



SPECIALTY STEEL INDUSTRY OF NORTH AMERICA

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FOR IMMEDIATE RELEASE

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Global Overcapacity Continues to Plague Specialty Steel Industry

(Washington, DC) (October 3, 2002) -- Imports of stainless steel plate increased 26% to 31,179 from 24,817 tons in January/July 2002 compared to the same 2001 period, according to the latest statistical data released today by the Specialty Steel Industry of North America (SSINA). Despite increased domestic stainless steel plate consumption, the industry lost even more U.S. market share to imports. Seven-month import penetration was 21%, a three percentage point increase over last year. (Unless otherwise noted, all comparisons are with the corresponding period in the previous year.)

Imports of stainless steel sheet/strip, the industry's largest product category, increased 8% to 168,766 from 156,048 tons. Import penetration for YTD July 2002 was 17%.

According to SSINA Board Chairman H.L. Kephart, "Global overcapacity, the root cause of the import problem that has plagued our industry for years, must be reduced. We applaud and support the Bush administration efforts to address the issue by pursuing the elimination of government subsidies and other market distorting practices."

Imports of stainless steel bar, stainless steel rod, and stainless steel wire – products covered by the Bush administration's import relief program that went into effect last March – declined in the first seven months of this year. While the data reflect that YTD July 2002 import penetration for stainless steel bar and rod declined, imports continue to capture a significant chunk of the U.S. market for these products.

Specifically, imports of stainless steel bar in January/July 2002 vs. 2001 declined 33%; stainless steel rod, 2%; and stainless steel wire, 5%. Even with the declines, imports got hold of a substantial 41% of the U.S. market for stainless steel bar; stainless steel rod imports captured an even greater 70% market share.

"Import penetration remains high for all products, with stainless steel plate import penetration actually

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increasing,” Kephart noted. “Import penetration remains high even for those products covered by the Section 201 import relief safety net . . . an indication of some weaknesses or holes in the program.”

Overall, total specialty steel imports decreased 9% to 386,888 from 424,269 tons. Seven-month import penetration decreased two percentage points to 25%. Total stainless steel imports declined 2% to 302,310 from 308,543 tons with 23% of the U.S. stainless steel market lost to imports. (See attached chart for more information on U.S. imports, consumption and market penetration data.)

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			Seven Month Import Penetration	
	Month July 2002	YTD July 2002	Increase/Decrease YTD 2002-01	Month July 2002	YTD July 2002	Increase/Decrease YTD 2002-01	YTD July 2002	YTD July 2001
Stainless Sheet/Strip	25,711	168,766	8%	144,700	982,992	10%	17%	18%
Stainless Plate	4,258	31,179	26%	22,352	151,178	11%	21%	18%
Stainless Bar	6,912	48,109	-33%	16,457	116,230	-22%	41%	48%
Stainless Rod	3,741	36,008	-2%	6,451	51,513	9%	70%	78%
Stainless Wire 2/	2,976	18,248	-5%	NC	NC	NC	NC	--
Total Stainless Steel (Sheet, Strip, Plate, Bar, Rod & Wire)	43,598	302,310	-2%	191,829	1,312,799	6%	23%	25%
Alloy Tool Steel 2/	6,582	40,714	-12%	NC	NC	NC	NC	--
Electrical Steel	4,721	43,864	-37%	31,369	251,719	-15%	17%	23%
Total Specialty	54,901	386,888	-9%	227,853	1,591,122	2%	24%	27%

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

03-Oct-02

