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

Industry Notes Significant Increase in Imports of Stainless Steel Sheet/Strip

20% U.S. Market Share Lost to Foreign Product in First Quarter 2003

(Washington, DC) (June 10, 2003) -- The first quarter of 2003 saw a 14% increase in imports of stainless steel sheet/strip compared to the same 2002 period, according to the latest statistical data released today by the Specialty Steel Industry of North America (SSINA).

Stainless steel sheet/strip is the industry's largest product line with uses in a wide variety of applications. Its end-markets include automotive, construction, food equipment, industrial machinery, transportation, and oil/gas/chemical. The data reflect that U.S. consumption of stainless steel sheet/strip remains static, due to the current economic downturn and weak demand. Imports, however, continue in an upward trend with March imports the highest this year at 27,508 tons. An industry spokesman noted that this import surge is particularly troublesome in light of the fact that the U.S. price for commodity stainless steel sheet is among the lowest in the world.

First quarter stainless steel sheet/strip imports of 79,474 tons captured 20% of the U.S. market, up from 18% in the 2002 first quarter, and from 17% for 2001. Stainless steel sheet/strip was excluded from the President's import relief program, which went into effect in March 2002 and imposed tariffs on selected steel products.

While import levels are decreasing across other stainless steel product lines, import penetration remains high as U.S. demand drops.

Stainless steel plate imports declined 10% to 12,244 tons; and demand decreased 1% year-on-year. Three month import penetration was 20%, a one percentage point drop from 2002.

Imports of stainless steel bar and stainless steel rod—products covered by the program—declined 20% and 50%, respectively, in the first quarter of this year. "It is clear that the program

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is helping and the import relief tariffs need to be kept in place for their full three-year term," said SSINA Chairman Paul A. Kelly.

In recent testimony before the Congressional Steel Caucus, Kelly stated, "While the import numbers for stainless products covered under 201 [the import relief program] remain high, I am convinced that they would be even higher today in its absence. The remedy must continue if we are to have any chance of increasing sales volume, recapturing market share and returning to profitability."

Imports of stainless steel bar captured 38% of the U.S. market; and 55% domestic market share for stainless steel rod was lost to imports in the first quarter of the year. Imports of all stainless steel products (sheet/strip, plate, bar, rod, wire) decreased 5% to 129,398 tons in YTD March 2003. With domestic demand for stainless steel remaining virtually unchanged (the data reflect a 1% decline year-on-year), imports continue to control substantial U.S. market share. Almost a quarter of the U.S. market for total stainless steel—24%—was lost to foreign product.

Imports of total specialty steel (stainless steel, alloy tool steel and electrical steel) declined 7% year-on-year with consumption dropping 3%. Three-month import penetration was 26%. (See attached chart for additional statistical data covering 2003/2002/2001 for all specialty steel products.)

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			Three Month Import Penetration	
	Month Mar. 2003	YTD Mar. 2003	Increase/ Decrease YTD 2003-02	Month Mar. 2003	YTD Mar. 2003	Increase/ Decrease YTD 2003-02	YTD Mar. 2003	YTD Mar. 2002
Stainless Sheet/Strip	27,508	79,474	14%	131,766	395,467	0%	20%	18%
Stainless Plate	4,618	12,244	-10%	26,249	62,633	-1%	20%	21%
Stainless Bar	5,453	18,011	-20%	15,364	46,880	-10%	38%	43%
Stainless Rod	4,613	11,137	-50%	7,953	20,401	--	55%	NC
Stainless Wire 2/	2,723	8,532	4%	NC	NC	NC	NC	--
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	**44,915**	**129,398**	**-5%**	**183,159**	**531,348**	**-1%**	**24%**	**25%**
Alloy Tool Steel 2/	7,583	20,689	28%	NC	NC	NC	NC	--
Electrical Steel	9,573	20,084	-32%	36,022	100,461	-17%	20%	24%
Total Specialty	**62,070**	**170,171**	**-7%**	**224,561**	**647,882**	**-3%**	**26%**	**27%**

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%	1,584,779	2%	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	--
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	**533,679**	**5%**	**2,148,086**	**2%**	**25%**	**24%**
Alloy Tool Steel	77,006	6%	NC	NC	NC	--
Electrical Steel	70,895	-35%	424,856	-12%	17%	23%
Total Specialty	**681,580**	**-1%**	**2,625,435**	**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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