

District Reports to the National Steel Conference – May 26, 2020

DISTRICT 5

Guy Gaudette, staff member in District 5, responsible for Montérégie region near Montreal, servicing ArcelorMittal, Heico Group, Rio Tinto facility in Sorel Tracey, Nova Tube in LaSalle, report on:

Novatube, Local 2423, Lasalle, QC:

- Manufactures tubular products.
- Production reduced by 50%.
- They normally run with 60 employees. 20 workers have been laid off.
- They hope to return to 2 crews in 2–3 weeks and that this will result in calling back the laid-off workers.

Rio Tinto facility, Local 7493, Sorel Tracy, QC:

- They manufacture metallic powder for the automotive sector.
- On April 1 there was a complete shut down the facility, due to COVID-19 and everyone was laid-off.
- Rio-Tinto, has been a good corporate employer in this case, and kept everyone on with 100% salary for 6 weeks with full insurance and pension benefits.
- Production has now resumed
- 46 workers are still laid off.
- If the automotive sector rebounds as anticipated, they hope to be back at full staffing by September.

Heico Group: 4 four local unions representing 600 workers

- Infasco Plant (Local 6839) in Marieville, QC
- Infasco Office (Local 9414-125) in Marieville, QC
- Sivaco (Local 6818) in Marieville, QC
- Galvano (Local 9414) in Beloeil, QC
- Infasco Plant Local Union
 - Manufacture steel fasteners, in large part for the construction and automotive sectors.
 - Reduction of 20-40% of production in April and May, and outlook for June and July is no better with a 25% loss of orders for the last 2 months.
 - In the beginning of the COVID-19 crisis, prior to the federal salary replacement and wage subsidy programs being announced, some workers, based on their family situation, were not comfortable working. We made arrangements for voluntary layoffs with the employer.
 - When the government Canadian Emergency Wage Subsidy program was introduced, we requested that the employer rehire the employees that had been laid off with the wage subsidy, as was the intention of this federal subsidy program.
The employer has refused to rehire the laid-off employees, leaving them to claim the CERB.
The employer is accepting the wage subsidies for active employees and will not discuss the matter of the laid-off workers any further.

Additionally, they are now restructuring their activities and proceeding to permanent layoffs, all the while receiving the wage subsidy of \$21.08/hour for each active worker, and doing nothing to assist the workers facing permanent layoffs.

We continue to demand that the employees be rehired on the wage subsidy and are lobbying the government to ensure that this employer starts behaving contrary to their current actions.

ArcelorMittal:

- They have 7 facilities in the Montreal region with 1300 workers.
- This is a highly lucrative company. In the last 5 years, their activities have resulted in \$500M in net profits. In March 2020 alone, due to the profit-sharing program, we know that they made a profit of \$11.1M. They qualified for the Canadian Emergency Wage Subsidy, due to a drop of 15% in revenue in March 2020 compared to March 2019.
- In the beginning of the crisis, the employer was not going to recall workers by using the emergency wage subsidy.
- After lobbying efforts on their behalf, an agreement was reached for workers laid off on March 15 to be rehired at 75% of their regular salary, as per the federal wage subsidy program. Their health benefits, retirement plan and vacations will be maintained.

Yves Rolland, President of ArcelorMittal, Local 6951 in Contrecoeur Ouest, and acting president of the Comité de solidarité de l'acier (CSA) in Quebec report on various ArcelorMittal locals in QC:

ArcelorMittal, Local 6586, Contrecoeur East, QC

- 500 members.
- They produce for the automotive sector and diverse equipment parts.
- Operations were stable until April 12, when wire rod production fell from 4 crews to 3.
- Slab production was halted due to a Dofasco in Ontario announcing a work stoppage. Slab from this facility is shipped to Dofasco in Ontario.
- They don't anticipate the resumption of slab production before late autumn 2020, as this production is highly impacted by the automotive sector.
- Announcements were made of a temporary work stoppage scheduled for June 1 in Contrecoeur East.
- As a processor of scrap metal, this facility is currently being impacted by low scrap metal prices.
- They have a 2-week scheduled shut down anticipated for this summer.

