



INFORMATION UPDATE #40

November 10, 2011

Return to Work

Union Keeps Foremen in Line

Overall the Union and workers report that the return to work at Hamilton Works is going smoothly. Most of the workers have reported back with only 25 members still missing. The main problem the Union is looking out for and dealing with is any attempts foremen might make to circumvent the seniority rules in order to place someone they favour in a job which rightly belongs to someone else.

As you know, the Company announced it would not be starting up the Hamilton Works' blast furnace which refers to the primary end of the operation. They are only running the coke ovens, by-products, the cold mill and the Z-line. This requires about 500 workers but the workers forced them to take back all 733 current employees for at least 26 weeks. This requires that all workers are placed in the jobs they are entitled to and that all workers are provided the required training for the job, especially those who would normally be working in the primary end.

The Union committee in charge of the return to work is comprised of Jake Lombardo, Ron Wells and Dennis van Meer. They report that after the contract was accepted four weeks ago, the first three weeks were dedicated to the safety and health training for our members. The workers came back in three waves. The Union and Company have been meeting on a weekly basis to have a smooth transition and get the right people in so we can remove salaried people off bargaining unit jobs, Jake explained.

"The goal of the Union was to get people back in by seniority in each of the departments the members last worked and that the Company was going to still continue to run," Jake told *Information Update*. "The Company is going to run only the coke ovens, by-products, the 4-stand and Z-line with the rest of the plant left idle," Jake said. He reported that the projected start of the rolling end is December 1. Jake further elaborated the process:

"The next step the Union wanted dealt with was to make sure vacancies which resulted due to people retiring are filled by senior workers in the primary division first with the next round of vacancies going to the rolling and finishing side, to be filled respecting the seniority of the workers. The members are to be given the choice to train or not to train for these jobs. To date we have less than 15 people that have refused training."

Jake explained that all the questions the workers are raising are being immediately raised with the Company. The Union has no intention of permitting the Company

to do as it pleases and waste its time in arbitration, Jake said. He is calling on the workers to continue raising their issues immediately.

"The next hurdle is to get the right people training by seniority and the Company has agreed," Jake said. "We have been in discussion with the Company about our tradespeople and utilities and we hope to have this resolved in the near future and have the right people in the right positions. The biggest complaint to date is the long line-ups trying to get in and out of the plant because the Company only operates the one gate and at this time most people are doing a day shift. Besides this, the Company is still short of the supplies required to get the place up and running. This affects many types of work in the plant."

"To date we have returned 624 members to work, 46 have resigned, 16 retired, 6 are on leaves of absence, 16 are out on medical leave and only 25 have yet to report in," Jake concluded.

We asked Local 1005 President Rolf Gerstenberger about the detailed attention the Union is paying to the return to work. Rolf explained that in the past, attempts on the part of management to by-pass the collective agreement in assigning where workers should go have been quite common. The Union is not permitting any such practices at this time, he said. He pointed out that companies like U.S. Steel are very arrogant. They always want to act with impunity and grievances pile up. He said the local is also learning from the experience of workers at Vale, Algoma, the Post Office and other places where harassing workers has been one of the main ways the companies keep the unions tied up in grievances which are not only very costly but have their own protocols such as picking the most winnable cases and letting others drop. In the case of Local 1005 we are calling on the workers to be very vigilant and not permit any such practices, Rolf emphasized.

While the Union does this, Rolf said, it continues to remind the public that the Canadian economy consumes 16 million tons of steel a year. Local 1005 is of the opinion that Hamilton Works should be providing it with the 2 millions tons it is capable of producing if only its blast furnace were not idled. If the blast furnace were brought back on line, several hundred more steelworkers would be needed and several hundred more people would have jobs, Rolf concluded.

There's Smoke that U.S. Steel Is Up for Sale

Information Update is posting below an item regarding the possible sale of U.S. Steel entitled "Wall Street Bets on Sale of U.S. Steel." It was written by Joe Napsha and published in the *Pittsburgh Tribune-Review*, November 10, 2011:

Traders on Wall Street are growing more convinced that someone will acquire U.S. Steel Corp., the cheapest steelmaker in America.

