



ArcelorMittal

**Testimony of John Brett
President and Chief Executive Officer, ArcelorMittal USA**

**Congressional Steel Caucus
March 27, 2019**

Good morning, Chairman Lamb, Co-Chairmen Bost and Crawford, and Members of the Caucus. Thank you for the opportunity to testify this morning on the state of the U.S. steel industry.

Today, one year after President Trump announced he would use his national security authority to limit steel imports, ArcelorMittal USA is a stronger company. We just reported our best year financially since 2007. As a result, we have been able to increase our investments in our plants and our people.

In 2018, ArcelorMittal invested more than \$392 million on projects across our U.S. operations. Examples of these include:

- Installing walking beam furnaces at our Burns Harbor facility to support the delivery of quality substrate for our automotive customers;
- Upgrading the hot dip galvanizing line at ArcelorMittal Cleveland to enable production of new steels with increased formability and strength;
- Ensuring consistent shape control at Indiana Harbor's No. 3 continuous annealing line; and,
- Improving AM/NS Calvert's coating and galvanizing lines to support production of 3rd generation advanced high strength steels.

In 2019, our capex budget will increase to approximately \$460 million – our largest capex budget in recent memory. With these additional funds, we will continue to invest in strategic projects to expand our capabilities and improve efficiency. Meeting and exceeding our customers' expectations is the key to building a sustainable steel company for the future.

Our stronger financial performance in 2018 certainly contributed to the generous 4-year labor agreement we reached with the United Steelworkers last fall. Under that contract, we agreed to pay each of our union employees a \$4,000 bonus and pay increases of between 3 and 4 percent annually over the next four years. We also committed to spend a minimum of \$3.1 billion on our facilities over the life of the agreement.

Looking ahead, I would like to say that the outlook for 2019 is equally strong. In reality, demand for our steel products is expected to be steady, at best. Although import market share for our products is the lowest since 2013, global overcapacity in steel continues to be a threat. If global steel demand softens, the U.S. market will be the destination of choice, as always, putting the investments and expansions under way in the United States at risk.

Beyond trade actions that help level the playing field, there is one single act you could take to stimulate demand for steel and increase the competitiveness of American manufacturing: **Pass a meaningful infrastructure package.**

Thank you, Mr. Chairman, for raising this issue when you spoke at the recent AISI board meeting. As an integrated steel producer, ArcelorMittal USA transports iron and coke to our blast furnaces to make steel. We mine taconite in Minnesota's iron range; turn it into pellets; then move the pellets by rail to the Port of Duluth where they are loaded onto thousand-foot ships, which transit Michigan's Soo Locks for delivery to our blast furnaces in Indiana and Ohio. That raw iron meets up with coke that began life at our West Virginia coal mines, moved by rail or barge to our coke batteries in Ohio, Indiana and Pennsylvania, and then on to our steel mills. Once produced, our steel moves by rail, truck and water to our steel finishing operations and to our customers.

Not only are these modes of transportation essential to our operations and our customers, but they are also steel-intensive. Rail and rail cars; roads, bridges and trucks; locks, dams and ships; pipelines; electrical generation, transmission and distribution – all require significant amounts of steel to build and maintain.

ArcelorMittal and the other domestic steel companies and steel workers have testified before this Caucus year after year about the importance of dealing with our nation's aging infrastructure. Please let this year be the time to stop talking and start investing.

In closing, I want to express our support for the newly renegotiated U.S.-Mexico-Canada Agreement. Millions of tons of ArcelorMittal steel, made in the United States, Canada and Mexico, cross borders within the NAFTA region each year. We welcome the strengthened auto rules of origin which should make sure North American steel continues to be the steel of choice for our auto customers. I urge the Congress to approve the new agreement this year.

Thank you and I look forward to answering your questions.