

American Iron and Steel Institute calls for further Government intervention

THE American Iron and Steel Institute has a mission to influence public policy and educate and shape public opinion in support of a strong, sustainable US and North American steel industry committed to manufacturing products that meet society's needs.

It is comprised of 26 member companies, including integrated and electric furnace steelmakers, and 130 associate and affiliate members who are suppliers to customers of the steel industry. AISI's member companies represent approximately 80% of both US and North American steel capacity.

In mid April, the organisation held a Press Conference to address various matters of importance to steel producers in North America.

John P Surma, chairman and CEO of United States Steel Corp, Pittsburgh and also the current chairman of AISI said that while the US steel industry is clearly in recovery mode, it is still facing certain significant challenges to its international competitiveness, including burdensome tax rates, uncertain energy costs, inadequate investments in infrastructure, increasing regulatory burdens and foreign unfair trade practices.

"These issues are not new, but the urgency for us to address them is very, very immediate," he stressed.

Steel drives recovery

As highlighted by a recent report written by Prof Timothy J Considine, an economist with the University of Wyoming, the steel industry a major factor in the recent rebound of the US manufacturing sector, which, according to

'.....America's shale gas has the potential to be the most remarkable source of economic growth and prosperity that we will see in our lifetimes.....'

John P Surma, chairman & CEO USS Corp

Thomas J Gibson, AISI's president and CEO, has consistently grown since 2010 and continues to drive the economy out of the recession. Nevertheless, he says there is an urgent need to address key policy issues to help continue the resurgence of the steel industry. The report in summary or full is addressed in more detail in the USA and Latin American Updates in the May/June issue of *Steel Times International* and is available as a download in summary or full as a link from the AISI Home page www.steel.org/

Shale gas vital to development

"As an energy intensive industry our competitiveness will increase in direct relationship to our ability to capitalize on our nation's abundant and affordable energy supply.

The discovery and development of North America's shale (gas) resources has the potential to be the most remarkable source of economic growth and prosperity that we will see in our lifetimes," Surma says, adding that a second positive dimension of shale gas resource development for the steel industry is that steel pipe and tubular products that US steelmakers produce are integral to the exploration, production and transmission of natural gas and oil.

"By developing our natural gas and oil

reserves, our nation can lessen its dependence on foreign oil, create thousands of jobs and spur economic growth," Gibson says. "However, one the biggest threats in developing our nation's domestic energy sources is overly burdensome and misguided federal regulations."

Canada - USA pipeline

Regarding the controversial Keystone XL pipeline extension project – a 1897km (1179mile) pipeline from Hardisty, Alberta in Canada to carry crude oil derived from tar sands to Steele City, Nebraska, USA for

onwards transmission to refineries in Illinois and on the Gulf Coast at Houston and Port Arthur, Texas, Surma says the AISI supports the entire pipeline, although it is not particularly happy that TransCanada did not buy more US sourced material for that project. "(Nevertheless) the ancillary construction associated with the project should it be completed will be good for the steel industry."

Transport infrastructure

AISI is also calling for the US Congress to pass a new, robust, long term surface transportation bill as opposed to continually extending the old one three months or so at a time. "We must make rebuilding our crumbling transportation infrastructure system a top national priority," Surma says, adding that doing so is essential to doing business efficiently and for the US to maintain its dominant role in the global economy.

Just before Congress went on recess in late March it passed its ninth 90-day extension of the surface transportation bill, which will guarantee funding for the nation's bridges, highways and roads until June 30.

The US House of Representatives in mid-April passed what would be a tenth 90-day extension, taking the bill to the end of September, although that bill is not expected to pass the Senate because of factors relating to the Keystone XL pipeline which is being opposed by some environmental groups.

Gibson says these extension of the bill will not provide the boost that the US economy,

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Gibson President & CEO AISI

and the steel industry, needs. "We need a long-term bill with level funding so that the states can plan the bigger construction projects that can produce the valuable jobs and generate the demand for steel, concrete and other materials.

"Our preference would be the longest, most robustly funded bill that this Congress can produce," Surma says, which would be the House leadership's five-year, \$260bn surface trans-

portation authorization bill, which, if passed, would include energy and natural resource provisions to open up on-shore and offshore bans for oil and gas drilling leases.

Gibson lauded the Senate for doing its job and passing a two year, \$109bn reauthorization bill in mid-March. Now, he says the House, which has not passed a bill yet, must act and pass a bill that could be conferred with the Senate measure.

The question, however, lies in how to pay for such a bill given all the concerns of the burgeoning US deficit. "Transportation is a core

function of government and it costs something to fund," Gibson says, however, he observes that the traditional way to do that, the highway fund, which is funded by a tax on gasoline, is falling short, partly because vehicles are becoming more fuel efficient and Americans are changing their driving behavior. He called on the government to be more creative in finding a funding solution, including possibly more public/private partnerships.

Call for Fair Trade

Surma added that the AISI is supporting a more effective US trade policy to combat foreign, unfair trading practices, including China's "protectionist policy that gives Chinese exports an artificial advantage over American goods by undervaluing its currency by as much as 30%."

Gibson notes that the steel industry celebrated a big victory on the trade front in early March when President Obama signed legislation overturning an erroneous federal Court of Appeals ruling on the application of countervailing duty laws against subsidized products, including steel, from China and other non-market economies.

"I think that is proof that when Congress is faced with time critical problem they can act in a bipartisan manner to solve it."

While he called that "a significant victory," Gibson says there are still other areas that need to be addressed to make sure the US steel industry is competing on a level playing field. "It is critical that the Obama administration and Congress continue to pressure foreign governments, such as China, that continue to artificially undervalue their currency. We cannot give a free pass to countries that flagrantly disregard their WTO commitments," he adds.

Summing up the AISI's priorities for 2012, Surma states, "A strong manufacturing sector creates significant benefits for our society, including good paying jobs, investment in research and development, critical materials for our national defense and high value exports. We must address each of these issues if we want our nation's manufacturing sector to continue to thrive and drive the economic recovery." ■