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AISI Public Policy Priorities – Promoting a Pro-Manufacturing Agenda

Steel and other manufacturing industries are the backbone of our economy. A strong manufacturing sector creates significant benefits for society, including good-paying jobs, investment in research and development, critical materials for our national defense, and high-value exports. Yet manufacturing in North America is in crisis, facing significant challenges to its international competitiveness due to a host of factors, including burdensome tax rates, energy costs, inadequate investment in infrastructure, increasing regulatory burdens and foreign unfair trade practices. Since 2000, 5.6 million U.S. manufacturing jobs have been lost because of the lack of aggressive policies to promote manufacturing here in America. A concerted pro-manufacturing policy agenda is needed to reverse this troubling trend.

The impact public policies have on manufacturers must be carefully considered to ensure both economic growth and our national security. The United States cannot continue to lose its manufacturing base due to market distorting foreign competition or government policies that discourage domestic investment in productive capacity. Should this happen, millions of additional jobs would be lost and our economic strength as a nation would be further damaged. In addition, the U.S. military and our civilian national security agencies would lose their principal source of strategic materials and our nation would become dangerously dependent upon foreign sources of supply.

To meet these critical goals, the North American steel industry strongly supports the implementation of a national pro-manufacturing agenda to ensure U.S. manufacturers are able to compete in today's global economy. Key aspects of such an agenda include the following:

International Trade. 3
Industry Position: Steel and other manufacturers in the U.S. are facing significant trade and competitiveness challenges. A more effective U.S. trade policy is needed to combat foreign unfair trade practices, level the playing field, and preserve and strengthen our nation's manufacturing base. The U.S. Government must keep our laws against unfair trade strong; strictly enforce trade laws and agreements; use all means to prevent and address unfair trade and injurious surges; and expand rules-based trade through existing and new trade agreements.

Tax Policy. 5
Industry Position: Policymakers must ensure that any tax reform proposals advanced in the Congress will strengthen the U.S. industrial base by reducing, not increasing, the overall tax burden on manufacturers and by promoting increased investment in manufacturing plant and equipment. To keep steel producers competitive, a significant reduction in the *effective* tax rate on manufacturers is needed (given corporate tax rates in key competitor nations on the order of 20 percent or less), as well as continuation of provisions to promote capital investment in the United States.

Energy Policy. 7

Industry Position: Congress should craft a national energy policy that promotes development of all domestic energy sources, with particular focus on the benefits to manufacturing provided by new shale natural gas production. Congress should also promote industrial energy efficiency efforts and support research and development of breakthrough technologies. If climate change is a problem, it can only be addressed effectively on a global basis. This must be the guiding principle if the U.S. is to actually lower CO_2 emissions globally without lessening the competitiveness and growth opportunities of domestic steel producers.

Environmental Policy and Regulations. 9

Industry Position: The ongoing development of multiple new environmental regulations will create severe competitive disadvantages to U.S. industry and endanger manufacturing jobs. Congress should examine the impact of proposed environmental regulations on industrial competitiveness, require adequate cost/benefit analysis, and encourage greater transparency and industry access to the regulatory development process at EPA and state agencies.

Transportation and Water Infrastructure. 11

Industry Position: A globally competitive economy depends on an effective and efficient transportation infrastructure as it directly impacts the competitiveness of the manufacturing sector and creates significant demand for steel fabricated products. Likewise an improved water infrastructure would greatly benefit the industry and the economy. Accordingly, the Congress should enact a new long-term transportation act and water infrastructure legislation.

Workforce Policy 13

Industry Position: Congress and the Administration should pursue cooperative government-industry approaches to promoting worker health and safety, such as the OSHA Voluntary Protection Program (VPP). Overly burdensome OSHA regulations may misplace priorities and create costs to employers that prevent workplace safety and health benefits from being realized. Furthermore, government workplace regulation that distorts investment decisions by private industry should be minimized. The federal government should also support educational programs to prepare the next work force in "applied engineering technology" for work in industries such as steel.