Office, Local 8060, Contrecoeur, QC

- These members carry out laboratory analysis and clerical work.
- Since the beginning of the pandemic, they have not yet incurred any layoffs though many workers have been reassigned to work from home.
- With the coming shutdown at Contrecoeur East, we anticipate 2 people will be laid off effective June 7.

Longueuil Plant, Local 8897, Longueuil, QC

- 200 workers manufacturing construction and automotive sector parts, other various equipment parts.

- Due to the complete shut down of construction projects in Quebec and the resulting lack of orders, operations ceased on April 5.
- Operations resumed on May 4 with 2 crews returning to work, and then to 4 crews on May 11.

St-Patrick site, Local 9399, Montreal, QC:

- Approximately 120 workers, manufacturing primarily wire rod for a range of products.
- This site has been the most affected by COVID-19.
- 20 workers were confirmed to have the virus, causing the facility to shut down for 2 weeks in early April. Since operations resumed there have not been any additional layoffs.
- The employer has seen a decline in orders, and they anticipate a 2-week shutdown during Quebec's 2-week construction holiday in July.

Feruni, Local 6586-2, Contrecoeur, QC:

- This is the scrap recycling facility for the entire group.
- Scrap metal market prices have been low since the beginning of 2020, and foreign product being dumped into the Canadian market has greatly affected this facility.
- Italian product is selling for \$551/ton, compared to the local \$800-\$900/ton price usually seen in Canada.
- The slow-down in the automotive sector is also resulting in an unstable situation for this facility.

DISTRICT 6

Richard Leblanc, staff rep in the D6 Ottawa office, report on Ivaco Rolling, a Heico group in L'Orignal, ON, with 3 bargaining units:

the presidents are:

- Eric Fournier, Rod Mill, Local 7940
- Jocelyn Bernier, Melt Shop, Local 8794
- Sylvie Brisson, Clerical, Local 9740

- A total of 400 members.
- Rod mill produces 4.75 ml to 25.5 ml wire rod of different grade qualities and has a capacity of 2400 tons per day.
- Melt shop produces billets from scrap metal and has a capacity of 1500 tons per day. As this facility does not have the capacity to completely supply the rod mill, this facility relies on 3 other suppliers.
- The current CBA for melt shop and rod mill is a 5-year agreement beginning in January 2020. Office-Clerical will negotiate in November 2020.
- Since the end of March, customers have reduced production or shut down operations, affecting orders. This facility does not stockpile or produce for inventory.
- It is anticipated that with the automotive sector reopening, they will be in a position to ramp up their production, so anticipating a spike in orders in July and August. With the economic data for the steel industry, they anticipate that the economic recovery will be slow.

- Applied for the wage subsidy program, but they are confident that they will qualify.
- The company applied a work sharing program for all their non-union staff, and is in discussion with the Office-Clerical bargaining unit to see if this would be a suitable option for them as well.
- Breakdown of 3 units:
 - LU 7940, Rod Mill
 - 197 members. 72% production, the rest are trades. Normally working with a 3-crew operation, 1200 tons per week.
 - This facility was already operating on a 3-shift basis, with occasional layoffs prior to COVID-19. Traditionally this was a 4-crew operation.
 - Prior to COVID-19, the facility was planning on returning to 4 crews and had made some hires. The 4-crew ramp-up was sidelined for now.
 - At present, operating half the time on a 2-weeks on/2-weeks off basis, and also at a reduced capacity.
 - There are layoffs currently, and 35 members are currently working as a skeleton crew, doing fire watches, janitorial tasks, etc.
 - The cancellation of the 4-crew ramp up resulted in 20 production labourers being permanently laid off effective April 28.
 - LU 8794, Melt Shop:
 - 172 members.
 - On November 30, 2019, the company announced a layoff for April 4 to 18, 2020, now extended to June 13. The expectation is that they will return to work on June 13, but this remains to be seen.
 - When the melt shop and the rod mill are not running, only 16 members are working.
 - When the rod mill is working at half-time, the melt shop only has 30 members working.
 - Local continues to communicate with their members through a private FB page to assist with EI and CERB applications.
 - LU 9740, Office-Clerical:
 - 35 members.
 - Their work is directly affected by the number of people working in the rod mill and melt shop.
 - Some members were permitted to work from home, but the employer has since reneged on this. Employer is now trying to get the members back to the office. These are ongoing discussions, as are discussions on work sharing.
 - The executive is not favourable on workshare, but this is being discussed with their members.

