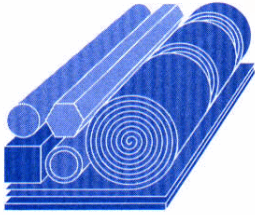


NEWS



SPECIALTY STEEL INDUSTRY OF NORTH AMERICA

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FOR IMMEDIATE RELEASE

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Imports Squeeze U.S. Stainless Steel Market

(Washington, DC) (January 10, 2003) -- Imports of stainless steel into the United States during the 2002 ten-month January/October period were 442,967 tons, up 4% compared with the same 2001 period. (Unless otherwise noted, all comparisons are with the corresponding period in the previous year.)

The latest data released today by the Specialty Steel Industry of North America (SSINA) show that total stainless steel imports continue to eat away at almost one-quarter of the U.S. market, despite tariffs of up to 15% on certain stainless steel long products that took effect in March of last year.

U.S. producers of stainless steel flat products – not subject to the relief tariffs – faced substantial increases in imports and import penetration during the subject period. Through October 2002, stainless steel plate imports increased 33% to 48,657 tons and imports of stainless steel sheet/strip, the industry's largest product line, increased 12% to 249,795 tons. Stainless steel plate import penetration in the ten-month period increased 4 percentage points to 23%; stainless steel sheet/strip increased 2 percentage points to 19%.

In YTD October 2002, imports of products covered by the tariffs decreased or showed minimal change. While stainless steel bar imports decreased 23% to 68,986 tons, concurrently, U.S. consumption declined 14% or 27,171 tons. Stainless steel rod imports decreased 4% to 49,400 tons; stainless steel wire increased 1% to 26,130 tons. Imports captured 41% of the U.S. market for stainless steel bar and 66% for stainless steel rod.

The tariffs were to provide a safety net to the American steel industry, which has been hammered by voluminous amounts of low-priced imports for more than a decade. U.S. stainless steel producers hoped that the relief would permit a return to profitability by enabling them to compete against fairly-priced foreign product.

“Import surges from countries not covered by the relief program and the granting of numerous exclusions for critical products produced by our companies are undercutting the effectiveness of

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the relief,” explained Paul A. Kelly, President and CEO, Slater Steel, Inc., a member company of SSINA. Kelly was recently named SSINA Chairman, replacing Kep Kephart who stepped-down after a three-year tenure as chairman of the industry association. Kephart is President and CEO of G.O. Carlson, Inc., a specialty steel producer in Downingtown, Pennsylvania.

Imports grabbed 25% of the U.S. market for total specialty steel (stainless steel, alloy tool steel, and electrical steel), down one percentage point from January/October 2001. Imports of electrical steel decreased 35% to 58,196 tons during the ten-month period. U.S. consumption, however, declined 12% during the same period or 31,336 tons. Alloy tool steel imports remain unchanged.

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			Ten Month Import Penetration	
	Month Oct. 2002	YTD Oct. 2002	Increase/Decrease YTD 2002-01	Month Oct. 2002	YTD Oct. 2002	Increase/Decrease YTD 2002-01	YTD Oct. 2002	YTD Oct. 2001
Stainless Sheet/Strip	27,779	249,795	12%	143,335	1,336,756	2%	19%	17%
Stainless Plate	5,679	48,657	33%	22,270	215,858	11%	23%	19%
Stainless Bar	7,096	68,986	-23%	17,334	166,913	-14%	41%	46%
Stainless Rod	4,153	49,400	-4%	7,543	75,098	15%	66%	79%
Stainless Wire 2/	2,692	26,130	1%	NC	NC	NC	NC	--
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	47,400	442,967	4%	192,326	1,810,848	2%	24%	24%
Alloy Tool Steel 2/	7,702	62,197	0%	NC	NC	NC	NC	--
Electrical Steel	4,100	58,196	-35%	35,234	357,982	-12%	16%	22%
Total Specialty	59,203	563,359	-2%	232,713	2,210,093	-1%	25%	26%

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%	1,550,899	-18%	17%	20%
Stainless Plate	46,170	-30%	230,955	-9%	20%	26%
Stainless Bar	101,236	-19%	222,325	-17%	46%	47%
Stainless Rod	62,149	-24%	78,526	-28%	79%	75%
Stainless Wire 4/	30,617	-1%	59,996	-29%	51%	37%
Total Stainless Steel 3/ (Sheet, Strip, Plate, Bar, Rod & Wire)	507,911	-27%	2,142,700	-18%	24%	27%
Alloy Tool Steel	72,493	-8%	76,403	-33%	95%	69%
Electrical Steel	109,326	-11%	482,889	-15%	23%	22%
Total Specialty	689,730	-23%	2,701,993	-18%	26%	27%

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.

3/ Shipment and consumption data for these categories may be overstated due to the inclusion of shipments from wire redrawers which are already included in shipments/imports of rod; consequently import penetration may be slightly understated.

4/ Shipments of wire estimated.

NC = Not calculable.

Prepared by Georgetown Economic Services for the Specialty Steel Industry of North America

10-Jan-03