International Trade

Background. U.S. manufacturers and their workers can compete with anyone in the world on a level playing field, but they cannot compete against governments. Strong U.S. antidumping (AD) and countervailing duty (CVD) laws provide critical discipline against unfair trade. The United States plays by the rules and adheres to its WTO obligations, but some of our trading partners do not. China – a non-market economy (NME), a significant exporter and by far the world's largest steel producer – has disrupted world markets by continuing to expand production of steel and steel-containing products, even during the recent global economic downturn. After nearly tripling in 2010 vs. 2009, China's net exports of finished steel products increased again by almost 30 percent in 2011. Steel and other U.S. manufacturers are facing significant trade challenges.

Situation. U.S. trade remedy laws have been weakened through previous trade agreements and erroneous WTO dispute settlement decisions. China's steel and steel-intensive industries remain government-owned and controlled and heavily subsidized. Similarly, China continues to protect and increase its exports by manipulating its currency, raw material markets and border measures for steel and steel-containing goods. India and other major offshore steel producers also continue to use subsidies, tax and trade policies, and investment restrictions to protect their markets and expand their exports. The United States needs a new, more effective trade policy to combat these unfair practices, level the playing field, and preserve and strengthen our manufacturing base.

Industry Position. Strong and strictly enforced laws against unfair trade must be the cornerstone of any pro-manufacturing agenda for the United States. Enforcement of our trade remedy laws is not "protectionism." Key efforts should be to:

Strictly Enforce Trade Laws and Agreements. Congress and the Administration should preserve our existing retrospective trade remedy system and work to ensure strict enforcement of our trade laws and agreements. Efforts should include the following:

- Enact legislation to clarify longstanding Congressional intent to permit the full application of the CVD law to non-market economies (NMEs).
- Support passage of The ENFORCE Act (S. 1133 and HR 3057) in order to address the growing problem of circumvention and evasion of U.S. AD/CVD orders.
- Enact legislation that restores the strength of U.S. trade laws and updates existing trade remedies based on new economic realities, e.g., remedies for currency manipulation (S. 1619 and HR 639) and exporter absorption of AD/CVD duties ("duties as a cost" issue).
- Support only Administration appointees who believe in the importance of the trade laws they are commissioned to negotiate and enforce (USTR, Commerce, International Trade Commission, and Customs).
- Support more resources for Commerce's Import Administration. Support an enhanced Customs focus on commercial enforcement (fraud and circumvention, trade law evasion and product safety problems). Encourage expanded resources for the Office of the U.S. Trade Representative (USTR) to exercise U.S. rights under existing law and agreements.

- Fully support WTO cases brought by the United States against China's illegal export restrictions on raw materials, China's gross abuse of its AD/CVD laws, China's WTO-prohibited import substitution subsidies to its wind power sector and other actions inconsistent with WTO obligations. Identify additional WTO cases that would benefit U.S. manufacturing and defend vigorously against attacks on U.S. law.

Use All Means Available to Prevent/Address Unfair Trade and Injurious Surges from China. Congress and the Administration must ensure full and strict application of the CVD law against China, as well as an effective trade remedy against Chinese government currency manipulation. China's NME status under AD law must be maintained, as well as findings that China's steel industry is state-owned and -controlled. AISI supports increased scrutiny of China's state-owned enterprises (SOEs) and the Chinese government's industrial policy strategies for raw materials, steel and other manufacturing industries. More aggressive diplomatic efforts should be made to reach out to other governments to take joint action to challenge Chinese trade and industrial policies. AISI urges increased vigilance with respect to Chinese export trends and developments in China that are driving them.

