SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication
serving SFSA steel casting industry Members

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Casteel Commentary Highlights:

In a series of meeting on the needs of manufacturing organized by the U.S. Department of Commerce, the administration heard that U.S. manufacturers were concerned with the predatory mercantilist trading practices of China and with the poor conditions in the U.S. Both of these need issues require urgent action to salvage our manufacturing base. You can help if you have any information on unfair subsidies or practices in China, please share this with Commerce at the website listed in the Casteel Commentary this month.

2003 SFSA Annual Meeting

Surviving in the Second Century
100+1

The SFSA Annual Meeting is being held in Chicago on November 5 and 6. We will have an update on the economy, a presentation on the future of manufacturing, a market outlook for steel castings in 2004 and much more. Plan now to attend. Our theme for the year is surviving the second century. SFSA celebrated its first century last year but now with the severe pressures we face, our meeting is focused on what we will need to do to survive in the second century. In addition to our meetings, meals, and receptions, there is an abundance of things to do in Chicago. We have an optional tour of the city scheduled for November 6. Check out our website for details and registration information.
http://www.sfsa.org/sfsa/annmtg

Technical & Operating Conference

The SFSA T&O conference is the one must do event for all members. Here is one of the main benefits of membership. Given the dramatic changes in the industry and the uncertain future, it is even more important that our members (you) are the best informed in the world. The program and schedule has been mailed out and is available on our website. The workshop will concentrate on casting design, how do we create new products and casting designs? The conference is filled with the latest in market news, technical research and operating innovation The T&O Conference is held on November 5-8 at the Hotel Intercontinental in Chicago. Make sure to make your reservation now! More information is available on our website here: http://www.sfsa.org/sfsa/toconf

U.S.S. New York

Our industry recently got some positive publicity as one of our members cast steel out of the World Trade Center to form structural parts for the U.S.S. New York under construction. In an event covered by CNN and others, politicians, military officers, and the press watched as a heat was melted, tapped and poured at Amite Foundry. If you are interested in more details you may wish to check out the story at
http://www.news.navy.mil/search/display.asp?story_id=9500

Steel Castings for Building Construction

Our effort to break into the building construction market continues to show promise. We are seeing strong interest in castings; including a casting application for a pedestrian bridge in Davenport. We recently obtained a large boost for developing this market when Professor Robert Fleischman at the University of Arizona was awarded a Grant Opportunities for Academic Liaison with Industry (GOALI) project through National Science Foundation (NSF). This award is for a joint project with SFSA and AISC to develop casting applications in building construction. Funds for the three year program will provide funding for Fleischman to develop designs (providing engineering, CAD, and FEA). SFSA is obligated to provide $6,000 in direct funding and an additional $6,000 in cost share (prototype parts, technical support, etc.).

We now plan to finalize the membership of the Steel Casting Construction Consortium (SC3). The last proposal stated $10,000 in cash, goods, or services. We are now proposing membership at $1,000/year plus $1,000/year in cost share. SC3 members will obtain value through being the pioneers of the building construction parts (selecting parts to pursue, being a pre-approved source, establishing contacts within the construction market, etc.). Those who do not join but have expressed general interest in the past, will receive general updates via the Casteel Reporter and Techfolio, and at meetings like the T&O. An update will be given at the SFSA Annual Meeting and the SFSA T&O Conference this November.

Our initial candidates have been identified and are being pursued. The GOALI project officially starts October 2003. For additional information or to join, please contact Raymond Monroe (monroe@sfsa.org) or David Poweleit (poweleit@aticorp.org) - SFSA 847-382-8240. Now is the time to become a part of this wonderful opportunity for our industry!

EPA MACT Standard

SFSA has been active during the formulation and development of the U.S. EPA MACT standard development. The EPA has issued their final rule covering iron and steel foundries. Because the steel casting industry has some major sources but few and small, we are organizing an effort to petition the agency to delist our industry. This will require some technical modeling of the health risk and some legal action. We will be sending out a proposal to all steel foundries asking for your support to proceed with the delisting. An update of this effort will be given at the T&O Conference next month.

