



SPECIALTY STEEL INDUSTRY OF NORTH AMERICA

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FOR IMMEDIATE RELEASE

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SIX-MONTH MARKET DATA RELEASED BY SPECIALTY STEEL INDUSTRY GROUP

(Washington, D.C.)(August 26, 2004)—Statistics covering the first half of 2004 indicate that U.S. specialty steel producers lost 27% of the U.S. market to foreign product. The data was released today by the industry trade group, the Specialty Steel Industry of North America (SSINA).

The numbers reflect that imports of total specialty steel (stainless steel, alloy tool steel, electrical steel) increased 13% to 379,081 tons in January/June 2004. (All comparison are with the same 2003 period unless otherwise noted.) The 9% hike in U.S. specialty steel consumption was not enough to offset the import increase, resulting in the 27% import penetration figure.

Imports of stainless steel, the industry's largest product category, fluctuated wildly depending on the product line. On the high end, imports of stainless steel plate skyrocketed 64% to 38,085 tons. While demand increased a significant 15% to 151,688 tons, it fell way short of compensating for the explosive jump in imports. The tally for lost market share was substantial: U.S. stainless steel plate producers lost 25% to imports, a seven percentage point increase over YTD June 2003.

Stainless steel sheet/strip import tonnage surpassed demand, translating into a 20% market share loss. Specifically, imports increased 18% to 180,576 tons, while U.S. demand rose 11% to 889,936 tons.

Imports of stainless steel rod and stainless steel bar showed little or no change. But domestic consumption for both products increased, pushing down six-month import penetration. Stainless steel rod imports increased 1% to 21,152 tons; U.S. consumption shot up 16% to 43,470 tons; and import penetration dropped seven percentage points to 49%. Stainless steel bar imports showed a "zero" percentage increase/decrease at 37,852 tons. Domestic consumption rose 6% to 99,516 tons, and import penetration fell two percentage points to 38%.

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For the stainless steel wire product line, imports increased 15% to 20,243. (See attached table for additional information on U.S. imports, consumption and market penetration data for all product lines covering YTD June 2004, 2003 and 2002.)

The data covering total stainless steel (comprising the aforementioned product lines) reflect an 18% increase in imports to 297,908 tons; a 12% increase in U.S. consumption to 1,200,198 tons; and a one percentage point increase to 25% in six-month import penetration.

Other specialty steel product lines include electrical steel and alloy tool steel. For electrical steel, imports increased 1% to 39,031 tons; consumption declined 1% to 192,858 tons; and import penetration remained at 20%. For alloy tool steel, imports dropped 5% to 42,142 tons. (Additional data for this product line is not available.)

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.

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

**U.S. Imports, Consumption and Market Penetration Data 1/
For Specialty Steel Product Lines
2004/2003/2002**

Specialty Steel Product Lines	Imports			U.S. Consumption			Six Month Import Penetration	
	Month Jun 2004	YTD Jun 2004	Increase/Decrease YTD 2004-03	Month Jun 2004	YTD Jun 2004	Increase/Decrease YTD 2004-03	YTD Jun 2004	YTD Jun 2003
Stainless Sheet/Strip	34,785	180,576	18%	155,499	889,936	11%	20%	19%
Stainless Plate	7,595	38,085	64%	27,347	151,688	15%	25%	18%
Stainless Bar	6,705	37,852	-0.1%	18,818	99,516	6%	38%	40%
Stainless Rod	4,178	21,152	1%	8,063	43,470	16%	49%	56%
Stainless Wire 2/	2,981	20,243	15%	NC	NC	NC	NC	NC
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	56,243	297,908	18%	212,094	1,200,198	12%	25%	24%
Alloy Tool Steel 2/	8,687	42,142	-5%	NC	NC	NC	NC	NC
Electrical Steel	8,187	39,031	1%	37,719	192,858	-1%	20%	20%
Total Specialty	73,117	379,081	13%	257,473	1,426,111	9%	27%	26%

2003 and 2002 statistical data in tons follow:

Specialty Steel Product Lines	Imports		U.S. Consumption		Twelve Month Import Penetration	
	2003	Increase/Decrease 2003 vs. 2002	2003	Increase/Decrease 03 vs. 02	2003	2002
Stainless Sheet/Strip	306,494	3%	1,571,120	-1%	20%	19%
Stainless Plate	51,994	-13%	283,334	13%	18%	24%
Stainless Bar	67,901	-20%	184,529	-8%	37%	42%
Stainless Rod	35,168	-39%	63,217	-30%	56%	65%
Stainless Wire	34,167	4%	NC	NC	NC	NC
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	495,724	-7%	2,127,194	-1%	23%	25%
Alloy Tool Steel	87,690	14%	NC	NC	NC	NC
Electrical Steel	80,492	14%	387,994	-9%	21%	17%
Total Specialty	663,906	-3%	2,586,937	-2%	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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