Job losses mount in US steel and aluminum industries

Arcelormittal announces $8 billion loss

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One month into the new year and job losses continue to mount in the US steel and aluminum industry as manufacturers post record losses amid a massive fall in prices and continuing slump in domestic and world demand.

Last month, US Steel, the nation's largest steel producer, announced that it is laying off 677 workers from its Lone Star Tubular Operations in Texas, as it plans to idle the mill in March. The plant was idled last year but returned to production for a short while. The company has not stated if or when the plant will be brought back online.

In a statement, US Steel said the layoffs were due to the downturn in the oil drilling industry. Oil prices are down to $27 a barrel, a drop of over 70 percent from just 2 years ago.

Last month US Steel reported fourth quarter losses of $1 billion, bringing its total losses to over $1.5 billion for the year. Last year the steel maker cut back operations at 8 plants, including idling blast furnaces in Gary, Indiana, Fairfield, Alabama and Granite City, Illinois.

US Steel began laying off 2,000 steelworkers at its Granite Works in Illinois the day after Christmas and it has not said when or even if the workers will be called back.

Also in December, AK Steel began layoffs of 600 steelworkers at its Ashland, Kentucky works. Fewer than 200 workers remain at the mill and their future is uncertain.

In January, Republic Steel laid off 200 steelworkers at its rolling mill in northeast Ohio. In a statement, the company blames the action on the drop in demand from the energy sector. The company also produces specialty steel for the automotive industry.

Also last month, Shenango Inc. closed its coke plant near Pittsburgh, causing 173 workers to lose their jobs. The company, owned by Michigan-based DTE Energy, said it was closing the plant because of the fall in demand from the steel industry.

This trend will only continue as Arcelormittal, the world's largest steelmaker, reported Friday that it lost $8 billion last year, as sales dropped nearly 20 percent over 2014. The company was forced to write down over $4 billion in assets as the value of its iron ore and other holdings have also collapsed. Arcelormittal is the second largest steel producer in the United States.

The company's stock value has fallen more than 50 percent during the past year and took another five percent drop on Friday after the announcement was made. Billionaire chairman and CEO Lakshmi Mittal, whose family owns nearly 40 percent of the company, said that "throughout the year we have rigorously focused on implementing a series of measures aimed at reducing costs and ensuring the business is adapted for these tough market conditions."

Last fall, aluminum and parts manufacturer Alcoa announced that it was splitting into two companies and cutting thousands of jobs. The company has been hit hard by falling prices and demand for aluminum. Since December, 2014 Alcoa stock has fallen by more than 50 percent, from over $17 to under $8 today.

The company plans to split its still profitable parts manufacturing, which makes parts for autos and airplanes, from its core aluminum manufacturing business, which has been experiencing massive losses.

Last month, Alcoa announced the layoff of 600 workers at its southwestern Indiana mill along the Ohio

River, as it prepares to close its smelter by the end of March. Another 1,200 workers work at the site’s power plant and rolling mill, but how long those jobs will remain is unclear.

Alcoa is also laying off 900 workers at two of its smelters in Washington State, near Seattle. Late last year, the company gave layoff warnings to 465 workers at its Ferndale facility and 415 workers at its smelter in Wenatchee.

The US benchmark for hot rolled steel continues to fall, as demand for the steel from China drops as its economy slows and the much promised economic recovery fails to materialize. In the past year the benchmark price has fallen by 50 percent and it is down 75 percent from its 2007 high before the economic meltdown.

The United Steelworkers, which represents most of the steelworkers who have lost and are losing their jobs, has pledged to work with the steel companies to return them to profitability at the expense of jobs and living standards of its members.

The USW is currently isolating 2,200 steelworkers locked out of their jobs by ATI for nearly six months, and another 450 steelworkers locked out by Sherwin Alumina for over 16 months.

The union recently signed a new three-year contract with US Steel that froze wages and cut the medical benefits of current workers while doing nothing for the thousands of workers who have lost their jobs.

The USW is currently negotiating a contract for its 13,500 members at Arcelormittal. The old contract expired last September. The USW has offered millions of dollars in concessions, but the company is demanding even more.

In place of the defense of workers’ jobs and living standards, the USW, which represents a privileged layer of bureaucrats, is promoting a reactionary campaign of nationalism and chauvinism. It seeks to place the blame for the crisis in steel on Chinese steelworkers, who themselves are facing layoffs and job cuts. In this way the union attempts to divert attention from the real cause of the crisis while lining up the sons and daughters of workers to be used as cannon fodder as the Obama administration pushes for war with China.

Steelworkers in China, the US, Japan, India and everywhere in the globe are facing the same problems, brought about not by the workers of other countries, but by the fundamental contradictions of the capitalist system.

In place of nationalism, chauvinism and war, workers need an international socialist policy which unites the workers of the world in a common struggle to defend jobs and living standards.