Market News

Business conditions remain uncertain as survivors receive work from closures. Business appears to have improved slightly but not significantly except in some markets where the remaining foundries are busy to pickup the production demands from others who have exited the market. Shipments are exceeding bookings as both increase confirming a slow uncertain recovery. This trend is seen both in the SFSA Trend cards and the Census data for iron and steel foundries. Another encouraging sign for a strong improvement is the continued decline of inventories in capital goods and iron and steel foundry products. Stagnant shipments of steel and stable orders for capital goods show no underlying momentum yet in the recovery.

Casteel Commentary

Manufacturing in the United States has been under siege. Low levels of demand for capital goods, subsidized foreign predators, self serving large multinational OEMs, rising raw material costs, accelerating health care costs, increased regulations, failing customers, worried suppliers, reluctant banks are all part of the difficult business climate that afflicts us. After the loss of over 2 million jobs, a dramatic increase in the trade deficit with China, and increasing bipartisan political pressure from Congress the administration has slowly begun to take steps to change policies that damage manufacturing. Two significant shifts demonstrate the political potency of these issues and the administration's increasing concern.

First, after resisting any appeal to deal with China on their nonmarket predatory trading practices, Secretary Snow has begun to actively advocate with our trading partners the need for a revaluation of the Chinese ruan. Many studies have identified that the Chinese currency is undervalued relative to the U.S. dollar by 30 to 40%. The Chinese appear to be involved in exporting their unemployment while buying U.S. market share. Without enforceable consequences, there may be no change in this situation.

Second, after maintaining that manufacturing was in a cyclical downturn that would end through normal market forces, Secretary Evans held a series of meetings to determine the causes and needs of manufacturers in the U.S. One conclusion was that while long term systemic reform of healthcare, tort litigation, regulatory burden, and tax code is needed, the manufacturing sector is in an urgent need of relief now. The second conclusion was that trade pressure from China needed to be confronted.

It is not clear what actions will be taken by the administration to relieve the dire situation in manufacturing. At least, there is now the political realization that it is a serious and important problem that must be addressed. The change in tone is perceptible. Instead of advocating exporting to China as a way to balance the trade deficit, Commerce now is actively seeking examples of unfair trading practices to use to confront China.

While we are in a poor position to supply the needed information, it is important that we feed what information we have about subsidies or other unfair practices to the import administration. This can be done confidentially. I would encourage you to share any information you have or can get with the Trade Remedy Compliance Staff at trca@ita.doc.gov.

If you think China is unfairly trading and you are concerned about our governments inability to confront this abuse, now is the time to make your case.

Raymond Monroe

STEEL FOUNDERS' SOCIETY OF AMERICA
MEETINGS CALENDAR

2003

October
24 North Central Technical & Operating Meeting, Milwaukee, WI

November
5/6 101st SFSA Annual Meeting - Hotel Inter-Continental, Chicago, IL
5/8 National T&O Conference - Hotel Inter-Continental, Chicago, IL
5 Board of Directors - Hotel Inter-Continental, Chicago, IL
5 Marketing Committee - Hotel Inter-Continental, Chicago, IL
18 Specifications Committee, Tampa, FL

2004

Feb
27 North Central Technical & Operating Meeting, Milwaukee, WI

April
23 North Central Technical & Operating Meeting, Milwaukee, WI

May
18 Specifications Committee, Salt Lake City, UT

September
11/15 Annual Meeting - Ritz Carlton Hotel, Amelia Island, FL

November
3/6 National T&O Conference - Hotel Inter-Continental, Chicago, IL
9 Specifications Committee, Washington, DC

STEEL FOUNDERS' SOCIETY OF AMERICA
BUSINESS REPORT

SFSA Trend Cards (%-12 mos. Ago)	3 Mo Avg	July	June
Carbon & Low Alloy			
Shipments	14.5	8.6	24.1
Bookings	-1.5	11.5	-6.7
High Alloy			
Shipments	31.9	-1.0	90.0
Bookings	11.4	10.0	15.9

