American Iron and Steel Institute

2015 Public Policy Agenda

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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 faces significant challenges to its international competitiveness due to a host of factors, including burdensome tax rates, inadequate investment in infrastructure, increasing regulatory burdens and foreign unfair trade practices. Since 2000, over 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:

manufacturers and by promoting increased investment in domestic manufacturing facilities and equipment. Tax reform should also be geared toward making U.S. manufacturers, and steel producers more competitive globally, which means supporting tax code provisions that lower the cost of capital, making investments in the U.S. more attractive than elsewhere.

Industry Position: Congress and the Administration should craft a national energy policy that promotes development of all domestic energy sources, with particular focus on the benefits to manufacturing provided by shale-based oil and natural gas production. Policymakers should also promote industrial energy efficiency efforts and support research and development of breakthrough technologies. Measures intended to address climate change are most effective when undertaken on a global basis. This must be the guiding principle if the U.S. is to actually lower CO_2 concentrations globally without lessening the competitiveness and growth opportunities of domestic steel producers.

Industry Position: The ongoing development of multiple new environmental regulations could 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.

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. Accordingly, the Congress should ensure a sustainable, long-term financing scheme based on user fees for federal transportation infrastructure investment.

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 and MSHA 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 workforce development educational programs to prepare the employees of industries such as steel for the advanced technologies of the 21st Century.

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. Trade-distorting foreign government policies, including raw materials export restrictions, import barriers, investment restrictions, subsidies, and the market-distorting conduct of state-owned enterprises (SOEs) and state-supported enterprises (SSEs), act as barriers to U.S. exports and investment, create a distorted playing field in international trade and lead to unfair trade and import surges. For example, China – a non-market economy (NME), a significant exporter and by far the world's largest steel producer – has disrupted world markets through state support of expanded production of steel and steel-containing products. Strong U.S. antidumping (AD) and countervailing duty (CVD) laws provide critical discipline against such unfair trade.

Situation. Foreign government subsidies and other market-distorting policies in the steel sector have resulted in massive global steel overcapacity – estimated by the OECD at nearly 600 million net tons, over six times U.S. raw steel production. This overcapacity, combined with sluggish world demand and import barriers in other markets, has resulted in high levels of steel imports into the U.S. market in recent years. In 2014, these imports have captured a historically-high percentage of market share and cost thousands of U.S. jobs throughout the steelmaking supply chain.

Of particular note, China's steel industry remains 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, Brazil 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 steel production and exports. The United States needs a new, more effective trade policy to combat these unfair trade 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. In addition, the U.S. Government should take aggressive action to counter the adverse effects of foreign trade-distorting policies and practices. Key efforts should be to:

Use All Means Available to Prevent/Address Injurious Surges. More aggressive efforts should be made by the U.S. Government to challenge foreign trade distorting practices that have contributed to global steel excess capacity and lead to surges in imports. The Commerce Department and USTR should use all tools available to address foreign trade-distorting practices, including aggressive enforcement of U.S. trade remedy laws, WTO litigation, and appropriate bilateral and multilateral diplomatic efforts. The Administration should also

use its existing authority to more effectively remedy unfair trade through U.S. law as well as to mitigate any adverse effects of negative WTO rulings by any means available, including through administrative processes at the Commerce Department.

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:

- Support passage of enforcement legislation in order to address the growing problem of AD/CVD evasion, circumvention and fraud;
- 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 and exporter absorption of AD/CVD duties;
- Support only Administration nominees who believe in the importance of the trade laws they are commissioned to negotiate, defend and enforce (USTR, Commerce, International Trade Commission, and Customs);
- Support continuation of an enhanced Customs focus on commercial enforcement. Encourage the Office of the U.S. Trade Representative (USTR) and the Interagency Trade Enforcement Center (ITEC) to more vigorously exercise U.S. rights under U.S. law and agreements; and
- Fully support WTO cases brought by the United States against China's illegal export restrictions on rare earths and other raw materials, China's gross abuse of its AD/CVD laws, China's WTO-prohibited subsidies to its wind power sector and auto parts industry, 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.

Address China's State-Owned Enterprises and Industrial Policy. Congress and the Administration must ensure full and strict application of the U.S. 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 its overall economy continues to be under significant state control. AISI urges 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. AISI is also concerned that a number of other countries are implementing their own state-owned capitalist models, including Vietnam, Malaysia, and others.