Expand Rules-Based Trade Through Existing and New Trade Agreements. Congress and the Administration should work to expand rules-based trade through existing and new trade agreements, and oppose trade law weakening in legislation and trade agreements, including the WTO Doha Round and any potential new free trade agreements (such as the Trans-Pacific Partnership or "(TPP")). A rules-based trade policy agenda should include the following:

- Address overreaching in WTO dispute resolutions, including erroneous WTO Appellate Body decisions. Specifically, the United States should continue efforts to seek a negotiated agreement to allow "zeroing" in AD calculations, and implement additional AD policies and practices that preserve the full effectiveness of our AD law.
- Remedy the failure of WTO rules to adequately address restrictions on raw materials and other export barriers.
- Support a strong TPP Agreement that, among other things, maintains the effectiveness of U.S. trade remedy laws, eliminates tariff and non-tariff barriers to trade among TPP nations, and disciplines the behavior of SOEs.
- Pursue additional new trade agreements and negotiations to eliminate tariffs, export taxes, and other trade barriers to U.S. exports. Any new agreement should also include disciplines on SOE behavior to eliminate potential anti-competitive and other market distorting effects.
- Ensure that Russia's WTO accession results in maximum trade concessions and real benefits for U.S. manufacturers, including elimination of Russia's trade barriers.
- Support a re-examination of the priorities for the Doha Round negotiations to account for significant changes in the global economy, including the fact that China is now the second largest economy in the world.

Tax Policy

Background. A healthy and vibrant manufacturing sector is crucial to our nation's economic recovery and to addressing the current budget deficit. It is the engine that provides citizens with good-paying jobs with benefits and creates high value products for export. As such, federal tax policy should encourage investment in manufacturing plant and equipment. Efforts to reform existing tax law should be focused on eliminating anti-competitive tax policies that inhibit new investment in manufacturing, and should not result in a net tax increase on the manufacturing sector.

Situation. In order to increase our global competitiveness, the federal government must lower the overall taxes that U.S. businesses must pay. Other nations have been lowering their corporate tax rates in order to encourage economic growth while the United States' combined (federal plus state) tax rate has remained among the highest in the world, at almost 40 percent. Both Congress and the Administration have recognized the disadvantage U.S. businesses face internationally because of the United States' exceptionally high corporate tax rate and have proposed corporate tax reform as part of deficit reduction proposals. More specifically, there has been fairly broad bipartisan support for an overall reduction of the corporate tax rate and simplification of the tax code in order to increase U.S. competitiveness, grow the economy, and create jobs. However, based upon analyses of the tax reform plan proposed by the President's National Commission on Fiscal Responsibility and Reform, simply eliminating all or most corporate credits and deductions to pay for a corporate rate reduction will, in fact, undermine these important goals by discouraging investment in the manufacturing sector and result in roughly a $48 billion tax increase on manufacturing, while granting tax cuts to the retail and financial services sectors.

Industry Position. As a capital-intensive industry facing intense competition in the U.S. and global markets, the American steel industry supports tax policies that will level the international playing field and make U.S. firms more competitive globally. The steel industry therefore supports corporate tax reform that adheres to the following fundamental principles:

- **Reduce the corporate tax rate to the level needed to allow U.S. manufacturers to compete on a level playing field.** If tax reform is to produce real economic growth and job creation, it cannot simply be a redistribution of wealth from manufacturers to other sectors of the economy. Rather, the key benchmark for determining the appropriate rate reduction must be an analysis of the rate structure necessary to promote the international competitiveness of U.S. industry. For example, studies by the Tax Foundation indicate that in order to match the corporate tax rate of China and the simple average of the OECD countries would require reducing the U.S. federal corporate tax rate to approximately 20 percent.

- **Avoid a net tax increase on U.S. manufacturing by maintaining incentives in the tax code to promote investment in the United States.** The average effective tax rate for the manufacturing sector between 2003 and 2008 was 19.7% (according to Tax Foundation Special Report No. 194). To the extent that a reduction in the statutory corporate tax rate is combined with the elimination of certain credits and deductions, those measures

critical to manufacturing competitiveness must be preserved, or the rate reduction must be sufficient to offset the increase in tax liability resulting from the loss of these credits and deductions. Examples of such credits and deductions are the Section 199 domestic activity production deduction, accelerated depreciation, the research and development tax credit, percentage depletion, and the LIFO accounting methodology.