Department of Commerce
Census Data

Iron & Steel Foundries (million $)

Shipments	1,250	1,265	1,235
New Orders	1,253	1,284	1,236
Inventories	1,748	1,718	1,770

Nondefense Capital Goods (billion $)

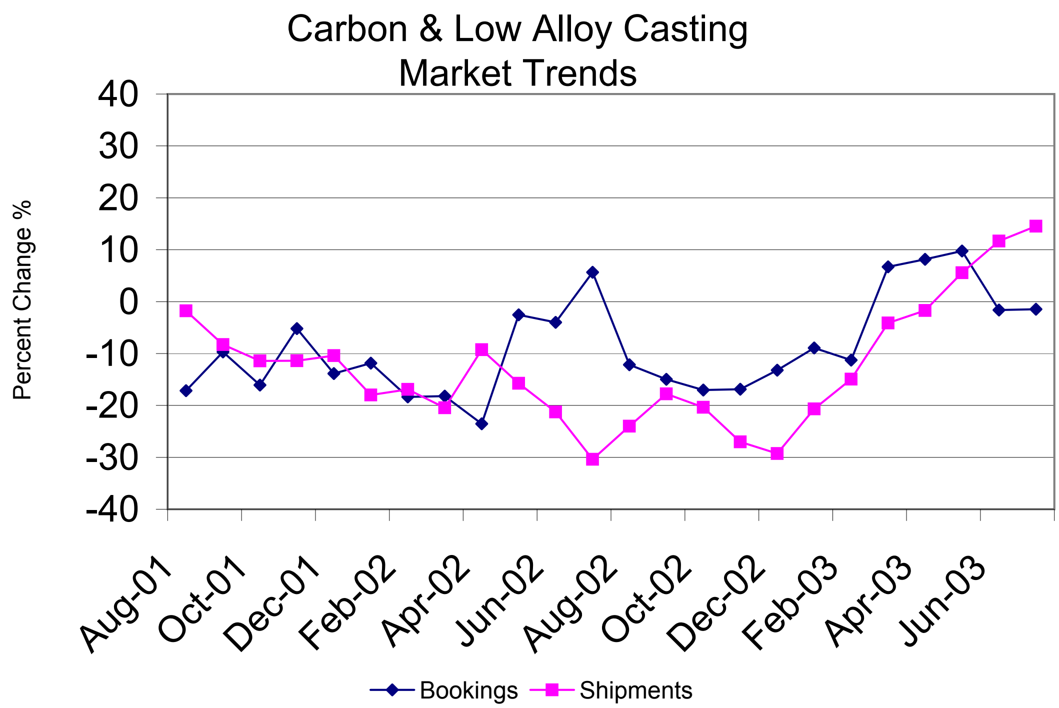
Shipments	59.5	58.1	57.5
New Orders	56.1	55.3	57.8
Inventories	107.8	105.9	108.1

Nondefense Capital Goods
less Aircraft (billion $)

