent made a motion to adjourn with a 2nd from Jodi. The meeting was adjourned at 6:38 p.m.

Respectfully submitted

Jeff Smid

Jeff Smid, Secretary





Metal Market Recovery Next Quarter?

Iron ore and coal used by integrated mills fell steadily through 2014 and the early part of this year. This gave a major cost advantage to mills in China and the Commonwealth of Independent States. (The Commonwealth of Independent States or CIS is a regional organization whose participating countries are former Soviet Republics, formed during the breakup of the Soviet Union). These mills have been increasing their exports of finished long products and billet as feed stock, thus displacing international demand for scrap to feed long-product electric arc furnaces abroad.³

The U.S. is a net exporter of ferrous scrap. What that means is that when international prices decline, there is an excess of material available in the U.S. market. Exporters choose to sell to the domestic yards instead, flooding the market with supply makes prices fall unless demand is also increased.

"The key export markets for U.S. ferrous scrap are Tur-

key and Southeast Asia. Turkey depends on export markets for its long products and these are in disarray. Conflict and political upheaval have seen demand from its key markets of Iraq and Yemen fall away while sales have come under pressure from cheap Chinese and CIS long products (thanks to their lower cost base using iron ore and coal). They were selling to the U.S. market, but importers stopped purchasing in early 2015 on expectations of a decline in U.S. long-product prices. Finally, it has been cheaper for them to buy cheap CIS or Chinese billet made from raw material rather than U.S. melt scrap. As a result, they have stopped purchasing scrap and prices plummeted."³

Either scrap prices had to fall or billet prices go up. With 80% of merchant billet currently supplied by integrated steel mills in China and the CIS and iron ore prices falling, the obvious but unfortunate result was falling scrap prices. ^{3,1} U.S. Integrated steel companies haven't been able to reap the benefits of the lower iron ore prices because their mine profits also dropped and many have metal recycling operations or partnerships that have been negatively affected by lower scrap prices. Metal recycling (and auto recycling) companies hold higher-cost inventories. ¹

Another key metric to watch in the steel market is the end consumers of steel. Steel consumption data is released yearly by the world steel association but with a lag of one year, so it's not really helpful in making immediate projections. Steel is used in several end -use industries.¹

The construction sector accounts for approximately 40% of total steel consumption in the US. This includes both residential and non-residential construction. A sharp increase in new home sales should boost steel although non-residential construction accounts for almost two-thirds of total construction spending in the U.S. Robust commerce is needed to stimulate commercial building. Nucor and Gerdau are leading suppliers to the non-residential construction industry.

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Metal Market Recovery Next Quarter?

The automobile industry is the second-biggest steel consumer. It accounts for one-quarter of steel consumption in the U.S. AK Steel gets almost 50% of its revenues from automotive companies. ArcelorMittal is another leading supplier to this sector.

The energy sector is the third-biggest steel consumer in the US. Energy companies require steel for drilling and transporting oil. These products are also known as "tubular goods." US Steel is the biggest supplier of tubular goods in North America. This segment has been under pressure due to the drop in crude oil prices.

Consumer confidence is a key indicator for U.S. steel markets. Real estate and the automotive industry are two of the biggest steel consumers in the U.S. Both of these industries deal with high-value products. Most real estate and vehicle sales are driven by financing from banks. A higher consumer confidence index thus bodes well for automobile and real estate companies.

Vehicle sales in January were 16.59 million units on a seasonally adjusted basis, an increase of nearly 10% over January 2014. Low interest rates, the launch of new vehicle models, and rising consumer confidence are some of the primary reasons for the uptrend in vehicle sales. Rising vehicle sales are positive for the steel industry. AK Steel earns more than half of its revenue from automobile companies. ArcelorMittal is also a major supplier to this sector. US Steel has announced a new management structure for its operations. It will now have an automobile industry expert heading its automobile division. Allegheny Technologies also supplies steel products to the automobile industry. Gasoline prices have dipped sharply with the fall in crude oil prices. This is positive for the automobile industry. However, steel demand from the energy sector might take a hit due to lower crude oil prices.