- **Eliminate the corporate alternative minimum tax (AMT).** Congress should eliminate the corporate AMT, which places an enormous administrative burden on corporations, denies companies legitimate deductions and acts as a disincentive to new investment.

- **Include necessary and appropriate transition rules.** To ensure a fair transition to a new system, it is critical that U.S. companies be allowed to carry with them into any new tax system net operating losses (NOLs) and other tax assets they have accumulated under the current system.

Corporate tax reform, if properly constructed, can provide the environment American companies need to expand and increase production and exports, create jobs, and aid in our economic recovery, which is an essential component to addressing the current fiscal crisis facing the United States. In order to do this, Congress must put forth a tax reform proposal that improves our competitiveness relative to our major global trading partners and does not result in a net tax increase on manufacturing.

Energy Policy

Background. Over the past 20 years, the domestic steel industry has made dramatic improvements in its energy and environmental impacts. The industry has achieved a 27% reduction in energy intensity resulting from significant efficiency increases, as well as a 33% reduction in CO_2 emissions. A 2011 Department of Energy-sponsored report concluded that the steel industry in the U.S. is the most energy efficient of any major steel producing country. Steel also has lower life-cycle emissions than competing materials and is the most recycled good in the world.

Even with this reduction in energy intensity, the production of steel remains energy intensive. The domestic steel industry consumes substantial amounts of coal and coke, natural gas and electricity. Some companies are predominantly dependent on electricity – the electric arc furnace (EAF) segment of our industry accounted for 75 percent of our industry's electricity consumption. Conversely, integrated producers accounted for 93 percent of all coal and coke consumed by the sector. Natural gas is important for both EAF and integrated producers. Fuel prices, choices, and availability influence each company's competitiveness in different ways.

The recent increased production of natural gas from shale formations in key areas of the United States could hold substantial benefits to the steel industry in several ways. The industry consumes large amounts of natural gas, and will benefit from the increased supply of this low cost and reliable energy. Natural gas production is also an important market, as steel pipe and tube is integral to both the transmission and gathering of this resource. Producing more natural gas will help maximize industry market opportunities due to the increased demand for steel.

The steel industry worldwide is committed to continued CO_2 reduction via increased recycling, sharing of best available technology, developing breakthrough technologies — from which future steels may be made emitting little or no CO_2 — and by the continued development of lighter, stronger and more durable steels which enable our customers to reduce their CO_2 emissions.

Situation. After several years of debate on proposals to create cap-and-trade mechanisms to limit greenhouse gas emissions, Congress has shifted focus to energy-related legislation. The House of Representatives in 2011 passed legislation focused on expanding Outer Continental Shelf (OCS) oil and gas exploration in the Gulf of Mexico, and on reducing regulations on energy providers. In contrast, Senate legislative efforts in 2011 were related to the promotion of alternative energy technologies and energy efficiency. Other key areas of focus for some in Congress are a Clean Energy Standard (CES) and support for research and development related to breakthrough technologies for low carbon energy and industrial production.

Industry Position. AISI believes that Congress should craft a comprehensive and market-driven energy policy built around promoting full development of domestic energy sources, incentives for industrial energy efficiency improvements, and additional support for industry efforts to develop breakthrough technologies. In particular, such an agenda should:

- Create an abundant and affordable energy supply by developing domestic oil, natural

gas, nuclear power, and clean coal resources and fully make all these sources of energy part of the nation's energy independence strategy moving forward. In particular, natural gas from shale formations is a strategic resource that can help drive economic recovery, particularly in the manufacturing sector. Environmental regulations on shale gas drilling should maximize the potential benefit while balancing impact on the environment. Also, excessive speculation in energy markets can be detrimental to both producers and users, and should be avoided.

