



As presented in AMM American Metal Market Daily

May 5, 2008	IRON AND STEEL IN THE SPOTLIGHT Seven top steel executives, seven steely questions-and you	page 1
May 6, 2008	Chuderewicz, Harshaw step up ArcelorMittal roles	page 2
May 7, 2008	ThyssenKrupp's Ala. Mill to have global footprint Robert P. Soulliere - Keynote address President's Award Breakfast	page 3
May 7, 2008	AISTech 2008 Goodish tops list of recipients at AISTech awards ceremony Manufacturing careers lack popularity with US students	page 4
May 8, 2006	Steel plant fatalities force new look at safety issues Town Hall Forum	page 5
May 8, 2006	Climate change law has US industry at crossroads Town Hall Forum	page 6
May 9, 2008	Seeking balance on global warming Town Hall Forum	page 7
May 12, 2008	No steel 'bubble' – just a new pricing threshold Town Hall Forum	page 8
May 14, 2008	AIST appoints ArcelorMittal exec Harshaw as president	page 9

Seven top steel executives, seven steely questions—and you

NEW YORK — It's been billed as one of the best limited-run shows to hit the boards on the U.S. steelmaking circuit over each of the past five years. And if you haven't got your ticket yet, what are you waiting for?

At precisely 8:30 a.m. on Wednesday, the curtain will rise on the 2008 edition of the AISTech Town Hall Forum being held this year at the David L. Lawrence Convention Center in Pittsburgh. Seats may be hard to come by.

The moderated panel discussion will feature seven industry executives drawn from the integrated, mini-mill and raw material supplier ranks. Scheduled to participate on the panel are Keith Busse, chairman and chief executive officer, Steel Dynamics Inc., Fort Wayne, Ind.; Joseph Curtin, president and chief operating officer, Tube City division of Tube City IMS Corp., Glassport, Pa.; Mario Longhi, chief executive officer and president, Gerdau Ameristeel Corp., Tampa, Fla.; Russ Rinn, executive vice president, Commercial Metals Co., Seguin, Texas, and president, CMC Americas; Louis Schorsch, executive vice president, ArcelorMittal, and president and chief executive officer, ArcelorMittal Flat Americas, Chicago; R. Joseph Stratman, executive vice president, Nucor Corp., Charlotte, N.C.; and John P. Surma, chief executive officer and president, U.S. Steel Corp., Pittsburgh.

Serving as moderator of the Association for Iron and Steel Technology (AIST) event is award-winning broadcast journalist John D. Callaway, host and senior editor of *Friday Night* and the *Chicago Stories* anthology series on Chicago public television station WTTW. "He's been with us all six years," said George J. Koenig, president of Berry Metal Co., Harmony, Pa., and session chairman. "Callaway clearly knows the right buttons to push. And he pushes them."

Koenig, a veteran of the bankruptcy/consolidation

wars that reinvented the American steel industry—and its supplier base—earlier this decade did some pivotal button-pushing himself when, against a tidal wave of skepticism, he pitched the idea of holding a "town hall" event as a way to stir interest and infuse some excitement in an ISS (Iron and Steel Society) event that was showing strains of an industry in turmoil. The ISS and the Association of Iron and Steel Engineers, feeling those same pressures, combined to form the AIST, which formally began operating Jan. 1, 2004.

Koenig didn't do it alone. "We were struggling," he said. "How were we going to get people to the conference when everyone was in a survival mode?"

We brainstormed and I asked why not get top people to come and have a town hall session. I was told I was nuts, it would never happen. But, in the end, the organization challenged me. They said if I could get a group, we'd put it on."

The challenge was met—in spades. "The new-wave steel management or whatever you want to call it really took hold of this thing," Koenig said. "Steelmaking is important to them. Their people are important to them. That combination remains key to the success of the event to this day."

This year, the panelists will debate seven issues pivotal to the creation of a sustainable steel industry:

- The steel economy finally has a weak dollar—are we happy now?
- Major capital expenditures in the Nafta region—it's been

a long time coming.

- Vertical integration is making a comeback—and look who's involved this time.
- Raw materials—are we leveraging technology to balance cost, quality and supply?
- Cap and trade—will it really protect the environment?
- Dealing with the brain drain—are we moving quickly enough?
- Steel 2010: Is our industry an attractive, viable career for young people?

"The whole goal is to keep it fresh," Koenig said. "It's fun. It's exciting. It's turned into something more than I ever thought it would. The

three hours go by very fast. When the lights go on, it's Action City. There's an intermission followed by a question-and-answer session."

