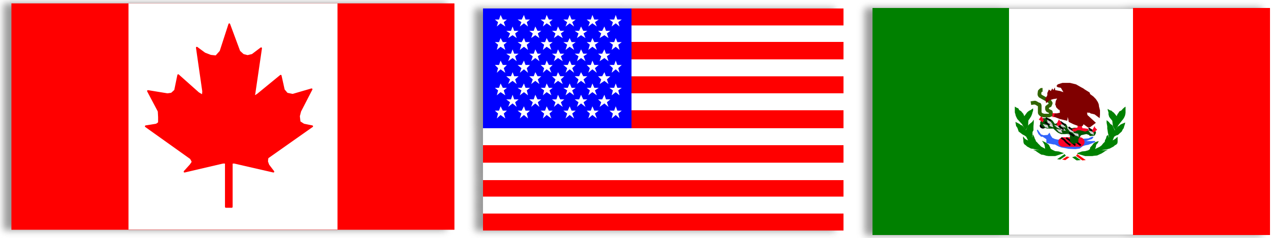


Recent Developments in the NAFTA Steel Industry

OECD Steel Committee Meeting

Paris, France

March 23-24, 2017

CSPA ACPA

American Iron and Steel Institute

SMA Steel Manufacturers Association

CPTI The Committee On Pipe And Tube Imports

SSINA Specialty Steel Industry of North America

