NEWS

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FOR IMMEDIATE RELEASE

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U.S. Specialty Steel Producers Confront Imports and Weak Demand

(Washington, DC) (July 30, 2003) -- Imports, coupled with lackluster demand, continue to take a toll on the U.S specialty steel industry, according to the latest data released today by the Specialty Steel Industry of North America (SSINA).

The statistics compare January/May 2003 with the same 2002 period. They reflect that individual product imports ranged from a 30% increase for alloy tool steel to a 36% decrease for stainless steel rod, while U.S. consumption declined across-the-board.

SSINA Chairman Paul A. Kelly said, “Consumption is the denominator. Faced with a shrinking market, the industry has been unable to recapture market share even with the drop in imports in some product categories.”

Both a substantial increase in imports on top of weak demand hit the U.S. producers of the industry’s largest product line. Stainless steel sheet/strip consumption dropped 5% to 658,684 tons year-on-year, while imports increased a significant 11% to 131,304 tons. The decline in consumption and increase in imports translated into 20% U.S. market share lost to foreign product, up three percentage points year-on-year.

Imports of stainless steel wire increased 18% to 14,850 tons; alloy tool steel imports increased 30% to 36,555 tons.

The decrease in imports for the remaining product lines had virtually no impact on market share for U.S. producers. Stainless steel plate imports declined 12% to 19,004 tons in YTD May 2003 and consumption dropped 2%. Five-month import penetration was 18%.

Stainless steel bar and stainless steel rod imports decreased 8% and 36%, respectively, year-on-year. Both products lost substantial domestic market share to imports. Five month import

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penetration for stainless steel bar was 41%, while stainless steel rod imports captured more than half —56% —of the U.S. market.

Stainless steel bar and stainless steel rod are covered by the President's tariff relief program, which is currently undergoing a mid-term review. "For our industry to recover from years of injurious imports, the program needs to remain in place for the full three-year period," said Kelly. "Again, demand is the denominator here and even with the decline in imports, U.S. producers have been unable to win back market share. Moreover, a significant increase in imports from countries excluded from the program has diluted its effectiveness."

Imports and consumption of electrical steel declined 16% and 14%, respectively. Import penetration dropped one percentage point to 19%.

Total specialty steel consumption declined 4% to 1,073,109 tons. Imports increased 1% to 282,537 tons and captured 26% of the U.S. market, up one percentage point year-on-year.

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

	Imports			U.S. Consumption			Five Month Import Penetration	
Specialty Steel Product Lines	**Month May 2003**	**YTD May 2003**	**Increase/ Decrease YTD 2003-02**	**Month May 2003**	**YTD May 2003**	**Increase/ Decrease YTD 2003-02**	**YTD May 2003**	**YTD May 2002**
Stainless Sheet/Strip	24,121	131,304	11%	129,738	658,684	-5%	20%	17%
Stainless Plate	3,040	19,004	-12%	19,547	103,747	-2%	18%	20%
Stainless Bar	6,417	31,784	-8%	14,988	78,265	-6%	41%	41%
Stainless Rod	2,857	18,153	-36%	5,278	32,592	NC	56%	NC
Stainless Wire 2/	2,822	14,850	18%	NC	NC	NC	NC	NC
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	**39,257**	**215,096**	**-0%**	**171,528**	**884,061**	**-4%**	**24%**	**24%**
Alloy Tool Steel 2/	7,932	36,555	30%	NC	NC	NC	NC	NC
Electrical Steel	5,979	30,886	-16%	30,828	160,906	-14%	19%	20%
Total Specialty	**53,168**	**282,537**	**1%**	**208,538**	**1,073,109**	**-4%**	**26%**	**25%**

2002 and 2001 statistical data in tons follow:

	Imports		U.S. Consumption		Twelve Month Import Penetration	
Specialty Steel Product Lines	**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**	**3%**	**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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