

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, energy costs, inadequate investment in infrastructure, increasing regulatory burdens and foreign unfair trade practices. Since 2000, 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:

International Trade **3**

Industry Position: Steel and other manufacturers in the U.S. are facing significant trade and competitiveness challenges from foreign government trade-distorting policies and practices, including in particular China’s unique state-owned form of capitalism. A more effective U.S. trade policy is needed to combat these foreign unfair trade practices, level the playing field, and preserve and strengthen our nation’s manufacturing base. The U.S. Government must keep our laws against unfair trade strong; strictly enforce trade laws and agreements; use all means to prevent and address unfair trade and injurious import surges; and expand rules-based trade through existing and new trade agreements.

Tax Policy **6**

Industry Position: Policymakers must ensure that any tax reform proposals advanced in the Congress will strengthen the U.S. industrial base by reducing, not increasing, the

overall tax burden on manufacturers and by promoting increased investment in manufacturing plant and equipment. To keep steel producers competitive, a significant reduction in the *effective* tax rate on manufacturers is needed, as well as continuation of provisions to promote capital investment in the United States.

Energy Policy **8**

Industry Position: Congress should craft a national energy policy that promotes development of all domestic energy sources, with particular focus on the benefits to manufacturing provided by new shale natural gas production. Congress should also promote industrial energy efficiency efforts and support research and development of breakthrough technologies. If climate change is a problem, it can only be addressed effectively on a global basis. This must be the guiding principle if the U.S. is to actually lower CO₂ emissions globally without lessening the competitiveness and growth opportunities of domestic steel producers.

Environmental Policy and Regulations **11**

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

Transportation and Water Infrastructure **13**

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. Likewise an improved water infrastructure would greatly benefit the industry and the economy. Accordingly, the Congress should ensure a sustainable, long-term financing scheme for federal transportation infrastructure investments and enact water infrastructure legislation.

Workforce Policy **16**

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 trade policies, including raw materials export restrictions, import barriers, investment restrictions, subsidies, and the market-distorting conduct of state-owned enterprises, act as barriers to U.S. exports and investment, create an un-level playing field in international trade and lead to unfair trade and import surges. Strong U.S. antidumping (AD) and countervailing duty (CVD) laws provide critical discipline against unfair trade. The United States plays by the rules and adheres to its WTO obligations, but some of our trading partners do not. China – a non-market economy (NME), a significant exporter and by far the world’s largest steel producer – has disrupted world markets by continuing to expand production of steel and steel-containing products, even during the recent global economic slowdown.

Situation. In 2012, steel imports surged into the U.S. market, impeding the domestic industry’s full recovery from the economic recession. These imports have captured market share and cost tens of thousands of U.S. jobs throughout the steelmaking supply chain. This import surge is largely a result of foreign government policies. For example, 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 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 led to the recent surge 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.



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 like the ENFORCE Act 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 (S. 1619 and HR 639 in the 112th Congress) and exporter absorption of AD/CVD duties.
- Support only Administration appointees 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 more resources for Commerce's Import Administration. Support continuation of an enhanced Customs focus on commercial enforcement. Encourage expanded resources for the Office of the U.S. Trade Representative (USTR) and the Interagency Trade Enforcement Center (ITEC) to exercise U.S. rights under U.S. law and agreements.
- Fully support WTO cases brought by the United States against China's illegal export restrictions on raw materials and rare earths, 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 Unique State-Owned Capitalism. Congress and the Administration must ensure full and strict application of the 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 -controlled. 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.

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, and oppose trade law weakening in legislation and trade agreements, including the WTO Doha Round and any potential new free trade agreements (such as



the Trans-Pacific Partnership (TPP)). A rules-based trade policy agenda should include the following:

- Address overreaching in WTO dispute resolutions, including erroneous WTO Appellate Body decisions. Specifically, the United States should continue efforts to seek a negotiated agreement to allow “zeroing” in AD calculations, 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 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.
- Support enhanced transparency in the TPP negotiating process and a strong TPP Agreement that, among other things, maintains the effectiveness of U.S. trade remedy laws, eliminates tariff and non-tariff barriers to trade among TPP nations, and disciplines market-distorting behavior of all SOEs that compete against private entities.
- 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.

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 plant 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 have proposed corporate tax reform as part of deficit reduction proposals. More specifically, there has been fairly broad bipartisan support for an overall reduction of the corporate tax rate and simplification of the tax code in order to increase U.S. competitiveness, grow the economy, and create jobs. However, key proposals that call for a reduction in the statutory corporate tax rate also propose to pay for this rate reduction by eliminating all or most corporate credits and deductions. This is concerning to the steel industry, and to the manufacturing sector as a whole, because analyses of one tax reform plan that takes this approach, the President's National Commission on Fiscal Responsibility and Reform's plan, indicate that such a plan would subject the manufacturing sector to a \$48 billion tax increase, while granting tax cuts to the retail and financial services sectors.