- Maximize the energy efficiency of existing industrial facilities in the near-term. This can be achieved by policies that promote the capture and conversion to electricity of heat and byproduct gases at industrial facilities. Measures that promote combined heat and power (CHP) should be pursued as well. The relationship between utilities and industrial customers should also be structured in such a way as to maximize energy and environmental benefits from efficiency investments.

- Include all clean sources of energy – including nuclear, natural gas, hydro-electric and clean coal carbon capture and storage (CCS) – in policies promoting renewable sources of electricity, such as wind and solar. The costs associated with additional renewable electricity capacity should not be disproportionately borne by large manufacturing purchasers.

- Support breakthrough research for longer-term benefits. Steel and other energy-intensive manufacturers have made great strides in energy efficiency to the point that today's processes are optimized. To further lower energy intensity and to substantially reduce emissions, new processes must be developed that do not rely on carbon fuels. Steel has already begun this long-range research. Cost-sharing, tax incentives and favorable depreciation schedules are also important for this work and for transforming the energy sector.

Finally, policymakers must recognize that if climate change is a problem, it can only be addressed effectively on a global basis. This must be the guiding principle if the United States is to actually lower CO_2 emissions globally and do so without lessening the competitiveness of domestic manufacturers in the global marketplace. U.S. energy and climate policy must take into account international competition and how the cost of our compliance will alter the competitive balance in the marketplace. Specifically, the enactment of any CO_2 reduction legislation or regulations in the United States must apply the same level of stringency to other major steel producing nations, such as China, on a contemporary timeline. By contrast, EPA regulation of greenhouse gases (GHGs) from stationary sources under the Clean Air Act will likely harm the competitiveness of domestic manufacturing, shifting American jobs and emissions to unregulated nations. The Clean Air Act statute was not intended for the regulation of GHGs, and is not the proper statutory scheme for seeking reductions in GHG emissions because of its localized methods of regulation and enforcement and disregard for competitive economic impacts.

Environmental Policy and Regulations

Background. Over the past several years, the U.S. Environmental Protection Agency (EPA) has undertaken an aggressive regulatory agenda, proposing a substantial number of new regulatory initiatives. In addition, because the 111th Congress did not pass the comprehensive cap-and-trade legislation urged by the Administration and the 112th Congress is unlikely to enact significant expansions of existing environmental regulatory statutes, the EPA is expected to continue its already extensive regulatory rulemaking activities in all program areas in the coming year. AISI will continue to engage the Agency as it pushes ahead with new and revised regulations in a number of program areas, including air, water, toxic chemicals, and solid waste.

AISI currently interacts with the EPA on more than 40 environmental rules that may have significant impacts on steel manufacturers. For example, the Agency is currently undertaking a number of actions in the air program ranging from reviewing and strengthening ambient air quality standards which includes an unprecedented reliance on conservative modeling assumptions for decision making instead of actual monitoring data to the imposition of lower emission limits for major stationary sources. Many of these new regulations will create permitting obstacles for investment in new and renovated facilities and impose significant additional costs on domestic steel producers as well as other energy intensive industries. In addition, a number of state environmental agencies have taken aggressive regulatory action that impact the steel industry, such as proposals to regulate the ballast water of ships carrying goods on the Great Lakes to address invasive species concerns.

Situation. AISI has long identified environmental stewardship and commitment to sustainability as part of our industry's strategic plan and our vision for the future. As a result of this commitment, we are aggressively seeking ways to reduce our environmental footprint even while producing the advanced and highly recyclable steel that our economy needs. In fact, the American steel sector is recognized as having the steepest decline of total air emissions among nine manufacturing sectors studied in EPA's 2008 Sector Performance Report.

Even though the steel industry has a history of demonstrated leadership in meeting and exceeding environmental requirements, the simultaneous development of multiple new environmental regulatory proposals across several program areas at the federal and state levels will create severe competitive disadvantages for the industry and endanger manufacturing jobs.