Two of the three major demand-side indicators show promise toward increasing demand for steel in the near future. Unfortunately, steel production data tells another story. The American Iron and Steel Association (or AISI) releases weekly steel production figures. It also releases the capacity utilization rate in the steel industry.

Only about three-fourths of total steel demand in the U.S. meets with production from domestic companies. The remaining demand comes from imports from countries like China and Korea. The biggest challenge that steel companies faced last year was cheap imports. 2014 could have been a phenomenal year for the U.S. steel industry if steel imports hadn't spoiled the party. 1 Steel imports increased by a whopping 37% compared to 2013.

DEFINITIONS

Macroeconomics is economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole, rather than individual markets. This includes national, regional, and global economies. Wikipedia

Flat products include slabs. hot-rolled coil, cold-rolled coil, coated steel products, tinplate and heavy plate. They are used in automotive, heavy machinery, pipes and tubes, construction, packaging and appliances.

Long products include billets. blooms, rebar, wire rod, sections, rails, sheet piles and drawn wire. The main markets for these products are construction, mechanical engineering, energy and automotive.

A billet is a length of metal that has a round or square crosssection, with an area less than 36 in². Billets are created directly via continuous casting or extrusion or indirectly via hot rolling an ingot or bloom.

Reinforcing bar or Rebar is formed from a steel billet, normally having surface deformations for use in reinforcing concrete. The bar can be produced in straight lengths as well Continued on page 8... as coiled. Rebar is used in the construction industry to reinforce concrete.

Metal Market Recovery Next Quarter?

Steel consumption in the U.S. increased by about 5% over this period. Even though U.S. steel consumption grew at a higher rate than the rest of the world last year, more imports meant that the benefit went to foreign companies. Domestic steel companies lost out on business due to steel imports. Nucor reduced its price for rebar this year as it struggles with high rebar imports from Turkey.

Hopefully three factors, a crackdown in China on tax loophole abuse, anti-dumping litigation filed by steel companies and nullification of the Russian treaty, will stem the growth in steel imports in 2015.

First, China has a preferential tax policy for alloy steel products. A lot of steel producers in China started adding very low quantities of boron to standard steel products to help classify these steel products as alloy steel. Boron alloy steel accounted for around one-third of steel exports from China last year. Chinese authorities have now clamped down on this tax loophole. Steel exports from China increased in January, but analysts expect the impact of the new tax rules show up in the coming months. China also plans to close down some excess steel capacity this year. Massive overcapacity in China has been one of the major issues for the global steel industry.

Second, steel companies filed a record number of trade cases last year and managed to get anti-dumping duty imposed in some cases. As steel demand is expected to grow at a slower pace this year, steel companies are expected to be more vigilant in filing trade cases. [DEFINITION of 'Anti-Dumping Duty' - A protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value. In the United States, anti-dumping duties are imposed by the Department of Commerce and often exceed 100%.]

Finally, the U.S. scrapped a treaty with Russia for importing hot rolled steel sheets. The full impact of this action should be visible this year. Steel companies will benefit from this step. The impact of these three

action should push the market to "right" itself once the inventories on hand are utilized.

Steel inventories have surged to record highs as a result of cheap steel imports last year. Metals service centers acquire primary metals like carbon steel and aluminum from metal producers and process them to customer specifications. Reliance Steel and Aluminum is the largest service center in North America. As per estimates, more than a quarter of total steel consumption in the U.S. is supplied by service centers.

Service center inventories have been more than 9,000 tonnes for five months in a row. At current manufacturing rates, this represents 3.2 months of service center supply, the highest service center inventory since February 2009. The low steel scrap prices will prevail while service centers liquidate this inventory without immediately restocking from "downstream" markets like metal and auto recycler.