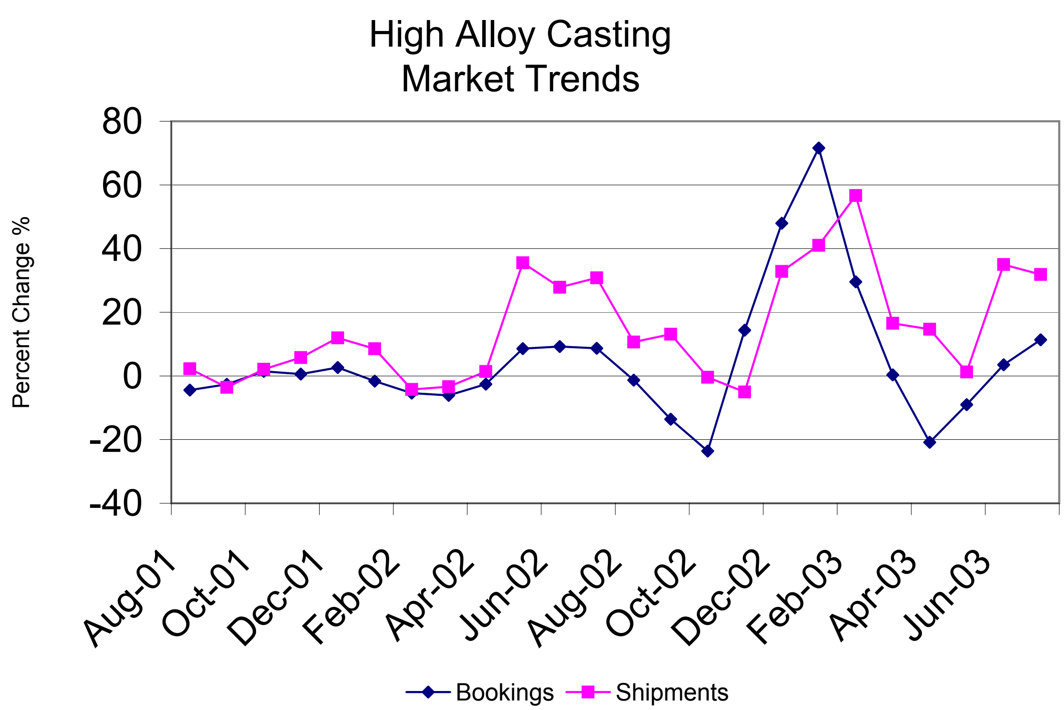
Shipments	55.1	55.3	54.5
New Orders	54.6	54.7	55.4
Inventories	84.6	80.9	86.4
Inventory/Orders	1.55	1.48	1.56
Inventory/Shipments	1.54	1.46	1.59
Orders/Shipments	0.99	0.99	1.02

American Iron and Steel Institute

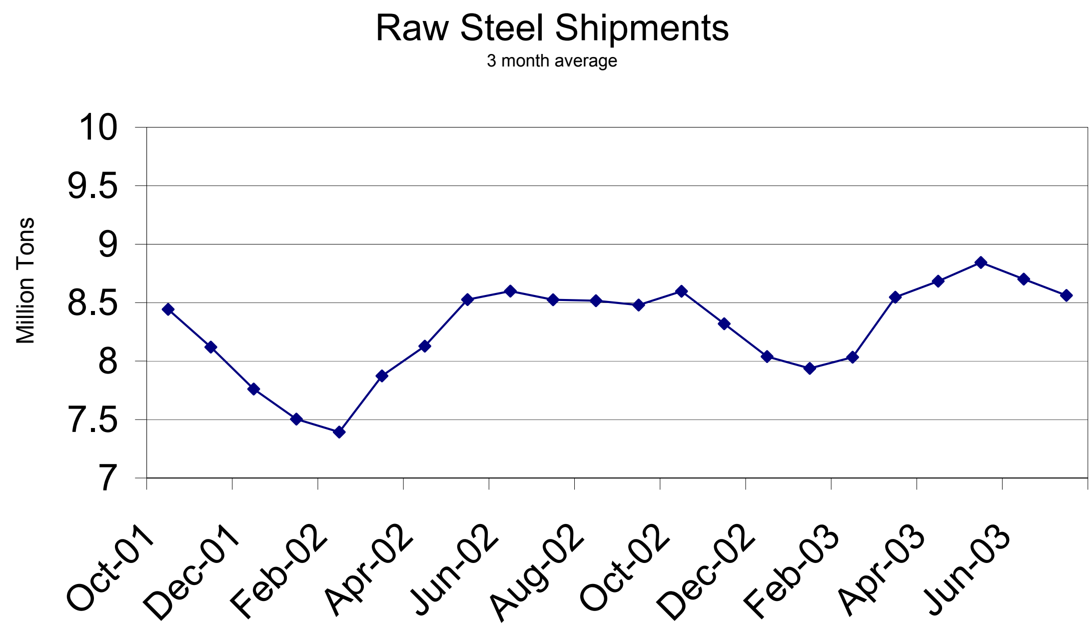
Raw Steel Shipments (million net tons)	8.6	8.4	8.7