John Catto, report on Gerdau, Local 6571 in Whitby, ON:

- 400 members.
- Primarily produce rebar and merchant bar.
- Have an electric arc furnace and 2 rolling mills.
- Melt shop and bar mill (for rebar primarily) are on a 4-crew 12-hour shift rotation.
- Structural mill, producing the larger products, is on a 2-crew Monday-Thursday 12-hour shift rotation.

- March 2020 was one of the most productive months ever on record, then things fell off quite significantly.
- Don't have the orders at this point to remain on 4-crews, but there are no layoffs at this point as they are waiting to see how the market is going to react.
- Shipments in April were down just over 20% compared to January, February and March 2020.
- May looks like it will be a bit better than April, and they are hoping that as the provinces across the country begin to open up that those numbers will begin to improve, avoiding layoffs.
- If operations continue at 70-80%, layoffs in the future are a possibility.
- Comparison for Gerdau is a company based in Sao Paulo, Brazil. Operations are in 12 countries in the western hemisphere. North America and Brazil are the two biggest areas. Canada is the shining star of their operation right now at 80% of what they should be. The USA are a bit lower, Brazil is only operating at 30% of their expected goals.
- Impacts of Covid-19 on facility:
 - Joint Health and Safety Committee has handled things well. Anyone accessing the site goes through nurse-led screening 20 hours a day with temperature checks and health questionnaires.
 - Staggered start and quit times are in place to reduce people in the locker rooms.
 - Additional cleaning and sanitization is now done.
 - Interaction with truck drivers is now paperless.
 - Lunch rooms now limited to 5 people at any one time to allow for social distancing.
 - Wash and sanitization stations have been added all over the facility.
 - Masks available to all on request.
 - Only had 1 work refusal since the beginning of the COVID-19 pandemic, and this was handled internally.
 - As for federal support programs, the employer hasn't applied for federal wage subsidy. Revenues have not yet been affected.
 - A few individual members applied for individual funding (CERB) due to child care, or having to self-isolate upon return to Canada (from travel), LU President is not aware of any issues and assumes he would be contacted in the event of issues.
 - Initially, the company was paying all workers who had to self-isolating following a trip. When the federal government unveiled the CERB, the company chose to have workers claim CERB to self-isolate.
 - Workers who fail daily screenings due to mild symptoms of other illnesses, are getting medical clearance in 48 hours, but have in the meantime missed a couple work shifts. The company has said too bad.
 - Grievances have been filed on behalf of these workers. Union feels they should at least be receiving sick pay. For workers who contract COVID-19, the normal insurance wait-time of 40 work hours has been waived for the weekly indemnity sick pay.
 - The only people falling between the cracks are those that don't qualify for the CERB or those who miss a shift or two.

Gary Howe report on Stelco, Local 1005, Hamilton, ON:

- Production only slightly affected.
- Coke oven production is steady at regular rate, as well as corrosion and coating.
- Shipments for first quarter of 2020 are about normal, 2nd quarter of 2020 will drop slightly.

- Cold-mill production in Hamilton will be affected in the 3rd quarter by the upcoming scheduled blast furnace shutdown at the Nanticoke plant.
- Have been working on the steel trade case with Craig Logie and Mark Rowlinson.