So where does that leave off expectations? Ultimately, there is nowhere to go but up for steel scrap which is good news for the metal and auto recycling industry. Once the steel service centers' excess inventory is depleted they will have to buy more material to manufacture products. Those products will be driven by consumer demand for automobiles and housing as long as the unemployment rate stays low, wages grow and consumer spending trends upward with consumer confidence. In the end, the loss of steel demand in the energy sector could be compensated by the extra disposable income consumers have due to lower gas prices. Artificial market intervention from the government through tariff or court litigation may also help the underpriced import market from continuing to devastate the U.S. metal market. At best, the metal market recovery could start in the next quarter.

- 1 Key Steel Industry Indicators That You Should Be Tracking, O'Hara, Mark, Feb. 2015, http://marketrealist.com/2015/02/latest-steel-industry-indicators-mean-investors/
- 2 http://www.tradingeconomics.com/commodity/steel
- 3 https://agmetalminer.com/2015/02/16/us-steel-scrap-prices-plummet/





From MSDS to SDS

GLOBAL HARMONIZATION (GHS) BRINGS CHANGES TO SAFETY DATA SHEETS IN HAZCOM 2012

For decades, the material safety data sheet (MSDS) has been the back-bone of OSHA's Hazard Communication Standard (HCS). As most safety professionals know by now, the Hazard Communication Standard has been revised by OSHA to align with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS), the result of which includes format changes to the MSDS. HazComm 2012 is now the standard by which chemicals in the workplace are governed.

"What is an MSDS?" An MSDS is the document warning users of the specific dangers of chemical products used in the workplace and that provides guidance on their safe handling, storage and disposal. Evaluating chemical hazards and producing MSDSs and labels for products are responsibilities chemical manufacturers and distributors have under the HCS.

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Maintaining an MSDS for every hazardous chemical and making them available to employees as part of the HCS's *Right-to-Know* provisions – which says employees have the right to know about the chemicals to which they are exposed – is the responsibility of employers under HCS.

Other employer responsibilities include: 1) Maintaining a hazard communication program detailing the plans for the safe handling of chemicals; 2) Maintaining a written chemical inventory of every hazard chemical in the facility to which employees are exposed; 3) Maintaining proper labels and warning signs associated with those chemicals; and 4) Training employees on chemical hazards and necessary precautions.

An SDS is an MSDS in its new format. Under the previous version of HazComm there were many different MSDS styles and formats in use in the United States including the 16 section ANSI standard MSDS that looks a lot like the new SDS. The revised HazComm 2012 standard mandates a set GHS format for **safety data sheets**, a format which features 16 sections in a particular order.

"Will we have to have two safety data sheet libraries – one for MSDSs and one for SDSs?" The answer is no. During the transition to HazCom 2012, employers should expect their MSDS library will have a mix of non-GHS formatted and GHS formatted safety data sheets until the transition is complete and chemical manufacturers have reclassified all of their chemicals using GHS criteria and updated all of their chemical documents.

Employers should expect all MSDSs to be replaced with GHS formatted SDSs in the next year. The best way to prepare for the transition is to update the CHEMICAL PRODUCT INVENTORY (or inventory list of chemical products) used at the facility. At an auto recycling facility REMEMBER to include SDS for the fluids that are evacuated from the vehicles such as gas, antifreeze and used oil. These SDS will not able to be product & brand specific since the origin is unknown so a generic version of the SDS may be used to represent the chemical in the workplace. On the next page is a sample chemical inventory for an

Continued on page 14

(Material) Safety Data Sheet Inventory

What is a Safety Data Sheet (SDS)?

A (Material) Safety Data Sheet (SDS/MSDS) is a document that contains information on the use, storage, handling and emergency procedures related to the hazards of a material or chemical in the workplace. Occupational Safety and Health Act (OSHA) regulations require that employers maintain safety information about hazardous chemicals used or present in the workplace. Such knowledge begins with an SDS.

How do I Obtain an SDS?

Distributors are responsible for ensuring that their customers are provided a copy of the SDS. Employers must have an SDS for each hazardous chemical that in use. At eh automotive salvage facility.