CANACERO Cámara Nacional de la Industria del Hierro y del Acero

NAFTA Macroeconomic Data

Gross Domestic Product (GDP)

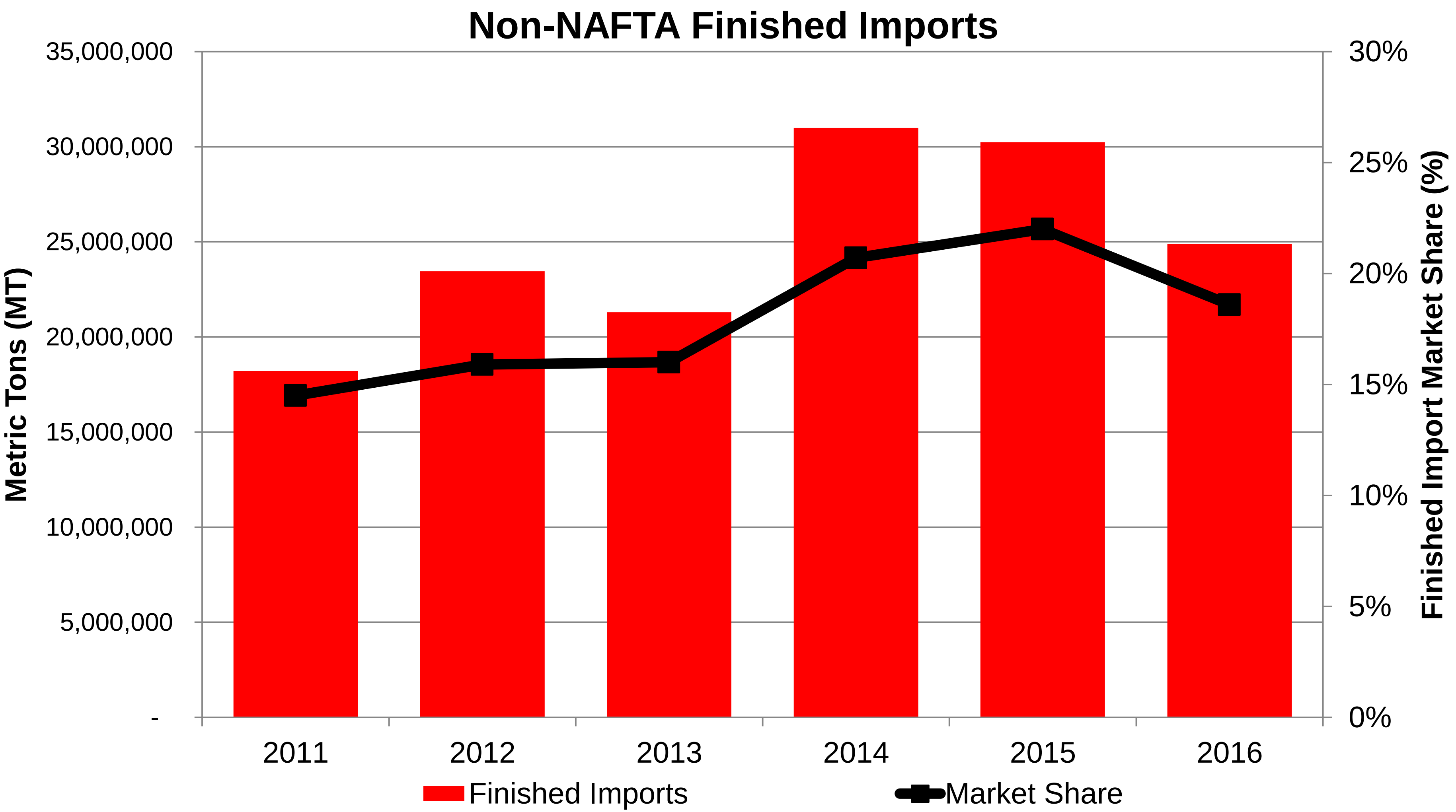
	Percent Change (Y-O-Y)						
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017***
U.S.	1.6	2.2	1.7	2.4	2.6	1.6	2.3
Canada	2.5	1.7	2.0	2.5	1.1	1.4	2.1
Mexico	4.0	4.0	1.4	2.2	2.5	2.1	1.9