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.

- **Avoid a net tax increase on U.S. manufacturing by maintaining incentives in the tax code to promote investment in the United States.** The average effective tax rate for the manufacturing sector between 2003 and 2008 was 19.7% (according to Tax Foundation Special Report No. 194). To the extent that a reduction in the statutory corporate tax rate is combined with the elimination of certain credits and deductions, those measures critical to manufacturing competitiveness must be preserved, or the rate reduction must be sufficient to offset the increase in tax liability resulting from the loss of these credits and deductions. Examples of such credits and deductions are the Section 199 domestic activity production deduction, accelerated depreciation, the research and development tax credit, percentage depletion, the LIFO accounting methodology and the interest expense deduction.
- **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.
- **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 is an essential component 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 is typically 20% 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 as steelmakers in competitor nations received subsidized energy.

AISI members are doing everything they can 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 27% since 1990, while reducing its greenhouse gas (GHG) emissions by 33% over the same time period. In fact, the U.S. Department of Energy recently indicated that the steel industry in the U.S. has the lowest energy intensity and second-lowest CO₂ emissions intensity of any major steel producing country. And the industry is committed to developing new breakthrough technologies for the production of steel that emit little or no GHGs and conserve energy.

The discovery and increased production of oil and natural gas from domestic shale formations is a game-changer for the domestic steel industry. Affordable natural gas is presenting all steelmakers with new options for how to make their products more efficiently. And it provides 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 is leading to a manufacturing renaissance in the United States through significant investments, plant expansions, and job creation.

Situation. A number of current federal regulatory efforts threaten to limit the amount of domestic oil and natural gas resources available for access and production. EPA has finalized air emission regulations from new on-shore oil and gas production sites by 2015, and may potentially regulate water usage at these sites in the same time-frame. At the same time, the Interior Department's Bureau of Land Management has proposed a suite 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% of the OCS.

Additionally, the EPA has advanced several regulations of electricity generating utilities, including the Cross-State Air Pollution Rule (CSAPR), the Mercury and Air Toxics Standards Rule, or "Utility MACT," and New Source Performance Standards

(NSPS) for greenhouse gas emissions. AISI is concerned that these 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 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 and affordable energy supply by developing domestic oil, natural gas, nuclear power, and clean coal resources and fully make all these sources of energy part of the nation's energy independence strategy moving forward. In particular, natural gas from shale formations is a strategic resource that is driving economic recovery, particularly in the manufacturing sector. Also, excessive speculation in energy markets can be detrimental to both producers and users, and should be avoided.
- 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.
- 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 of heat and byproduct gases at industrial facilities. Measures that promote combined heat and power (CHP) should be pursued as well. 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.
- 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 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 if climate change is a problem, it can only be addressed effectively on a global basis. This must be the guiding principle if the United States is to actually lower CO₂ emissions globally and do so without lessening the competitiveness of 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 CO₂ 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 greenhouse gases (GHGs) from stationary 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 it is driven by statute (i.e. periodic reviews of standards required by the Clean Air Act) and court-ordered deadlines. In addition, since the 113th Congress is unlikely to enact significant changes to existing environmental statutes, the EPA is expected to continue its regulatory rulemaking activities in many program areas in the coming year as prescribed by court settlement agreements (i.e. Greenhouse Gas New Source Performance Standards for Electricity Generating Units). 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. In addition, a number of state environmental agencies have taken aggressive regulatory action that impact the steel industry, such as proposals to regulate the ballast water of ships carrying goods on the Great Lakes to address invasive species concerns.

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 EPA's 2008 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 will 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;
- Encourage greater transparency and industry access to the regulatory development and implementation processes at EPA to ensure a level playing field for all stakeholders; and
- Delay or prevent proposed unilateral regulations that would harm U.S. industrial competitiveness without addressing the international aspects of the environmental issues that they seek to address. One clear example of this is EPA regulation of greenhouse gases (GHGs) from stationary sources under the Clean Air Act. The Clean Air Act statute was not intended for the regulation of GHGs, and EPA's plans to regulate stationary sources will negatively impact American manufacturing jobs while increasing emissions from sources in nations without similar regulations.

Transportation and Water Infrastructure

Background. A globally competitive economy depends on an effective and efficient transportation infrastructure. In July 2012, President Barack Obama signed into law a 27-month, \$120 billion bill entitled the Moving Ahead for Progress in the 21st Century Act (or MAP-21) to fund highway, bridge and mass transit projects through September 30, 2014. This legislation authorizes infrastructure improvements and expansion creating a significant demand for steel fabricated products, such as steel plate, structural members, reinforcement bar, guardrails, signage, utility poles and a wide range of other steel products. The legislation also includes a provision to close the so-called project segmentation loophole in the Buy America program that had allowed some federally-funded bridge and highway projects to use steel produced outside of the United States, as well as a provision to improve the transparency of the Buy America waiver process used at the Federal Transit Administration by requiring a public notice and comment process prior to any decision on a waiver application.

