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When did Asarco know the end was coming for its Ruston property?

Staff photo by RUSS CARMACK

Smelter fell victim to economics

Report says impact of environmental regulations was 'insignificant'

By JEFF WEATHERSBY
The News Tribune

Problems in the copper market, not environmental regulations, were the significant reasons for Asarco's decision to close its Tacoma smelter, a U.S. Environmental Protection Agency economist has concluded in a newly released report.

Moreover, economist Robert Coughlin portrays Asarco as realizing the smelter was doomed almost a decade ago and deliberately playing for time to avoid investing in expensive air pollution equipment to control its arsenic and sulfur dioxide emissions.

When Asarco announced last year that the smelter would close, company officials cited the cost of pollution control as well as the poor copper market as its reasons for terminating operations.

On Monday, smelter manager Larry Lindquist, said he had only glanced at the EPA report but described Coughlin's conclusions as a "small surprise."

"As far as we were concerned, it was a combination of things, economic and regulatory, that prompted the decision to close the plant," Lindquist said.

Asarco claimed it has spent more than \$40 million on environmental controls for the Tacoma smelter and predicted it would cost approximately \$160 million more to satisfy regulatory requirements.

But Coughlin wrote, "The influence of environmental regulation on the resolution of the fate of the Tacoma smelter has been insignificant."

He said that while the smelter and various governmental agencies have been litigating and negotiating for a decade, "it is plain that Asarco was never effectively inconvenienced by the regulations, and that regulatory requirements played no meaningful part in the closure decision."

He claimed that by 1976, Asarco realized there were "considerable uncertainties" associated with any major investments in Tacoma.

He claimed Asarco's long-range plan a decade ago called for Asarco to transfer its copper production activities from its "tidewater" smelters in Tacoma, Baltimore, Md., and Perth Amboy, N.J., to modern plants in Hayden, Ariz., and Texas, which were closer to supplies of copper ore.

Coughlin wrote, "And so the firm played out a decade-long process of procedural delay, raising the real prospect of plant closure repeatedly, but effectively postponing the necessity to install capital that would have to be written off at a loss. Asarco eventually achieved compliance with the environmental laws — but it did so in Arizona, not in Tacoma."

He said Asarco "negotiated and delayed compliance" until its supply of "contaminated" Philippine copper concentrates dried up and it was able to complete its state-of-the-art smelter in Arizona.

The high-arsenic Philippine concentrates, a specialty of the Tacoma smelter, began being di-

verted to a new smelter in the Philippines in 1983.

"The Tacoma plant survived primarily by smelting foreign concentrates that were too contaminated to be accepted by others and by processing Southwestern concentrates in excess of the capacity of Asarco's Hayden and El Paso plants," Coughlin said.

Throughout the copper industry, Coughlin said, the growth of smelting capacity in Third World nations has hurt American producers.

As part of a long-term plan Asarco has responded to the international situation by attempting to concentrate its smelting operations in modern plants in the Southwest, where copper concentrates are mined, Coughlin said.

Coughlin's report was written in response to a request by Chuck O'Donohue, business agent for Local 25 of the United Steel workers of American, the union that represented many Asarco workers.