NEWS

SPECIALTY STEEL INDUSTRY
OF NORTH AMERICA
3050 K Street, NW
Washington, DC 20007

FOR IMMEDIATE RELEASE

Contact: Meg Mullery 202.342.8439
mmullery@colliershannon.com

U.S. Specialty Steel Producers Lose More Market Share to Foreign Product, Despite Flat Economy and Weak Domestic Demand

(Washington DC) (October 28, 2003) – Already struggling with a flat economy and weak demand, domestic specialty steel producers lost additional U.S. market share to imports in the first eight months of this year compared to same 2002 period, according to data released today by the Specialty Steel Industry of North America (SSINA).

SSINA Chairman Paul A. Kelly said, "This latest data confirm what we have been telling the Bush Administration─that weak market conditions and depressed demand have made it even more difficult to make-up for lost time. It would be a terrible mistake to reverse course now before we have been able to fully recover from years of unfair trade."

Kelly was referring to a recent letter to President Bush from the steel industry urging that the import relief program remain intact for the full three year term. The steel tariff program, which covers three of the seven specialty steel product lines (stainless steel bar, rod and wire), was implemented in March 2002.

Total specialty steel imports captured 26% U.S. market share in YTD August 2003, up two percentage points year-on-year. While imports went up 1% to 449,415 tons, U.S. consumption slid to 1,731,960 tons. Specialty steel product lines comprise stainless steel (the industry's largest category), alloy tool steel and electrical steel.

Total stainless steel imports and consumption both dropped 6%, with import penetration remaining the same year-on-year. Imports declined to 332,637 tons and consumption to 1,420,347 tons. Eight-month import penetration remained unchanged, with imports capturing almost one-quarter─23%─of the U.S. market.

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U.S. consumption of sheet/strip, the largest stainless steel product category, dropped 7% to 1,046,557 tons year-on-year. Notwithstanding the significant drop in domestic consumption, imports increased 3% to 202,013 tons year-on-year. The decrease in demand and increase in foreign product pushed eight month import penetration up two percentage points to 19%. Stainless steel sheet/strip and stainless steel plate are not covered by the steel tariff program.

Stainless steel plate consumption increased 7% to 186,381 tons and imports decreased 15% to 32,776 tons. Imports captured 18% of the U.S. market for the product, a four percentage point decrease year-on-year.

Imports and consumption of stainless steel bar and stainless steel rod dropped significantly. Both products are covered by the steel tariff program. Stainless steel bar imports decreased 13% to 48,423 tons, while consumption dropped 8% to 123,286 tons. Import penetration was 39% for YTD August 2003 versus 42% for the comparable 2002 period.

Imports of stainless steel rod saw a dramatic 35% decrease to 26,776 tons, but an equally dramatic 20% drop in demand to 47,777 tons. With eight-month import penetration at 56%, imports captured more than half of the U.S. stainless steel rod market. Stainless steel wire imports increased 8% to 22,650 tons.

Alloy tool steel and electrical steel imports increased 28% and 19%, respectively. (See attached chart for additional information on imports, consumption and market penetration data for 2003/2002/2001.)

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			Eight Month Import Penetration	
	Month August 2003	YTD August 2003	Increase/ Decrease YTD 2003-02	Month August 2003	YTD August 2003	Increase/ Decrease YTD 2003-02	YTD August 2003	YTD August 2002
Stainless Sheet/Strip	23,281	202,013	3%	122,403	1,046,557	-7%	19%	17%
Stainless Plate	4,217	32,776	-15%	25,039	186,381	7%	18%	22%
Stainless Bar	4,201	48,423	-13%	13,468	123,286	-8%	39%	42%
Stainless Rod	2,980	26,776	-35%	5,426	47,777	-20%	56%	69%
Stainless Wire 2/	2,367	22,650	8%	NC	NC	NC	NC	NC
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	**37,045**	**332,637**	**-6%**	**167,991**	**1,420,347**	**-6%**	**23%**	**23%**
Alloy Tool Steel 2/	6,873	59,616	28%	NC	NC	NC	NC	NC
Electrical Steel	10,363	57,162	19%	34,549	264,383	-8%	22%	17%
Total Specialty	**54,281**	**449,415**	**1%**	**207,872**	**1,731,960**	**-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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