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U.S. Steel cancels Minnesota mine expansion

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[United States Steel](#) Corp. announced Tuesday it plans to forgo two expansion projects, saving the steel manufacturer more than \$800 million.

The Pittsburgh-based company (NYSE: X) said it will not continue with a planned expansion of its Keetac iron ore pellet operation near Keewatin in Northern Minnesota.

[State regulators approved the project in 2011](#). At the time it was estimated to cost \$300 million and expected to create work for 500 temporary construction jobs and 150 permanent positions.

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U.S. Steel also canceled plans for two new modules at its Gary Works blast furnace facility in Gary, Ind. One module has been built but will be idled.

The company said it won't need the expansions to meet future demand for iron ore and coke products.

"The decisions to stop further efforts relative to these investments represent another step in our transformation to earn the right to grow," U.S. Steel President and CEO [Mario Longhi](#) said in a prepared statement. "These strategic decisions allow us to redirect funding to projects to further develop advanced high strength steels for our automotive customers, premium connections for our energy market customers, and capital expenditures to update and modernize our operations."

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In addition, the board of directors of U.S. Steel's Canada subsidiary has voted to apply for financial relief from creditors.

The Canadian division posted a \$2.4 billion loss for the past five years and had about \$1 billion in employee benefits liabilities as of June 30. As a result, U.S. Steel said it will deconsolidate [U.S. Steel Canada](#) and its subsidiaries from its financial statements. It will give U.S. Steel Canada about \$165 million in financing to help support operations through 2015.

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