Randy Graham report on Stelco, Local 8782 in Nanticoke, ON:

- First quarter shipments were at 80-90% of targets and sales remain strong for the 2nd quarter.
- Scheduled 75-day outage of the blast furnace realignment is set for July 17 to October.
- Though the timing of this outage is tough for members, it is the first full realignment of this furnace since it was built. The work being done now will inevitably provide 30-40 years of working future for our members.
- New pig iron caster is currently being built and slated to be commissioned at the same time as the blast furnace work is completed.
- Some coke oven rebuilds taking place to meet ministry guidelines.
- Cogenerating electricity plant has been started.
- Hopefully all these investments at the facility will increase their competitiveness.
- Recently secured iron-ore contracts with Minntac and secured rights to purchase.

Concern:

Nanticoke produces some stainless steel, which may have a tendency to be overlooked. LU 8782 believes a national steel strategy on the use of Canadian steel in infrastructure projects is needed. Imports from India, Italy and China are hurting us the most.

John Kallio report on Algoma Steel, Local 2251, Sault Ste. Marie, ON:

- 3000 members, producing sheet and plate.
- Currently there are layoffs of 100-150 members and 200-300 contractors
- First quarter of 2020, the facility still had some tons.
- For the major mill, the DSPC (direct strip production complex), during June, between the DSPC plate mill and the 106 strip mill, the numbers are usually around 200-210K tons. This year, 135K tons are booked right now. Facility is struggling to get the orders.

Concern:

Need the automotive manufacturing sector to get back on its feet. The Oshawa GM plant closure last year was a real disappointment after the Federal Government bailed out General Motors. LU 2251 President is worried for sheet product if automotive plants keep closing and going to Mexico. There is no commitment from them to stay in Canada.

Rebecca McCracken report on Algoma Steel, Local 2724, Sault Ste. Marie, ON:

- 500 members include Office and Technical Professionals as well as Front Line Supervisors, Shift Coordinators and Planners.
- 7 members on temporary layoff, and 8 were temporary contract, so we have lost those members too. 35% of workers are able to work from home, 190 people out of 500.
- Not easy but working through it.

Cody Alexander report on Tenaris Algoma Tubes, Local 9548, Sault Ste-Marie, ON:

- When the COVID-19 crisis hit, the facility was just starting the annual shut down for the month of March. Resulted in all the production workers being off anyways, and about 70 maintenance workers going off.
- Production workers have stayed off for the month of April.
- We pushed the company to apply for the federal wage subsidy.
- Facility currently at a very reduced tonnage of 10,300 tons per month, down to 2,000 tons per month committed orders for May, June, July and August.
- The company accepted the federal wage subsidy, or else layoffs would occur on May 1.
- 160 workers were called back on a 30-hour work-week, which was the company's requirement. This was to keep the facility active, given pending trade cases. There is an advantage to them to have people working. There isn't lots of work to do.
- Impacts of and measures due to COVID-19 include:
 - Masks are mandatory if working within 6 feet of someone.
 - Maintenance crew must wear N95 and face shields.
 - Thermal scanners at the gate, iPad that scans and approves you to go into the mill.
 - Must declare that you don't have any symptoms.
 - Protocols in place as to limits in the offices and lunchroom for social distancing.
 - Staggered shifts, though there are only day shifts now to avoid people using the same machines.
 - Contractors are sanitizing (spraying down) the whole mill weekly.
- No one was forced to return to work and take the reduced hours.
- Some workers weren't interested in the reduced hours and opted instead to take the CERB.
- Enough workers wanted to come back to work and they get to maintain their benefits and pension payments. We are in the next 4-week term for reduced hours. We are reduced to 121 workers, so we have 230 laid off, and 100 on the 30-hour work week from the first 3-week period.
- We are hoping to maintain this until August and to exhaust the Canadian Emergency Wage Benefit.
- There are no orders, so workers are doing training and housekeeping.
- The premium line expansion, from the \$32M we received last year has been pushed back to August as contractors were moved out of the mill, all part of the 30-hour work week agreement.
- We were able to maintain more maintenance workers, who are now in charge of the project.
- We are just trying to maintain the mill, so that if orders do come in from the oil and gas sector, we can take on the work.

