

Recent Developments in the Steel Industry in the United States

OECD Steel Committee Meeting
Paris, France
March 25-26, 2019



**American
Iron and Steel
Institute**

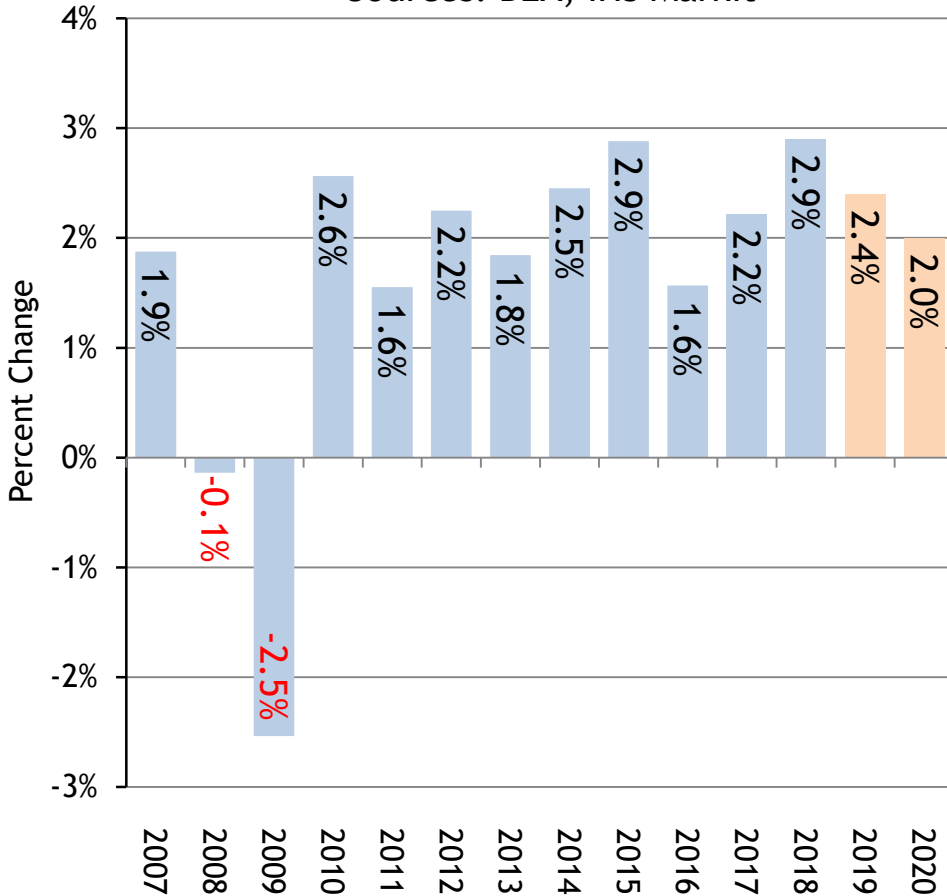


SSINA
Specialty Steel Industry
of North America

Economic Conditions are Robust and the Industrial Economy is in the Midst of a Broad-Based Rebound

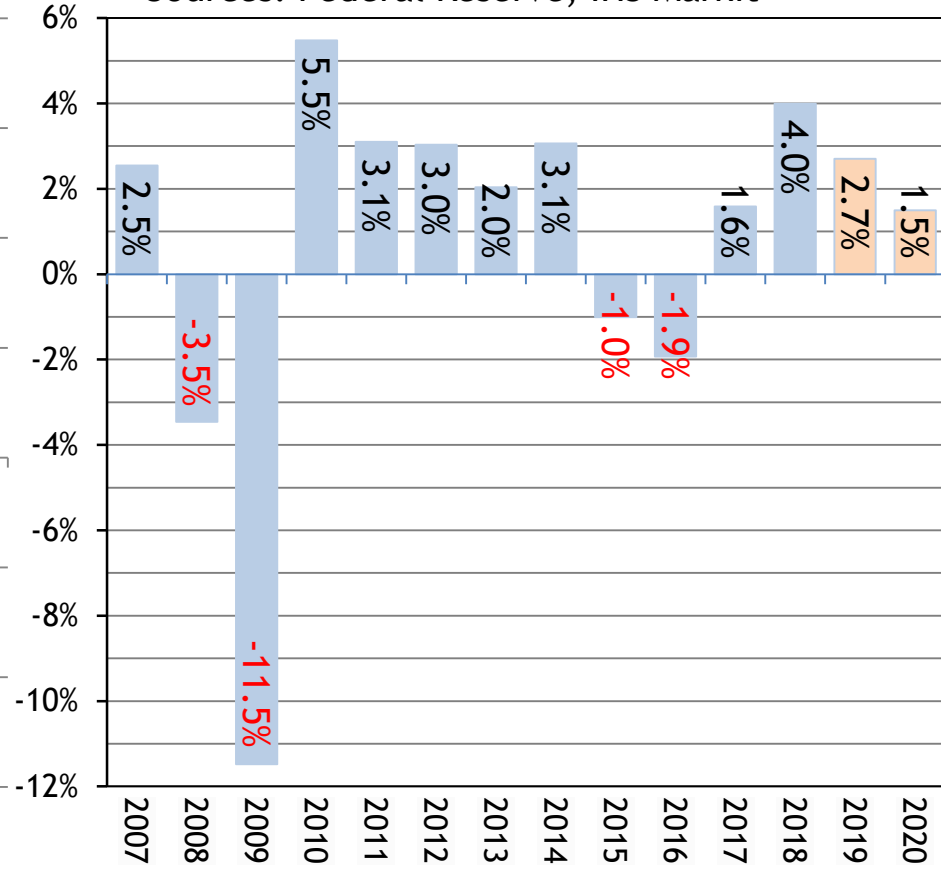
Gross Domestic Product (GDP)