Given the price volatility sending seismic shock waves up and down the steel supply chain—and the scale of this year's attendance and exhibitor list—there's little question that this year's Q&A exchange will be a lively one. These are, after all, the times that try the souls of steel producers, scrap suppliers and consumers.

"Check the numbers," Koenig said. "I would bet that the price of gold when we started this conference is below the current price of scrap." We did and he's right—spot gold averaged around \$356 an ounce in May 2003; auto factory bundle prices this month fetched \$690 a ton.

The question of the year? "Is this a bubble that is going to burst or is it sustainable growth?" Koenig said. "Forget about sustainability in profits. Have we reached a sustainable new level or is the bubble going to burst? You've had peaks and valleys over the past 10 or 15 years. I think we have just reached a whole new level. The peaks and valleys have gotten shorter. And what was a peak before may not even be a valley now."

Over the six years since he played a pivotal role in its creation, Koenig hasn't lost an ounce of passion for the event. "The Town Hall Forum is the coming together of people in the industry who can make a difference in the performance of their company and their industry, whether it is an operator or a supplier. So if top management can communicate, reach out, motivate, help generate new ideas through this session, then it is priceless in terms of continuous improvement for the industry and each individual's respective company. All this means is making better products and improved profits."

In addition to the Town Hall Forum, AISTech 2008 will include technical presentations, plant tours (Wheeling-Pittsburgh Steel Corp. and U.S. Steel's Mon Valley Works), a comprehensive industry exposition and keynote presentations by today's business leaders.

"The conference program includes some 350 scheduled technical presentations organized into 78 technology sessions with more than 410 domestic and international companies participating in the three-day event," said Ronald E. Ashburn, executive director of the AIST. "Attendance is running at twice the pace recorded last year. We are expecting upwards of 8,000 to 9,000 attendees."

AIST is an international technical association counting more than 14,400 professional and student members, representing iron and steel producers, their allied suppliers and related academia. The association is dedicated to advancing the technical development, production, processing and application of iron and steel.

Jo Isenberg-O'Loughlin jisenberg@amm.com



Chuderewicz, Harshaw step up ArcelorMittal roles

PITTSBURGH — ArcelorMittal SA, Luxembourg, has announced changes to its Flat Carbon Americas (FCA) management team, including the assignment of long-time industry veteran Leonard Chuderewicz to an expanded role in operations.

Chuderewicz has been named vice president of operations at ArcelorMittal Flat Carbon Americas, giving him oversight responsibilities for the Chicago-based unit's operations in North and South America.

Andrew Harshaw will replace Chuderewicz as chief operating officer of Chicago-based ArcelorMittal USA Inc.

Chuderewicz will report to Louis L. Schorsch, president and chief executive officer of ArcelorMittal Flat Carbon Americas. "Len is a proven leader with an exceptional operational background and his expertise makes him an excellent addition to the FCA leadership team," Schorsch said in a statement. "In his new role, Len will support unit CEOs and operational executives to ensure high standards

of operational excellence throughout the region. In particular, Len will facilitate integration and sharing of best practices both within the region and with other ArcelorMittal operations."

Chuderewicz has more than 35 years' management experience in the steel industry. He was a longtime executive of U.S. Steel Corp., Pittsburgh, where his roles included general manager of the company's flagship Gary (Ind.) Works and president of USS-Kobe Steel Co., a joint-venture manufacturer of bar and tube products based in Lorain, Ohio. He also was president of USS-Posco Industries, a cold-rolling and coating venture in Pittsburg, Calif., and of Double Eagle Steel Coating Co., a Dearborn, Mich.-based electrogalvanizing facility.

Chuderewicz retired from U.S. Steel in September 2003 when the company offered early retirement packages to a number of executives in a cost-reduction move in the wake of its acquisition of the assets of National Steel Corp. He joined Ispat Inland Inc., East

Chicago, Ind., as executive vice president of operations in February 2004 and later was named vice president of operations at Mittal Steel USA Inc. before parent company Mittal Steel Co NV's takeover of Arcelor SA a little more than a year ago.

Harshaw will take over responsibility for managing all of ArcelorMittal USA's operations, reporting to Michael Rippey, president and chief executive officer of ArcelorMittal USA. Harshaw previously served as vice president of manufacturing of ArcelorMittal Dofasco, Hamilton, Ontario.

"The experience and contributions Andy brings to us from ArcelorMittal Dofasco are exceptional. His 30 years of leadership, track record of success with health and safety initiatives as well as his ability to drive quality improvements at Dofasco make him an excellent choice for this critical position within our U.S. organization," Rippey said in a statement.