List all products in the facility (an inventory) that require an SDS to be maintained.

	Company/Brand	Product Name	Product Number
1.	Safety Kleen	Used Antifreeze	generic – MSDS
2.	Prestone ChemTrec	Antifreeze	AF777 - MSDS
3.	Sierra Brand	Propylene glycol Antifreeze	Chemtrec - MSDS
4.	Zerex	DEX Cool Antifreeze	614-790-3333 SDS
5.	All Brands	Gasoline	generic - SDS
6.	All Brands	Diesel	generic - SDS
7.	Safety Kleen	Used Motor Oil	generic - MSDS
8.	All Brands	Lead-acid Batteries	generic - MSDS
9.	R12 National (NRL)	Refrigerant	generic - MSDS
10.	. R134a National (NRL)	Refrigerant	generic - SDS
11.	R1234yf National (NRL)	Refrigerant	generic SDS
12.	. All Brands	Spray Paint	generic - MSDS
13.	. WD-40	Penetrating Lube	WD-40 SDS
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16.	· ————		

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From MSDS to SDS

GLOBAL HARMONIZATION (GHS) BRINGS CHANGES TO SAFETY DATA SHEETS IN HAZCOM 2012

Continued from page 10

Automotive recycler. The most appropriate SDS for used oil and used antifreeze will be developed and distributed by Safety Kleen as was the MSDS in the past. These two sheets, however, are not yet available. In fact, the transition to SDS is slower than expected since chemical manufacturers are actually supposed to have them developed by June 2015—yes, last June! Employers have until next year—June 2016—to become compliant (assuming the SDS are available). For now a quick review and update of the chemicals in the workplace (which should be done annually and ongoing) will give the facility an idea of how many SDSs will be needed to downloaded and printed.

Update the Inventory list and locate the SDS for all products. Starting with the fluids removed from the vehicles which can be found in the SDS Library at www.sueschauls.com/msds.html.

The updated inventory list and maintaining the SDS readily available for employees are two major components of the HazComm requirements. Two of five.

Maintaining a written hazard communication program detailing the plans for the safe handling of chemicals is also very important. For those salvage yards on the





Hazard Statements: Extremely flammable liquid and vapor. May be fatal if swallowed and enter airways – do not siphon gasoline by mouth. Do not breathe vapors. Use only outdoors or in a well-ventilated area.

o smoking. Do not eat, drink or smoke when using this product.

Response: In case of fire: Use dry chemical, CO2, water spray or fire lighting foam to extinguish

swallowed: Immediately call a poison center, doctor, hospital emergency room, medical clinic

re 911, Do NOT induce wormtime.

Storage: Use only approved containers. * See Safety Data Sheet (SDS) for further details *



safety subscription that document will be in the front pocket of the red safety binder. Unfortunately a quick straw poll tells me that the documents are not being customized to each facility. A sample plan is also available in the SDS Library along with the Inventory List. Download the sample and make it specific to your shop.

HazComm 2012 mandated SDS compliant secondary labeling on storage containers at the facility. It also has an updated requirement for shipping labels in the SDS format utilizing the pictograms in the figure. You will be seeing the primary (more lengthy) labels on drums of products purchased. The labeling requirement actually applies to all sizes of containers! Labels will be available for order soon. Until then samples are available for download in the library.

By June 2016 all fluid tanks, drums and small containers will need to be labeled using the SDS secondary labeling format.

The example here incorporates the OSHA SDS HazComm, NFPA Fire Diamond, and EPA/DNR product/material identification labeling in one combination chemical resistance labels for about \$3 (once the used oil and used antifreeze SDSs are available).

The final requirement is training employees on the chemical hazards and necessary precautions. This is accomplished by a review of the SDS information. In the last two years the safety subscription have trained on the new SDS format and HazComm globalized standards, now augment that training by reviewing the actual SDS with employees exposed to the chemical in their job duties so that they not only know to reference the SDS in the event of an emergency but they are familiar with hazards, storage and response for each chemical they use or evacuate during the course of their work day.