Sources: BEA, IHS Markit



Industrial Production (IP)

Sources: Federal Reserve, IHS Markit



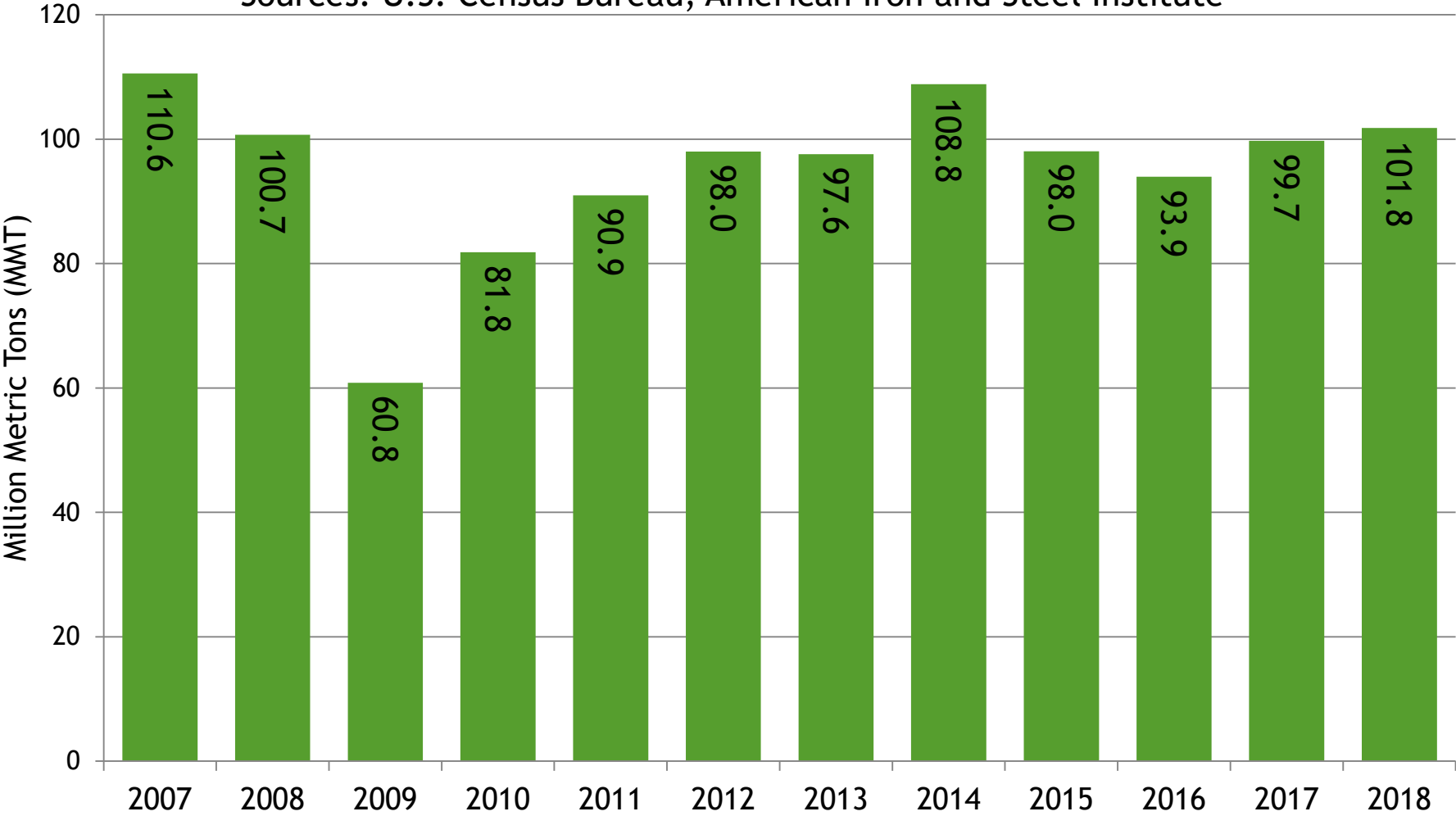
U.S. Steel Market Highlights

- Despite recent trade actions, steel imports continue to capture significant U.S. market share and distort markets
- U.S. direct steel trade deficit remains elevated
 - Finished imports captured 22.9 percent of the U.S. market in 2018, the lowest level since 2011
 - Imports of two key product areas saw double-digit increases in 2018: hot-rolled sheet (up 22 percent) and plates in coil (up 15 percent)
