 [3-16-76]

SPECIALTY STEEL CASE FACT SHEET

Specialty steel imports amounted to nearly $200 million in 1975. This represented a nearly two-fold increase compared with 1970 imports of about $110 million.*

In tonnage terms, imports of stainless and alloy tool steel in 1975 were the second highest level since 1968. Import penetration rates were about 20% in 1970, 1971, and 1975, substantially higher than for the intervening years.

Domestic production and shipments more than doubled from 1970 to 1974. However, in 1975, a decline of roughly 45% occurred. Employment trends over the last several years have also been generally upward. However, in 1975, approximately 8500 workers were in lay-off status representing approximately 25% of the industry's work force.

The specialty steel industry is geographically concentrated in the eastern half of the United States with the largest number of plants located in Pennsylvania. Substantial production also is found in New York, Ohio, Maryland, Michigan and Indiana. Pennsylvania in particular has been hard hit by cut-backs in domestic shipments.

The specialty steel industry is suffering to a large extent from the domestic recession and is expected to recover substantially as the domestic economy recovers. Long-run prospects for the U.S. market appear favorable with a higher growth rate likely than for carbon steel products.

The USITC case involves only specialty steel and not the much larger carbon steel industry. Specialty steel imports account for only 5% of U.S. steel imports by value and 1% in tonnage terms. However, the entire steel industry suffers from similar problems, cyclical swings in demand resulting in excess capacity in periods of recession, aggravated by governmental actions abroad. While the impact on domestic specialty steel production has been much sharper than with respect to carbon steel, the effect on the whole steel industry has been substantial.

During 1975 the U.S. specialty steel industry reduced its capacity and employment to a greater extent than foreign specialty steel industries. This apparently reflects differences in national policies regarding employment. Foreign governmental policies encourage the maintenance of employment levels despite recession whereas U.S. industry reduces production to match demand.

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* This case covers $200 million in 1975 trade, compared with total steel imports of $4.5 billion, and total U.S. imports of $103 billion.