MAP-21 did not address the long-term solvency of the Highway Trust Fund from which most surface transportation projects are funded. According to a forecast released by the Congressional Budget Office, the Highway Trust Fund is projected to become insolvent in approximately two years, right about the time the funding authorization in MAP-21 expires. This is attributed to a significant reduction in revenue collected from Federal taxes on gasoline and diesel fuel from which the Highway Trust Fund is comprised, and has necessitated over \$35 billion of transfers the U.S. Treasury's general funds to keep obligations current. Several proposals aimed at restoring the Highway Trust Fund are before Congress, none of which are without controversy. These include a gas tax increase, royalties from energy exploration, taxing vehicle miles traveled, and the imposition of new carbon or another consumption fee. Increasing the privatization of infrastructure financing, a measure that States facing financial shortfalls are already relying upon, will increasingly receive more attention. Congress must begin to address this critical funding question without delay.

The steel industry relies heavily on water-born infrastructure for the transportation of raw materials, such as coal and iron ore, necessary for steel production, but also for the movement of steel products fundamental to all manufacturing. According to a report by the American Society of Civil Engineers, aging infrastructure in our nation's ports and waterways was responsible for delays costing \$33 billion in 2010, and costs are expected to increase to nearly \$49 billion by 2020. Insufficient dredging of our harbors are forcing lighter, inefficient and more costly transportation loads, while decrepit and obsolete lock and dam facilities have further contributed to congestion, logistical delays and compounded expenditures. Legislative relief exists through the Water Resources Development Act, but not since 2007 has Congress considered construction, rehabilitation and modernizing of critical projects through such a bill.

Steel plays a vital role in water infrastructure repair, replacement and expansion through the use of steel plate, reinforcement bar, pressure and non pressure pipe, pumps, valves, tanks, grates, sheet piling as well as a variety of other steel products. The Safe Drinking Water Act, the Water Quality Investment Act and the Water Resources Development Act are all overdue for reauthorization.

Situation. In 2013, Congress will need to begin developing options to ensure a long-term funding mechanism for the Highway Trust Fund, as well as consider reauthorization of the Water Resources Development Act in order to rehabilitate or replace crumbling water infrastructure and enhance global competitiveness in manufacturing.

Industry Position. Congress should enact legislation to provide for the following improvements to the existing surface transportation authorization:

- A reliable and sustainable dedicated source of revenue that can provide adequate and long-term levels of funding to meet current surface infrastructure needs, as well as demand for future capacity;
- Streamlining provisions aimed at reducing or eliminating redundancy in regulations, cost-savings, and accelerating project delivery;
- Research programs that support longevity and cost benefits associated with usage of continuously reinforced concrete pavement (CRCP), reinforced overlay pavement technology, and swiftly-erected, corrosion-resistant modular steel bridge systems;
- Targeted research for steel bridge fabrication and construction (non-modular); and
- Proper implementation of Buy America provisions for surface transportation projects, and consistency in application across all agencies at the U.S. Department of Transportation.

In addition, Congress should enact a reauthorization of the Water Resources Development Act that contains:

- Significant expenditures from the existing surplus in the Harbor Maintenance Trust Fund to permit dredging and other navigational improvements that will increase the efficiency of domestic and international commerce;



- Streamlining or elimination of duplicative or burdensome review processes that increase costs and delay project delivery; and
- Significant expenditures from the Inland Waterways Trust Fund to expand ports, accommodate larger cargo ships and modernize our nation's failing locks and dams.

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 the Injury and Illness Prevention Program (I2P2), a new potential standard for combustible dust, a revised interpretation of the existing noise standard, a lowering of the permissible exposure limit (PEL) for crystalline silica, and a revision to the OSHA recordkeeping rule that would require employers to list musculoskeletal disorders (MSDs) as a separate entry on the OSHA form. These regulations that have been developed to varying levels, but none of them have been finalized. It is likely that these regulations will be further developed in 2013.

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 a House Education and Workforce Committee hearing in 2012. 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.



Over the past year, the National Labor Relations Board (NLRB) has also undertaken an aggressive regulatory agenda that could impact fundamental investment decisions of manufacturers. For example, the NLRB brought a complaint against The Boeing Company regarding its selection of a site in South Carolina for the production of its 787 Dreamliner aircraft, rather than making a similar investment at its existing operations in Puget Sound, Washington. That case was dropped by the NLRB after Boeing committed to making a separate investment in Washington State.

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 I2P2, the noise standard interpretation, combustible dust, and crystalline silica, 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. For example, the NLRB's recent case against Boeing about the location of a new production facility could have a chilling effect on employers seeking to create jobs throughout the United States.
- 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.