



DIRE MARKET CONDITIONS UNDERCUT OHIO STEEL PRODUCTION

The first six months of 2009 saw the worst global conditions for steel production and shipping in more than 35 years, with most Ohio steel producers operating at less than 50 percent capacity.

"It's been a very challenging period for all of us in the steel industry," said Roger Lindgren, president and chief executive officer of V&M STAR and co-chair of the Ohio Steel Council.

Ohio steel industry production for the first nine months of 2009 was down 73.4 percent and shipments were down 67.8 percent as compared to the year-ago period.

The recent market decline was made worse by a surge in unfairly traded steel imports in the second half of 2008. These imports inflated inventory levels, contributing to the delayed recovery.

"To its credit, our industry responded swiftly to the downturn and therefore minimized losses. Earlier this decade many steel companies consolidated and negotiated flexible terms with the United Steelworkers, enabling them to be responsive to market conditions. We are leaner and more efficient than we were during the last downturn between 2000 and 2002," Lindgren said.

Major U.S. steel companies with facilities in Ohio are reporting financial losses through the first nine months of 2009.

The U.S. economy appears to be improving very slightly, with orders for big-ticket durable goods like washing machines and automobiles picking up 1 percent in September. The recovery, however, is expected to be slow and gradual. Demand for steel is not expected to return to 2008 peak levels until 2011.

"While we are cautious about the speed of the recovery, we remain bullish about the long-term future of steel and will be ready when demand returns to normal levels," Lindgren said.

A drop in steel inventory levels has led to some increases in steel production. ArcelorMittal recently restarted both of its blast furnaces, as well as a steelmaking shop in Cleveland. Approximately 1,000 steelworkers were called back to work.

Across the state, average employment at steel-producing companies was down 12 percent in the first nine months of the year and payroll was down 41 percent, as compared to the year-ago period.

OHIO STEEL DATA REPORT: Third Quarter 2009

Item	Quarter Ended September 30			Nine Months Ended September 30		
	2009	2008	% chg	2009	2008	% chg
Ohio Steel Production (Tons)	1,331,846	3,788,863	-64.8%	3,067,331	11,513,052	-73.4%
Ohio Shipments (Tons)	1,103,571	3,907,695	-71.8%	3,993,896	12,420,746	-67.8%
Ohio Payroll (\$)	\$141,229,005	\$266,040,141	-46.9%	\$472,575,188	\$802,573,044	-41.1%
Ohio Capital Investment Spending (\$)	\$16,430,444	\$64,122,426	-74.4%	\$75,989,088	\$170,304,987	-55.4%
Ohio Employment	12,361	14,578	-15.2%	12,666	14,450	-12.3%

Ohio Steel Producers Applaud Budget Bill Amendment

The Ohio Steel Council thanks the General Assembly and Gov. Ted Strickland for an amendment in the FY 2010/2011 budget bill that addresses a potential problem with the kilowatt-hour (kWh) tax on electricity for self-assessing purchasers. The amendment becomes effective January 1, 2011.

For the past eight years, a "self-assessing purchaser" class was designed to help mitigate the amount of tax paid by large companies that consumed more than 45 million kilowatt hours of electricity at one Ohio location. The tax was based on the amount of electricity used, as well as the price of the electricity.

With electricity rates increasing, in some cases more than 40 percent, companies were experiencing corresponding increases in their kWh tax. Steel companies, in particular, did not believe they should be subjected to a tax increase merely because the price of electricity increased.

The revised tax is based solely on kWh usage.

"We are especially grateful to Council members Rep. Mike Moran and Sen. Kirk Schuring for encouraging their colleagues to support this important energy provision," said Roger Lindgren, president and chief executive officer of V&M STAR and co-chair of the Ohio Steel Council.

In addition, special gratitude goes to Senate President Bill Harris, who, after attending a Council meeting in June, committed his support to the provision.

"Equitable and reasonable taxes mean that Ohio's large manufacturers can continue to invest in technology and remain competitive," Lindgren said.

Council Welcomes Four New Members

The Ohio Steel Council welcomes four new members representing the Ohio Department of Development, Nucor Steel Marion, Inc., Youngstown State University and Ohio Northern University. Members began their term in September 2009.



Lisa Patt-McDaniel

Ohio Gov. Ted Strickland appointed Lisa Patt-McDaniel as director of the Ohio Department of Development in September 2009. As director of the Department of Development, she is also chair of the Ohio Steel Council. As director, Patt-McDaniel works to lead the department's efforts to accelerate Ohio's economic growth through job creation and retention, as well as attraction and development of Ohio's high-growth industries.

Appointed by Gov. Ted Strickland, Brenda R. Schulz is the Nucor Steel Marion division controller, responsible for financial, legal, human resources, purchasing and information technology, and public relations initiatives. She has been with Nucor for 16 years.

Appointed by the Ohio Board of Regents, Hojjat Mehri is engineering professor at Youngstown State University, where he teaches and advises undergraduate and graduate students.

Appointed by the Ohio Board of Regents, James W. Fenton Jr. is the dean of the college of business administration and professor of management at Ohio Northern University. Previously president and CEO of The Iowa-American Industries, Inc., Safe Harbor Access Systems, and Southeast Steel Company, Fenton brings more than 20 years experience in the steel industry to the Council.

Council Members

AK Steel
ArcelorMittal
Lorain Tubular Operations, U.S. Steel
Nucor Steel Marion, Inc.
Ohio Department of Development
The Ohio General Assembly (House and Senate)
Ohio Northern University
PRO-TEC Coating Company, U.S. Steel

Republic Engineered Products, Inc.
Severstal Warren, Inc.
Severstal Wheeling, Inc.
Thomas Steel Strip Corp.
The Timken Company
United Steelworkers
V&M STAR
Youngstown State University

Associate Members

Cliffs Natural Resources Inc.
Eramet Marietta, Inc.
North Star BlueScope Steel
PLS Logistics Services
Stein, Inc.
Tube City IMS
Wheeling & Lake Erie Railway