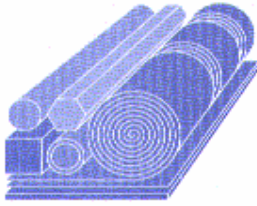


# NEWS



## SPECIALTY STEEL INDUSTRY OF NORTH AMERICA

3050 K Street, N.W.  
Washington, D.C. 20007

FOR IMMEDIATE RELEASE

Contact: David A. Hartquist  
202.342.8450

### **IMPORTS OF STAINLESS STEEL PRODUCTS FROM CHINA CONTINUE TO GROW SHARPLY**

(Washington, D.C., December 5, 2007) – The Specialty Steel Industry of North America (SSINA) today released statistical data on imports from China for YTD September 2007, showing sharply increasing import penetration rates in most major product categories.

As the data show, overall U.S. consumption has remained relatively flat in the past four years, while imports from China have grown sharply, resulting in increasing share of the U.S. market. For example, total stainless imports from China grew by approximately 114% in the past two years, from less than 75,000 tons in 2005 to over 160,000 tons in 2007 (annualized based on YTD September 2007 data). This has caused a doubling of China's import penetration of the U.S. market, from less than 3% in 2004 to over 7% as of September 2007.

SSINA member companies are particularly concerned about the substantial increase in imports from China of stainless steel sheet and strip, and plate, up 112% and 4,533% respectively since 2005. China has aggressively jumped into the U.S. stainless steel plate market, becoming the second largest foreign supplier. At this time last year, China was only the 12th largest import source, accounting for less than 1% of total consumption; however, this penetration rate spiked to almost 7% in September 2007. Similarly, China has grabbed additional market share in sheet and strip – from less than 4% in 2004 and 2005 to 8% in 2007.

According to Douglas A. Kittenbrink, Chairman of SSINA and Executive Vice President of Allegheny Technologies Incorporated, China continues to expand stainless steel production capacity at a staggering rate. “In the past several years alone, capacity grew by more than 350 percent, to an estimated 6.5 million tons in 2007. It looks like this trend will continue – and as you can see, any increase in productive capacity in China has a significant impact on the level of imports into the U.S.”

Mr. Kittenbrink also commented that China has implemented a variety of policies over the years to give its stainless steel industry an unfair edge in the world marketplace, including: the restructuring and consolidating of smaller steel enterprises to establish larger ones, and the renovation of older steel enterprises, including the construction of two stainless melting and hot rolling centers.

International trading rules recognize that foreign governments subsidize industries when they provide financial assistance to benefit the production, manufacture or exportation of goods. This foreign government subsidization ignores free-market principles and runs counter to international trade rules, including the U.S. trade laws.

A report previously released by SSINA alleges that the government of China has spent the past decade breaking these rules with its policy of conferring preferred status on the stainless steel industry, and providing it with a wide range of preferential treatment programs and direct subsidies. The comprehensive report, which was compiled by Washington, D.C. law firm Kelly Drye Collier Shannon, lists specific examples of how the government of China subsidizes its stainless steel industry through debt forgiveness, preferential debt financing, government support of technological renovation projects, and preferential tax programs, among others. The entire report, *Chinese Government Subsidies to the Stainless Steel Industry – An Update*, can be found on the industry Web site: [www.ssina.com](http://www.ssina.com).

Douglas A. Kittenbrink is Executive Vice President, Corporate Planning and International Business Development, Allegheny Technologies Incorporated, Pittsburgh, PA.

SSINA is a Washington, DC-based trade association representing virtually all continental specialty metals producers. Specialty metals are high technology, high value stainless and other specialty alloy products.

Member companies are: AK Steel Corporation, Middletown, OH; ATI Allegheny Ludlum Corporation, Pittsburgh, PA and ATI Allvac, Monroe, NC (both Allegheny Technologies companies); Carpenter Technology Corporation, Reading, PA; Crucible Specialty Metals, Syracuse, NY; Electralloy, Oil City, PA; Haynes International Inc., Kokomo, IN; ThyssenKrupp Mexinox SA de CV, San Luis Potosí, S.L.P., Mexico; North American Stainless, Ghent, KY; Outokumpu Stainless, Inc., Schaumburg, IL; Precision Rolled Products, Inc., Florham Park, NJ; Latrobe Specialty Steel Company, Latrobe, PA; Universal Stainless and Alloy Products, Bridgeville, PA; and Valbruna Slater Stainless Inc., Fort Wayne, IN.

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