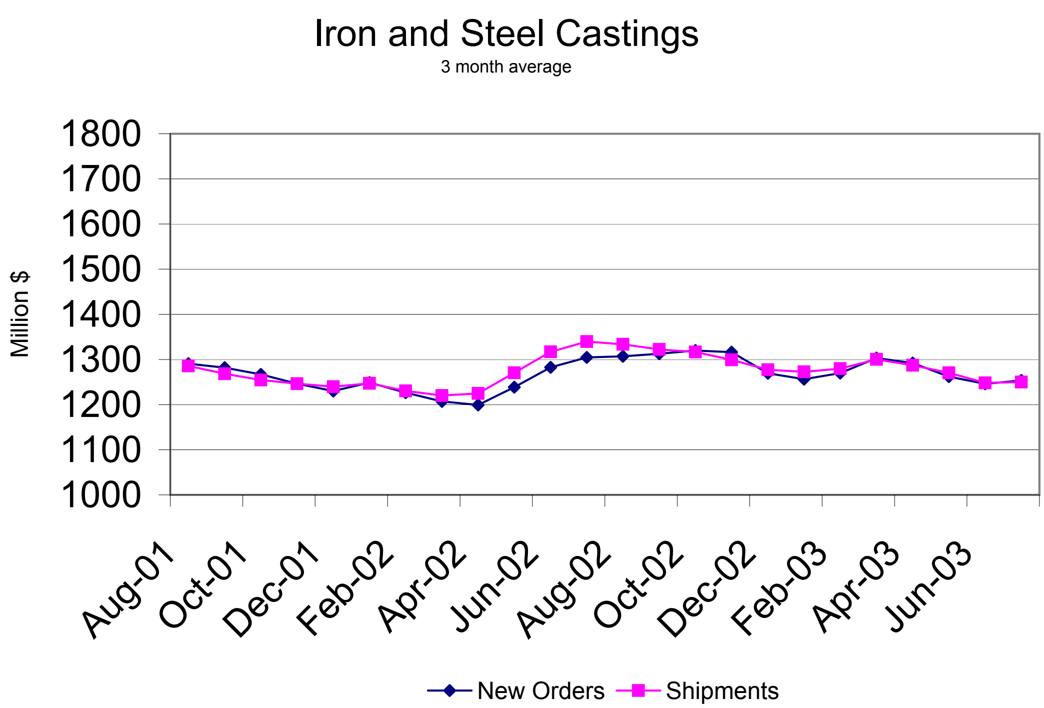
SFSA Postcards



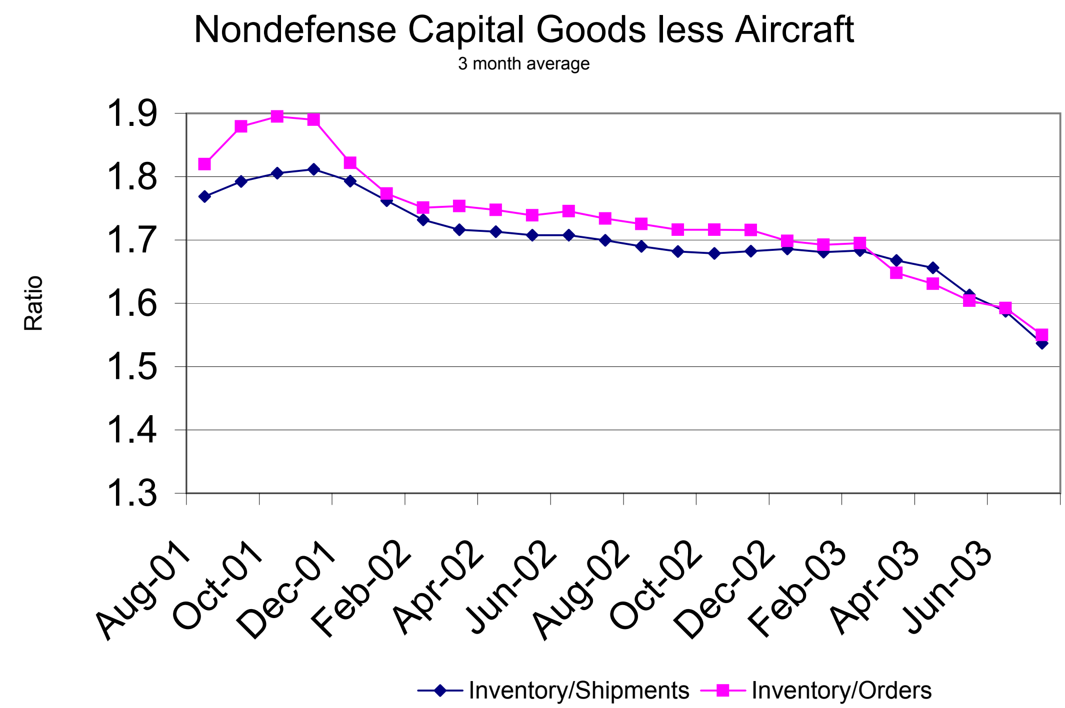
SFSA Postcards



