



## The Economic Impact of the American Iron and Steel Industry

### Summary Results

According to a recently released analysis, the American iron and steel industry is a dynamic part of the U.S. economy, accounting for more than **\$520 billion in economic output** and nearly **two million jobs** in 2017 when considering the direct, indirect and induced impacts. These workers earned over **\$130 billion in wages and benefits**. All told, the industry generated **\$56 billion in federal, state and local business taxes**.

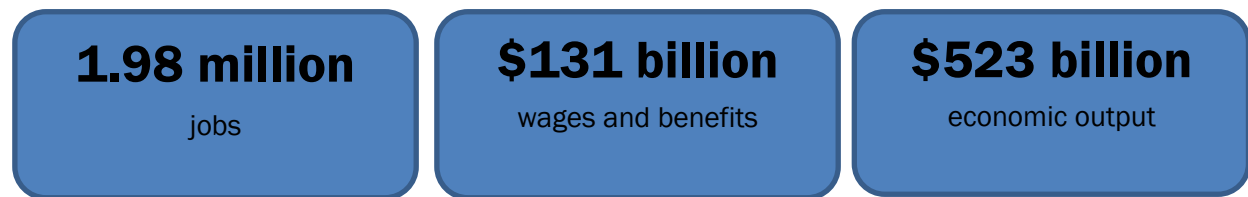
#### Economic Impact of the American Iron and Steel Industry

	Jobs	Wages	Industry Output
<b>Direct Impact</b>			
Materials / Mill Services	75,606	\$5,791,881,500	\$25,982,986,900
Iron and Steelmaking / Steel Mill Products	140,877	\$13,765,596,100	\$115,074,150,700
Other Steel Products / Processing / Distribution	170,270	\$13,987,958,700	\$65,591,246,400
<b>Total Direct Impact</b>	<b>386,753</b>	<b>\$33,545,436,300</b>	<b>\$206,648,384,000</b>
<b>Total Supplier Impact</b>	<b>715,510</b>	<b>\$52,694,054,800</b>	<b>\$172,914,724,100</b>
<b>Total Induced Impact</b>	<b>877,743</b>	<b>\$45,016,028,500</b>	<b>\$143,029,447,900</b>
<b>Total Economic Impact</b>	<b>1,980,006</b>	<b>\$131,255,519,600</b>	<b>\$522,592,556,000</b>
	Federal Taxes	State and Local Taxes	Total Taxes
<b>Business Taxes</b>	<b>\$33,125,794,600</b>	<b>\$22,738,282,400</b>	<b>\$55,864,077,000</b>

The manufacturing process as defined in this study begins with the production and processing of materials such as iron ore, ferrous scrap, or coke, and the provision of mill services. These activities directly account for 76,000 jobs. Iron and steelmaking and the manufacturing of steel mill products such as sheet, plate, pipes and bars, directly account for another 141,000 jobs. The iron and steel industry directly accounts for another 170,000 jobs related to ferrous metal foundry production, steel processing and distribution, and other steel product manufacturing. Thus, nearly 387,000 jobs paying \$34 billion dollars in wages and benefits are directly linked to the American iron and

steel industry through steelmaking, steel mill and other steel products, processing, distribution, materials and mill services, which in total produces more than \$200 billion in output.

Numerous firms produce and sell a broad range of items to the iron and steel industry, including machinery for the production process, fuel, technology and packaging materials. In addition, supplier firms provide a broad range of services, including personnel services, financial services, advertising services, legal services and transportation services. Additional people are employed by government entities responsible for the regulation of the iron and steel industry. The study estimates that the American iron and steel industry supports 716,000 supplier jobs, paying \$53 billion in wages and compensation. These suppliers generate \$173 billion in economic output across 513 of the 536 individual industry sectors of the U.S. economy.



Finally, this study accounts for the spending by employees of the iron and steel industry and its suppliers. This spending, items including, but not limited to housing, food, educational services and medical care, comprises the “induced impact” of the industry. In other words, this spending, and the jobs it creates, is induced by the production and distribution of iron and steel. The study estimates that the induced impact of the industry is \$143 billion, and generates 878,000 jobs paying \$45 billion in wages and benefits.

The American iron and steel industry also contributes to the public finances of the nation. This contribution consists of the direct taxes paid by firms and their employees, equaling a total of \$56 billion in revenues to the federal, state and local governments.

## **Background**

*The Economic Impact of the American Iron and Steel Industry* estimates the economic contributions made by the iron and steel industry to the U.S. economy in 2017. John Dunham & Associates (JDA) conducted this research, which was funded by the American Iron and Steel Institute (AISI). This work uses econometric models first

developed by the U.S. Forest Service, and now maintained by the IMPLAN Group. Data is drawn from Infogroup, a leading provider of business and consumer data, as well as from industry sources and government publications.

The iron and steel industry is defined in this study as facilities engaged in activities such as iron ore mining, coke production, ferrous scrap processing, provision of steel mill services, raw steel production, steel mill and other steel product manufacturing, ferrous metal foundries, steel processing and distribution. The study measures the number of jobs in the industry, the wages paid to its employees and the value of industry output.

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Industries are linked to one another when one firm buys goods or services from another to produce its own products. Each industry makes purchases from a different mix of supplier industries, and so on. Employees in all industries extend the economic impact when they spend their earnings. Thus, American iron and steel production generates output and jobs in hundreds of other industries, often in states far removed from the original economic activity. The impact of supplier firms, and the “induced impact” of the re-spending by employees of the iron and steel industry and its supplier firms, is calculated using an input/output model of the United States. Impacts are calculated on a national basis, by state and by congressional district.

The study also estimates business and personal taxes paid by the industry and its employees. Federal taxes include industry-specific excise and sales taxes, business and personal income taxes, FICA, and unemployment insurance. State and local taxes include state and local retail sales taxes, license fees, and applicable gross receipt taxes. Manufacturers pay real estate and personal property taxes, business income taxes, and other business levies that vary in each state and municipality.