Industry Position. AISI believes that the Congress should continue to conduct a comprehensive oversight program of environmental regulatory development activities and initiatives. In particular, such a program would:

- Examine the impact of the EPA and state agencies' regulatory agenda on jobs and industrial competitiveness;
- Seek greater emphasis on cost/benefit analysis of proposed regulations at both the federal and state levels;

- Encourage greater transparency and industry access to the regulatory development and implementation processes at EPA and at state environmental agencies; and

- Delay or prevent proposed unilateral regulations that would harm U.S. industrial competitiveness without addressing the international aspects of the environmental issues that they seek to address. One clear example of this is EPA regulation of greenhouse gases (GHGs) from stationary sources under the Clean Air Act. The Clean Air Act statute was not intended for the regulation of GHGs, and EPA's plans to regulate stationary sources will negatively impact American manufacturing jobs while increasing emissions from sources in nations without similar regulations.

Transportation and Water Infrastructure

Background. A globally competitive economy depends on an effective and efficient transportation infrastructure. The report of the National Surface Transportation Infrastructure Financing Commission to Congress estimates that it will require approximately $200 billion per year, each year, for the foreseeable future to maintain and improve the nation's highways and transit systems. An efficient infrastructure directly impacts the competitiveness of the manufacturing sector. In addition, infrastructure improvements and expansion creates significant demand for steel fabricated products.

Steel plays a vital role in transportation infrastructure repair and development through the use of steel plate, structural members, reinforcement bar, guardrails, signage, utility poles and a wide range of other steel products. The most recent transportation act, *Safe, Accountable, Flexible and Efficient Transportation Equity Act-a Legacy for Users (SAFETEA-LU),* addressed a portion of the infrastructure expansion and improvement in the U.S. and provided a high-profile opportunity for steel. This legislation was set to expire in September 2009 but has been extended on a short-term basis on several occasions, most recently through March 2012. Authorization of a new act is way overdue. In addition, federal funding through the Highway Trust Fund is currently inadequate. This, coupled with the current economic downturn, has resulted in delays or stoppage of vital transportation projects nationally.

With regard to the nation's water infrastructure, it is estimated that fifty percent of the 160,000 public drinking water systems in the United States have reached the end of their useful lives and would require $277 billion by the year 2023 for improvements and replacements. Of the 16,000 wastewater treatment facilities in the United States it would require at least $140 billion for needed improvements and added capacity. The Army Corps of Engineers estimates that clean water projects, flood protection and navigation improvements will require an estimated $24 billion over the next 10 years.

Again, steel plays a vital role in water infrastructure repair, replacement and expansion through the use of steel plate, reinforcement bar, pressure and non pressure pipe, pumps, valves, tanks, grates, sheet piling as well as a variety of other steel products. The Safe Drinking Water Act, the Water Quality Investment Act and the Water Resources Development Act are all overdue for reauthorization.

Situation. In 2012, Congress needs to authorize a new multi-year surface transportation act, a safe drinking water act, a clean water act and a water resource development act.

Industry Position. A surface transportation authorization bill should include the following:

- An adequate level of funding for surface transportation infrastructure needs with an emphasis on highways and specifically bridges;

- Research funding with regard to the durability of continuously reinforced concrete pavement (CRCP) and research on improved gas mileage;

- Research funding to develop new modular bridge systems that are more corrosion-resistant and can be rapidly constructed;

- Targeted research for steel bridge fabrication and construction (non-modular); and

- Measures to ensure proper implementation of the long-standing Buy America provision for surface transportation projects by:

    - Ensuring a permanent and transparent waiver process, and
    - Preventing the segmentation of projects to avoid existing Buy America requirements.

Water infrastructure authorization bills should contain adequate funding levels to address the Nation's water infrastructure needs. The bills should also recognize the vital and necessary role that steel and steel products play in restoring the nation's water infrastructure. Steel should be at least on an equal footing with other construction materials used in these projects and should not be put at a disadvantage.

