



Alan J. Dunstan
Chairman

ECONOMIC IMPACT OF GLOBAL STEEL INDUSTRY ON LOCAL COMMUNITIES

**Statement of: Alan J. Dunstan
Chairman
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Mr. Chairman and member of the committee, my name is Alan Dunstan; I am the Chairman of the Madison County Board. Madison County is the eighth largest county in Illinois and is located in the southwestern part of the state along the Mississippi River.

Steel has been produced by workers at the Granite City, IL facility since 1878. The facility is currently owned by United States Steel and is an 'integrated steel mill.' Locally, we refer to Granite City Steel as making steel from the 'rocks to the docks.' Iron ore pellets are shipped from the iron ore range in Minnesota to the mill. Finished steel products are then shipped throughout the United States.

U.S. Steel employs 2,200 men and women at Granite City Steel. There are more than 5,000 people whose employment is contingent on the operation of the mill, including suppliers, finishers and others in the supply and service chain.

Historically, Granite City Steel has depended upon a diverse customer base and diverse product mix. The plant was known for its flexibility and expertise in producing a wide variety of high-quality grades of steel. Granite Steel is an efficient operation with high labor productivity and is known for its quality steel and on time delivery to customers.

This production strategy, combined with the mill's high productivity, enabled the mill to withstand multiple economic downturns, surviving for many decades as an independent steel company.

U.S. Steel recognized the value of Granite City Steel and in the last five years has invested heavily in modernizing the mill, spending more than \$271 million. In 2008, U.S. Steel and Sun Coke Industry jointly invested more than \$600 million in a new steam powered, co-generation plant adjacent to the mill.

LOCAL ECONOMIC IMPACTS OF GLOBAL STEEL INDUSTRY SITUATION

In December of 2015, U.S. Steel began laying off employees at Granite City Steel. In the following four months, more than 2,000 employees were laid off and additional layoffs are expected. Approximately 40 percent of the employees live in the Granite City area. Of the other 60 percent of the mill's employees, the majority live in Madison County.

The layoffs of the Granite City Steel employees translates to more than \$100 million in annual loss wages, and more than \$20 million in loss state and federal income tax. When factoring in layoffs in accessory industries, those figures are compounded substantially.

Importantly, those numbers do not take into account the resulting hardships incurred not just by the mill's workers, but by their family members.

When you take into account the employee layoffs made by suppliers and service businesses, and the impact on the families of those workers, you have a dramatic, negative economic impact on families, school districts and local businesses, as well as municipal, county and state governments.

Taxing districts are greatly impacted by plummeting tax revenue needed to support vital services. Granite City Steel alone annually pays approximately \$2.9 million in property taxes to the local school district.

The unemployment rate in Granite City alone has jumped from 7.1 percent to 9.6 percent.

I am sure the members of the committee are aware that the layoffs and the subsequent dramatic, negative impact on thousands of men, women and children, resulted from a decision made by U.S. Steel to reorganize its United States operations.

This action was an unfortunate but necessary response to the collapse of the pipe and tube market, a collapse which is the direct result of the U.S. marketplace being swamped by flat roll steel -- both hot roll and cold roll -- unfairly and illegally dumped on the United States market by companies in China, South Korea and others, companies which in many cases are subsidized by their respective governments.

CONCLUSION

No time frame for re-starting the Granite City facility has been announced. Market conditions will determine when the facility reopens.

Mr. Chairman, members of the committee, the proud, hard-working men and women employed at Granite City Steel are not looking for a handout, they simply want their government to provide them, to provide the U.S. steel industry, with a level playing field. They will take it from there.

On behalf of everyone in Madison County and Southwestern Illinois impacted by the idling of Granite City Steel, I thank you for this opportunity. If there are any questions I would be happy to answer them at this time.