DISTRICT 3

Patrick Rodrigues, District 3 researcher report:

District 3 Steel Sector is facing the following issues at this time:

- General demand reduction due to COVID-19.
- Oil and gas commodity prices being in the tank, which have been fairly devastating in Alberta and Saskatchewan.
- One worksite had had issues accessing the Canadian Emergency Wage Subsidy.
- In BC, we are focused on Canadian infrastructure projects using Canadian steel, where a \$1.4B project is not using any Canadian steel in the project at this point.

- In District 3 there are 3000 steel sector workers in 5 mills, as well as a number of fabrication shops, service centres, scrap yards, etc.
- The five mills are:
 - Gerdau, in Selkirk, MB, producing specialty products. They are currently in bargaining, so no one is participating today from this facility. Reports from the USW staff rep indicate lots of concessions are being asked of the union, and it is an intense round of bargaining.
 - Evraz, in Regina, SK, producing oil and gas products, highly impacted by the current commodity prices.
 - Evraz, in Calgary, AB, producing oil and gas products, highly impacted by the current commodity prices.
 - Tenaris Prudential, in Calgary, AB, producing oil and gas products, highly impacted by the current commodity prices.
 - Alta Steel, in Edmonton, AB, producing construction and mining products. They are less impacted by the commodity pricing, but are nonetheless facing demand issues at this time.

Mike Day report from Evraz, LU 5890, Regina, SK:

- Facility has three divisions: steel, tubular and technical.
- On March 4, 2020, Evraz North America was hit with a cyber attack, which impacted the facility, resulting in plant-wide temporary layoffs. The steel mill was shut down for about 1 month, with 200 people affected. The tubular division layoffs only last about 1 week until they got the computer systems up and running.
- Currently 900 members working and 150 members on indefinite layoffs.
- 12 jobs in R&D on indefinite layoff, and are probably never going to recover.
- 3 of the pipe mills will be running until about October.
- No. 5 mill is currently running Coastal Gas Link Pipeline and will be running until January 2021.
- The 2" mill has been decimated, which will impact John Collinson and the crew in Calgary.
- 24" mill currently has a small order and possibly other orders.
- Working on getting a SaskEnergy order by lobbying the government. Historically SaskPower has been using Korean pipe, which could be done by this facility now.
- Have a bid out for the second stage of the Coastal Gas Link Pipeline.
- Steel mill is currently running on 3 crews in the rolling mill and melt shop. Appears that they will be reduced to 2 crews in the rolling mill in October.
- Impacts of COVID-19:
 - There have not been any production slow downs.
 - no outbreaks in the facility.
 - Contractors were shutdown.
 - Individuals working must social distance.
 - Shifts are staggered.
- Bargaining was set for exchange of proposals on May 5, now on hold as a lead negotiator for Evraz is from Chicago, IL. No indication as to when this will be moving forward.
- Evraz seems to be struggling in North America at this time.
- The Regina and Pueblo appear to be the only facilities running with any sort of employment levels.

- Company has implemented a furlow program for salaried employees by cutting their wages and hours in both Canada and the USA. Pueblo are also down 150 employees.
- Regina facility is directly impacted by oil and gas prices, so the order outlook is not good for foreseeable future. This steel mill is the largest recycling facility in western Canada, and hopefully will find some work. We've been fortunate in the past years, but at this point the outlook doesn't look past 2021.

Patrick Veinot, staff Rep in southern Saskatchewan, report:

- Industry in southern Saskatchewan is steel and farming. There are some farming manufacturers in this region – Degelman and trailer manufacturing (Doepker).
- Steel industry, the outlook in 4-6 months is that they are in really big trouble.
- At Evraz's request, D3 reached out to SaskPower to put pressure on the government to use Canadian pipe in the infrastructure projects. With the upcoming provincial election coming, there is a potential media story if the Saskatchewan government and Saskatchewan Power are going to use Korean pipe at this time. Though the projects won't need lots of pipe, but it would keep us going until October or November if they could get those orders.

