American Iron and Steel Institute

News Release

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REPORT ON 2008-2009 U.S. INDIRECT STEEL TRADE NOW AVAILABLE

AISI analysis shows indirect steel trade deficits remain a significant problem
Declines are deceptive, mainly caused by recession
China accounts for 54% of total indirect steel trade deficit

WASHINGTON, D.C. – An updated analysis of U.S. indirect steel trade through 2009 reveals that, in the midst of last year's dramatic decline in domestic steel shipments, U.S. indirect steel imports grabbed a larger share of total U.S. apparent steel consumption, according to a new report available from the American Iron and Steel Institute (AISI). The report includes data years 2008 and 2009 (see attached summary sheets), expands upon an earlier analysis and includes a comparison to 2005-07.

Indirect steel trade constitutes imports and exports of steel-containing goods, expressed in tons of steel. The new report quantifies both the volume and value of annual U.S. trade in steel-consuming goods over the past five years with respect to major end-use markets, world regions and key countries. The full 62-page report is now available in hard copy for $100.

"The significant overall deficit in America's indirect steel trade highlights continuing structural problems for U.S. manufacturing," Thomas J. Gibson, president and CEO of AISI, said. "Of particular concern is that, in 2009, during a period of U.S. and global economic crisis, China's share of our total indirect steel trade deficit actually increased to 54%, versus 47% in 2008. We cannot afford to cede share of the domestic steel market, which undergirds U.S. manufacturing, to China's central government-managed steel industry," Gibson said.

The AISI report shows that U.S. indirect steel imports were around 27 million net tons (NT) in 2009 -- down 27 percent from 37 million NT in 2008. Prior to the impact of the Great Recession, indirect steel imports ranged between 37 and 40 million NT in 2005-2008. Against the backdrop of worldwide recession, U.S. indirect steel exports of 18 million NT in 2009

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declined 26% from the 2008 peak of nearly 25 million NT. The total U.S. indirect steel trade deficit was 9 million NT in 2009, down 28% from 12.6 million NT in 2008. On a value basis, this deficit in 2009 was $130 billion, down 22% from 2008.

"While indirect steel import tonnage fell substantially in 2009 -- mainly due to the impact of the Great Recession -- the indirect steel import share of the total amount of steel consumed in the U.S. economy rose from 25% in 2008 to 29% in 2009," Gibson explained. "This rise was to the detriment of U.S. steelmakers, who saw their share of total steel consumption drop slightly, to 56%. In 2009, even though indirect steel imports fell nearly one-third, domestic steel shipments of 53 million NT dropped to barely one-half of their pre-recession peak of 100 million NT in 2006," Gibson said.

"China's economic development model continues to include excessive reliance on exports, massive government subsidies, a seriously undervalued currency and other trade-distorting practices -- and, unfortunately, this model extends well beyond steel to include automotive and other downstream producers throughout the Chinese manufacturing base," Gibson said. "No U.S. manufacturer, regardless of how efficient, can compete against the government of China, and the Chinese model of economic development remains a growing threat to America's steel industry, manufacturing base and national security. The global economic crisis and China's significant excess capacity in both steel and many steel-intensive goods have only exacerbated the threat that the United States and North America could again see further surges of Chinese steel, whether imported directly or indirectly."

"To combat this threat, AISI and other industries are urging the adoption of a pro-manufacturing U.S. policy that has -- at its core -- stronger laws and enforcement against unfair trade, including fundamental currency misalignment, which has devastated U.S. manufacturing. The place to start, in asserting a new and more effective trade and manufacturing policy, is to get tough on unfair trade from China. America's large deficit in

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indirect steel trade serves as an ongoing warning about the increasing long-term challenges facing domestic manufacturing. In the absence of significant pro-manufacturing policy changes, the U.S. indirect steel trade deficit will again rise to historical levels as the economy improves," Gibson said.

AISI has been publishing data on U.S. indirect steel trade by world areas and steel-consuming markets expressed in tons of steel since 1984. These reports provide data on the total amount of indirect steel trade each year in the U.S. economy, and show the main sources of foreign competition faced by major steel-using industries in the U.S. This latest report includes detailed data for the last five years (2005-2009).

To obtain the full report, please contact Robert MacDonald at 202.452.7203, or visit www.steel.org.

AISI serves as the voice of the North American steel industry in the public policy arena and advances the case for steel in the marketplace as the preferred material of choice. AISI also plays a lead role in the development and application of new steels and steelmaking technology. AISI is comprised of 23 member companies, including integrated and electric furnace steelmakers, and 138 associate and affiliate members who are suppliers to our customers of the steel industry. AISI's member companies represent approximately 75 percent of both U.S. and North American steel capacity. For more news about steel and its applications, view AISI's website at ***www.steel.org***.

