Lacking Tariff Relief, A&T Stainless to Idle Midland Operations

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Operations scheduled to cease by end of the second quarter

PITTSBURGH--(BUSINESS WIRE)-- Allegheny Technologies Incorporated (NYSE: ATI) today announced that its 50% owned A&T Stainless joint venture plans to idle its Direct Roll Anneal and Pickle (DRAP) operations in Midland, Pennsylvania by the end of June 2020 due to Section 232 tariffs that make the business unsustainable. A&T Stainless has alerted the nearly 70 Midland-based employees—the majority of whom are represented by the United Steelworkers—that the DRAP will be idled by the end of the second quarter 2020.

A&T Stainless imports semi-finished stainless slab products from Indonesia to produce 60-inch wide stainless sheet products. Subject to the 25% tariff levied on all stainless steel products imported into the United States under Section 232, since March 2018, A&T Stainless has paid over $37 million in tariffs. ATI’s 2019 financial results included $19.3 million of losses for its share of A&T Stainless results, which included an impairment charge for the Midland facility as well as a $4.3 million reserve based on ATI’s share of the estimated fair value of the joint venture’s net assets.

“The unfortunate impact on these hard-working employees is an unintended consequence of the blunt nature of tariffs,” said Robert S. Wetherbee, President and CEO of ATI. “We have no viable alternative to imports, yet have suffered unsustainable losses under this economic policy. Since March 2018, we have sought unsuccessfully to obtain a tariff exclusion, with our latest request still unanswered by the Department of Commerce. While we firmly believe we meet the criteria for an exclusion, we cannot wait any longer. Without a tariff exclusion, we have no choice but to idle the Midland operations.”

Operations will continue in Midland during an orderly idling process through the end of June as A&T Stainless continues to meet the needs of its customers. The DRAP will be idled in a manner that would allow operations to resume if tariff policies were substantially changed.

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