Industrial Production (IP)

	Percent Change (Y-O-Y)						
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017***
U.S.	2.9	2.8	1.9	2.9	0.3	-1.0	1.6
Canada	3.8	0.9	1.8	4.0	-1.3	-0.7	3.0
Mexico	3.4	2.9	-0.5	2.7	0.9	0.3	0.8

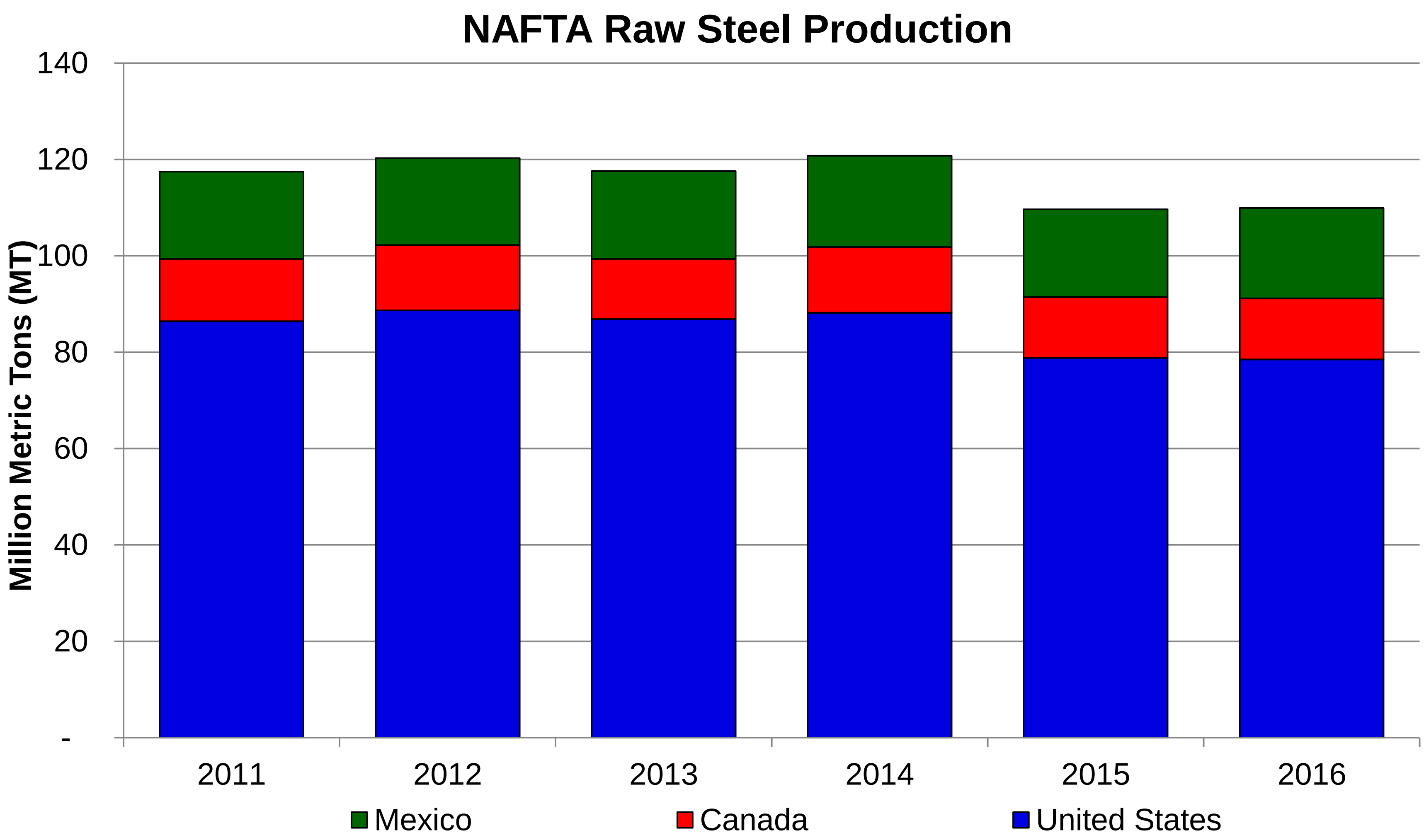
Source: Blue Chip (U.S.), Canada Monetary Policy Report and Bank of Montreal Economic Outlook (Canada), GEA and BBVA Research (Mexico)
*2017 Forecast