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, while opposing trade law weakening in legislation and trade agreements (such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP)). A rules-based trade policy agenda should include the following:

- Address overreaching in WTO dispute resolutions, including the recent erroneous WTO Appellate Body decision against the U.S. practice of cumulatively assessing the impact of dumped and subsidized imports when determining injury in trade cases, known as "cross-cumulating", and implement additional AD/CVD policies and practices that preserve the full effectiveness of our AD/CVD law.
- Ensure that any new grant of Trade Promotion Authority (TPA) establishes negotiating objectives to avoid any trade law weakening and to establish clear and enforceable disciplines on currency manipulation and market-distorting practices by SOEs, new rules on border tax adjustments to ensure that the U.S. tax system is not disadvantaged, and the elimination of tariff and non-tariff barriers on steel and steel-containing goods.
- Pursue trade agreements to eliminate tariff and non-tariff barriers to U.S. exports, enhance reciprocal government procurement market access, prohibit raw materials export restrictions and discipline market-distorting SOE behavior.
- Insist on supporting only a strong TPP Agreement that maintains the effectiveness of U.S. trade remedy laws, eliminates tariff and non-tariff barriers to trade among TPP nations, and disciplines currency manipulation and other market-distorting behavior of all SOEs that compete against private entities.

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 facilities 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 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 is 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' high corporate tax rate and there has been fairly broad bipartisan support for an overall reduction of the corporate tax rate, simplification of the tax code and a broadening of the tax base. However, recent tax reform proposals have called for substantial reductions in depreciation and other cost recovery allowances important to capital-intensive manufacturers like steel. Capital investment is crucial for economic growth and job creation and cost recovery systems, like accelerated depreciation, can directly impact whether or not manufacturing companies will make new investments. Repeal of accelerated depreciation will have the effect of increasing the cost of capital on new investments, thus discouraging such investment. In order for tax reform to promote economic growth and new jobs, cost recovery provisions that spur increased new investment cannot be compromised for the sake of financing a rate reduction.

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, the U.S. federal corporate tax rate would have to be reduced to approximately 20 percent;

- **Maintain tax provisions that are critical to manufacturing competitiveness.** New investments are critical for U.S. manufacturers who are continuously striving to improve their products and processes in order to compete in the global marketplace. In capital intensive industries, like iron and steel, new investment decisions are generally driven by the cost of capital and the rate of return on an investment. Examples of credits and deductions that reduce the cost of capital and promote new investment by capital intensive industries include: accelerated depreciation, the interest expense deduction, percentage depletion, intangible drilling costs (IDCs), and the research and development tax credit. These provisions should be preserved in order to increase the competitiveness of domestic manufacturers;

- **Prohibit any retroactive tax increase**. Many steel producers and their customers use the last-in, first-out (LIFO) method of accounting which has been a widely used and accepted accounting method for decades. The LIFO accounting method allows companies that are subject to rising inventory costs, like steel, to be properly taxed on their real income. However, if LIFO is repealed, a company would generate increased taxable income as if it had sold part of its inventory even though no real profit was made. Repeal of the LIFO method for existing inventory is fundamentally unfair as it penalizes companies by raising taxes on them for using an accepted accounting practice;

- **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; and

- **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 are essential components 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. The production of steel is inherently energy intensive, and the industry consumes substantial amounts of electricity, natural gas, and coal and coke to make our products. Energy accounts for typically 20 percent or more of the cost of making steel and the availability and reliability of supplies of these energy sources is essential to our industry's international competitiveness, especially when steelmakers in competitor nations receive subsidized energy.

AISI members continue to make improvements to increase energy efficiency, and the U.S. industry is leading the way by effectively setting the bar for steel industry efficiency worldwide. AISI members have made substantial gains in reducing their energy usage, as well as their environmental footprint, over the last two decades. The domestic steel industry has voluntarily reduced its energy intensity by 28 percent since 1990, while reducing its greenhouse gas (GHG) emissions by 35 percent over the same time period. In fact, the U.S. Department of Energy has indicated that the steel industry in the U.S. has the lowest energy intensity and second-lowest CO_2 emissions intensity of any major steel producing country. Also the industry is committed to developing new breakthrough technologies for the production of steel that emit little or no GHGs and conserve energy.

The recent discovery and increased production of oil and natural gas from domestic shale formations has substantially changed opportunities for the domestic steel industry. Affordable natural gas is presenting all steelmakers with new options for how to make their products more efficiently, as well as expanded markets for steel pipe and tube products that are essential to the production and transmission of natural gas and oil. The production of shale-based oil and natural gas has the potential to create a manufacturing renaissance in the United States through significant investments, plant expansions, and job creation.

