NEWS

SPECIALTY STEEL INDUSTRY
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FOR IMMEDIATE RELEASE
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U.S. Specialty Steel Producers Continue to Lose Market Share to Foreign Product

(Washington, DC) (September 9, 2003) – Specialty steel imports continue to increase their hold on the U.S. market, according to the latest available data released today by the Specialty Steel Industry of North America (SSINA).

Imports captured 26% of U.S. market share in the first half of 2003, a two percentage point increase over the same 2002 period. Reviewing the January through June data, SSINA Chairman Paul A. Kelly stated, "There is no reason to assume that the U.S. specialty steel industry must continue to cede a major share of the domestic market to imports. Our competitive advantages─modern, high-technology plants, skilled and loyal workers, and a product that is vital to U.S. military and economic security─should not be voided-out by global overcapacity issues and unfairly traded foreign products that continue to erode the American manufacturing base."

While U.S. consumption of total specialty steel dropped 5% in YTD June 2003 vs. the same 2002 period, imports increased 1% to 335,921 tons. These imports, comprising stainless steel, electrical steel and alloy tool steel, grabbed 26% U.S. market share, up two percentage points year-on-year.

For total stainless steel, the industry's largest product category, a 2% decrease in imports had no beneficial impact. With U.S. stainless steel consumption dropping 4% year-on-year, six-month import penetration went up one percentage point to 24%.

Domestic demand for stainless steel sheet/strip, the largest product line, dropped 5% year-on-year, while imports increased 7% to 153,332 tons. Six month import penetration increased two percentage points to 19%.

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Stainless steel plate consumption in the U.S. increased 2% year-on-year, and imports decreased 14% to 23,211 tons. Six-month import penetration dropped three percentage points to 18%.

The President's three-year steel program that began in March 2002 is starting to have its intended effect. Imports of stainless steel bar are down 8% to 37,907 tons, while stainless steel rod imports declined 35% to 20,938 tons year-on-year. Both products are covered under the program. U.S. demand for stainless steel bar and stainless steel rod also declined 6% and 17%, respectively.

"It is crucial that the steel tariff remedy program remains in effect for the full three years," said Kelly. "The weak U.S. economy and numerous country and product exclusions have limited the benefit of the program to some extent. The program, however, has prevented a bad situation in the U.S. specialty steel industry from becoming even worse."

Stainless steel rod imports captured 56% of the domestic market. While this is a huge amount of market share lost to imports, it is down sharply from the 72% import penetration recorded in YTD June 2002. Six-month import penetration for stainless steel bar was 40%, a one percentage point decrease year-on-year.

Stainless steel wire imports increased 15% to 17,565 tons. For additional information on U.S. imports, consumption and market penetration data, see attached chart.

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 Month June 2003	Imports YTD June 2003	Imports Increase/ Decrease YTD 2003-02	U.S. Consumption Month June 2003	U.S. Consumption YTD June 2003	U.S. Consumption Increase/ Decrease YTD 2003-02	Six Month Import Penetration YTD June 2003	Six Month Import Penetration YTD June 2002
Stainless Sheet/Strip	22,029	153,332	7%	140,291	798,957	-5%	19%	17%
Stainless Plate	4,207	23,211	-14%	27,696	131,443	2%	18%	21%
Stainless Bar	6,122	37,907	-8%	15,766	94,032	-6%	40%	41%
Stainless Rod	2,784	20,938	-35%	4,924	37,516	-17%	56%	72%
Stainless Wire 2/	2,715	17,565	15%	NC	NC	NC	NC	NC
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	**37,858**	**252,953**	**-2%**	**190,689**	**1,074,734**	**-4%**	**24%**	**23%**
Alloy Tool Steel 2/	7,751	44,306	30%	NC	NC	NC	NC	NC
Electrical Steel	7,776	38,662	-1%	33,076	193,984	-12%	20%	18%
Total Specialty	**53,384**	**335,921**	**1%**	**229,702**	**1,302,795**	**-5%**	**26%**	**24%**

2002 and 2001 statistical data in tons follow:

Specialty Steel Product Lines	Imports 2002	Imports Percent Increase/ Decrease	U.S. Consumption 2002	U.S. Consumption Percent Increase/ Decrease	Twelve Month Import Penetration 2002	Twelve Month Import Penetration 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

09-Sep-03