ARA Updates

Industry news from the national association

Six Steelmakers File Complaint with U.S. International Trade Commission; Seek Punitive Tariffs on Imported Steel

As reported earlier this month in the Wall Street Journal, six steelmakers have filed a trade complaint alleging unfair pricing of imported steel from China, India, Italy, South Korea and Taiwan. The steelmakers, United States Steel, Nucor, Steel Dynamics, ArcelorMittal, AK Steel and California Steel Industries, all have substantial U.S. operations and are seeking punitive tariffs as part of the suit concerning a kind of coated steel used in the automotive industry.

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Steel prices in the United States are down about 25 percent since the start of the year, resulting in thousands of layoffs around the country, and leading the six steelmakers to file this complaint with the United States International Trade Commission. The steelmakers are alleging that record numbers of imported steel, particularly from China, has led them to export excess capacity and devastated pricing in the U.S. market. They also allege that foreign-produced steel benefits from unfair help from home governments. Exports of steel from China rose 36 percent to 30.4 million tons during the first four months of 2015. The companies are also expected to argue that currencies have been intentionally depreciated relative to the dollar. They must prove that foreign companies sold their steel at below-market prices or benefited from illegal state aid-tactics that allowed them to take market share away from domestic steelmakers.

Last year the U.S. levied duties on imports of steel used in the energy industry, however those fees have not stemmed the tide of shipments. The European Commission as recently as last month also passed tariffs on the import of a grain-oriented electrical steel from China, Russia, the U.S., Japan and South Korea. The United States International Trade Commission has 45 days to decide whether the six steelmakers have been sufficiently "injured" to merit punitive tariffs. The Department of Commerce will also issue a preliminary ruling by the end of 2015. Final rulings by both agencies are due by mid-2016.



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ISR

What Status to Report in NMVTIS

National Motor Vehicle Information System

At the training session held during the summer outing, Jay Svendsen from Auto Data Direct (ADD) recapped the details of the Iowa NMVTIS/Affidavit Law that passed last session. The new rule will be written by the He should do both of these entries/reports even if he lowa Department of Transportation (DOT) in the coming months. The Iowa Automotive Recyclers and other interested parties will meet throughout this process. The new law will begin on January 1, 2016.

In preparation for the new lowa reporting system, IAR members are urged to review their NMVTIS reporting processes, get current on reporting and remember to report every 30 days as is required. Many member yards are using automatic reporting through their inventory management systems. Automatic reporting is an option to reduce the workload of manually entering the VINs for each vehicle.

PARTS CARS When reporting a vehicle to NMVTIS that is destine for parts and then crushing, the lowa DOT has advised that Auto Recyclers use the 'CRUSHED' reporting status for any vehicle that will never be returned to the roadway or sold as a whole car by the recycler. These vehicles can be reported as SCRAP and then reported again later when then are sent for metal recycling as CRUSHED. Reporting twice is not necessary for cars that will be held for part sales and then crushed under the same ownership. Parts can still be sold even after the vehicle has been reported as CRUSHED with the VINs noted on bill of sale. Parts that are warehoused may also be sold after the vehicle has been shredded.

REBUILDERS Vehicles that may be rebuilt and return to the roadway at some point have different reporting status. Jay Svendsen offer this advice for a recycler reporting a rebuilder vehicle, "If he buys the cars with clear/clean title and they don't meet the definition of a salvage vehicle, then he does not need to report the vehicle to NMVTIS at all. This is common if buying 'off the street".

Jay goes on to say, "If he is buying the vehicles from [an auto salvage auction such as] Copart or IAA, then most likely the vehicle has been reported to NMVTIS by the salvage auction and he should be reporting the vehicle within 30 days with a disposition of 'BLANK"/"UNKNOWN'. This just states that he has

the vehicle and possibly plans to sell it as a whole car". "Once the rebuild is complete and he sells the vehicle to someone (or if he sells rebuilders to others for them

to rebuild) then he should report again using a disposition of "SOLD" and provide the name to whom the vehicle was sold. This is the most appropriate process. buys and sells within 30 days." The purpose of reporting rebuilder vehicles it to keep the NMVTIS database up-to-date. Rebuilder vehicles sold by an auto recycler that do not get reported as sold will remain in NMVTIS under the ownership of the recycler even after the car has returned to the roadway.

