



January 28, 2013

## LOCAL STEEL SITUATION IN REVIEW

By **KIM LOCCISANO - Times Leader Staff Writer , Times Leader**

(Editor's Note: This is a timeline review of the vents effecting former owner RG Steel and current owner Esmark Steel Group during the last few months.)

YORKVILLE - Early October 2012 - A change in ownership of the former RG Steel Yorkville had been approved by a Federal Bankruptcy Court Judge in Delaware. The mill was now part of The Esmark Steel Group - an arm of Esmark Inc.

The new ownership deal for the Yorkville mill included th\e limited participation of a Korean steel company focused locally at the nearby Ohio Coatings Company. At this point a deal was also announced that included Esmark's corporate participation in the ownership and operation of OCC, going forward.

Completion of the transaction had been unexpectedly brought to a stand-still several months earlier- and at the 11th hour - when it was learned RG Steel had not completed actions concerning environmental issues and unresolved violations known to state and federal officials, but which had been unknown to Esmark head Jim Bouchard and his team.

During a well-attended public event held in early October, hosted by Esmark on the grounds of the newly renamed OCRC - state officials celebrated the many future ventures expected to be developed in the near and long-term on the site - expanding the variety and diversity of assets presently there.

It was during this event that the governor of Ohio and others expressed very real interest in making sure plans to expand and broaden the nature of the business ventures on this large section of Brownfield riverfront property would not be limited to use solely by steel production interests, especially in light of the burgeoning oil and gas interests and ventures in the immediate region.

It was also noted at this point that the Esmark holdings include energy interests in other parts of the country, and it was likely their influence would soon be connected to the local region in some fashion.

It is known that Esmark has about two million barrels of strategic oil reserves in regions of Nebraska and Oklahoma.

Dec. 3, 2012 - Esmark Inc. and Esmark Steel Group executives shared expectations publicly that the recently acquired - but shuttered 100 year old mill - would be up and running by Spring 2013. It was renamed in the wake of the sale of the facility in bankruptcy court action of former owner RG Steel LLC, and would now be known as The Ohio Cold Rolling Company.

The now defunct RG Steel no longer was said to have any ownership presence in Yorkville.

Esmark Inc. is based in Sewickley Pa., and Chicago is the center of operations for The Esmark Steel Group.

Dec. 7, 2012 - Members of the United Steelworkers Union's Yorkville Local #1223 overwhelmingly voted to ratify a unique labor contact establishing conditions and terms for a potential union workforce at OCRC, should the mill see its anticipated restart become a reality as in advance of it certain actions would be expected to begin getting underway to allow for an orderly return to production - but now it would be as part of The Esmark Steel Group.

At the time of the contract vote with The Esmark Steel Group only a handful of steelworkers were actively in the mill at any point. No operations had been truly active since late spring and the mill was completely shuttered - other than an inventory operation in a single part of the facility which served largely to manage products of nearby Ohio Coatings Company.

It is important to note those few individuals who had been part of the RG Steel Yorkville workforce were now working under bare bones terms which set a flat hourly rate, and offered no benefits regardless the duties to be performed or individual's prior standing.

There was no existing contract in place immediately prior to the vote by the local steelworkers as it had been previously terminated as a part of the bankruptcy process: its termination brought with it the end of employee and retiree benefit packages.



January 28, 2013

## LOCAL STEEL SITUATION IN REVIEW (CON'T)

Dec. 31, 2012 - Then came the fiscal cliff and the progress halting and success quashing impact it wrought nationwide, with waves of economic destruction and uncertainty being generated that had impact globally and will continue to have, according to steel industry experts worldwide.

Jan. 10, 2013 - Top executives within Esmark and The Esmark Steel Group were asked by The Times Leader to comment on the status of plans and preparations said to have been ready to drop into place when the ownership change was realized several months earlier - though there had never been a firm commitment or date set publicly for such actions to be realized. However, several timeframes had been rumored, though never confirmed.

### STATEMENT FROM ESMARK STEEL GROUP ON STATUS OF OHIO COLD ROLLING COMPANY

"We certainly understand that there has been speculation about the current status of the Yorkville plant. As we have said previously, there are a number of important factors that are in play at this time, some of which are out of our control. The current steel market conditions and economic uncertainty are two mitigating factors affecting our plans and activities. We also were confronted with unexpected delays on the legacy environmental issues at the site prior to our acquisition of the Yorkville facility. It was also important to take the necessary time to negotiate a final collective bargaining agreement with the local union that worked for both parties. And, at the same time there were also broader market concerns over the end-of-year fiscal cliff negotiations that forced buyers to delay new orders until there was more clarity for 2013.

"When combined with other factors such as ensuring Ohio Coatings Company's commitments on product supply that Ohio Cold Rolling Company could not fulfill, our late entry into the annual tin plate contract negotiations process, and the effect of low-priced imports on the market, it's reasonable to assume that these factors and market volatility all contributed to our current situation.

"We are committed to restarting the Yorkville facility in an orderly process and, hopefully, in a less volatile steel market. We just have to work through these short-term challenges. Moving forward, we remain confident in OCRC's ability to serve the light gauge and narrow width coil niche marketplace."

Jan. 14, 2013 - Esmark and Esmark Steel Group's decision to postpone the restart of the former RG Steel mill in Yorkville was announced to the media. Specific influences included "economic uncertainty and volatility," according to article contained in the Jan. 14, 2013 issue of American Metal Market.

Jan. 23, 2013 - American Metal Market runs a story which includes a quote attributed to Esmark's Jim Bouchard directly speaking to the status of the postponed restart at Yorkville.

"While a new restart date has yet to be set, the Yorkville facility, which supplies substrate to Ohio Coatings Co., likely will be restarted sometime in the next year in time for the next round of annual contracts in the tin market."

The traditional window for tinplate annual contract discussions is the early fall, a point of reference confirmed by an official with Esmark Steel Group shortly after the story was made public in the daily publication as a part of an interview centered on details of a new ownership and operational structure for the existing entity: Esmark Technologies.

The widely reported on deal involved a new ownership plan created by the joining together of the Cleveland based international investment firm led by Uwe T. Schmidt, Stahlschmidt Inc. and The Bouchard Group LLC, which is owned by Bouchard.

The change will see the Cleveland firm holding a 60 percent interest in Esmark Technologies, and be directly responsible for its operations.

According to the AMM article of Jan. 23, 2013 'an immediate area of focus will be in capitalizing on the shale gas phenomenon in the Northeast,' according to statements attributed to Schmidt.

Comments made recently by Schmidt and Bouchard make it clear the expectations for portions of the Esmark properties and assets in Yorkville to be increasingly connected to the region's growing energy industry are going to move forward.

The unknown factor at present, according to local steel union officials, is exactly how this most recent deal involving Esmark Technologies and its interests and expanding



January 28, 2013

### **LOCAL STEEL SITUATION IN REVIEW (CON'T)**

relationships in the local energy community will impact the timeline for an eventual restart by The Esmark Steel Group at its OCRC works in Yorkville.

Loccisano can be reached at [kimfromthetl@gmail.com](mailto:kimfromthetl@gmail.com).

SOURCE: <https://www.timesleaderonline.com/page/content.detail/id/544368/Local-steel-situation-in-review.html?nav=5002>