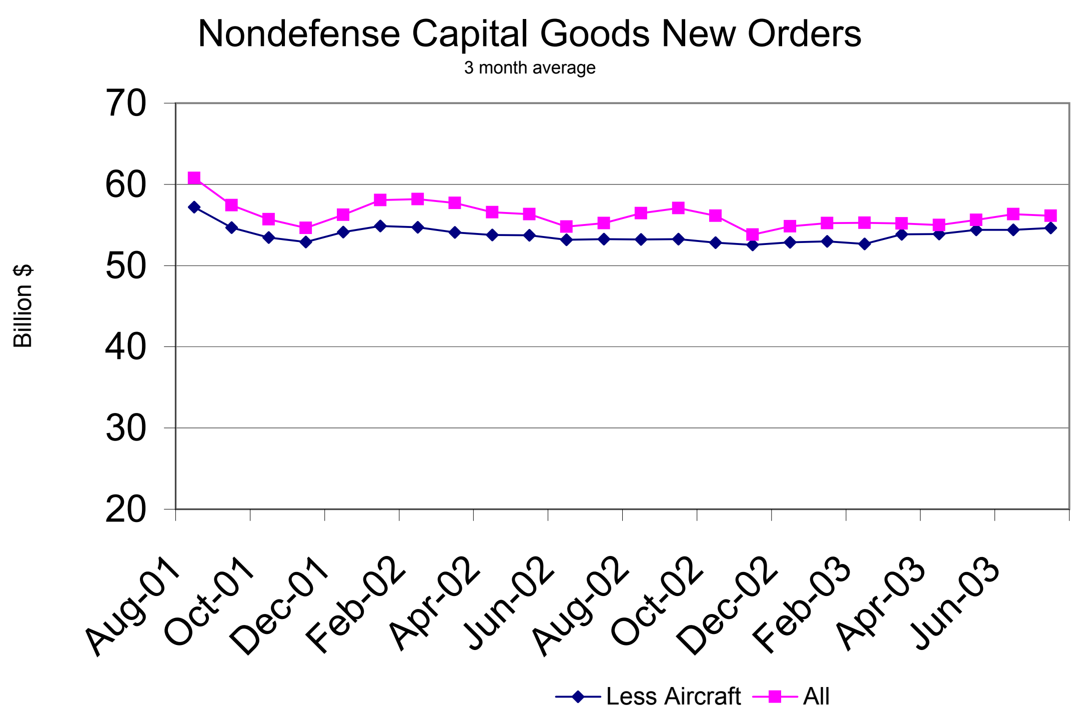
AISI Data



SFSA



Department of Commerce



Department of Commerce