Two cleanup processes will get NMVTIS reporting records in tip top shape before the new lowa law goes in place: 1) Vehicles that were reported as SCRAP but have been or will be crushed should be report as CRUSHED to kill the VINs even if parts are still being sold and 2) Rebuilder vehicles should be reported as SOLD if they were received from a reporting entity and are now sold to a repairer or BLANK/UNKNOWN if the auto recycler still owns the potential rebuilder vehicle.



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Hollander Introduces CoreConnectSM Core Buying Program

New solution provides recyclers insight into the value and demand of their core inventory

FOR IMMEDIATE RELEASE

MINNEAPOLIS – June 11, 2015 - Hollander, LLC., a business unit of Solera Holdings, Inc. (NYSE: SLH) and the leading provider of software and data solutions for the automotive recycling industry, announced the release of CoreConnect today. Developed in partnership with Rebuilders Automotive Supply (RAS), CoreConnect identifies the price and demand of core parts for an automotive recycler and simplifies the process of selling those parts.

CoreConnect enables recyclers to easily determine the value of cores they have in inventory or on salvaged vehicles they are considering purchasing, by identifying the demand for those parts. RAS identifies the demand for cores from manufacturers and rebuilders within a recycler's inventory in EDEN®, Hollander's parts locating network. Additionally, yards using Hollander's Powerlink® yard management system can seamlessly integrate with CoreConnect automating the associated inventory management and sales process.

"A common ask from our customers is to help them identify more demand for their parts. CoreConnect provides them with that key knowledge for their business. In one instance, the solution identified over \$76,000 of immediate revenue for a recycler," said Chad Meyer, Hollander's Senior Director of Product Management. "CoreConnect provides them with inventory valuation, key decision support information within the applications workflow, and streamlines the process of selling and shipping the parts to RAS."

The web based application optimizes the cores valuation process by giving recyclers various ways to iden-

tify the parts' value. Users can search by vehicle by entering or scanning the vehicle's vehicle identification number (VIN), run a query against their entire inventory, and subscribe to alerts for limited time offers for high value parts. Once a core is placed into the program the price is guaranteed for a period of time, while the recycler retains the ability to remove and sell the core elsewhere. Integration with Powerlink ensures the parts are removed from inventory and delisted from EDEN, eBay, HollanderParts.com and Hollander Storefront. CoreConnect also manages the process of notifying RAS to pick up a core bin when full and electronically invoices them.

"Our vision was to use technology to seamlessly connect the high demand for cores from numerous sources with supply; CoreConnect is the reality of that vision", said Jack Bowser, CEO of Rebuilders Automotive Supply. "RAS along with Hollander is excited to bring this solution to market and help all core market stakeholders."

About Rebuilders Automotive Supply

With over 40 years in the automotive recycling industry, RAS is a quality and service conscious company. with operations in Coventry, Rhode Island and Tampa, Florida. In an age where sustainability counts, Rebuilders Automotive Supply proudly boasts being 'Green' since 1972. RAS is a front runner in the industry with its patented core sourcing technology, online valuation and inventory tools designed specifically for recyclers - CorePro, RASBid, CorePro Mobile, CATPro and Metal Recycling. These RAS tools streamline all aspects of the automotive core evaluation and inventory process while maximizing core revenue. With over 40 product lines, 180,000 part numbers in inventory and over 3 million cores processed annually, RAS is the number one full-line core supplier to the largest remanufacturers and auto recyclers in the world. www.coresupply.com.