Scott Robertson
srobertson@amm.com

ThyssenKrupp's Ala. mill to have global footprint

PITTSBURGH — ThyssenKrupp Steel USA LLC, Troy, Mich., is beginning construction on a regional steel mill in Alabama that it intends to operate on a global scale.

Robert P. Soulliere, president and chief executive officer of ThyssenKrupp Steel USA, said that while his company has a three-pronged strategy for growth—with focus on the North American Free Trade Agreement (Nafta) region, Europe and China—a location in the southeastern United States will serve it well in all directions.

"One of the key reasons we looked at the southeastern U.S. was we were looking at good logistics," Soulliere said after delivering the keynote address during the Pres-
See THYSSENKRUPP, page 6

ThyssenKrupp building Ala. steel mill

Continued from page 1
ident's Breakfast session at the Association for Iron and Steel Technology annual convention and exposition in Pittsburgh.

He said the region has the rail and highway infrastructure to serve North America and Mexico, and there also are waterways to help the company gain access to Europe. "Our home market is the southeastern U.S. and Mexico," he said. "Is export a possibility for us? It is under certain conditions, and we will look at it when it is prudent to do so."

Export business for the new mill is a long way off, though. Soulliere said that the new carbon and stainless steel plant his company is building in Calvert City, Ala., is on track to begin production in the second quarter of 2010. The new mill will source about 3 million tons of slabs per year from the Brazil operations of German parent ThyssenKrupp Steel AG. Another 2 million tons of slabs will be shipped from Brazil to its European operations.

Its focus is the production of high-value-added steels for growth markets it sees in Nafta, Europe and China. Soulliere said during his presentation that global steel demand is projected to grow an average of 3 to 4 percent annually through 2015, with growth of about 1.6 percent in the

Nafta region, 1.2 percent in Europe and nearly 6 percent in China.

The company is projecting above-average growth in the premium, or high-value-added, flat carbon steel market and aims to take advantage of that growth with its new U.S. operations.

"We see demand for premium grade steels in Nafta at about 44 percent (of the total market)," Soulliere said. "We think that will grow to



Robert P. Soulliere

50 percent by 2015."

ThyssenKrupp projects similar growth in Europe, where premium steels now account for about 43 percent of flat carbon steel demand but are expected to account for 50 percent of demand by 2015.

In China, the numbers are smaller but growth is projected to be greater. ThyssenKrupp estimates Chinese flat carbon steel demand will grow to about 231 million tons by 2015 from around 130 million tons. Premium steels, which now account

for about 16 percent of total demand, will account for 29 percent of demand by 2015, Soulliere said.

ThyssenKrupp sees Nafta market volume of about 100 million tons in a market marked by low overall growth, but above-average growth rates for coated products and taking a large share of the global market for high-tech, high-quality products.

Soulliere said the share of the automotive market for flat carbon steel likely will shrink in Nafta due to increased emphasis on light-weighting of vehicles, but that will represent an opportunity for ThyssenKrupp in the area of high-technological capabilities.

"We think (the production of) premium steels is one of our strengths," Soulliere said. "We see this market growing at a great pace. We don't really see that there is an end to it."

ThyssenKrupp remains confident in part because automotive and manufacturing are trending south in the Nafta region. More automotive production capacity is shifting to the southern states and to Mexico, leading to an expanding manufacturing base in the region. At the same time, there is more demand for higher-value-added steel grades and higher-yield-strength products, and there are more spiral weld pipe mills being built and increased demand for large-diameter pipe, all solid markets for ThyssenKrupp. Soulliere said the service center industry in the South is fragmented but consolidating rapidly, adding to long-term favorable trends.

"We see a lot of opportunity for growth here," he said.

Scott Robertson
srobertson@amm.com

AMERICAN METAL MARKET

Goodish tops list of recipients at AISTech awards ceremony

PITTSBURGH — John H. Goodish was the award recipient, but there wasn't enough room on the plaque for all the people who deserved credit, said the executive vice president and chief operating officer of U.S. Steel Corp., Pittsburgh.

Goodish was presented with the Association for Iron and Steel Technology (AIST) Steelmaker of the Year Award during the President's Breakfast at AISTech 2008, AIST's annual conference and exposition in Pittsburgh.

Goodish said many people were responsible for his receiving the Steelmaker of the Year award. He thanked U.S. Steel's executive management, noting that "nothing like this happens without a team effort," then added his thanks to the 50,000 U.S. Steel employees worldwide, saying that their efforts in the areas of quality, safety, cost-containment and

productivity were what made it possible for him to receive the award.

