



## **SPECIALTY STEEL INDUSTRY OF NORTH AMERICA**

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FOR IMMEDIATE RELEASE

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### **Specialty Steel Data Reinforce Need for Global Trade Talks by Steel-Producing Nations**

(Washington DC) (March 12, 2003) -- The specialty steel industry confronted yet another year of substantial losses of U.S market share to imports, according to year-end data released today by the Specialty Steel Industry of North America (SSINA).

“These latest statistics reflect that for the third consecutive year specialty steel imports captured more than a quarter of the U.S. market with little variance in the percentages,” said SSINA Chairman Paul A. Kelly. Imports took a 26% bite out of the U.S. specialty steel market in 2002, which reflects no change from 2001 and a two percentage point drop from 2000. In terms of tonnage, the industry closed last year’s books with total specialty steel imports reaching 681,580 tons compared to a 2001 total of 689,728. (Unless otherwise noted, comparisons refer to 2002 versus 2001.)

“Lackluster demand coupled with expanding worldwide capacity does not bode well for our industry in the short-term. Our goal this year is to ensure our long-term viability by working with our government representatives to take steps toward a rational global market through matching steel production with need and eliminating foreign government subsidies,” explained Kelly.

Steelmakers and government representatives from some 40 countries agreed in December 2001 to reduce excess capacity by almost 100 million tons, or about 9% of world production, over a 10-year period. Separately, the OECD Steel Committee is leading discussions on government subsidies, hoping for a draft proposal to the World Trade Organization (WTO) prior to the WTO ministerial meetings in Cancun, Mexico, in September. The OECD—Organization for Economic Cooperation and Development—is an international organization dedicated to helping governments tackle the economic, social and other challenges of a globalized economy.

While specialty steel imports remained stagnant, stainless steel imports increased. Imports of total stainless steel sheet/strip, plate, bar, rod, and wire increased 5% last year to 533,679 from 507,909 tons. U.S. consumption of total stainless steel increased 2%; however, import penetration also increased one percentage point to 25%.

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Imports of stainless steel plate skyrocketed 30% to 60,002 tons and stainless steel sheet/strip imports went up 12% to 298,538 tons. Import penetration increased to 24% for stainless steel plate and 19% for stainless sheet/strip. Neither product is covered by the tariff relief program implemented by President Bush last year.

Stainless steel bar imports dropped 17% to 84,350 tons; stainless steel rod imports declined 7% to 58,078 tons. Both products are covered by the import tariff program.

While U.S. demand for stainless steel bar decreased 10%, import penetration dropped only four percentage points to 42%; and foreign product captured 65% of the U.S. market for stainless steel rod. Imports of stainless steel wire, also covered by the program, increased 7% to 32,711 tons.

On March 20, tariff rates on imports are set to drop from 15% to 12% on stainless steel bar and rod and from 8% to 7% on stainless steel wire. Said Kelly, "The principal objective of the program is to give our companies a chance to return to normalcy after years of attack from unfairly priced, high-volume imports that were counter to free market principles. We have made some progress. More important, however, the tariffs acted as a springboard for getting governments of steel-producing nations to turn their attention to world steel demand and subsidy issues so, ultimately, global market forces can prevail in our industry."

Electrical and alloy tool steel ended the year with mixed results. Imports of alloy tool steel increased 6% to 77,006 from 72,493 tons, while electrical steel decreased 35% to 70,895 from 109,326 tons.

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  
2002/2001/2000**

Specialty Steel Product Lines	Imports			U.S. Consumption			Twelve Month Import Penetration	
	Month Dec 2002	YTD Dec. 2002	Increase/Decrease YTD 2002-01	Month Dec. 2002	YTD Dec. 2002	Increase/Decrease YTD 2002-01	YTD Dec. 2002	YTD Dec. 2001
Stainless Sheet/Strip	24,776	298,538	12%	124,179	1,584,779	2%	19%	17%
Stainless Plate	5,691	60,002	30%	16,361	251,093	9%	24%	20%
Stainless Bar	7,620	84,350	-17%	16,545	200,747	-10%	42%	46%
Stainless Rod	4,199	58,078	-7%	6,783	89,898	13%	65%	78%
Stainless Wire 2/	3,434	32,711	7%	NC	NC	NC	NC	--
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	<b>45,720</b>	<b>533,679</b>	<b>5%</b>	<b>166,765</b>	<b>2,148,086</b>	<b>2%</b>	<b>25%</b>	<b>24%</b>
Alloy Tool Steel 2/	7,911	77,006	6%	NC	NC	NC	NC	--
Electrical Steel	8,994	70,895	-35%	34,756	424,856	-12%	17%	23%
Total Specialty	<b>62,624</b>	<b>681,580</b>	<b>-1%</b>	<b>207,923</b>	<b>2,625,435</b>	<b>0%</b>	<b>26%</b>	<b>26%</b>

2001 and 2000 statistical data in tons follow:

Specialty Steel Product Lines	Imports		U.S. Consumption		Twelve Month Import Penetration	
	2001	Percent Increase/Decrease	2001	Percent Increase/Decrease	2001	2000
Stainless Sheet/Strip	267,739	-31%	1,551,525	-18%	17%	20%
Stainless Plate	46,168	-30%	230,837	-9%	20%	26%
Stainless Bar	101,236	-19%	222,325	-17%	46%	47%
Stainless Rod	62,149	-24%	79,536	-27%	78%	75%
Stainless Wire	30,617	-1%	-	-	-	-
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	<b>507,909</b>	<b>-27%</b>	<b>2,102,632</b>	<b>-17%</b>	<b>24%</b>	<b>27%</b>
Alloy Tool Steel	72,493	-8%	-	-	-	-
Electrical Steel	109,326	-11%	482,889	-15%	23%	22%
Total Specialty	<b>689,728</b>	<b>-23%</b>	<b>2,631,243</b>	<b>-17%</b>	<b>26%</b>	<b>28%</b>

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.

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Note: Wire consumption number of 59,996 tons for 2001 is higher than SSINA main report because it has been adjusted upward to include wire produced by redrawers.