Offshore Finished Imports Continue to Capture Significant Market Share in NAFTA



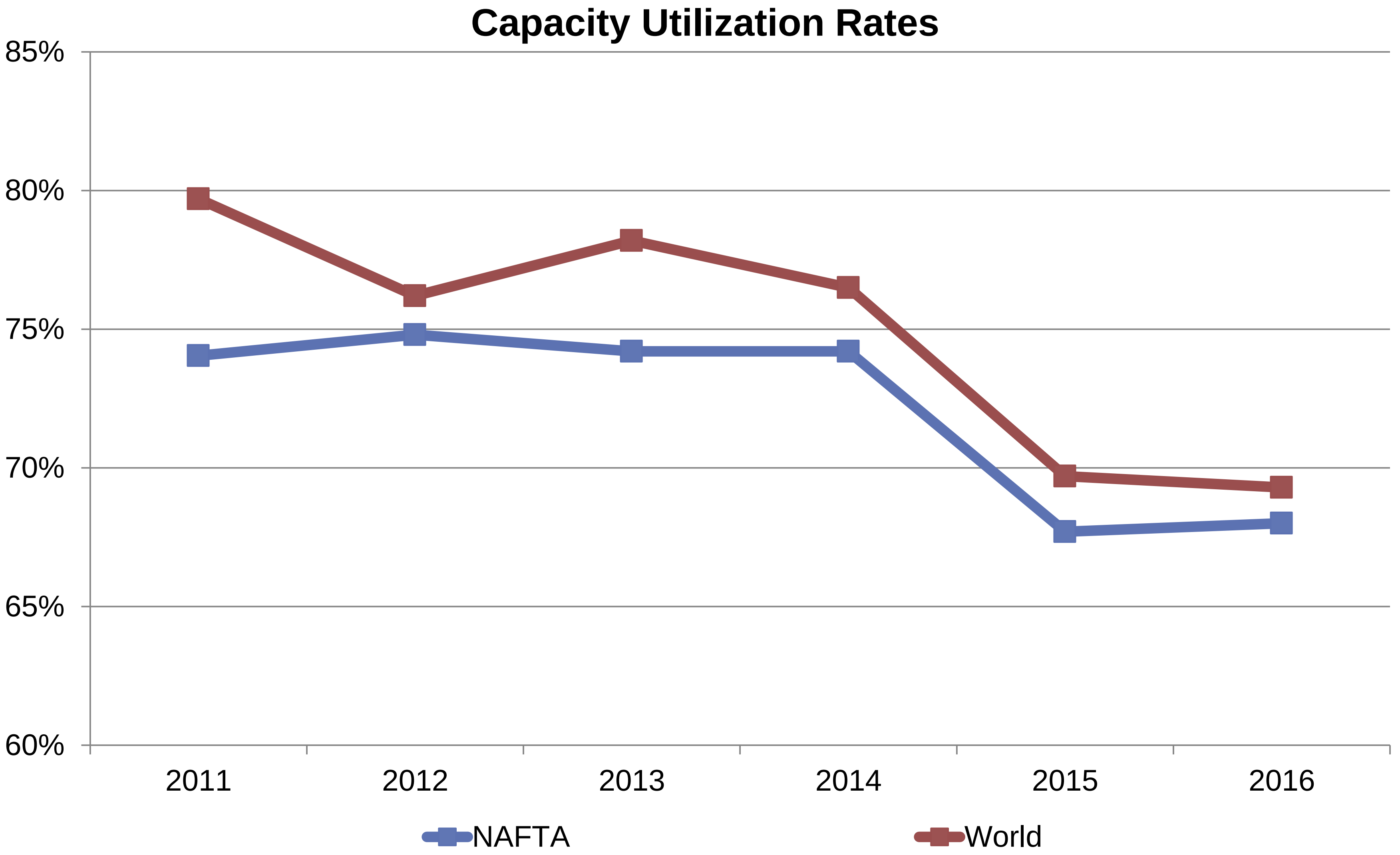
Source: U.S. Census Bureau, AISI, Statistics Canada, Canacero

