

DRAFT

The Manufacturing Council

Tungsten Letter Submitted by: Subcommittee on Advocacy and International Trade
Confidential

The Honorable Carlos Gutierrez

U.S. Department of Commerce

Washington, D.C. 20230

Dear Secretary Gutierrez:

Tungsten has a variety of applications that are essential to US manufacturing. Any drilling, shaping or bending, for example, depends on machine tools, and 70 to 80 percent of these machine tools have a reasonably high to very high content of tungsten.

Over the past six months, the price of this raw material, 80 percent of which is controlled by China, has tripled, posing a threat to the short-term profitability and potentially, the long-term viability of US tungsten and industries that rely on machine tools. Further, as tungsten is used in industries from aerospace to energy to general engineering to automotive to mining and construction, this price instability could ripple through the US economy.

As members of the Manufacturing Council, we ask you to support approval of the Defense Logistics Agency's (DLA) current proposed release of 20 million pounds of its stockpile of tungsten contained in tungsten ore to companies with ore conversion and/or tungsten manufacturing processing capabilities in the US. Under the Strategic and Critical Materials Stock Piling Act, the Department of Defense has the authority to dispose of tungsten and other non-strategic materials in the National Defense Stockpile. This amount is proven logistically manageable by the DLA and is adequate to stabilize current markets.

Left unabated, the recent market price levels for tungsten ultimately could threaten 5,000-plus US manufacturing jobs and the viability and profitability of the \$3-plus billion US metalworking industry -- an industry that includes hundreds of medium and small sized companies across the country.

No single U.S. firm would achieve an unfair competitive advantage with this request. The sole intent is to address this critical shortage and in doing so, protect American manufacturers and the important jobs they provide.

Thank you for your consideration of this recommendation.

Submitted by: Subcommittee on Advocacy and International Trade