

**Pennsylvania House of Representatives
Republican Majority House Policy Committee**

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By:

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- My name is Chris Masciantonio, I am the Director of United States Steel Corporation's Government Affairs department including our activity here in Pennsylvania.
- Along with Bobby McAuliffe, the United Steelworkers Director for District 10 in Pennsylvania, I also serve as the Co Chairman of the PA Steel Alliance.
- The PA Steel Alliance is a statewide Labor – Management partnership with the goal of promoting PA's steel industry and educating public officials of the importance of the industry and steelworker jobs in Pennsylvania.
- Welcome to the U.S. Steel Research & Technology Center
- At U. S. Steel's world-class Research and Technology Center, scientists, engineers, leading experts from across the steel industry, and our customers come together to apply advanced technology to premier product development.

- This facility is located on a portion of the site once occupied by the company's historic Homestead Works. It is a state-of-the-art facility, and is Leadership in Energy and Environmental Design (or LEED) certified building.
- The building includes a wide array of advanced safety features, technology and energy efficiencies. In addition to traditional laboratory and office space, the facility houses a multidisciplinary technical library, materials testing laboratories and several development facilities that simulate all aspects of steel production.

Background on U. S. Steel and our footprint in PA:

(See PPT)

- United States Steel Corporation is the largest integrated steel producer in the United States. (Slide #1)
- Here in Pennsylvania, U. S. Steel is among the largest manufacturers in the state.
- Pennsylvania is home to our world HQ in Pittsburgh, this Research & Technology Center, as well as our Mon Valley Works. (Slides on MVW).
- Starting with our Clairton Plant, this is the largest byproduct coke production facility in the United States. (Cont.)

- United States Steel's Clairton Plant is a producer of high-quality blast furnace coke used by several U. S. Steel facilities.
- Coke produced at Clairton Plant is made from blends of various metallurgical coals, all of which arrive at the plant via barge over the inland waterways system, including the Ohio and Monongahela rivers.
- The Clairton Plant typically receives approximately 5 million tons of metallurgical coal by barge annually.
- This equates to approximately 14,000 thousand tons of coal each and every day of the year.
- On any given day, the Clairton Plant consumes 8 to 10 barges of coal, which equates to as many as 3,650 barge loads in a year.
- The coke produced at Clairton is shipped to U. S. Steel facilities in nearby Braddock, Pa.; as well as in Gary, Ind. and; Detroit, Mich. (Great Lakes Works).
- These mills consume in blast furnaces the coke made at Clairton in the iron & steelmaking process, producing products that serve customers in the automotive, appliance, container, construction, industrial equipment and energy industries.

- (Continue with PPT slides on ET / Irvin) In addition to the Clairton Plant, the Mon Valley Works includes our steel production facility, known as the Edgar Thompson Plant, and major steel finishing facilities at the Irvin Plant in nearby West Mifflin, along with our Fairless Hills galvanizing facility in Bucks County. (Photos included in the handout)
- All combined, the Mon Valley Works employs approximately 3,000 thousand Pennsylvania steelworkers. When you include our Headquarters, Research Center, and other transportation and logistics related facilities, we employ approximately 4,000 Pennsylvanians.

Energy and steel:

- Energy is a critical component of our operating process. For example, the Mon Valley Works operations (here in PA) consumes 20 million cubic feet of natural gas per day.
- We are also among the state's largest consumers of electricity.
- It is critical that manufacturers in PA continue to have affordable and long-term energy supplies - including natural gas and competitively priced power rates. Decisions at the state government level that increases the cost of energy production and electric generation are harmful to manufacturers.

- For this reason, we work closely with the energy sector, and with state policy leaders on issues impacting energy resources.
- Having available and competitively priced energy resources – natural gas and electricity – provides our facilities with a key advantage in a fiercely competitive global steel market.
- In addition to being a large customer of the energy sector, we are also a major supplier of steel products. In fact, U. S. Steel is the largest producer of steel pipe products to the gas & oil industry in the United States. We operate pipe mills in Alabama, Ohio and Texas. (Pipe Mill Slide).
- Accordingly, a healthy and vibrant energy sector is very important to our company as a major supplier, and as a consumer.

Pennsylvania as an important manufacturing state.

