

Profiles in Trade

USS-POSCO Credits ‘Best Employees’ for Customer Satisfaction, Quality Products

When the Columbia Steel Company opened in 1910, the mill operated a 150-ton open hearth furnace that furnished steel castings for the dredging, lumber, and shipping industries.

Over the next 75 years, the company expanded its products to include manufacturing steel for nails, wire rope and plates used in tanks during World War II. It was the sole producer of thin-gauge tin plate used for can making in the western United States.

During the 1930s, United States Steel (USS) acquired Columbia Steel, and the company became known as “Pittsburg Works” to the men and women working at the mill. The 1950s post-war economy helped employment at the mill swell to 5,200, the highest level in the company’s history.

Creation of USS-POSCO Industries

In 1986, USS sold one-half interest in Pittsburg Works to POSCO, establishing USS-POSCO Industries (UPI), a stand-alone joint venture with sales to the western United States, Canada and Europe.

POSCO is the largest steel company in Korea and fourth largest in the world; USS is the largest steel producer in the United States and ranks 10th globally.

The owners and the new joint venture invested more than \$500 million to upgrade the facility, making UPI one of the most technologically advanced steel converters in the world.

Today, UPI employs 700 men and women, many of whom followed in their parents’ and grandparents’ footsteps working at the mill. The company ships 1.5 million tons of cold rolled annealed, galvanized or tin products each year.

International Trade

Although 90 percent of UPI’s approximately \$1 billion in sales is to domestic locations, with 80 percent of all sales being within California, 10 percent

Photo Courtesy USS-POSCO Industries



The manufacture of cold rolled annealed steel on the Kawasaki Multipurpose Continuous Annealing Line at USS-POSCO Industries.

goes to international locations. One customer, who builds grain bins for large agricultural projects, has placed UPI steel in 32 countries.

Western Canada is the recipient of most of UPI’s exports, although some tin products are sold into Europe. In Canada, UPI’s galvanized products are used to make window frames and other construction products such as steel studs and connectors for wood. The high cost of freight, exacerbated by rising fuel prices, is the largest hindrance to expanding business in Canada.

Likewise, although the quality of UPI’s tinplate is a major advantage in Europe, freight costs can be prohibitive. Normally, shipments into Europe are made in the first quarter to be used during the summer tomato harvest.

UPI has played a significant role, as has the California Chamber of Commerce, in securing the Third Senior Officials Meeting of the 2011 Asia Pacific Economic Cooperation (APEC) in San Francisco this September. UPI was on the original Bid Committee and is now a member of the Host Committee, helping to make sure the event is a success for California and the representatives of the 21 member

economies in APEC, stretching from Canada to Chile to Indonesia.

Types of Steel Produced

Hot rolled steel, produced in large (60,000 pound) coils, is the raw material that is used to make finished products and is typically procured from UPI’s owners.

Coils bought from one of U.S. Steel’s Midwestern mills are sent to Pittsburg by train. From POSCO, the coils arrive in one of four specially designed ships. The coils are then unloaded at a deep water dock located on UPI property.

UPI then converts the hot roll into galvanized, cold rolled annealed or tin plate. The mill usually receives 24 vessel loads (30,000 tons each) of hot roll from POSCO annually.

UPI’s customers primarily use galvanized products in the construction market, building hospitals, hotels, apartment buildings and schools. The mill’s galvanized steel also is in demand in the Silicon Valley for the production of computer cabinets and support parts.

Cold rolled annealed is used in the production of steel conduit and pipe, and for manufactured parts, such as ceiling grids and filing cabinets. Cold rolled steel produced at UPI is known in the industry as “dead flat,” meaning it can be used in the most difficult applications due to its very high quality.

Tin products, which are actually made from thin gauge steel coated with tin for corrosion protection, are used to make sanitary food cans and are found in stores across the world.

The mill’s close proximity to the rich array of agricultural products grown in California reduces significantly the supply chain between producing the can, and the fruits and vegetables that will fill them. The majority of food cans in the western United States are made from steel produced at UPI.

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Federal, State Forums Highlight Importance of U.S.-Korea Agreement



Trade officials and business leaders continue to emphasize the importance of the U.S.-Korea Free Trade Agreement (FTA) while California legislators are being asked to

express their support.

Ambassador Demetrios Marantis, deputy U.S. trade representative, commented on the export opportunities the FTA will create at the April 7 hearing of the U.S. House Ways and Means Committee's Trade Subcommittee.

On April 4, California Senator Tom Harman (R-Huntington Beach) introduced a Senate joint resolution, SJR 4, to memorialize Congress to approve and enact the U.S.-Korea FTA.

Korea is the fifth largest export market for California goods, bringing \$8 billion in trade per year into the state's economy.

The resolution also points out that the FTA has the potential to create 70,000 new jobs in the United States, while failure to enact the agreement would lead to the loss of more than 350,000 jobs due to bilateral trade agreements that Canada and the European Union have enacted with Korea.

California's exports of nearly \$2 billion in computer and electronic products will become more competitive and affordable with the immediate removal of related tariffs.

In addition, according to the U.S. Food and Agriculture Department, Korean duties on major California agricultural products—such as almonds, pistachios, frozen orange juice, wine and raisins—will be eliminated immediately.

California companies will receive strengthened protections in Korea for

intellectual property, including software, music, film, videos and text.

CalChamber Position

The California Chamber of Commerce, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business.

New multilateral, sectoral and regional trade agreements ensure that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

More information is available at www.calchamber.com/korea.

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Transportation

The majority of the mill's products ship to customers by truck; however, a unit-train shuttle system is used to supply products to Southern California. Two trains per week are sent to Los Angeles and by means of a transloader, the coils are delivered by truck to the final destination.

Using a train/truck system has reduced the carbon footprint for shipment into Los Angeles by 80 percent when compared to shipping by truck alone.

Core Values

The core values at UPI include: safety, customer service, teamwork, quality and community responsibility. The company's first and most important value, however, is safety. Safety training starts days before a new employee can begin working and continues non-stop throughout the employee's career, whether a person works in the factory or office.

Important to excellent safety is house-keeping—maintaining a clean working environment is critical to working safely. UPI is recognized as one of the safest and

cleanest steel mills in North America.

Customers have rewarded UPI by naming it, via an industry-wide survey, the steel mill with the highest customer satisfaction and the highest quality of all steel mills in North America. The company credits this accomplishment to also having the best employees.

UPI is proud of its 100-year heritage as a California employer, supporting communities and families throughout the

state. It is confident that the future will bring even more prosperity.

"Profiles in Trade" is a regular feature highlighting the international activities of CalChamber member companies. Michael Obermire, USS-POSCO Industries, is a longtime member of the CalChamber Council for International Trade.

CalChamber

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