Forging is Both Energy-Intensive and Critical to the Energy Production Sector

FIA members are in a unique position in the energy supply chain, and as a result, FIA supports an all-of-the-above energy policy. Forgers are major suppliers to every sector of the energy market, from oil and gas to wind power to shale extraction and pipelines to nuclear reactors. At the same time, most forging work is done at temperatures up to 2300ºF, with subsequent heat treating done at up to 1900ºF, using natural gas or electric furnaces. No alternative technologies are available. Therefore, forgers require adequate, affordable supplies of natural gas and electricity to make critical parts for nearly every industry sector.

Because many forgers use natural gas, revenue-generating ideas such as a carbon tax would have a disproportionately negative impact on the U.S. forging industry. On February 26, 2013, the National Association of Manufacturers (NAM) released a study conducted by NERA Economic Consulting that shows a carbon tax would have a devastating impact on manufacturing. The report, Economic Outcomes of a U.S. Carbon Tax, found that levying such a tax would result in a substantial impact on jobs and higher prices for natural gas, electricity, gasoline and other energy commodities. As a result, manufacturing output in energy-intensive sectors such as forging could drop by as much as 15 percent and in non-energy-intensive sectors by as much as 7.7 percent. For a medium-sized U.S. forger that uses natural gas, a $20/metric ton carbon tax could mean $1-2 million year. It would be devastating for a small business.

Shale Gas Extraction and Keystone - A Manufacturing Renaissance

In the energy sector, forgings are required for many oil and gas drilling operations and for wind, solar and nuclear energy applications. For example, you cannot extract shale gas using hydraulic fracturing technology without forged drill bits.

U.S. energy policy must include increased drilling for domestic oil and gas because regardless of incentives to foster the growth of the alternative energy industry, fossil fuels will be the primary energy source for decades. Extraction techniques in shale gas areas such as Marcellus and Utica not only require forgings directly, but will produce increased supplies of natural gas that will help U.S. forgers remain competitive.

Opportunities such as shale gas extraction and the Keystone Pipeline extension in the U.S. occur once in a generation, and U.S. policies should not erect artificial regulatory barriers to these energy sources. Developed safely, these developments will continue to fuel a U.S. manufacturing renaissance.

FIA believes future regulations of hydraulic fracturing and other shale gas extraction methods must be reasonable, cost-effective and based on peer-reviewed science, to ensure that U.S. consumers are able to take full advantage of this job-creating, energy-producing national treasure.