US Steel lays off 2,700 workers, threatens to cut one-third of its production workforce

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US Steel announced plans to lay off 2,700 workers immediately and up to 6,500 in the near future, as steel production continues its tailspin, devastating workers, their families and the communities they live in.

After posting a $391 million loss for the first quarter of 2020, the Pittsburgh-based company said it was sending out Worker Adjustment and Retraining Notification (WARN) notices to 6,500 employees, or over a third of its 16,000 production workers. Last month, the company laid off 750 salaried workers, or one-quarter of its white-collar workers.

US Steel, the second-largest US-based steel producer, has 21,000 employees in North America, about 18,000 of whom are in the United Steelworkers union. The company employs another 12,000 workers in Europe, most of who are in Kosice, Slovakia, where more layoffs are expected.

While announcing the immediate layoffs, the company said in a statement that due to the continued downturn in the economy it was keeping the option open for thousands of more job cuts.

At its Mon Valley plants, south of Pittsburgh, US Steel is idling the #1 blast furnace at its Edgar Thomson Works in Braddock and scaling back production at its Irvin Works in nearby West Mifflin. The company is also scaling back production at its Clairton Coke Works in the Pittsburgh area.

The majority of the WARN notices were sent to 3,800 workers at its Gary Works in Gary, Indiana, and its nearby Midwest Plant in Portage, Indiana. Press reports are saying that the company plans to lay off 10 percent of the workforce at those facilities but could lay off far more as steel demand continues to plummet.

The company is idling the #6 blast furnace at the Gary Works, and there will be corresponding layoffs throughout the mills in the rolling and finishing section.

US Steel is one of northwest Indiana's largest employers, and the layoffs will have a devastating impact on an area that has never recovered from the deindustrialization that started in the 1980s and was escalated after the 2008 global financial crash.

In early April, ArcelorMittal, the world's largest steel producer, which employs about 10,000 workers in northwest Indiana, announced it was idling the Indiana Harbor #3 blast furnace and the Indiana Harbor #4 blast furnace in East Chicago, as well as the Cleveland #6 blast furnace, leaving it with just four blast furnaces running in the US during the pandemic.

Even before the current layoffs, 36 percent of the residents of Gary lived below the government's absurdly low official poverty threshold of $24,600 for a family of four in 2017. A survey found a staggering 60.5 percent of children enrolled in nursery schools and 57.3 percent in grades one through four live in poverty in the area.

Since the outbreak of the coronavirus, Lake County, which includes Gary, has suffered nearly 2,000 COVID-19 cases and 95 deaths. Businesses have closed, driving up unemployment in the area, and food banks are overwhelmed as people scramble for enough to eat.

The layoffs will also hit US Steel's mining operations. All 260 employees at its Minntac iron mine and pellet processing plant in Mountain Iron, Minnesota, will be laid off on May 10. This follows last month's announcement that the Keetac mine in Keewatin, Minnesota, will close by the end of May.

The company's Tubular Operations mills in Lorain, Ohio, and Lone Star, Texas, will also be closed with indefinite layoffs slated to begin on May 24. Both mills make pipes for the gas drilling and fuel transport industry, which has been hit by the collapse in oil and natural gas prices.

The company has already shut down one of its blast furnaces in Granite City Works in Illinois, and on March 30, it shut down production at its Great Lakes Steel works on Zug Island in Detroit.

The United Steelworkers, one of staunchest supporters of the Trump administration's trade war measures against China and other countries, has long colluded with the steelmakers in the downsizing of the industry. Once again it is doing nothing to oppose layoffs at US Steel or ArcelorMittal.

The company also has killed plans for $1.5 billion in improvements to its Mon Valley Works, which would have added long overdue capital investment to a continuous caster at the Edgar Thomson Works and updates and pollution controls for the Clairton Coke Works.

Never before has the steel industry been through such a sudden and complete collapse in demand for steel. Production of cars and appliances, two of the largest consumers of steel, has fallen off as the COVID-19 pandemic sweeps through the US and world economy. Construction of new homes, businesses and offices has all but stopped.

The American Iron and Steel Institute (AISI) report shows that steel production is falling off a cliff. For the week ending April 11, production was down 33 percent from last year and capacity utilization fell to just 56 percent, its lowest level since the 2008-09 crisis when utilization fell to just above 50 percent.

These numbers will decline further when the institute issues its reports for the rest of April.

The price of hot-rolled coiled steel, the industrial benchmark, has fallen 18 percent from $608 a ton in January to less than $500 a ton today. Just a little more than a year ago, the price of steel had peaked at over $900 a ton. The price is expected to drop further as the demand for steel dries up. Coils, beams and slabs of steel are piling up in the yards of steel mills throughout the country and world.