



**American
Iron and Steel
Institute**

For Immediate Release

January 10, 2007

Contact Information:

Nancy Gravatt, AISI (202/452-7115)

Meg Mullery, SSINA (202/342-8439)

Tom Danjczek, SMA (202/296-1515)

Gary Hubbard, USW (202/778-4384)

Domestically-Produced Steel Critical to National Defense and Security



Washington, D.C. – The critical interdependence of domestically-produced steel and America’s national security is detailed in a new industry analysis released today, which urges public policies that promote further investment in domestic manufacturing rather than increasing reliance on foreign sources of steel and steel-related products.

Issued by the American Iron and Steel Institute (AISI), Steel Manufacturers Association (SMA), Specialty Steel Industry of North America (SSINA) and United Steelworkers (USW), the analysis explains that the U.S. steel industry’s ability to supply the defense establishment will depend on its ability to compete in its commercial markets and maintain an onshore manufacturing presence. With much of America’s steel-related manufacturing base being moved offshore due to market distorting, and often illegal, foreign government incentives and unsound economic policies at home, the U.S. military could lose its principal source of strategic metals. If this were to occur, the United States would become dangerously dependent upon unreliable foreign sources of supply.



The report details the importance of domestically-produced steel to our national defense. In so doing, it highlights the increased need for steel to improve our major military platforms, strengthen the nation’s industrial base and harden our vital homeland security infrastructure. It notes further that all segments of the domestic steel industry contribute directly or indirectly to the defense industrial base. From missiles, jet aircraft, submarines and Humvees, domestic and specialty metals play an important direct role in the strength of the U.S. military.



U.S. Steel Industry: Domestically-Produced Steel Critical to National Security/Page Two

If the U.S. is to maintain its capability to produce the steel and other strategic metals that are critical to the nation's defense infrastructure, the following must occur:

- Economic policies that encourage continued investment in the United States in both manufacturing and technology must be pursued. In addition, we need to:
 - Lower significantly energy costs for domestic manufacturers;
 - Demand that environmental control systems in foreign countries increase to levels comparable to those used by U.S. manufacturers;
 - Remedy the competitive disadvantages suffered by domestic manufacturers that provide pre- and post-retirement employee benefits;
 - Change tax policies so that they no longer disadvantage U.S. manufacturers.
- The United States also needs to have a healthy and viable R&D effort at home.
- And most importantly, enforcement of free trading principles must be pursued vigorously.

The analysis also singles out the government of China's massive support of its steel industry as "an artificial advantage in international competition" that, if left unchallenged, will result in the continued transfer of significant defense-related manufacturing capability to this growing military power in Asia.

Editor's Note—To download a complete copy of "Steel and the National Defense," go to:

www.steel.org

www.ssina.com

www.steelnet.org

www.usw.org