- Pennsylvania remains among the leading manufacturing states in the country. In the Pittsburgh Region alone, manufacturing is the 3rd largest sector in terms of gross regional product at \$13.9 billion. It also employs over 93,000 residents in the Pittsburgh Region.
- *For this reason alone, it is important for state policy leaders to support manufacturing. However, there are additional reasons....*

- We all know that manufacturing is important to our country. It impacts lives, can lift families up, open doors to prosperity and raise the standard of living.
- In order to foster growth and innovation in the manufacturing sector, leadership in state and federal government should work closely with manufacturers and energy companies to develop policies that will remove barriers and create incentives for manufacturing investment and job creation.
- Here in Pennsylvania, we are truly fortunate to have a strong manufacturing base, and to be sitting on top of one of largest natural gas plays in the world – the Marcellus Shale.
- The opportunities to develop our energy and manufacturing sectors are now before us. The role of state government will be important to ensure our businesses are not deterred from taking advantage of this opportunity through over regulation and taxation.
- Likewise, **Environmental Regulation** must be reasonable and based on modern science. U. S. Steel and our employees have a strong commitment to our environment. It is critical that we continue to maintain the proper balance of environmental responsibility and economic opportunity, and not risk the future of our remaining manufacturing jobs.

Steel over capacity and Fair Trade

- If I may, I would like to spend the last few minutes of my remarks talking with you about arguably the single biggest challenge facing the American steel industry.
- Most of us are aware of the important historical contributions the steel industry has made to the country. The steel industry played a critical role in building and defending our great nation for more than 115 years.
- Throughout its' history, and even more so than ever today, steel is an amazing material. It's literally the foundation upon which modern societies build and evolve. It makes our lives safer, easier and better.
- In the 19th century, the shift from iron to steel ushered in the Industrial Revolution. Steel was that revolution's engine of growth. Today's steel products remain essential to building and maintaining a modern society.
- There are tremendous opportunities for newly invigorated growth, and there is a new-found enthusiasm for American manufacturing -- that includes steel.

- Our nation's critical infrastructure and energy independence depends on steel. This includes everything from our roads and bridges to the pipelines that extract and deliver our oil and natural gas, as well as, our water supply.
- Steel also remains a core component in building & construction, and much of the equipment on today's construction sites is made of steel. Steel is needed for all of these things.
- Our company firmly believes that having the ability to manufacture steel here in the United States is critical for our nation's future economic and national security.
- Unfortunately, the United States has long been a target for countries seeking to manipulate the global economy to their benefit, and the steel industry is a microcosm of the damage that's resulted from those behaviors.
- Some countries claim they are merely trying to be more competitive in the global marketplace. In reality, they are ignoring the single most basic economic principle – supply and demand – and ignoring laws designed to ensure trade is both free and fair for all parties involved.
- The result – significant industrial over capacity that distorts and disrupts the global marketplace.

- In the case of the American steel industry, we've spent decades fighting for the rule of law to be applied.
- Unfortunately, we saw it erode slowly over a long period, while we were forced to compete with government sponsored steel makers in other countries. They rarely if ever must worry about environmental, labor and safety standards, or even market forces, but we do.
- **Let me offer you just one stark statistic.** In 2000, China produced approximately 14 percent of the world's steel, slightly more than the U.S. production of 11 percent, that same year.
- In 2015, China accounted for more than 49 percent of the world's steel production, almost as much as the rest of the world combined. (Per the World Steel Association.)
- Today, the nation's steel industry is at a crossroads as we continue to experience an alarming rate of unfairly priced foreign steel imports from China and other nations.
- Unfairly traded steel imports have reached historic levels in 2015 and 2016, taking almost 30% of the domestic steel market. If not addressed by our government leadership, the future of the American steel industry will be placed in jeopardy.

- Fortunately, efforts are underway to address this problem.
- President Trump, through his Secretary of Commerce, Wilbur Ross, has initiated an investigation under Section 232 of the Trade Expansion Act (of 1962).
- We believe that this investigation will result in a positive finding for the American steel industry, including the important relationship between American steel production and our country's national security.
- We anxiously await a decision on the Section 232 investigation, and we are optimistic the President will do what is needed for the American steel industry and its steel workers.
- I have gone longer than I should so I will stop here and say thank you for allowing us to host the House Policy Committee this morning.
- If you would have any questions on the issues I have covered, I would be glad to provide more information, or answer any questions.