About Hollander, LLC

For more than 80 years Hollander has delivered trusted business solutions and helped drive parts demand to the automotive recycling industry. Hollander is a business unit of Solera Holdings, Inc. (NYSE: SLH), a leading global provider of risk and asset management software and services to the automotive and property marketplace, including the P&C insurance industry. www.hollandersolutions.com



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Bill Brauch Retires in July

Iowa Attorney General Consumer Protection Division

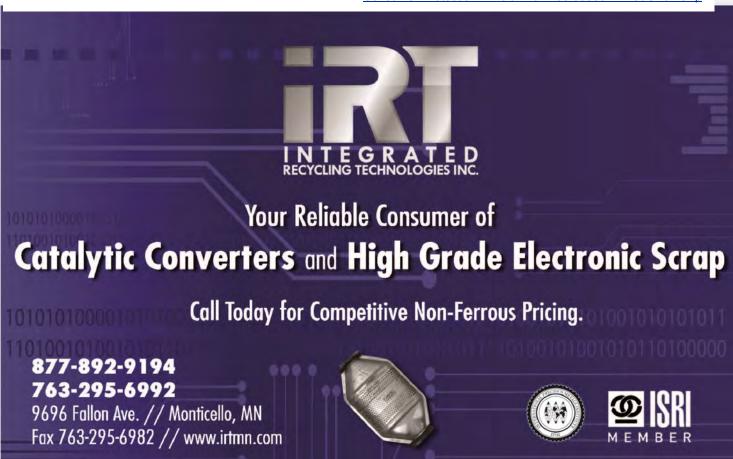
Whitney to head state's Consumer Protection Division

Thursday, June 04, 2015 – Iowa Attorney General Tom Miller announced Wednesday that Assistant Attorney General Jessica Whitney will serve as the next director of the Consumer Protection Division. She succeeds Bill Brauch, who will retire July 15 after 20 years in that position. Whitney began in the division in 2004. She has been a lead staff attorney in several multistate consumer investigations involving for-profit colleges and debt collection practices. "Jessica brings a rich mix of great professional competence, ability and judgment, a zeal for protecting consumers, a great work ethic, and wonderful people skills," Miller said a release. "She's an excellent attorney and a true advocate on behalf of consumers."



Brauch had also served as the Chair of the NMVTIS Advisory Board. Iowa Automotive Recyclers wish Bill a great retirement and THANK YOU for your service and advice to our industry. We are very glad the Iowa NMVTIS Law was passed during Bill's tenure!

Reference: http://www.businessrecord.com/Content/Law-Government/Law-Government/Article/Whitney-to-head-state-s-Consumer-Protection-Division/164/788/68983#ixzz3dGXuNO1p



SAV Transportation Group Discount Program

Iowa Auto Recyclers Code: IAR2015

Since the Summer Outing, presenter Steve Haas has been working with the people at the SAV Transportation group to design a customized shipping program that will help IAR Members streamline shipping activities and eliminate complexities and costs.

Based in Minneapolis, SAV has an independent fleet, a comprehensive brokerage and a progressive e-

commerce division that provides online access to preferred rates from abundant carriers for your less-thantruckload (LTL) palletized freight.

As an IAR member and guests (readers of the

newsletter!), the SAV Transportation Group will consider you a preferred customer and you now have access to the following:

A pre-established line of credit in the amount of \$1,000.00

Fast-track credit approval for larger amounts of credit if needed.

Online access to nearly forty qualified carriers providing nationwide rate and reach

Online access to select carriers who move freight to and from the Canadian provinces

Plus *TransitGuard*™ a zero-deductible <u>full-coverage</u> insurance option that provides 100% replacement cost on new, <u>used</u> and remanufactured parts.

Regardless of the number of carriers you may select, you will be invoiced directly by the folks at SAV. If you need to ask an important question, their virtual help desk is fully equipped to provide you the resources, support services and critical reports you'll need.