- Production and capacity utilization have increased, but have not yet reached pre-recession levels
- Steel companies are reinvesting in U.S. steelmaking facilities to meet robust market demand. Others have reduced capacity or exited the market

Apparent Steel Demand is Rebounding, but Has Not Fully Recovered to Pre-Recession Levels

U.S. Apparent Steel Use (ASU)

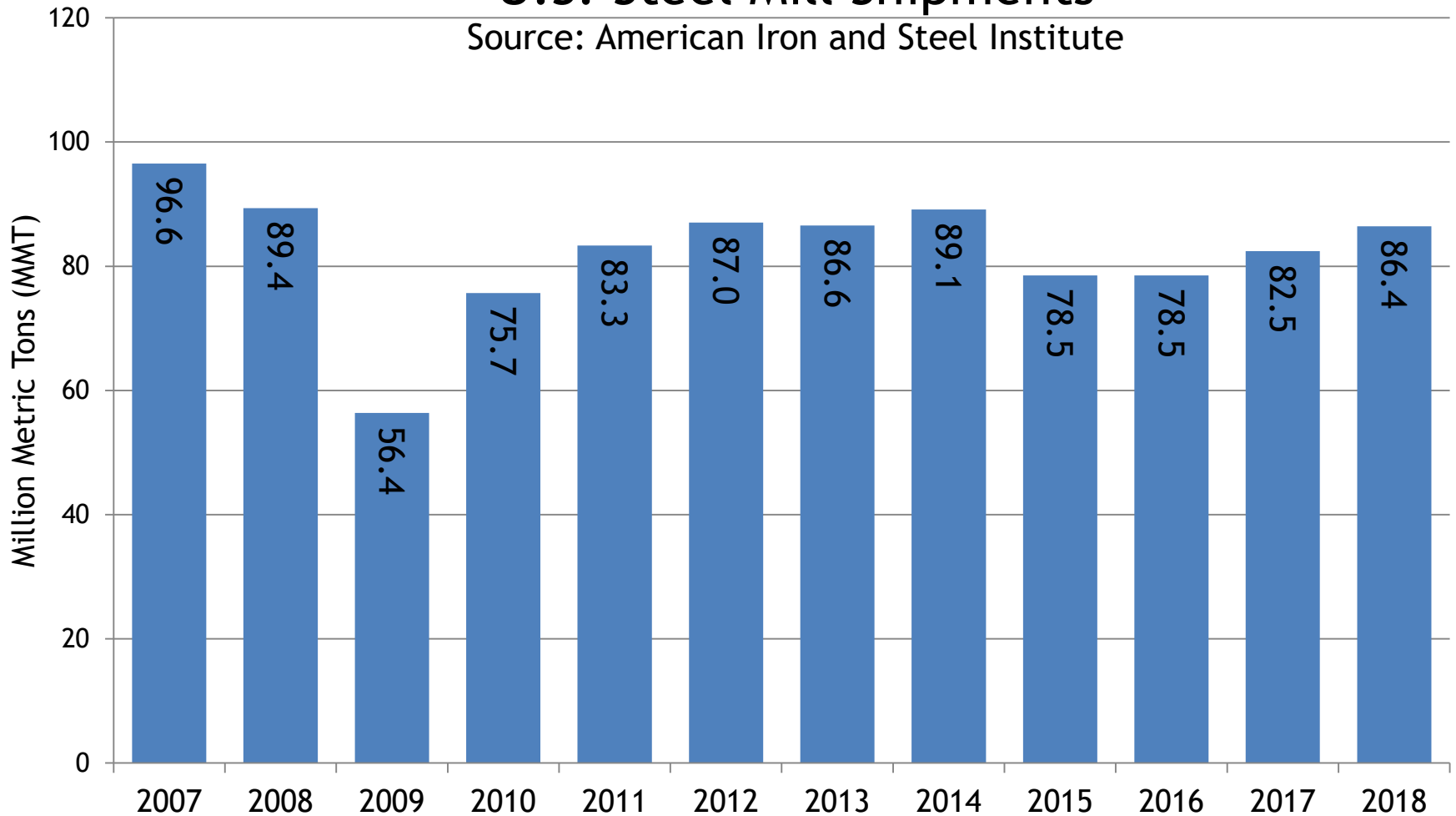
Sources: U.S. Census Bureau, American Iron and Steel Institute



