

Gerdau Ameristeel Killed Trust ‘in cold blood,’ Steelworkers Charge at Beaumont ‘Funeral’

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Lockout by owner of east Texas mill is ‘bad for Beaumont, bad for business and bad for the company’

BEAUMONT, Texas — Trust was buried in the sod of east Texas at high noon Wednesday, “killed in cold blood” by a corporation that “has broken its word and violated our trust,” according to the “mourners” who accompanied the coffin to its final resting place.

The mourners are members of United Steelworkers (USW) Local 8586 and other residents of Beaumont, 90 miles east of Houston. The corporation is Gerdau Ameristeel Corp. (NYSE:GNA), whose top management attempted to short-circuit negotiations for a new labor agreement at Beaumont by abruptly locking out the mill’s unionized work force on May 26.

Gerdau executives gave no advance notice of their surprising decision to halt operations in Beaumont during the most lucrative upswing in domestic steel markets in decades. But company officials did offer an explanation of sorts for their abrupt change of course, which threw the mill and the town into turmoil last week. The purpose of the lockout, according to company documents, is to “ensure long-term stability” in Beaumont.

Steelworkers who attended the “funeral” in Beaumont see things a bit differently. Carrying a coffin marked “Trust,” they gathered across the street from the mill “to bury the trust and good faith that is a crucial part of any negotiations.”

“Today, this casket symbolizes the trust that Gerdau, with its broken promises and vicious, surprise lockout, has killed in cold blood,” said Pete Savoy, president of USW Local 8586, which represents some 300 production and maintenance workers at Gerdau’s Beaumont operations.

“Gerdau broke faith with our entire community when management launched this attack,” Savoy continued, describing management’s actions leading up to the lockout in Beaumont.

“The company told our local leadership and the news media that our plant would be on a temporary idle. Soon afterwards we learned the truth — the company’s lockout is an unfair attempt to force our members to accept a deeply concessionary contract.”

At the conclusion of his eulogy, broadcast live at the top of the noon news on Channel 6 in Beaumont, Savoy asked participants “to join me in a funeral procession to our union hall, where we will bury the trust that the company has cynically violated and abused.”

A 70-car procession, plus a motorcycle escort, accompanied Trust to its “final resting place” at the union hall, where Steelworkers and other residents discussed the lockout.

“For months, we’ve been trying to bargain a labor agreement that respects and rewards our members for their loyalty and hard work,” said John Patrick, head of the USW’s Houston sub-district and a senior member of the union’s bargaining committee at Beaumont. “But instead of negotiating in good faith, Gerdau management tried to dictate a labor agreement. Instead of bargaining, the company chose confrontation.”

Gerdaу acquired the Beaumont mill and other North Start Steel operations from Cargill, Inc., on Nov. 1, 2004. Bargaining began in January, and continued beyond the expiration of the old labor agreement on March 31. On May 9, company negotiators made a proposal that they insist is Gerdaу’s “Last, Best and Final” proposal for a new labor agreement at Beaumont.

“Practically every major company in the industry has learned to partner with our union,” Patrick explained. “We’ve renegotiated our agreements throughout basic steel, and the results speak for themselves: dramatically increased productivity and lower costs for employers, higher incomes and better pensions for Steelworkers, and guaranteed investment to keep our mills competitive.

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