



## SPECIALTY STEEL INDUSTRY OF NORTH AMERICA

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### SPECIALTY METALS AND THE NATIONAL DEFENSE December 2005

#### An Important Strategic Problem is Identified.

Over the last 24 months, the Specialty Steel Industry of North America (SSINA) has expanded its membership to include virtually all North American manufacturers of stainless steels and Ni base alloys, including superalloys. Other specialty metals such as titanium and titanium alloys, zirconium, and niobium alloys are also produced by some SSINA member companies. Importantly, the focus of SSINA is specialty metals, not conventional “steel”. It is also important to note that the US industry is modern and efficient, and is at the leading edge ... throughout the world ... in both new product development and the implementation of advanced manufacturing technology.

Most recently, SSINA has been pursuing one primary mission – bringing attention in Washington to what we believe is a potentially serious long range strategic problem for the United States. It is our belief that over an extended period of time, **the US could gradually lose its domestic specialty metals manufacturing base if US manufacturers of specialty metals ... like so many other manufacturers ... move production offshore in search of what they perceive to be better business opportunities and higher profits.** As importantly, were this to happen, not only would the US lose its manufacturing base, but .... **it would also lose its leading edge position in specialty metals technology ... along with its ability to develop new technology.** This is because if the manufacturing base moves, research and development soon would be shifted abroad as well in order to take advantage of lower costs and ties to the manufacturing process. In this industry... **“our factories are our laboratories.”** This link between manufacturing and technology development is not well understood or appreciated by most people. It certainly seems not to be appreciated by many members of the US government or by so-called free trade economists who permeate Washington and other policy making centers around the world. It is naïve, at best to think that a leading edge position in specialty metals technology can be maintained in the US in the absence of a healthy and vibrant domestic manufacturing activity.

Why is this important to US national interests? Were this to happen and specialty metals manufacturing and technology development to leave the country... the impact of such a transition on US defense systems and defense capabilities would be significant and decidedly negative. In short, **the specialty metals industry is critical to national defense.** Maintaining a healthy domestic specialty metals industry and its ability to

