

?Hyosung (America) blames planned closure of American Steel Cord plant on economic downturn

Written by Marty Randall

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? Officials in the New York City office of Hyosung (America) Inc. announced Thursday, October 30, that its facility in Scottsburg, known as American Steel Cord, will close its doors as of December 31.

Operations are discontinuing at the plant on the west side of Scottsburg due to "...economic conditions and an increasingly competitive industry," according to the news release. The closure will affect 154 people now employed at American Steel Cord (ASC).

"The extremely challenging industry, which has been impacted due to reduced demand, high utility costs and other economic factors, has forced this decision," according to a company official.

The site, the release said, has been operated at a loss for the past two years. Hyosung officials had sought "...every opportunity to turn the performance around; however, it became very evident we had no option but to make this difficult decision. We regret the impact this difficult decision will have on the Scottsburg workforce, along with their families and the community."

Scottsburg Mayor Bill Graham got the official word on the closing on Tuesday, October 28. He was conducting a Board of Public Works and Safety meeting at the time, and the impact "...made it very hard for me to continue with the meeting. It very nearly made me physically ill. This plant closing is the worst possible news their employees can receive, and it's going to be so much more than the job loss. This closure will have ripple effects throughout our community," advised Mayor Graham, who added, "Our first thoughts are with the families who will be directly affected. We have five or six husbands and wives that I know of who both work there. We have people who have worked there for 17 years, and they're losing all their benefits, everything."

The plant that has become American Steel Cord opened in 1989 and was originally owned by the Japanese company Kokoku. Its workforce turns out the finest of steel thread used in steel-belted tires. Kokoku's owners also donated the property on which the Scott County Family YMCA was built, while helping to develop a new street in Scottsburg, Community Way. The street is now home to the LifeLong Learning Center, Ohio Valley Resources, the Indiana Department of Children and Family, the Scott County Community Clearinghouse and the YMCA.

Kokoku later sold the facility to Michelin. Michelin's executives decided to further fine-tune the plant toward that company's needs for steel wire. That could have been the fatal error. By the time Hyosung (America) Inc. purchased the facility, well-made tires were a product that could be relied upon by consumers to give long-lasting wear. With the recent economic turndown, tire sales have now dipped 40% worldwide, related Mayor Graham.

"This is not a case of them wanting to move the plant to Mexico. The information I was given is that Hyosung is closing the plant. Period. In fact, I've since learned that all of the nation's steel cord plants have shut down except two in Arkansas," the city official said.

He credited Hyosung with its efforts to keep American Steel Cord open as long as it could. "They tried diversification so their product could be offered to other tire manufacturers, but the demand is so low, it was a losing proposition," he explained.

Losing American Steel Cord is like losing a member of the family, Mayor Graham went on.

"They've always been a strong community supporter through United Way. A lot of those families are members of the YMCA," noted Mayor Graham. The plant is the city's largest electrical consumer, needing about 1/3 of the utility's output to operate and it, of course, also pays a large sewer bill each month. Its building is one of the largest manufacturing facility in Scott County, second only to Morgan Foods Inc. in Austin. Those 154 employees all pay COIT

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(County Optional Income Tax), and the firm pays property taxes. These losses will also affect Scottsburg and Scott County short-term and long range.

Hyosung (America) has given a 60-day notice to affected employees, appropriate officials and governmental agencies as required under the U.S. Department of Labor's Worker Adjustment and Retraining Notification (WARN) Act. That act will make training and other assistance available to the American Steel Cord workforce.

"We've got to work hard to help these displaced workers and find them employment. I'm not saying everyone will be able to stay here in this county because some of their jobs are specific to the industry. We'll probably lose some good people to other areas of the country," Mayor Graham predicted.

The Mayor said he wasn't angry with Hyosung for the decision. "If Hyosung hadn't bought it from Michelin several years ago, ASC would have closed a lot sooner than it did," he remarked.

The Mayor and his administration is not only facing the prospect of losing ASC but also Freudenberg NOK. That facility, located on South Lake Road, will be closed in the summer of 2009. "That's a total of nearly 300 jobs that will be gone from our local economy, and that's a blow to this entire area," he said.

Economic development has always been a hallmark of the Graham administration, and the Mayor said he remains upbeat about the future.

"I am an optimist, and I don't apologize for that. Give us some time and we're going to take this lemon and make lemonade somehow. Challenges always bring opportunities. When this economy does turn around, that building should be very marketable to several industries because of its proximity to I-65 and the utility package that comes with it," he pointed out.

Mayor Graham said he expects Hyosung will put the facility on the market in early 2009.