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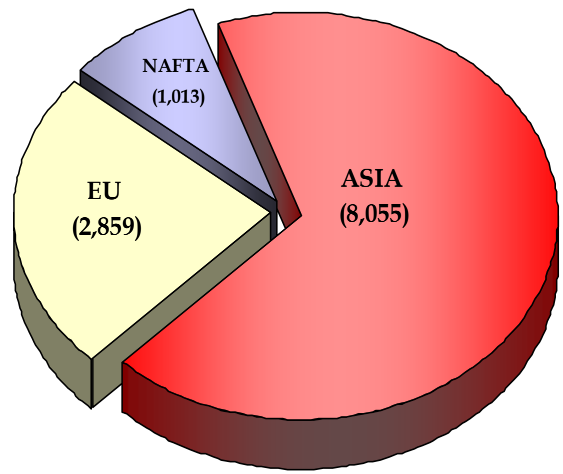
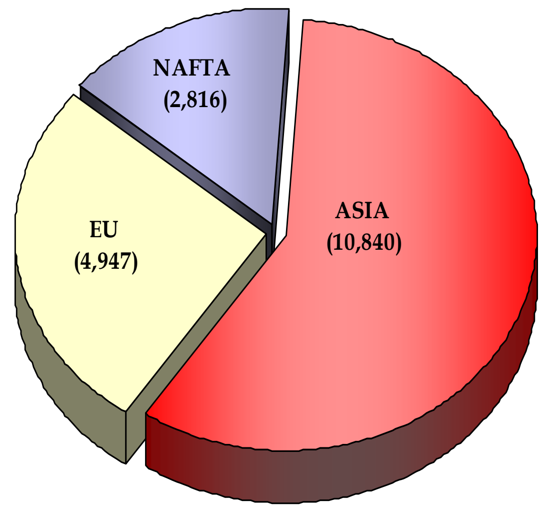
U.S. Indirect Steel Trade Balance Summary - Region

The 2009 indirect steel trade deficit resulted from a combined deficit of 12 million tons with Asia, the EU and NAFTA, and a 3 million ton surplus with the rest of the world. The largest regional deficit continues to be with Asia. From 2005 to 2007, deficits by region were fairly level. Declines began with the recession in 2008 and deepened in 2009. On a volume basis, Asia and the EU had the largest deficit reductions. On a percentage basis, they declined less than NAFTA.

Regions with Steel Trade Deficits - 2009 (thousand tons)



Regional Indirect Steel Trade Deficit - 2005



	Trade Value - ($ Billion)						Steel Content – (Million Net Ton)					
REGION	2005	2006	2007	2008	2009	**09 vs. 08**	2005	2006	2007	2008	2009	**09 vs. 08**
ASIA	(122.4)	(142.6)	(142.1)	(133.8)	(99.1)	**25.9%**	(10.8)	(12.5)	(11.6)	(10.9)	(8.1)	**26.2%**
EUROPEAN UNION	(55.7)	(58.1)	(56.8)	(49.8)	(42.5)	**14.7%**	(4.9)	(5.0)	(4.4)	(4.0)	(2.9)	**28.9%**
NAFTA	(26.5)	(40.2)	(39.7)	(25.1)	(18.7)	**25.4%**	(2.8)	(3.9)	(3.1)	(1.7)	(1.0)	**39.1%**
OTHER EUROPE	0.8	0.8	2.9	5.1	1.3	**-74.0%**	0.1	0.1	0.3	0.5	0.1	**-71.6%**
ALL OTHER REGIONS	19.6	22.4	30.6	37.6	29.3	**-22.1%**	1.8	2.1	2.7	3.5	2.8	**-21.5%**
totals	(184.3)	(217.6)	(205.1)	(165.9)	(129.7)	**21.9%**	(16.7)	(19.3)	(16.1)	(12.6)	(9.0)	**28.4%**

U.S. Indirect Steel Trade Summary – Total Apparent Steel Consumption (ASC) in U.S.

While indirect steel import tonnage fell substantially in 2009 – mainly due to the impact of the Great Recession -- the indirect steel import share of the total amount of steel consumed in the U.S. economy rose from 25% in 2008 to 29% in 2009. This rise was to the detriment of U.S. steelmakers, who saw their share of total steel consumption drop slightly, to 56%. This drop would have been greater had it not been for a significant decline in direct steel imports. In 2009, indirect steel imports fell by nearly one-third, but domestic steel shipments of 53 million NT dropped to barely half of their pre-recession peak of 100 million NT in 2006.

Total U.S. ASC (mil ton)	2005	2006	2007	2008	2009
Domestic Steel Mill Shipments (less Exp.)	95.6	100.2	95.3	85.0	52.9
Imports - Finished Steel Products	25.2	36.0	26.6	26.0	14.2
Imports - Indirect Steel	36.9	39.9	38.7	37.1	27.1
Total ASC *	157.7	176.1	160.6	148.1	94.2
% of Total ASC - U.S. Steelmakers	61%	57%	59%	57%	56%
% of Total ASC - Indirect Imports	**23%**	**23%**	**24%**	**25%**	**29%**
Finished Imports % of Total ASC	16%	20%	17%	18%	15%

** Total ASC = domestic steel shipments + direct and indirect steel imports – direct steel exports*

Total U.S. Apparent Steel Consumption – Import Market Share