Other awards presented at the breakfast included the American Institute of Mining, Metallurgical and Petroleum Engineers (AIME) Honorary Member designation to David K. Matlock, professor at the Colorado School of Mines, in recognition of his distinguished service to the steel industry and to AIME.

AIST Outstanding Chapter Awards were presented to the San Francisco and Midwest chapters; and the AIST Hunt-Kelly Outstanding Paper Award went to Kenneth E. Blazek, Oscar Lanzi III, Dale L. Kellogg and Phil L. Gano for their technical paper titled,



John H. Goodish

"Calculation of the Peritectic Range for Steel Alloys.

The Benjamin F. Fairless Award went to Andrew Green of England's University of Liverpool, and David Naylor, Ruth Hambleton and Ian Christmas of the International Iron and Steel Institute

for their work to create steeluniversity.org, an educational Web site for the promotion of steel and steel education.

The John F. Elliott Lectureship Award went to Gordon A. Irons of Canada's McMaster University; the J. Keith Brinacombe Memorial Lecture Award went to Kent Peaslee of Missouri University of Science and Technology for presentations made at AISTech; and the Tadeusz Sendzimir Memorial

Medal went to Hisahiko Fukase of Japan's IHI Corp. and Walter Blejde of Castrip LLC, Charlotte, N.C., for their work in development of the Castrip technology.

Rodney Mott, former chief executive at Canada's Stelco Inc. and International Steel Group Inc., was presented with the AIST Distinguished Member and Fellow Award, and Robert P. Soulliere, president and chief executive officer of ThyssenKrupp Steel USA LLC, was given the William T. Hogan Lecture Award for delivering the keynote presentation at the event.

More than 7,500 people registered for the three-day event, with more than 450 product exhibits on display. Charles Messina, president of AIST, said the organization's membership now stands at 10,115, up 5 percent from last year.

Scott Robertson
srobertson@amm.com

Manufacturing careers lack popularity with US students

PITTSBURGH — That Kent Peaslee can fit the names of all of his steel-centric engineering students from the past five years on one PowerPoint slide, in readable typeface, speaks volumes about young people's interest in the field.

The metallurgical engineering professor at the Missouri University of Science and Technology, Rolla, Mo., said the appeal of heavy manufacturing just isn't there, and businesses need to do more to promote their interesting job opportunities if the industry is to survive.

"Manufacturing careers are not very popular right now, but we have to get the word out," Peaslee said during a presentation at the Association for Iron and Steel Technology conference and exposition (AISTech) in Pittsburgh. "You have to do more recruiting than ever."

A survey by ACT Inc., the Iowa City, Iowa-based test-

ing firm, showed that 6.6 percent of students who took the college entrance exam in 1997 said they were interested in engineering, Peaslee said, but that had dropped to 3.3 percent by last year.

Some students, however, are taking advantage of the field's growth and getting involved in metalworking careers.

Dan Nigro, 21, of Monroeville, Pa., and Matt Tumicki, 20, of Dormont, Pa., were among a few dozen students of Triangle Tech, an advanced-degree specialty technical school in Pittsburgh, who were milling around AISTech's exhibition floor.

"We're welding students and this all seems to be associated with what we're doing," Nigro said. Tumicki added: "We're learning how to fabricate and do every aspect of welding different types and different strengths of metal."

Both said that entering



'We need to tell the world about our positive experiences. We're doing better than we've done, but it's not good enough yet.'

—Kent Peaslee, Missouri U. of Science and Technology

the field of metals was not an immediate thought upon high school graduation, but one that has been duly considered, particularly with the increase in demand for skilled workers in the field. "It's something that I gradually looked into and it progressed, and I decided to go back to school for it," Tumicki said.

Peaslee said there is growth in the engineering job market today, with more jobs than there are engineers to fill them. What's more, traditionally a good number of international students, particularly from Asia, would come

to North America to obtain college degrees in engineering. But after Sept. 11, 2001, it became harder to enter the United States and since Asia is seeing its own manufacturing boom, there are fewer students coming here to study, or stay after they graduate.

"We need to tell the world about our positive experiences," Peaslee said. "We're doing better than we've done, but it's not good enough yet."

He said the cooperative effort between the American Iron and Steel Institute and AIST called Ferrous Metallurgy Education To-

day (FeMet) is a good initiative to lend support to the cause in the form of student grants. But companies themselves must get involved by offering students summer camps or other similar activities at their plants. "Get out as much positive publicity as possible," Peaslee said.

The Discovery Channel show "Dirty Jobs" recently featured a steel mill, he said, but it sort of backfired. "They had fun with everything the students dislike about the industry," Peaslee said, noting that students in a recent poll maintained stereotypes about manufacturing jobs as assembly-line-like, boring, dangerous, dirty, dark, in-decline and without promotion opportunity.

