

Steel analyst skeptical of fluctuating market, callbacks, layoffs

Recent lay-offs at ArcelorMittal Weirton brings the plant's workforce to about 950. In it's heyday, the former Weirton Steel employed more than 14,000 people.

By Keri Brown



February 4, 2010--- ArcelorMittal recently announced lay offs of more than 170 steelworkers at its Weirton plant while Severstal Wheeling announced callbacks of hundreds at plants in Ohio and West Virginia. So why are some steel producers calling workers back, while others are laying them off?

Two of the big three U.S. automakers, GM and Ford say sales increased last month compared to the same time last year when sales dipped to a 26-year low. This news is welcomed by some U.S. steel companies.

But **New York-based steel analyst Michael Locker** said small gains won't do much for the steel industry overall.

"Toyota obviously just pulled back because of this enormous recall, so that is a negative. Foreign producers are not doing as badly as U.S. car producers and they are ordering steel but there is no roaring demand for cars out there.

There is a steady incline, we did about 10,000,000 in vehicle sales last year and we are expecting 11,000,000 or 11,500,000 this year. Not something to write home about but certainly better than where we were at last year," **said Locker.**

Severstal Wheeling recently announced it was restarting some of its idled facilities in Ohio and West Virginia, calling back hundreds of workers. The company says the recovering auto industry is slowly helping to increase orders and steel pricing. **Locker said** steel companies in the Northern Panhandle are positioning themselves to be competitive.

"Nobody wants to get caught with their pants down. They are all hedging their bets in my opinion, so they bring people back to ramp up certain production like coke batteries and blast furnaces things that have been idled then they find out demand is not going to be a strong or what we thought it would be, so they start pulling back again.

"We have that in between right now, that is where we are at. People don't know how much demand will be coming back and they don't want to be caught short if it comes back in a reasonable level," **added Locker.**

Two years ago, ArcelorMittal Weirton began restructuring, while transitioning from an integrated steel company that produced hot rolled, cold rolled and galvanized steel, to a tin finishing mill only. That meant fewer employees were needed at the plant. More than 100 employees have been on voluntary layoff, alternating in four week rotations to keep people working.

But the United Steelworkers recently found out that 35 of those workers will now be laid off.

The constant downsizing at the Weirton plant has many workers worried about job security. Perry Stafford has more than 30 years invested in the mill.

“A lot of us are scared because with all of the changes going on right now with the restructuring of the mill rights and maintenance people just makes it hard when someone has worked as a mill right for 32-years and they have to go back to production. I will be working with computers and stuff that I never did before. There is going to be a big learning curve here and I just hope all of us can get through it.”

ArcelorMittal says it remains cautiously optimistic for a slow and progressive recovery and does not expect additional layoffs in the U.S. at this time.

Consolidation in the steel industry and bankruptcies of more than 40 U.S. steel companies over the past 10-years has left companies like the former Weirton steel struggling to find their niche. For ArcelorMittal Weirton, it's tin plate, which is used to make food cans and aerosol containers.

Despite the tough economy, demand for tin plate at Weirton has increased about 15 percent from low levels last year. Orders for aerosol packaging for products like deodorant and hairspray is up about 10 to 12 percent over last year.

Mark Glyptis, local United Steelworkers President said the downsizing has been painful for many people in the community but he said he feels confident that Weirton has a strong future.

“You know there has been some erosion of tin product with alternative product such as plastic coffee cans and plastic paint cans but order books is good, we have a great product and are delivering very well so I believe we will be here for decades to come.”

Glyptis said to ensure steelmaking survives in the U.S., lawmakers need to enforce tougher trade laws with countries like China.

But according to Locker, a bright spot for U.S. steel companies like ArcelorMittal Weirton and Severstal may be exports.

“Heavy machinery is doing better because people are exporting. The one bright spot is exports. The dollar has weakened and now it is starting to re-strengthen as you know to the point where our products are much more competitive on a world scale. The rest of the world economy is not doing as bad as we are and so we are exporting things. In fact, I think we exported more steel in one month than we exported which is astounding,” **said Locker.**

Meanwhile, the union is trying to negotiate severance packages for laid-off workers at ArcelorMittal Weirton. The USW is also meeting with workers this week to discuss the changes. These latest cuts bring the plant's workforce down to about 950.