NAFTA Production Flat in 2016 and Remains Below 2011-14 Levels

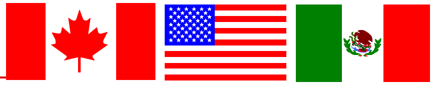


Source: AISI, Statistics Canada, Canacero

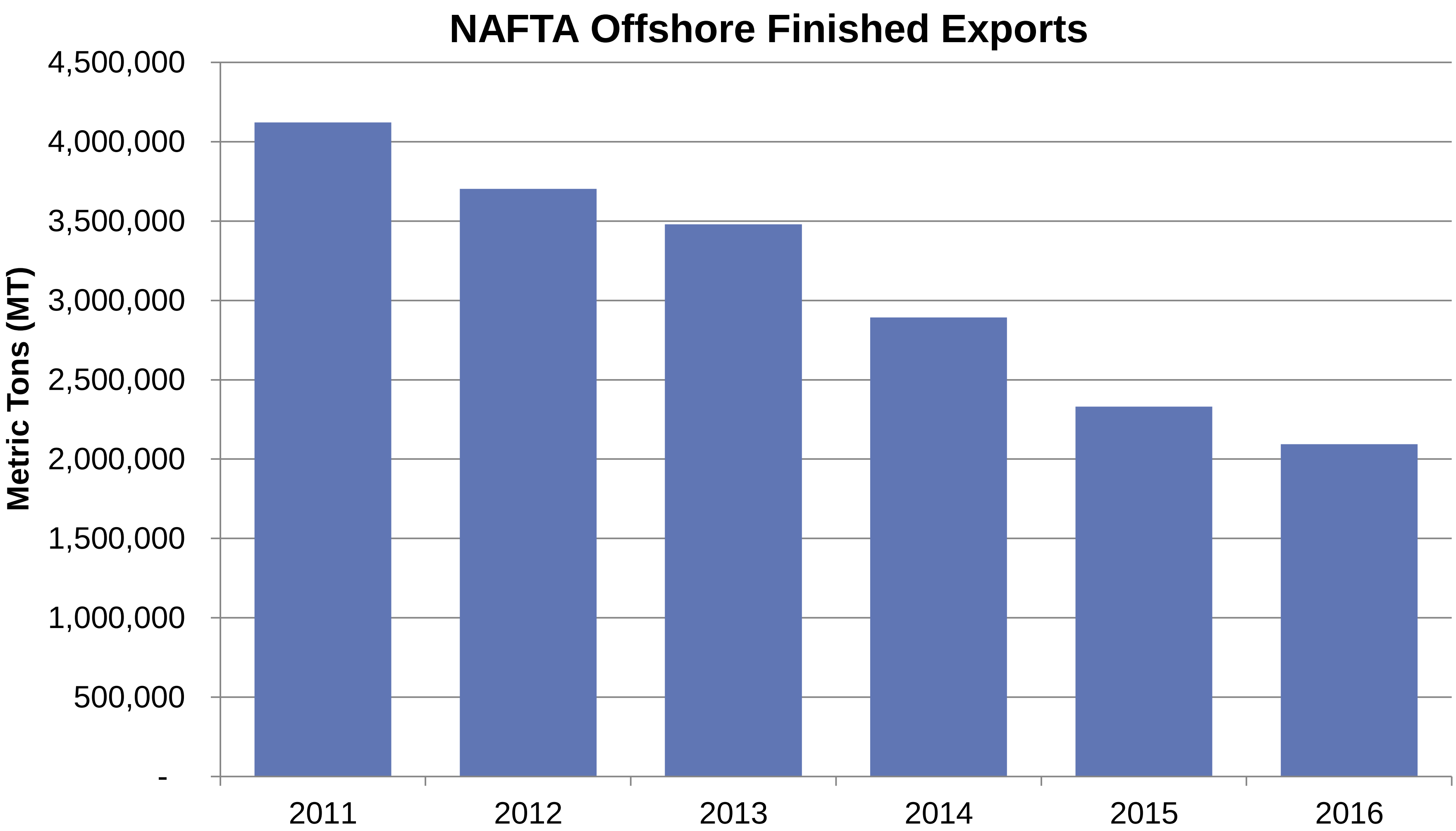
As Global Utilization Rates Weaken, NAFTA Remains Consistently Below World Levels