"We have to get the clean jobs shown," he said. "This is not what I want my students to see to attract them to engineering."

Maria Guzzo
mguzzo@amm.com

Steel plant fatalities force new look at safety issues

PITTSBURGH — Unable to find a common thread among 15 plant fatalities this year, steelmakers are redoubling their efforts to find ways to increase the safety of employees, including a renewed look at linking compensation levels to accident rates.

The Town Hall Forum that is part of the annual AISTech conference and exhibition normally begins with a discussion of economic issues, but safety took center stage this year, beginning with a head-scratching session as seven high-ranking executives addressed the possible reasons behind the high death rate.

They were unable to say that fatalities were up because the workers involved were inexperienced, too old or unhealthy,

Steelmakers take hard look at safety

Continued from page 1

using pharmaceuticals or illegal substances or finding themselves exposed to a common unsafe condition.

ArcelorMittal SA, Luxembourg, is preparing to take safety a step further, tying safety performance to management compensation company-wide.

Louis L. Schorsch, executive vice president of ArcelorMittal and president and chief executive officer of ArcelorMittal USA Inc., said the company's Dofasco Inc. unit in Hamilton, Ontario, and one of its plants in Brazil have proven over the years to have better safety records than most others the company operates. Those two plants tie 10 percent of variable pay to safety performances.

"That's something we're talking about implementing across the entire company," Schorsch said. "We don't have it in place yet, but we have been discussing it and I think it is something we will have in place by next year."

The idea of tying variable compensation to safety is not a new one in the industry—John P. Surma Jr., president and chief executive officer of U.S. Steel Corp., Pittsburgh, said his compensation and that of the rest of U.S. Steel's management goes up or down 5 percent each year based on a number of indices, including safety—but it is among the solutions steelmakers are using to try to improve

overall safety performance.

The issue was made crystal clear during the Town Hall Forum in Pittsburgh, when the dates and circumstances of the deaths of 15 workers killed so far this year was read to an audience of close to 1,000 people. While steelmakers have tried to find a correlation among those incidents that would make the death rate explainable and perhaps easier to correct, there appears to be no common thread.

Four of the deaths occurred at plants operated by ArcelorMittal. Schorsch said that while all steelmakers make safety their top priority, it is especially disturbing to see fatality rates rise as other indices, such as total accident rates, continue to decline and indicate overall steel mill safety is improving.

"We feel good about the statistics and trends that show the industry safety performance getting better, but the number of fatalities is an antidote for those good feelings," he said. "We need to get to a point where people are anticipating things that can go wrong. It's a matter of constant risk assessment and not just looking back and correcting something as a result of an investigation into a tragedy."

R. Joseph Stratman, executive vice president of beam and plate products at Nucor Corp., Charlotte, N.C., said safety awareness is the top priority at Nucor, but he acknowledged that cultures need to change to get accident and fatality rates to zero. He stressed the need for workers to get into good safety habits and repeat them daily, citing an example of two men going to a ballgame who, when traveling in their cars, always fasten their safety belts. Exiting the ballgame, they're

excited with the outcome and begin to drive without buckling up. If they have an accident, it could have dire consequences, even though they have been sound safety practitioners throughout their lives—except for once.

"You wonder why would someone do that," Stratman said. "But it happens. You have to develop the proper mindset and realize the importance of doing these things every day. You have to practice good habits. We all fear that 3 a.m. phone call (informing a manager of a serious plant accident or fatality). The worker has to buy in and take personal responsibility. Safety is the most important element of what we do."

Keith Busse, chairman and chief executive officer of Steel Dynamics Inc., Fort Wayne, Ind., said his company has a zero tolerance policy on safety.

"There are people who break the rules," he said. "Most companies have a disciplinary policy, and ours is that (breaking safety rules) will cost you your job. Most people work as part of teams, and if someone witnesses someone else breaking the rules and does not do something about it, the policy will be extended to that person."

All participants agreed, though, that having and enforcing rules and policies are not enough. Most said the key to driving their safety performance to zero injuries lies in part in communication and involvement by both management and workers.

"I wish there was a simple answer," Surma said. "People have often asked me, which would you rather have, good safety or good profits. We want both. It can be done. We can get to zero."

Scott Robertson
srobertson@amm.com

Climate change law has US industry at crossroads

Cap-and-trade to tie steel's hands: Busse

SCOTTSDALE, Ariz. — The U.S. steel industry is facing a "crossroads year" in 2008 as climate change legislation threatens to deal a serious blow to the nation's manufacturing and industrial base, the new chairman of the American Iron and Steel Institute said.

