Testimony of James L. Wainscott
Chairman, President and CEO, AK Steel Corporation
Chairman, American Iron and Steel Institute

Congressional Steel Caucus Hearing
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Thank you, Chairman Visclosky and Vice-Chairman Murphy, for convening today’s re-scheduled hearing. We appreciate your leadership of the Steel Caucus which, over the years, has been so supportive of the steel industry.

My name is Jim Wainscott. I serve as the Chairman, President and Chief Executive Officer of AK Steel Corporation, based in West Chester, Ohio, and I am also the current Chairman of the American Iron and Steel Institute.

A native Hoosier from northwest Indiana, I am honored to be here with you, Mr. Chairman – and with all of the members of the Steel Caucus – to offer a few comments on the current state of the steel industry.

As you well know, the steel industry is the backbone of the U.S. economy. Our world-class industry contributes $350 billion annually to our economy, directly employing more than 165,000 people and supporting more than 1 million other jobs.

Steel is fundamental to the automotive, construction, and defense industries, among many others. And, virtually all of those industries are still hurting.

A year ago, when we testified before you, we were in the grips of a severe recession, and its effect on our industry and our employees during 2009 was considerable. At that time, our mills were limping along, operating at only about 40 percent of capacity.

To weather the economic storm, each of us was forced to make quick and painful decisions. In some cases, that meant idling entire facilities and, in some cases, laying off their employees.
Today, I am pleased to report that business conditions are *somewhat* improved. A number of our member companies have recalled laid-off employees, re-lit blast furnaces and resumed production at idled plants.

As a result, on an overall basis, the industry was operating at about 70% of capacity at the beginning of March. To put this rate into perspective, the industry was operating at about 41% of capacity in the corresponding week a year ago.

Year-to-date in 2010, the industry has operated at an average rate of 67% of capacity. At any other time in recent history, operating at 67% of capacity would *not* be cause for celebration. But, in 2010, it is a positive sign that “The Great Recession” has begun to loosen its grip.

I believe that one of the “lessons learned” from this difficult time is just how important our efforts have been to become, and to stay, globally competitive. Without industry consolidation, competitive new labor agreements and strategic investments to raise productivity and lower costs, much of the U.S. steel industry would have disappeared forever.

Today, although the pace of recovery is slow and tentative, a number of us are seeing an up-tick in orders for our steel products, with demand increasing in several of our key end markets.

That said, the road to economic recovery is full of potholes, with unemployment likely remaining very high for some time to come. Given this scenario, not surprisingly, our AISI member companies believe that public policy needs to be focused on actions that create jobs and promote economic growth.
Therefore, we welcome the recent announcement of the Administration’s Framework for Revitalizing American Manufacturing.

Manufacturing is key to creating good-paying jobs. They go hand-in-hand. We need to continue making things in America in order to preserve those jobs. Yet, in the past decade, nearly 6 million manufacturing jobs have disappeared from America.

While we are encouraged by the Administration’s focus on manufacturing, other policies and regulations under consideration already in place could easily overwhelm those efforts. For example, the looming threat that EPA will regulate greenhouse gases under the Clean Air Act would impose massive new costs on our industry just as we attempt to recover.

Frankly, we would hope that policy makers would acknowledge that the U.S. steel industry has already voluntarily surpassed the Kyoto targets for emission reductions. We would also hope that you realize that enforcing our trade policies is a subject of equal importance to this group.

We can compete with anybody, anywhere, anytime, including foreign competitors. But, but we cannot compete effectively with foreign governments, which is what we have to do today.

So, to the governments of our global competitors, our government must say:

- Stop manipulating your currency;
- Drop your import barriers;
- Eliminate your export subsidies; and,
- Keep your unemployment on your shores, not ours. We don’t need it! From coast to coast, we have plenty of our own.
Let’s Buy American and put American workers back to work!

Given our country’s current situation – our trade deficit, and our budget deficit, and since one of the great trade violators is one our country’s largest creditors, it won’t be easy. But, then again, since the fall of 2008, there was nothing easy about our business.

Without a doubt, “The Great Recession” has proven that the domestic steel industry is world-class. We are responsive and resilient. We are innovative and environmentally responsible. And, our products are second to none.

All we ask for – all that we need to compete effectively – is a level playing field ….. at home and abroad. Ladies and gentlemen, that is not protectionism, that’s common sense.

We thank you for conducting today’s hearing. And, most of all, we thank you for your support of America’s steel industry and American manufacturing. We look forward to working with each of you to help our country continue its economic recovery.

Again, thank you very much for your support of America’s steel industry.

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