

Sparrows Point, Maryland mill suspends steelmaking operations

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RG Steel began laying off workers at its Sparrows Point, Maryland steel mill December 23 as the company suspended its steelmaking operations. RG Steel, the country's fourth-largest flat-rolled steelmaker, furloughed over 700 workers last Friday as part of its "cash conservation" efforts. Some finishing work remains in operation.

The RG Steel mill, located just south of Baltimore, employs about 1,800 unionized workers and several hundred independent contractors. Managers began meeting with workers December 22, informing them that they should not report to work this week. Workers said they were given little information about how long the plant would be down, with management describing the shutdown as "indefinite," according to the *Baltimore Sun*.

RG Steel informed the State of Maryland's Department of Labor, Licensing and Regulation that about 720 workers would be furloughed until at least March 4. However, steel industry sources are reporting that all of the Sparrows Point workers may be laid off and the plant could be shut down indefinitely.

Steel Market Update writes on its blog: "Our understanding, without official mill confirmation as our inquiries with official mill channels have not yet prompted a response, is the mill is being shut down indefinitely."

SteelOrbis reports that "there are rumblings that nearly all of the over 2,000 steel plant workers would be furloughed down the line."

According to a spokesperson with the Maryland Department of Labor, Licensing and Regulation, RG Steel did not give state officials notice of the layoffs under the Worker Adjustment and Restraining Notification Act (WARN)—a federal law that in most

cases requires employers with 100 or more workers to give 60 days' notice to workers or their union.

The shutdown comes nine months after RG Steel purchased the mill from Severstal, a Russian company. Severstal had temporarily shut down Sparrows Point in 2010, and the new owners have had difficulty bringing back old customers after reopening the plant. Steel prices fell just as Renco Group, RG Steel's parent company, took over operations. RG Steel also owns plants in West Virginia and Ohio.

According to Steel Guru, RG Steel has failed to pay bills owed to key suppliers. The company has been late paying suppliers such as paint manufacturer Sherwin Williams, A-Tech Hydraulics, as well as Kinder Morgan, a vendor of iron ore and coke, the raw materials used to make steel. Sherwin Williams sued RG Steel in November to recover what it says are \$24,000 in past due invoices.

Even before last week's developments, RG Steel had already begun shutting down its Sparrows Point machine shop and outsourcing the work to contractors, who are also purchasing the equipment.

With the latest layoffs, it is still unclear how much of the plant will be shuttered, or when. Workers speaking to the *Baltimore Sun*, who withheld their names for fear of retribution, said they understood the entire plant would shut down, including the tin, hot and cold mills. The "L" blast furnace, used to extract and melt iron, has been idled. Some finishing operations are reportedly still in effect to complete orders, but have been curtailed.

Although RG Steel's financial troubles have been known, the layoffs and talk of the indefinitely idling of Sparrows Point have shocked workers and the surrounding community, which has been a home to steelmaking since the late 19th century.

In the mid-20th century, Sparrows Point was the world's largest steel mill, employing tens of thousands of workers. Steel produced by Bethlehem Steel, which purchased the facility from the Pennsylvania Steel Company in 1916, was used in the construction of the Golden Gate Bridge in San Francisco and the George Washington Bridge in New York. In the 1960s, the mill produced some 672,000 tons of steel per year.

In the ensuing half-century, the plant has changed hands numerous times, being owned by Bethlehem Steel successor company International Steel, then by Mittal Steel, Severstal, and now RG Steel. By the 1970s and 1980s, production had sharply declined due to changes in steel production methods, imports and other factors, and the workforce had dwindled.

United Steel Workers Local 9477, which represents Sparrows Point workers, has voiced no opposition to the threatened indefinite mill shutdown, or given any indication that the union intends to fight it. The BaltimoreBrew web site published a text message reportedly from Chris MacLarion, USW Local 9477 acting president, to rank-and-file workers, which read in part:

“Here is our official statement: ‘RG Steel is doing their best to conserve cash by reducing operations over the next 4 to 6 weeks, by the end of January we expect the business to be cash positive and we can resume operations and meet customer demand. Until then we need to continue to perform our jobs in a safe, efficient and productive manner.’ Please do what you can to stick together and stay focused during these next few weeks ... times will be tough but we will persevere.”

Union officials not only promote the illusion that RG Steel will be “cash positive” in the near future. They urge workers to be “productive,” lay low and keep their mouths shut in the face of the possible mothballing of the entire Sparrows Point operation. Fearful of any developing opposition to the layoffs among workers, Chris MacLarion also told union members in an email not to speak to the media.



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