Situation. Several key federal agencies are undertaking efforts that could limit the amount of domestic oil and natural gas resources available for access and production. The Environmental Protection Agency (EPA) is undertaking an analysis of the potential impacts of hydraulic fracturing on drinking water which could spur efforts to duplicate state regulations on a federal level. At the same time, the Interior Department's Bureau of Land Management has proposed a package of three rules to regulate natural gas production from public lands. Furthermore, the Interior Department's Five-Year-Plan for Outer Continental Shelf (OCS) oil and natural gas access and production for 2012-2017 would prevent production from 85 percent of the OCS.

Recent increases in oil and natural gas supplies, and the potential for further large-scale projects, have drastically changed the realities and outlook for energy development and

markets in North America. Challenges exist, however, to fully capitalize on the potential of the opportunities presented. For example, major oil and gas shale reserves are not always located near the primary demand sources nor existing producing and distribution infrastructure. Therefore, it is important to fully assess the infrastructure needs, as well as the public approval processes and private investment necessary, in order to develop these resources and allow transmission of them to markets in the most efficient manner possible, including by rail and pipeline.

Additionally, the EPA is advancing several regulations of air emissions from electricity generating utilities. EPA has proposed the "Clean Power Plan (CPP)" to limit carbon dioxide (CO_2) emissions from existing power plants. The proposal calls for an overall 30 percent reduction in CO_2 emissions from 2005 baseline levels by existing power plants to be achieved by 2030. The EPA has also proposed regulations to limit GHG emissions from new power plants that would effectively mandate carbon capture and storage technology that remains unproven economically at commercial scale. These GHG rules come on top of other air regulations with which utilities must comply, such as the Cross-State Air Pollution Rule (CSAPR) and the Mercury and Air Toxics Standards Rule, or "Utility MACT" or "MATS." AISI is concerned that the collective impacts of these utility sector regulations will raise the costs of electricity to large industrial customers like steel, while potentially lessening the quality and reliability of the electricity supply, which is essential to the steel-making process.

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

- Create an abundant, diverse and affordable energy supply by developing domestic oil, natural gas, nuclear power, renewables, and clean coal resources so that all sources of energy are part of the nation's self-reliance strategy moving forward. In particular, oil and natural gas from shale formations are strategic resources that are creating economic opportunities, in the manufacturing sector;

- Federal regulations on energy development should be limited to ensure that the affordability and reliability of the various types of energy that are critical to the steel industry are not threatened. This includes making certain that regulations of the utility sector do not have an adverse impact on large industrial customers, like the steel industry. In addition, environmental regulations on shale oil and gas production should maximize the potential benefit to domestic manufacturing while balancing impact on the environment;

- Modernize the nation's energy production and distribution infrastructure to ensure that the transmission of all sources of energy – especially natural gas and electricity – is done in the most efficient manner possible to ensure reliable, competitive supplies for the energy-intensive steel industry. Furthermore, the development and transmission of energy creates expanded markets for high-value steel products, such as pipe and tube products that are essential for oil and natural gas drilling, production and transmission, and the development and transmission infrastructure for new electricity sources;

- 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 and steam of heat and byproduct gases at industrial facilities, as well as combined heat and power (CHP) and waste heat utilization 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; and

- 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 highly 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 climate change 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 energy-intensive, trade-exposed 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 GHG emissions from industrial and electric utility 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 the coming year, significant portions of the agenda are expected to continue as the Administration presses ahead with its priorities as well as those driven by statute (i.e. periodic reviews of standards required by the Clean Air Act) and court-ordered deadlines. In addition, the EPA is expected to continue its regulatory rulemaking activities in many program areas including in the iron and steel sector. 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 numerous 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.

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 the last EPA 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 could 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; and
- Encourage greater transparency and industry access to the regulatory development and implementation processes at EPA to ensure a level playing field for all stakeholders.

Transportation Infrastructure

Background. A globally competitive national economy depends on an efficient, modern and integrated transportation network. The Highway Trust Fund (HTF) helped build the interstate highway system and, until recently, has funded more than 90 percent of U.S. surface transportation infrastructure. It is funded primarily through federal gasoline and diesel excise taxes, which have neither been increased nor adjusted for inflation since 1993. As a result, the HTF has faced diminished purchasing power. In addition, the improved fuel economy of vehicles and even more stringent future requirements, the rise of electric and other alternative fuel vehicles, and a decline in miles driven have further eroded funding into the HTF. To keep the HTF solvent, since 2007 Congress has authorized transfers from the General Treasury, but these transfers have been inadequate to ensure sufficient investment in our nation's transportation infrastructure. Underinvestment negatively impacts our nation's global competitiveness, as well as current and future demands for safety and capacity. More robust investments in transportation infrastructure are needed to ensure a first-rate infrastructure system that can efficiently move people and goods.