The three presidential candidates are engaged in campaign rhetoric that, if translated into policy, could have a significant impact on the steel industry over the next few years, Keith Busse, chairman and chief executive officer of Steel Dynamics Inc., Fort Wayne, Ind., told the joint annual meeting in Scottsdale of the AISI and the Metals Service Center Institute.

"Presidential candidates, and many in Congress, are pushing full steam ahead for cap-and-trade legisla-
See CAP-AND-TRADE, page 6

Cap-and-trade law endangers steel: Busse

Continued from page 1

tion," he said in his keynote speech. "They do not seem to recognize that a cap-and-trade regime would double energy costs (and) would be damaging to a frail economy. Somehow, they also fail to recognize that proposed requirements would disadvantage American manufacturing vs. competitors in developing countries."

In identifying climate change legislation as the most important political issue facing the AISI, Busse highlighted the deep concerns that industry officials have about the potential impact of a cap-and-trade program. Climate change policy, together with concerns over energy prices and supply, received more floor time than perhaps any other issue at the two-day event.

The AISI is lobbying in Washington on behalf of the steel industry. But several senior industry executives said they are gloomy about the prospects of preventing what they see as deeply damaging climate change legislation becoming law.

"Washington (has) got to the point where they're ignoring science. It's become a moral issue to do this, without any regard to the cost of implementing it," one steel industry executive said.

A bill sponsored by Sen. Joseph I. Lieberman (I., Conn.) and Sen. John W. Warner (R., Va.), known formally as America's Climate Security Act, is the leading climate change legislation now before Congress. It would create a cap-and-trade system for greenhouse gases with the aim of reducing overall emissions by 70 percent by 2050. Sen. John McCain (R. Ariz.), Sen. Barack Obama (D., Ill.) and Sen. Hillary Clinton (D. N.Y.) have all said they support some form of cap-and-trade policy.

This could be deeply damaging to the U.S. economy, Busse warned. "The candidates, like some others in Washington, seem to accept the loss of energy-inten-

sive industries in the U.S. as an inevitable consequence of climate change legislation, something they refer to as 'leakage.' In fact, the loss of manufacturing industries such as steel would cost millions of Americans their jobs, further damaging our economy and threatening our national security," he said.

Proposed legislation risks actually increasing global emissions as it would transfer manufacturing jobs in the United States and other developed nations to regions in the developing world that aren't bound by similar restrictions on greenhouse gas emissions, Busse said. "Tying America's hands behind her back is not the answer."

The steel industry supports the idea of carbon-intensity standards that would set an upper limit on greenhouse gas emissions per ton of steel produced. These limits would apply to all steel consumed in the United States, regardless of origin, and so would require domestic and international producers to meet the same standard if they want to sell into the U.S. market.

While Busse devoted the majority of his speech to climate change legislation, he also highlighted the continuing threat posed by China's alleged currency manipulation and that government's subsidization of its steel industry.

Another major concern is the threat of domestic tax increases, which have the potential to "rupture" the economy, Busse said. "If the mortgage crisis persists, home construction remains on the sidelines, auto production and sales remain weak and we add some form of carbon tax—and on top of that we eliminate the capital gains rate at 15 percent while increasing the margin of ordinary tax rates—the economy could totally implode. We must continue to work through our manufacturing coalitions to lobby effectively against more taxation."

Kevin Foster kfoster@amm.com

Seeking balance on global warming

PITTSBURGH — Keith Busse has yet to sit down for a meeting with former Vice President Al Gore, but given the opportunity he would relish the chance for a chat.

"We would have a lot to debate," Busse said with a laugh.

Busse, chairman and chief executive officer of Steel Dynamics Inc., Fort Wayne, Ind., was one of seven steel industry executives to participate in the Town Hall Forum during the Association for Iron and Steel Technologies' AISTech conference and exposition in Pittsburgh. The executives discussed the need for better control on greenhouse gas emissions and to develop a national energy policy, as well as the problems they see in climate change legislation pending in Congress.

Asked what he would tell Gore if the two could meet, Busse said he'd have plenty to say. "We all want to be vigilant with regard to the environment," Busse said. "But the steel industry has decreased energy intensity by 29 percent in the last 10 years. I don't think we have been getting enough credit for the work we have done already."

Despite that improvement, steelmakers fear cap-and-trade legislation and taxes related to environmental compliance that are being considered in Congress. Busse said the tax that steelmakers are facing would be disastrous for the industry and for manufacturing as a whole, in part because it would force more manufacturing jobs overseas to countries that lack stringent environmental regulations. "So then what have you really achieved?" he asked.

