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Sparrows Point Tin Mill to be Temporarily Idled *Timing and length of temporary shutdown unknown*

By Hanah Cho

The owner of the troubled Sparrows Point steel plant plans to temporarily idle its tin mill operation, the United Steelworkers union said Thursday.

National USW spokesman Anthony C. Montana attributed the temporary shutdown to market conditions. Montana did not know when the tin operations would be idled, how long it would last and how many workers would be affected.

As reports swirled Thursday that RG Steel was mulling the future of the Baltimore County plant's tin mill operations, company spokeswoman Bette Kovach would not directly address reports on the possibility of the tin mill's closure.

"RG Steel is continuing to service its tin customers," Kovach said in an email. "We do not comment on how units are scheduled."



Calls to USW Local 9477 officials were not returned Thursday. Baltimore County and state officials said they were not notified of the mill's temporary shutdown.

RG Steel is a partner in another tin mill operation, Ohio Coatings Co. in Yorkville, Ohio.

This latest development at Sparrows Point comes about a month after the plant resumed some operations since RG Steel shut down its blast furnace just before Christmas. The company had notified state officials then that it was laying off about 720 workers through March 4.

Citing a number of "well-placed players" in the tinplate market, American Metal Market, an industry news website, reported Wednesday night that Sparrows Point has decided

to "temporarily cease output on the line due to low bookings, with one buyer noting the news came directly from his mill representative."

The shutdown of the tin mill, which makes cans, did not surprise industry observers and analysts. The tin mill market has been shrinking because of consolidation amid falling demand as manufacturers turn to better-made aluminum, plastic and glass.

"The general feeling in the industry is that Sparrows has older, higher-cost and less competitive operations in their tin operations compared to other producers in North America," said Michael Locker, a New York steel consultant with Locker Associates. "And it wouldn't surprise me if they would be considering reducing their commitment to that operation."

Chuck Bradford, a metals analyst with Bradford Research in New York, said the plant's reputation suffered when RG Steel unexpectedly closed it late last year.

"When they shut down right before Christmas, they antagonized a lot of customers," he said.

After the shutdown, Gov. Martin O'Malley asked GE Capital, one of RG Steel's 10 lenders, for help to stabilize what is the fourth-largest steel company in the United States. The steel plant reopened in mid-January after RG Steel received fresh capital from its owner, The Renco Group Inc., and Cerberus Capital Management LP, a New York private equity firm.

The governor's intervention alienated customers even more, Bradford said. "That made the company seem a lot less financially sound, and customers want to buy from people who are financially sound."

The plant, which employs about 2,200 workers, has had a revolving door of owners over the past decade, fueling uncertainty about the facility's future.

RG Steel's parent, Renco Group, bought the steel plant from Russian steelmaker Severstal last March and reopened it after a seven-month shutdown.

Under the new ownership, and in a rocky global economy, the plant has struggled to pay off its suppliers and recover from a loss of customers during the shutdown.