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## America's Steel Industry Is Leading Manufacturing Out of the Recession



A report by Timothy J. Considine, professor of energy economics, University of Wyoming, reveals that the American steel industry is playing a significant role in leading manufacturing's post-recession resurgence primarily because it is highly interrelated with many other sectors of the economy.

In his recent analysis titled, "Economic Impacts of the American Steel Industry," Dr. Considine notes that, "Every one job in the U.S. steel industry supports seven jobs in the U.S. economy, reflecting its ripple effect on employment." For 2011, the report states, the American steel industry directly employed 150,700 and given the multiplier effect, supported more than 1,022,009 jobs.

In his report, Dr. Considine points out that the significant economic impact of the industry is based on the fact that steel is the most prevalent material in the economy, and the steel industry purchases a wide variety of inputs from other industries that create a favorable ripple effect. "This is one reason why so many countries around the world welcome investments that establish steel mills, because they stimulate industrial supply chains," he states.

These indirect impacts support jobs in industries supplying the steel industry with inputs of energy, materials and services, examples of which are identified in the report. A third and final set of economic impacts arise from the stimulus that additional labor and capital income provides for households to spend on goods and services, the report explains.

"These so-called induced impacts together with the direct and indirect impacts constitute the total economic impact of the industry," the report states. "Thus, for every dollar increase in sales for iron and steel mills and ferroalloy industries, total output in the U.S. economy increases by \$2.66."

Based on the estimated 2011 direct steel sector employment of 150,700, the Considine report states that the steel sector supported 1,022,099 jobs in the U.S. economy, contributed over \$101 billion in value added and \$246 billion in gross output. Based on tax multipliers utilized in the analysis, during 2011 the steel sector generated nearly \$23 billion in local, state and federal taxes.

Dr. Considine's analysis was commissioned by the American Iron and Steel Institute (AISI) to provide an updated look at the American steel industry's overall impact on the U.S. economy. In his study, Dr. Considine employed the IMPLAN system developed by MIG, Inc., one of the most widely used and highly regarded systems for economic impact analysis.



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The report describes the industry's purchases of a highly diverse range of products and services, thus supporting hundreds of thousands of jobs along the supply chain. For example, in 2010 the steel industry purchased more than \$20 billion of materials produced in other industries, \$8 billion of machinery, \$4.4 billion from wholesale and retail trade sectors and more than \$4 billion of transportation services. It also generated \$12.4 billion in labor income.

[Click here to read the full report.](#)

[Click here to read the Key Findings.](#)

AISI serves as the voice of the North American steel industry in the public policy arena and advances the case for steel in the marketplace as the preferred material of choice. AISI also plays a lead role in the development and application of new steels and steelmaking technology. AISI is comprised of 25 member companies, including integrated and electric furnace steelmakers, and 124 associate and affiliate members who are suppliers to or customers of the steel industry. AISI's member companies represent over three quarters of both U.S. and North American steel capacity. For more news about steel and its applications, view AISI's Web site at [www.steel.org](http://www.steel.org).