John P. Surma Jr., chairman and chief executive officer of U.S. Steel Corp., Pittsburgh, said the efforts the U.S. industry has made to reduce energy intensity "have gone way beyond the Kyoto Protocols," which was the first international effort to reduce greenhouse gas emissions.

He said the industry must present a united message to Congress explaining its position. Surma said that while Gore's environmental mission is a worthy one and that all steel producers are interested in preserving the planet, there are costs associated with moving forward on

said that science proves that global warming is taking place, while others cited recent reports saying that the impact of global warming is being overstated by environmentalists. All agreed, though, that U.S. steel producers are going to be facing tougher emission regulations and must prepare to address the issue.

"The sooner we start, the better," said Louis L. Schorsch, executive vice president of ArcelorMittal SA, Luxembourg, and president and chief executive officer of its U.S. subsidiary. "We all need to focus on being more

'We've all heard the stories of global warming and the concerns with carbon dioxide emissions. What we have not heard enough about is the cost of (environmental compliance).'

—John P. Surma Jr., U.S. Steel



environmental compliance. While it is important to be vigilant, Surma said it is equally important to proceed in a prudent manner so that manufacturing interests are protected.

"We've all heard the stories of global warming and the concerns with carbon dioxide emissions," Surma said. "What we have not heard enough about is the cost of (environmental compliance). No one has done the economics on what it would cost to achieve a 50-percent reduction by 2030. We need to know that before we make any decisions on how to proceed on this. We need to get more information because right now we are only getting one side of the story."

Some of the executives

energy efficient. That focus will be driven by our cost structures. But we do not want to be in a position where jobs are being shipped out of the United States where that exacerbates the problem."

Busse said the industry is doing its part by investing in new ways to smelt iron and in other projects aimed at helping the environment. "I don't think we want a steel industry that is operating 12 hours per day only in off-peak hours," he said. "That's obviously not the way we want to go. I don't think we are fighting environmental regulations. We want to invest in the technology to get the job done as best we can."

Scott Robertson
srobertson@amm.com

No steel 'bubble'—just a new pricing threshold

PITTSBURGH — The North American steel industry has built a more sustainable business model out of the ashes of bankruptcies in the early part of this decade, and while its leaders aren't yet ready to claim a complete victory, they are confident that the industry is on a path toward sustainability.

Panelists at the annual Town Hall Forum during the Association for Iron and Steel Technology's AISTech conference and exposition in Pittsburgh said they don't believe the industry is operating in an economic bubble that will eventually burst. Instead, they said long-term market fundamentals, boosted in large part by strong demand from

See NO STEEL, page 4

No steel 'bubble'—just a new threshold

Continued from page 1

emerging economies and the weakness of the U.S. dollar, will serve to help the industry continue to enjoy the solid financial results it has posted in the past two years or so.

"Our sector and our company are doing much better," John P. Surma Jr., chairman and chief executive officer of U.S. Steel Corp., Pittsburgh, said. "We have the potential for a more sustainable economic pattern for a longer period than the more vicious cycles we have experienced in the past."

While none of the seven executives participating in the discussion could pinpoint exactly how long the good times will last, most agreed that absent some major, unexpected shift in economic conditions, the industry should be sustainable and be able to attract more investment from outside sources for years to come.

The fact that the steel industry is performing so well at a time of economic recession in the United States continues to temper the optimism to a degree, but most of the executives said fundamentals are such that success should be sustainable.

"I don't think we are in a bubble," R. Joseph Stratman, executive vice president of Nucor Corp., Charlotte, N.C., said. "Global supply and demand really are the things that are driving the bus today. We are conducting this business model at a new threshold. I can see where it is a struggle for customers, but this business model needs to go through the entire value chain."

Many steel customers have balked at high steel prices, and executives said that while they understand the sharp reaction, customers must realize that numbers of the past can almost be forgotten. The weak dollar and high ocean freight rates that have served to limit imports have in turn com-

bined with strong demand from emerging economies to present U.S. mills with export opportunities. Those factors have tightened supply and, together with the need to recoup margins lost to high input costs, have driven prices to unprecedented levels.

"I think what we are seeing now in the market is a spike, but those times of the boom-and-bust cycles are pretty much behind us," said Russel B. Rinn, executive vice president of Commercial Metals Co. and president of CMC Americas, Dallas. "We have transformed into much more of a global business than we were even five years ago. The days when the U.S. sneezed and the world caught a cold are over."

