

## Why a Steel Scrap Surcharge?

Steel Grit and Steel Shot 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. 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 long term purchasing difficult for large shot and grit users.

A pricing scheme for steel shot and grit was developed that fixed the base price and added a surcharge to that base based on the ups and downs of the market. The *Iron Age Scrap Price Bulletin* ([www.scrappricebulletin.com](http://www.scrappricebulletin.com)) has been used as the standard for setting the monthly steel scrap surcharge.

In the last 40+ 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's a strange but fair system that gives everyone - suppliers and purchasers - an opportunity to get the best value.