Source: AISI, Statistics Canada, Canacero, WorldSteel Association



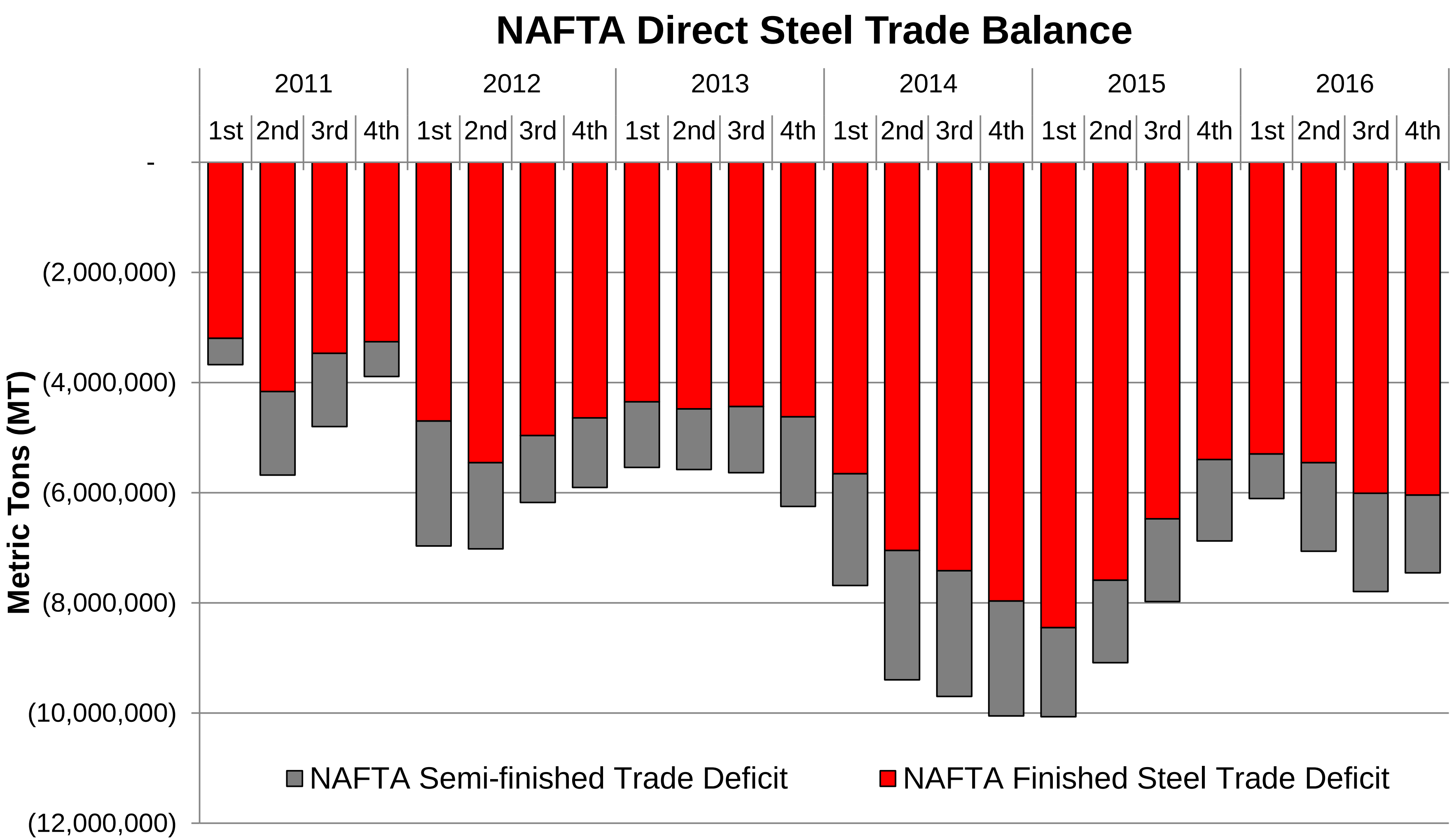
NAFTA Steel Exports in Decline as Other Countries Increase Exports