Workforce Policy

Background. There are several key public policy areas that impact the state of the steel industry's workforce. In particular, matters regarding worker occupational health and safety (OHS) and education, along with policies that may impact company investment decisions are of key importance to AISI member companies.

AISI member companies have made substantial efforts to decrease the number and frequency of workplace incidents and continue to work through AISI to share information and best practices to meet their shared goal of improving occupational safety and health. AISI recognizes that it is a policy priority of the federal government to ensure safety and health at industrial workplaces. The steel industry shares this critical goal. Our experience has demonstrated that cooperative efforts among company management, employees, and government can help maximize safety and health. However, regulations that are not based on thorough cost-benefit analysis may misdirect priorities and create unnecessary costs for employers that prevent optimum workplace safety and health benefits from being realized. Furthermore, increased enforcement measures can be counterproductive to achieving optimal benefits. It is also critical that the nation educate and prepare the next generation of workforce in "applied engineering technology" for work in industries such as steel.

Situation. The Department of Labor and OSHA leadership have proposed an aggressive regulatory agenda, and have increased workplace inspections and enforcement efforts. This multifaceted regulatory agenda includes several items of concern to the domestic steel industry, including OSHA's Injury and Illness Prevention Program (I2P2), a new potential standard for combustible dust, a revised interpretation of the existing noise standard, a lowering of the permissible exposure limit (PEL) for crystalline silica, and a revision to the OSHA recordkeeping rule that would require employers to list musculoskeletal disorders (MSDs) as a separate entry on the OSHA form.

In Congress, attempts have been made in recent years to pass the Protecting America's Workers (PAW) Act, an OSHA reform bill that would promote litigation to the detriment of worker health and safety. This legislation, along with a bill promoting a combustible dust standard, is strongly opposed by the steel and other manufacturing industries. Bipartisan bills have been introduced in both the House and the Senate to permanently authorize and improve the OSHA Voluntary Protection Program (VPP).

Over the past year, the National Labor Relations Board (NLRB) has also untaken an aggressive regulatory agenda that could impact fundamental investment decisions of manufacturers. For example, the NLRB brought a complaint against The Boeing Company regarding its selection of a site in South Carolina for the production of its 787 Dreamliner aircraft, rather than making a similar investment at its existing operations in Puget Sound, Washington. The NLRB alleged that the South Carolina location was chosen over the Washington facility in retaliation for union activity at the Boeing Washington site, and sought to prevent Boeing from moving forward with its investment in South Carolina. That case was dropped by the NLRB after Boeing committed to making a separate investment in Washington State.

Industry Position. AISI urges continued cooperative government-industry approaches, such as codifying and funding the Voluntary Protection Program (VPP), to promote worker health and safety both on the legislative and regulatory fronts. It is critical that key OSHA regulations developed and proposed in 2012, including I2P2, the noise standard interpretation, combustible dust, and crystalline silica, be based on thorough cost-benefit analysis so that unintended consequences do not occur. Regulations should be directed on the shared health and safety goals of employers, employees and OSHA, and not create unnecessary costs that prevent these benefits from being realized. Furthermore, increased enforcement measures can be counterproductive to achieving optimal benefits. Likewise, AISI remains concerned that the Protecting America's Workers Act wrongly focuses on increasing inspections and litigation, rather than on improving workplace safety and health.

AISI also believes that the federal government should avoid regulatory actions aimed at influencing how and where individual companies make investments in new plants and equipment. For example, the NLRB's pending case against Boeing about the location of a new production facility may have a chilling effect on employers seeking to create jobs throughout the United States.

Finally, the steel industry supports development of educational programs that will prepare the next generation of workforce in "applied engineering technology," and other advanced concepts, for work in industries such as steel. Our competitiveness depends on maintaining a well-educated workforce capable of meeting the technological challenges of the 21st Century.