Paul Perrault report on AltaSteel, Local 5220, Edmonton, AB:

Joined in office by Jeff Kalichuck, USW staff rep, Alan Engman, VP.

- AltaSteel, effective March 6, 2020, is now owned by Japanese company Kioee Steel.
- There are 270 members at AltaSteel, producing grinding rod, ball stock, spring steel for the automotive sector and rebar, but primarily grinding rod and ball stock.
- The May order book was down by 20%, and June down by 12%.
- The steel shop and bar mill are at 20 turn, the heat treat facility because we treat the grinding, we lost 30% of our production, so that is going to be back to 15 turn on June 1.
- There are no layoffs as all the workers will be absorbed into the plant.
- Facility are actively working on provincial government using AltaSteel rebar in infrastructure projects. Joint letters were sent to the provincial government and AltaSteel management have had meetings with provincial government representatives on this matter.
- AltaSteel has not qualified for the wage subsidy, due to the purchase of the company by Kioee Steel in March 2020. Though the facility has been in operation for 60 years, with the new ownership, revenues (losses) can't be demonstrated in comparison to prior years.
- The company and District 3 are working on this. Ken Neumann sent a letter to Finance Minister Morneau (Mark Rowlinson confirms that no reply has been received). AltaSteel has asked the union to hold back on further actions for now.
- Impacts of COVID-19
 - A total of 45 people that have had to take time off with symptoms.
 - All workers are now back to work, and at we do not at present have any COVID-19 positive cases.

Robert Collinson, report on Evraz, Local 6673, Calgary, AB:

- As an OCTG producer, we are at the front lines of the layoffs and their impacts.
- Last couple of years have not been good. Two years ago we were providing witness testimony at the trade tribunal case on effects of layoffs due to imported pipe.

- We've never recovered.
- For the last 1.5 years, we've been operating with 75% of our members.
- For the last 6 months we've been operating with 50% of our membership.
- At the end of this week we will be shuttering the facility. Only about a dozen workers cleaning up the yard and winterizing the facility for an extended shutdown.
- The order books are pretty much empty.
- Talking about a possibility of 2021, but there are no guarantees of that.
- We are basically just waiting for the market to turn.
- Impacts of COVID-19:
 - Have been very fortunate as we've not had any cases.
 - The company has taken it seriously with social distancing, hand-washing, staggered starts, staggered lunches and this has worked so far.

Robert Gosse report on Tenaris Prudential, Local 7226, Calgary, AB:

- Things at Tenaris Prudential are not very good, similar situation to Evraz Calgary.
- Facing a plant closure on July 8, though we will most likely run to the end of the July which may be extended.
- The OCTG has taken a major hit.
- Threader crews are coming back from layoffs right now to run for 3–4 weeks to run the orders we have left.
- Only thing keeping us going now is small diameter line pipe orders. And once that is done, we are done.
- Learned from plant manager that they are applying for the federal wage subsidy, to keep senior members around to winterize the facility.
- They went through this in 2015, and learned some things about what to do, and what not to do. Hopefully they will have learned from past mistakes so that reopening the facility is not such a cost factor in future.

Concern:

The scariest part of all this is that when we shut down in 2015, we learned through the trade tribunal process that Tenaris was facilitating orders through Tamsa in Mexico. Given the tonnage they were bringing in, we could have kept 1-2 weld crews going with work sharing, to keep things going. The scary part of the shutdown for us is that until the market rebounds enough to warrant the cost of reopening the facility, we will be out of work.

They will facilitate our orders, especially the OCTG, from Mexico. They will also push their seamless, because for an ERW facility we are just a compliment to the customer. With directional drilling taking over, we are slowly being phased out. If pricing of ERW and seamless align, then we really won't open.

Only saving grace is the line pipe to keep us running.

We have many members that are days, weeks or months away from retirement. And they may or may not get that. The information from plant manager about the wage subsidy is good news as they are hoping to keep some people around for a few months. Whether that means a 40-hour or 32-hour work week is yet to be seen. Fingers are crossed, but things are changing daily.