Mario Longhi, president and chief executive officer of Gerdau Ameristeel Corp., Tampa, Fla., agreed. "The fuel for economic growth used to depend on the U.S. and Europe," he said. "That is no longer the case. We've seen a fundamental shift in the way the global economy is working now. People [in emerging countries] are consuming

more goods. They want a better quality of life."

Much of that quality—be it cars, appliances, infrastructure development, food preservation or other goods or services—has a strong basis in steel, and U.S. producers are poised to benefit.

"We've all gone through difficult times and it's good to be optimistic," said Louis L. Schorsch, executive vice president of Luxembourg-based ArcelorMittal SA and president and chief executive officer of ArcelorMittal USA Inc., Chicago. "It's strange to see the steel companies doing so well when the (U.S.) economy is weak. Our challenges are on the supply side. It's very difficult to build a new mill anywhere in the world, except for China. It's a six- to eight-year process—you essentially have to almost build a new town—so it's going to be difficult to keep up with the growing demand for steel (from emerging economies). I think the tendency toward short supply is going to be here for a long time."

Scott Robertson
srobertson@amm.com

Association of
Women in the Metal Industries

Educate

Grow

Network

Mentor

www.awmi.org

AWMI would like to thank NUCOR STEEL for underwriting this ad.

AIST appoints ArcelorMittal exec Harshaw as president

PITTSBURGH — Andrew S. Harshaw, chief operating officer of ArcelorMittal USA Inc., Chicago, has been named president of the Association for Iron and Steel Technology (AIST), Warrendale, Pa., for 2008-09.

He succeeds Charles J. Messina, vice president of Danbury, Conn.-based Praxair Inc., whose term as president expired during AISTech 2008, the AIST's conference and exposition in Pittsburgh.

Other officers appointed during AISTech included first vice president, Anthony R. Bridge (vice president of operations, East, U.S. Steel Corp., Pittsburgh); second vice president, William P. Breedlove (business director, eastern region, MultiServ North America, Pittsburgh, part of Harsco Corp., Camp Hill, Pa.); treasurer, Theodore F. Lyon (managing director of operations, iron and steel, Hatch Associates Inc., Pittsburgh); secretary, Ronald E. Ashburn (executive director of AIST); and officers-at-large, R. Joseph Stratman

(executive vice president, Nucor Corp., Charlotte, N.C.), Kent D. Peaslee (F. Kenneth Iverson Steelmaking Chair at the Missouri University of Science and Technology, Rolla, Mo.) and Michael P. Mueller (vice president, southeastern steel mill operations, Gerdau Ameristeel Corp., Tampa, Fla.).

AIST board members include Danielle Q. Baird (Latrobe Specialty Steel Co., Latrobe, Pa.), Paul M. Behnke (U.S. Steel's Gary Works, Gary, Ind.), Brendan G. Brophy (North Star BlueScope Steel LLC, Delta, Ohio), Butch Collins (Gallatin Steel Inc., Ghent, Ky.), Theodore F. Dageford (Xtek Inc., Cincinnati), Rian J. Dippenaar (University of Wollongong, New South Wales, Australia), Michael S. Dudzic (ArcelorMittal Dofasco Inc., Hamilton, Ontario), Dennis A. Foster (Nucor Steel-Texas, Jewett, Texas), Ty Hall (CMC Steel Texas, Seguin, Texas), Dale E. Heinz (ArcelorMittal Burns Harbor, Burns Harbor, Ind.), Jason E. Holmes (Nucor Steel-Berkeley, Huger, S.C.), Robert J. Jason

(ArcelorMittal Cleveland), John E. Jetkiewicz (CMC Sisak, Croatia), Ronald J. O'Malley (Nucor Steel-Decatur LLC, Trinity, Ala.), Jay J. Ondrovic (Castrip LLC, Crawfordsville, Ind.), Megan A. Preston (All States Industrial Supply Inc., Cinnaminson, N.J.), William C. Roberson (Nucor Steel-Berkeley, Mount Pleasant, S.C.), John C. Rotroff (U.S. Steel's Midwest Plant, Portage, Ind.), Rodney P. Simpson (USS-Posco Industries, Pittsburg, Calif.), John G. Speer (Colorado School of Mines, Golden, Colo.), Michael J. Strelbisky (Tallman Bronze Co. Ltd., Burlington, Ontario), Michael Trainor (ArcelorMittal Dofasco) and Gregory O. Vance (Charter Steel, Cuyahoga Heights, Ohio).

AIST said that more than 8,300 people attended the four-day AISTech. The conference program included more than 350 technical presentations and exhibits by 470 domestic and international companies.

Scott Robertson
srobertson@amm.com