Iowa Auto Recyclers continually strive to bring more

value to our members and we hope that you'll give this a try – the project code is: IAR2015

If you have any questions

or would like to learn more about the program you can contact Steven P. Haas (SAV project liaison) at: 612-296-1806 or reach him online at: shaas@savtrans.com



SAV Transportation Group Discount Program Iowa Auto Recyclers Code: IAR2015



ARA Updates

Industry news from the national association

Automakers Manufacturing Their Own Off-Brand Parts Lines

In an effort to keep consumers coming back to their dealerships for parts, some automakers are manufacturing and selling parts under a "white label" or off-brand parts lines. Mitsubishi, Mazda and Chrysler have augmented their original equipment replacement parts business with white label products because of dwindling parts sales due in part to competition from other after-market, cheaper repair shop businesses like Pep Boys and Jiffy Lube. With Mitsubishi's new "Value Line", Mazda's "Value Products by Mazda" and Chrysler's "Mopar" parts lines, the automakers are increasing sales by matching prices with aftermarket brands. However, while the less expensive parts are selling and increasing the

brand loyalty, the profit margins are shrinking. Sometimes the automakers' parts are made with less expensive materials, offered in cheaper packaging, or even produced in factories closer to the U.S. to trim manufacturing and/or shipping costs. According to an Automotive News story on the "off-brand" practices, an original equipment timing belt sold in a plastic bag with the Mitsubishi logo retailed for \$134.15 while an identical Value Line timing belt sold in a white cardboard box with the Mitsubishi logo cost \$81.95. Value Line parts are now outselling the original equipment parts by a 16 to 1 margin according to a Mitsubishi executive. As a Mitsubishi North American Vice President commented "People were looking for value. We had to come up with a compelling reason for them to come back to the dealership."



ARA Updates

Industry news from the national association

U.S. Congressman Continues to Ask Automakers for Access to OEM Data on Behalf of ARA Members

At the latest of an ongoing series of U.S. congressional hearings on the Takata airbag recall, Rep. Adam Kinzinger (R-IL) once again stepped up to the plate and asked the two automaker associations how the automakers plan on sharing part data with professional automotive recyclers. As reported previously [by ARA] Rep. Kinzinger first spoke on behalf of professional automotive recyclers when he asked a similar question of automakers at a hearing in the same subcommittee in December of last year.

During the June 2 hearing, the Congressman asked the following questions of the Alliance of Automobile Manufacturers and the Association of Global Automakers, which represent most of the worldwide automakers:



"At our December hearing I asked our panel which included BMW, Toyota and Honda if they agreed that sharing OEM part numbers and other identifiable information with the automotive recycling industry would increase safety. They agreed and expressed support for the efforts to improve methods to identify parts and to share part numbers with recyclers. Earlier this year, Transportation Secretary Foxx stated that he also supported auto manufacturers providing part numbers to recyclers, and that furthermore manufacturers should provide this information in an easy-to-use format and the key here is that this approach would not require the creation of any new government program or bureaucracy - it's something that the industry should tackle on its own.

To Mr. Bozzella and Mr. Bainwol: It appears that we have a unique instance when regulators and industry seem to agree on an approach to address a problem in large part because everyone understands that sharing this information would improve safety.

My question is this: If you know the answer, when and how do your members plan on making this information available to recyclers? And are you aware of any discussions in the industry to help share this information to improve safety? Can your organizations facilitate this and make something like this happen?"

Regrettably, the Associations' President/CEO's who testified answered in the same manner as did their colleagues in December and requested additional time to respond to the questions. The Congressman requested they respond back directly to his office as well as for the record. To watch the House hearing segment in it's entirely, use this link:

http://www.c-span.org/video/?c4539843/takata-hearing

ARA is aggressively representing your business interests as the re-calls of Takata airbags continue. Policymakers and regulators alike have become well versed in the need for access to part data. The hurdle that still exists however is how policy-

makers will require automakers to provide this data to professional automotive recyclers so that recyclers can efficiently and correctly identify recalled parts. ARA continues to remind policymakers that it is only with this data access that recyclers will have the tools to be able to satisfactorily comply with any federal regulations prohibiting the sale of recalled parts.





Bob Schoof, General Manager

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