Traditionally done every five to six years, Congress last reauthorized a surface transportation bill in July 2012. The Moving Ahead for Progress in the 21st Century Act authorized $120 billion for the construction of road, bridge, highways and mass transit projects for only 27 months, and because of the aforementioned HTF shortages, Congress continued to extend the same legislation through May 2015. This series of short-term extensions has left manufacturers and the broader business community with significant uncertainty that is impeding economic growth. Congress must enact a multi-year transportation reauthorization bill, of at least five or six years duration that will meet our nation's infrastructure needs and help fulfill its competitive potential.

Situation. In 2015, Congress will need to identify options to ensure a long-term, sustainable funding mechanism for the Highway Trust Fund and make possible the advancement of a multi-year transportation reauthorization bill on which businesses can rely.

Industry Position. Congress should maintain the primary and necessary role of the federal government with respect to surface transportation funding by enacting legislation that provides for a long-term solution to the funding needs of the Highway Trust Fund:

- This legislation should provide for a significant increase in revenue to the Highway Trust Fund from one or more reliable, sustainable and dedicated sources of funding that are based on the user fee principle – those that use the federal highway system should pay for its upkeep and expansion;

- The funding for the Highway Trust Fund should be indexed to inflation in order to provide adequate and long-term levels of funding to meet current surface infrastructure needs, as well as demand for future capacity;

- An increase in user fees to provide for adequate funding to the Highway Trust Fund could be achieved through raising federal fuel taxes; imposing equivalent levels of taxation on alternative fuel vehicles; implementing a fee based on total vehicle miles traveled; increased use of tolling for specific roads, bridges and/or highways; or a combination of one or more of these or other funding options; and

- An increase in user fees should be accompanied by streamlining reforms and transparencies to ensure that funding decisions are more accountable to users of the system.

In addition, Congress should enact multi-year surface transportation authorization legislation that will provide:

- Streamlining provisions aimed at reducing or eliminating redundancy in regulations, cost-savings, and accelerating project delivery;

- Programs that support the cost benefits associated with usage of continuously reinforced concrete pavement, reinforced overlay pavement technology, and swiftly-erected, corrosion-resistant modular steel bridge systems;

- Proper implementation of existing Buy America provisions for surface transportation projects;

- Relief for truck drivers from overly burdensome Hours of Serve regulations and the use of more productive trucks; and

- Policies that will promote enhanced efficiency in the movement of cargo, a reduction in traffic congestion and the treatment of our national freight system as an integrated, multimodal logistical network.

Finally, Congress should also provide for a single national standard for the treatment of ballast water to remove the threat of conflicting state regulations applicable to raw material shipments on the Great Lakes and St. Lawrence Seaway.

Workforce Policy

Background. There are several key public policy areas that impact the state of the steel industry's workforce. In particular, matters regarding workplace occupational health and safety 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. In recent years, the leadership of the Occupational Safety and Health Administration (OSHA) has proposed an aggressive regulatory agenda, and has increased workplace inspections and enforcement efforts. This multifaceted regulatory agenda includes several items of potential concern to the domestic steel industry, including proposals to lower the permissible exposure limit (PEL) for crystalline silica at workplaces, and to make employer injury and illness records available to the general public without adequate context. Other items on the OSHA regulatory agenda include the Injury and Illness Prevention Program (I2P2) and a new potential standard for combustible dust. These regulations that have been developed to varying levels and the process on each of them are slated to continue in 2015.

In Congress, AISI-supported bipartisan bills have been introduced in both the House and the Senate to permanently authorize and improve the OSHA Voluntary Protection Program (VPP). This program was the focus of House Education and Workforce Committee efforts in previous years. Attempts have been made in recent years to pass legislation to reform OSHA and Mine Safety and Health Administration (MSHA) policies, such as the Protecting America's Workers (PAW) Act, which the industry believes would promote litigation to the detriment of worker health and safety. This legislation has been strongly opposed by the steel and other manufacturing industries in the past.

Recently, the National Labor Relations Board (NLRB) has also untaken an aggressive regulatory agenda that could impact fundamental investment decisions of manufacturers. It has brought a complaint against a private company for its selection of a particular site, and has proposed a number of rules that have the potential to impact company-employee relations.

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. In addition:

- It is critical that key OSHA regulations, including the proposals for crystalline silica, injury/illness recordkeeping, combustible dust, and the I2P2, 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 OSHA and MSHA reform legislation, including the Protecting America's Workers Act and similar legislation, 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; and

- Finally, the steel industry supports development of educational programs that will prepare the next generation of workforce in advanced technologies 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.