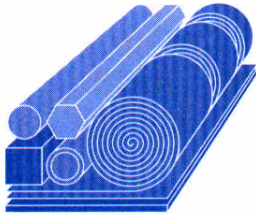


# NEWS



## SPECIALTY STEEL INDUSTRY OF NORTH AMERICA

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FOR IMMEDIATE RELEASE

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### U.S. SPECIALTY METALS INDUSTRY WEIGHS IN ON AMERICAN COMPETITIVENESS INITIATIVE

(Washington, D.C.) (February 3, 2006) – A letter sent today to President Bush signed by the chairman of the Specialty Steel Industry of North America (SSINA) expresses support for the American Competitiveness Initiative (ACI) and proposes issues that the industry believes must become priorities in the implementation of the ACI.

In the letter, Dr. Jack W. Shilling refers to a recently published SSINA report, *Specialty Metals and the National Defense*, which addresses the competitiveness issue as not only critical to job growth and the economy, but—particularly in the case of the U.S. specialty metals industry—to the national defense. He notes that the “U.S. specialty metals 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.”

The same study forewarns, however, the potential loss of the domestic specialty metals industry, much like the loss of other U.S. manufacturing capability, absent appropriate government action to encourage ongoing investment here. The letter quotes Acting Under Secretary of Defense Gary A. Powell who went on record as stating, “There is no question that specialty metals are critical to the national defense, and the U.S. specialty metals industry is a very important supplier of these materials to various defense contractors. And myriad defense programs would be negatively impacted by specialty metals supply disruptions.”

While agreeing that it would be unwise for the U.S. to become protectionist or isolationist or afraid of international competition, Shilling writes that the study highlights a few, very important issues that must become priorities in ACI’s implementation. He notes that research, education and innovation are inextricably linked to the manufacturing process and that ongoing investment in manufacturing be made in the U.S. to create the right incentives and objectives for research and education. “It will do little good to push education and research if investments in manufacturing gradually migrate outside the U.S.,” Shilling points out.

The study also illustrates that the competition playing field is not level and is becoming less so every day. The major factors for CEOs that tilt the table in favor of investing overseas are global trade inequities; structural cost differences (apart from labor) and tax structure. Shilling stressed that tax reform is vitally important “not only with regard to taxes on individuals . . . but most importantly with regard to taxes on corporations related to investments in manufacturing capacity and technology development.”

Shilling noted that American multi-national companies do not need to make all of their investments in the U.S. “It is only necessary that significant ongoing investment be made here in order to support our economy, favorably impact our balance of trade, maintain our leadership position in technology, and provide for our national defense. Without ongoing investment here, particularly in the specialty metals industry, our great manufacturing and technological leadership position in the world will be liquidated as it slowly moves offshore,” Shilling concluded.

The complete industry report, *Specialty Metals and the National Defense*, can be found on the industry’s website: [www.ssina.com](http://www.ssina.com).

SSINA is a Washington, DC-based trade association representing virtually all North American producers of stainless steels and nickel-based alloys, including superalloys. Other specialty metals such as titanium and titanium alloys, zirconium, and niobium alloys are also produced by some SSINA member companies.

Jack W. Shilling, Ph.D., is Executive Vice President, Corporate Development and Chief Technical Officer, Allegheny Technologies Incorporated.

Member companies are: AK Steel Corporation, Middletown, OH; Allegheny Ludlum Corporation, Pittsburgh, PA and Allvac, Monroe, NC (both Allegheny Technologies companies); Carpenter Technology Corporation, Reading, PA; Crucible Specialty Metals, Syracuse, NY; Electralloy, Oil City, PA; Haynes International Inc., Kokomo, IN; ThyssenKrupp Mexinox SA de CV, San Luis Potosí, S.L.P., Mexico; North American Stainless, Ghent, KY; Outokumpu Stainless, Inc., Schaumburg, IL; Precision Rolled Products, Inc., Florham Park, NJ; Special Metals Corporation, Huntington, WV; Timken Latrobe Steel, Latrobe, PA; Universal Stainless and Alloy Products, Bridgeville, PA; and Valbruna Slater Stainless Inc., Fort Wayne, IN.

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