

NEWS



SPECIALTY STEEL INDUSTRY OF NORTH AMERICA

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FOR IMMEDIATE RELEASE

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U.S. SPECIALTY STEEL PRODUCERS STRUGGLE WITH LOST MARKET SHARE

(October 6, 2003) (Washington, DC) -- The U.S. specialty steel industry continues to struggle with declining domestic demand for its products and imports capturing more market share, according to data released today by the Specialty Steel Industry of North America (SSINA).

Concerned with reports that President Bush may repeal the tariffs on foreign-made steel, SSINA Chairman Paul A. Kelly said, "Removing the tariffs would invite more imports, leaving U.S. producers and workers again watching from the sidelines as foreign product captures even more market share. We appreciate the support of the Congressional Steel Caucus in urging the President to keep the tariffs in place."

Enacted in March 2002, the tariffs were imposed to provide a respite from years of low-priced and subsidized import surges that were wreaking havoc on the industry. The tariffs currently are set to expire in March 2005.

The latest available statistics compare year-to-date July 2003 with the same 2002 period. They show total stainless steel imports capturing almost one-quarter—24%—of the U.S. market, a one percentage point increase over YTD July 2002; even with a 2% decrease in stainless steel imports to 295,592 tons. U.S. consumption did decrease 6% to 1,244,080 tons year-on-year, but the drop in overall stainless steel imports was not commensurate with the drop in consumption.

U.S. producers of stainless steel sheet/strip were hit with both a drop in consumption and an increase in imports. The data reflect that U.S. consumption declined 8% to 915,864 tons, while imports increased 6% to 178,732 tons. Imports now control 20% of the U.S. market, up three percentage points year-on-year. Sheet/strip, the largest stainless steel product category, is not covered by the steel tariff program.

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Stainless steel rod saw a substantial decrease in imports, but they still control 56% of the U.S. market. Imports decreased 34% year-on-year to 23,796 from 36,008 tons, while U.S. demand for stainless steel rod dropped 18% to 42,352 from 51,513 tons.

Similarly, imports of stainless steel bar dropped 8% to 44,222 tons year-on-year, while controlling 40% of the domestic market. Consumption decreased 6% to 109,817 tons with seven month import penetration for stainless steel bar coming in at 40%, down one percentage point. Both stainless steel rod and bar have benefited from inclusion in the steel tariff program.

An increase in imports, coupled with a drop in U.S. consumption, led to a two percentage point increase in import penetration for total specialty steel (stainless steel, alloy tool steel, electrical steel). Imports increased 2% to 395,134 tons while U.S. consumption dropped 5% to 1,515,810 tons. Foreign product captured 26% of the U.S. market for specialty steel. (See attached chart for additional data on U.S. imports, consumption and market penetration data.)

SSINA is a Washington, DC-based trade association representing virtually all continental specialty steel producers. Specialty steels are high technology, high value stainless and other specialty alloy products. While shipments of specialty steel account for only 2% of all steel shipped, annual revenues of approximately \$8 billion account for 14% of the total value of all steel shipped.

David A. Hartquist, an international trade attorney with the Washington, DC law firm Collier Shannon Scott, PLLC, serves as lead counsel to SSINA.

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**U.S. Imports, Consumption and Market Penetration Data 1/
For Specialty Steel Product Lines
2003/2002/2001**

Specialty Steel Product Lines	Imports			U.S. Consumption			Seven Month Import Penetration	
	Month July 2003	YTD July 2003	Increase/Decrease YTD 2003-02	Month July 2003	YTD July 2003	Increase/Decrease YTD 2003-02	YTD July 2003	YTD July 2002
Stainless Sheet/Strip	25,400	178,732	6%	124,855	915,864	-8%	20%	17%
Stainless Plate	5,348	28,559	-8%	29,921	161,354	7%	18%	21%
Stainless Bar	6,315	44,222	-8%	15,785	109,817	-6%	40%	41%
Stainless Rod	2,858	23,796	-34%	4,835	42,352	-18%	56%	70%
Stainless Wire 2/	2,718	20,283	11%	NC	NC	NC	NC	NC
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	42,639	295,592	-2%	177,304	1,244,080	-6%	24%	23%
Alloy Tool Steel 2/	8,437	52,743	30%	NC	NC	NC	NC	NC
Electrical Steel	8,137	46,799	7%	35,849	229,833	-9%	20%	17%
Total Specialty	59,213	395,134	2%	220,972	1,515,810	-5%	26%	24%

2002 and 2001 statistical data in tons follow:

Specialty Steel Product Lines	Imports		U.S. Consumption		Twelve Month Import Penetration	
	2002	Percent Increase/Decrease	2002	Percent Increase/Decrease	2002	2001
Stainless Sheet/Strip	298,538	12%	1,594,657	3%	19%	17%
Stainless Plate	60,002	30%	251,093	9%	24%	20%
Stainless Bar	84,350	-17%	200,747	-10%	42%	46%
Stainless Rod	58,078	-7%	89,898	13%	65%	78%
Stainless Wire	32,711	7%	NC	NC	NC	NC
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	533,679	5%	2,157,962	2%	25%	24%
Alloy Tool Steel	77,006	6%	NC	NC	NC	NC
Electrical Steel	70,895	-35%	424,856	-12%	17%	23%
Total Specialty	681,580	-1%	2,635,311	0%	26%	26%

NOTE: Changes in import penetration are percentage point changes.

1/ Imports adjusted to exclude hot bands imported for re-rolling and reported under shipments.

2/ Shipments of Stainless Wire and Alloy Tool Steel unavailable, hence consumption and import penetration not calculable.

NC = Not calculable.

Prepared by Georgetown Economic Services for the Specialty Steel Industry of North America

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