



**American
Iron and Steel
Institute**

Steelgram

Immediate Attention Requested

September 20, 2012

To: Members of the U.S. House of Representatives
House staff assigned to steel and/or energy issues

SUPPORT H.R. 3409, THE "STOP THE WAR ON COAL ACT OF 2012"

Background

The availability and reliability of coal is essential to the international competitiveness of the domestic steel industry. In addition to being an essential raw material for the creation of steel, coal also serves as a critical source of energy for the industry, both through direct combustion and as a feedstock for purchased electricity from utilities. In 2010, the domestic steel industry consumed 19.8 million tons of coal and coke and 45.7 billion kilowatt hours of electricity. The leading states in terms of iron and steel production in the U.S. are heavily dependent on coal for electricity production, and in turn, so is our industry.

In order to reduce costs and improve its competitiveness, the industry has reduced its energy-intensity by 27% since 1990. In fact, a recent Department of Energy-sponsored report concluded that the steel industry in the U.S. is the most energy efficient of any major steel producing country. That said, the domestic industry is also subject to substantial international competition, often from nations such as China, where the industry is largely state-owned, controlled, and subsidized. The Department of Commerce determined in two recent cases that Chinese steel pipe producers were receiving below market rates for electricity, which constitutes a subsidy. Policies enacted in the U.S. that raise the costs of coal for domestic companies threaten the industry's ability to remain competitive internationally.

Situation

The EPA and the Interior Department have implemented, or are developing, a number of regulations that would make more costly to use coal, including the Mercury and Air Toxics Standards Rule ("Utility MACT"), the Cross-State Air Pollution Rule ("CSAPR"), greenhouse gas regulations, the coal combustion residuals rule, and the Stream Buffer Zone rule. These regulations would negatively impact the steel industry either through direct impact on its use of coal, or through the consequences on the coal-fired utilities from whom the industry purchases electricity. H.R. 3409 from Rep. Bill Johnson (R-OH) contains a number of provisions to limit the negative ramifications of these regulations on coal production, and the industries like steel that are heavily reliant on it.

Request

AISI urges all members of the Senate to support H.R. 3409, the "Stop the War on Coal Act of 2012" when it is considered on the House Floor. Doing so will help maintain the international competitiveness of the domestic steel industry.

Sincerely,

A handwritten signature in black ink that reads "Thomas J. Gibson".

Thomas J. Gibson