Traders who make money betting on future stock prices of companies drove the steelmaker's stock higher in the past month before Wednesday's overall market retreat. Bullish bets on the steelmaker exceeded bearish wagers by 34 percent last week, the highest level since February 2010, Bloomberg data show.

The bullish buying in the options market rose as speculation of takeovers in the steelmaking industry helped to lift U.S. Steel's stock from its lowest point in more than 30 months, said JonesTrading Institutional Services LLC.

U.S. Steel's shares closed Wednesday at \$25.27 a share, down \$2.27, or 8.24 percent.

Erin DiPietro, a spokeswoman for Pittsburgh-based U.S. Steel, said it doesn't comment on rumors and speculation.

Although U.S. Steel is the nation's only steelmaker trading below the value of its assets, buyers might be deterred by a global economic slowdown that depresses steel demand, U.S. Steel's pension plan deficit of almost \$2 billion and mounting debt. [...]

"It definitely could be an attractive takeover candidate," said Rick de los Reyes, at T. Rowe Price Group Inc.'s Global Metals and Mining Fund. T. Rowe owned

7.5 million U.S. Steel shares as of June 30, making it the third-largest holder. "If you look at them on just a pure asset value basis, a price-to-book basis, it's looking pretty cheap to me." [...]

U.S. Steel's third-quarter results benefitted from strong pipe production for the oil and natural gas industries. The company's tubular segment had its best quarter since 2008, with \$134 million in income from operations, or \$279 per ton. Demand for its tubular products remained firm, CEO John Surma told analysts. [...]

U.S. Steel's stock price fell to a more than two-year low in October as concern that slumping economic growth in the United States and Europe would hamper sales of steel. Then bullish bets on a takeover pushed the stock up 36 percent through Tuesday.

The United Steelworkers could hinder prospects of a takeover because the union has the "first right of refusal on a change of control," said Michelle Applebaum, of *Steel Market Intelligence* in Chicago.

U.S. Steel has a \$1.98 billion shortfall on pension benefit obligations that totaled \$10.6 billion last year, data compiled by Bloomberg show, the most underfunded plan among American steel producers. In addition, with borrowings exceeding cash by \$3.64 billion, U.S. Steel has more net debt versus equity value than any of its competitors greater than \$1 billion.

"The stock is depressed and cheap," said Walter Todd, co-chief investment officer at Greenwood Capital... "On the flip side, you have the pension and fundamental overhang with the company. There are definitely some hurdles to be crossed before somebody comes in and acquires them."

Downtown Distribution Not Over

Local 1005's downtown distribution of its *Information Update* every week is very well received. It has been doing this distribution for more than three years now and Hamiltonians from all walks of life come weekly to get informed about the Union's pre-occupations and often also inform the distributors about their own concerns. The only ones who question the distribution or are opposed to it are those who don't like the workers

having their own opinion.

We have been producing *Information Update* to first of all inform our members of what is happening, and to promote discussion not just on our battles with U.S. Steel but also to raise various serious questions facing the workers and people of Hamilton and all of Canada. These are questions such as who the economy should serve, the need to provide the economy with a new direction, the role of manufacturing in nation-

building, who should control our resources and the need to adequately finance social programs. Even though the contract negotiations are over, the need to provide ourselves with information and a course of action which serves us is not. We will continue to produce *Information Update* and distribute it to all our member and downtown with the explicit aim of not being caught unawares and unprepared for the battles which lie ahead.

Local 1005 USW "Christmas Night" Dinner Dance

Friday, December 16, 2011

Michelangelo Banquet Centre, 1555 Upper Ottawa St., Hamilton

\$5 per ticket, first come first served

Doors open @ 6:00pm, Cash bar @ 6:30pm, Dinner @ 7:00pm

To contact USW Local 1005: Call 905-547-1417 or e-mail info@uswa1005.ca.

Visit the website: www.uswa1005.ca