Source: U.S. Census Bureau, Statistics Canada, Canacero

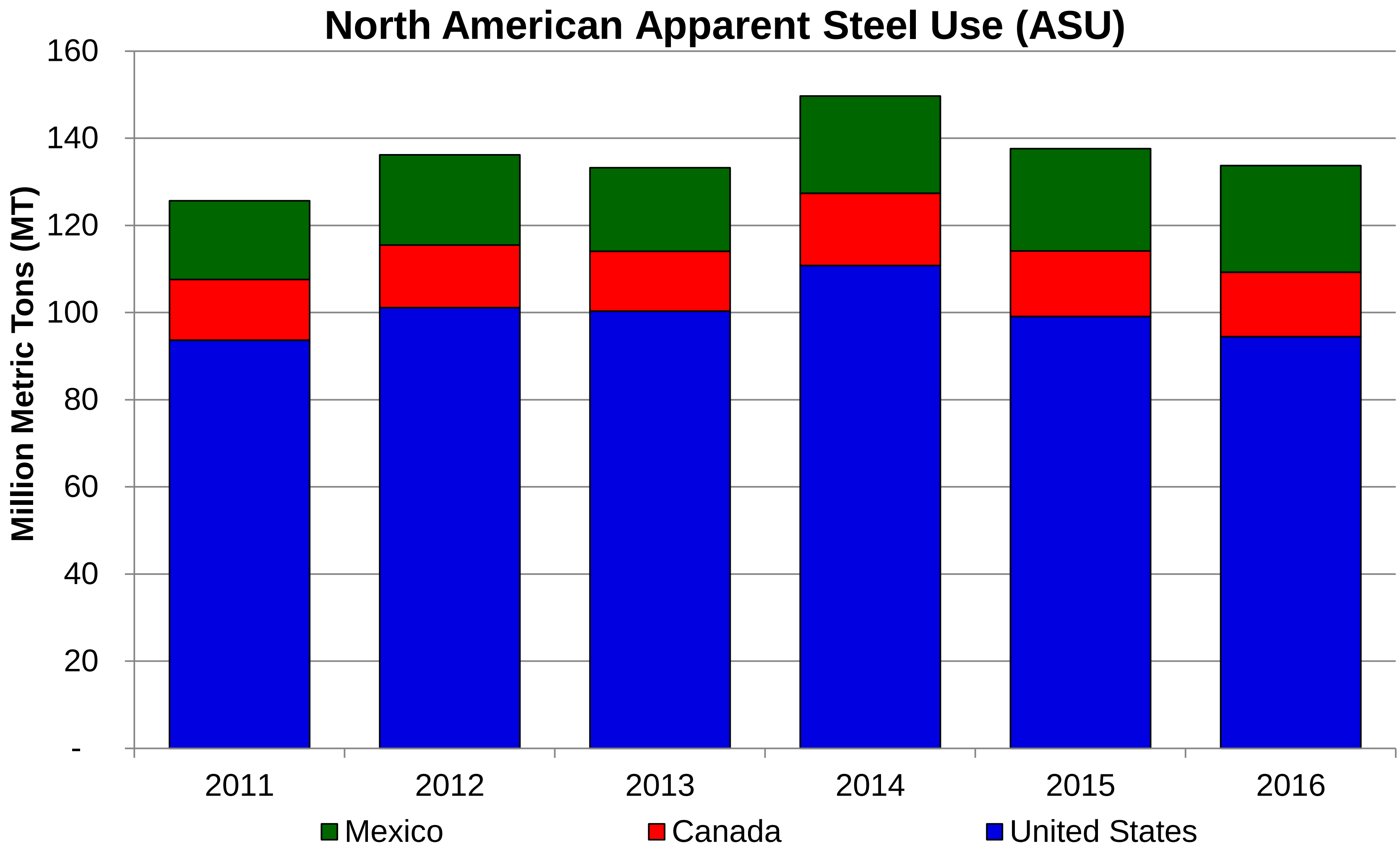
NAFTA Direct Steel Trade Balance

Finished Steel Trade Deficit Remains Well Above 2011-2013 Levels



Source: U.S. Census Bureau (Census), Statistics Canada, AISI, Canacero

NAFTA Apparent Steel Use Continues Decline from 2014

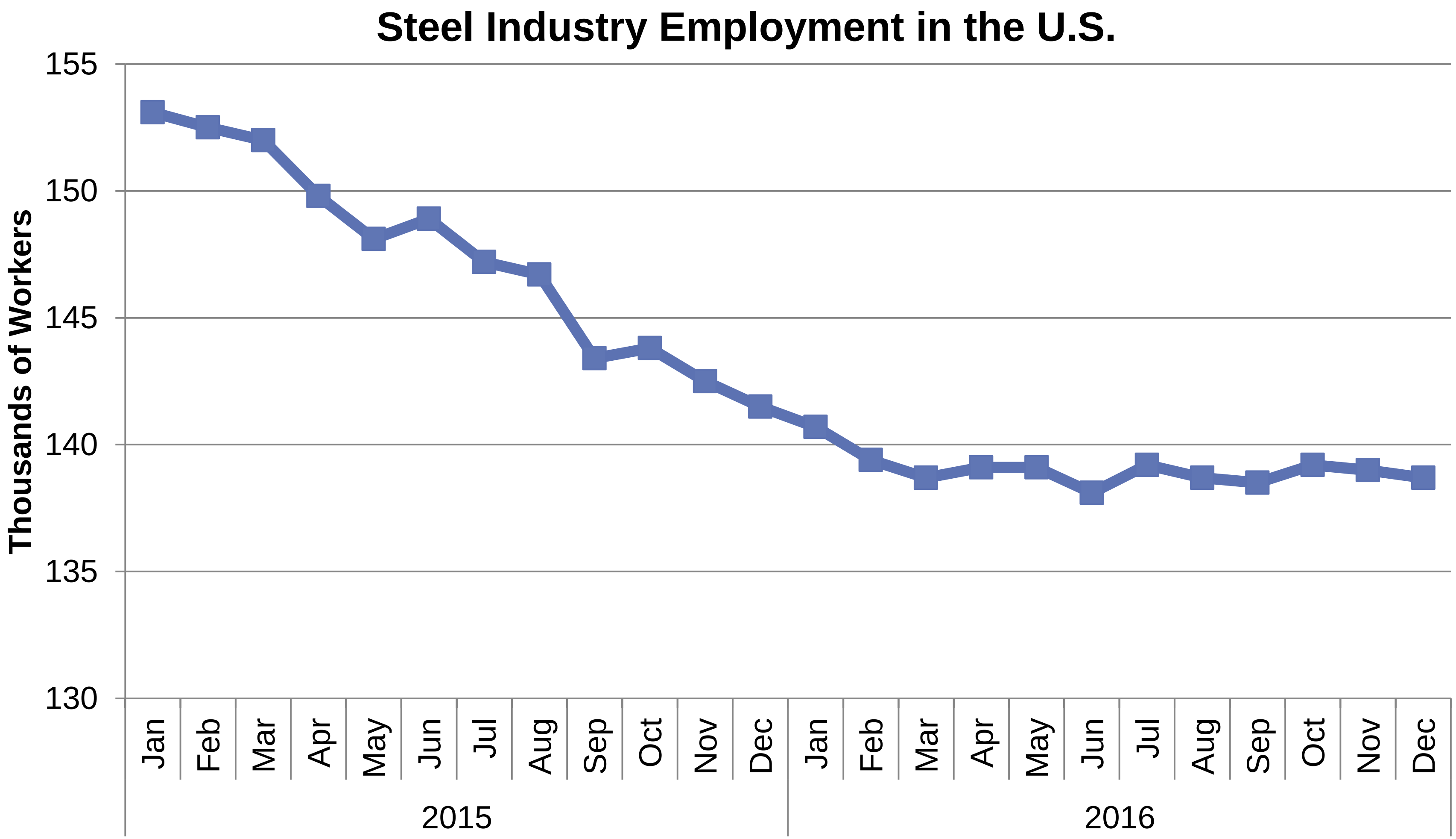


Source: U.S. Census Bureau (Census), Statistics Canada, AISI, Canacero

Impacts of Global Steel Overcapacity and Steel Import Surges

- From January 2015 through the end of 2016, steel industry employment in the U.S. declined by 14,400 workers
- Multiple U.S. facilities remain idled, including AK Steel Ashland Works (Kentucky), U.S. Steel Granite City Works (Illinois), and pipe/tube mills in Texas, Ohio and Alabama
- Two major Canadian steel producers remain in bankruptcy (Stelco and Essar Steel Algoma) continue to operate under Canada's *Companies' Creditors Arrangement Act (CCAA)*
- In Mexico, steel sector employment declined 10 percent over the past year and capacity utilization was well below 70 percent in the 2015-2016 period

Steel Industry Employment in the U.S. Continues to Decline



Source: U.S. Bureau of Labor Statistics

North American Steel Market Remains in Peril

- North American steel producers continue to be plagued by unfairly-trade offshore imports, which continue to erode regional steel market conditions
  - —NAFTA remains one of the only regions with significant direct and indirect steel trade deficits
- Despite drops in volumes of offshore finished imports in 2015-16, import market share continues to be elevated, while regional steel production and employment levels have dropped significantly
- Global steel excess capacity continues to be the root cause of most challenges facing the North American steel market