Steel Shipments Increasing But Remain Below Pre-Recession Levels

U.S. Steel Mill Shipments

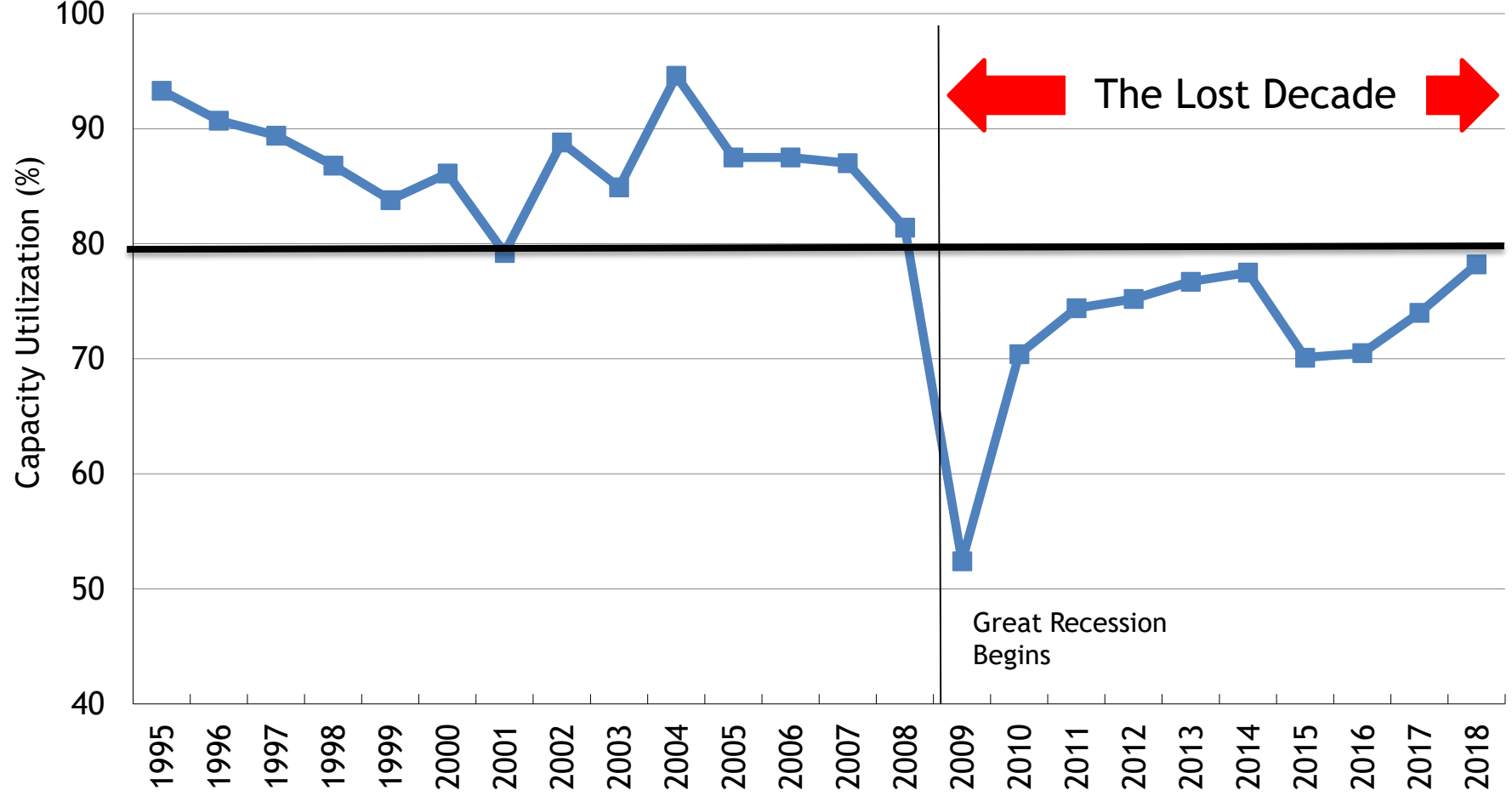
Source: American Iron and Steel Institute



Capacity Utilization has Trended Higher Recently but Remains Low by Historical Standards

U.S. Raw Steelmaking Capacity Utilization

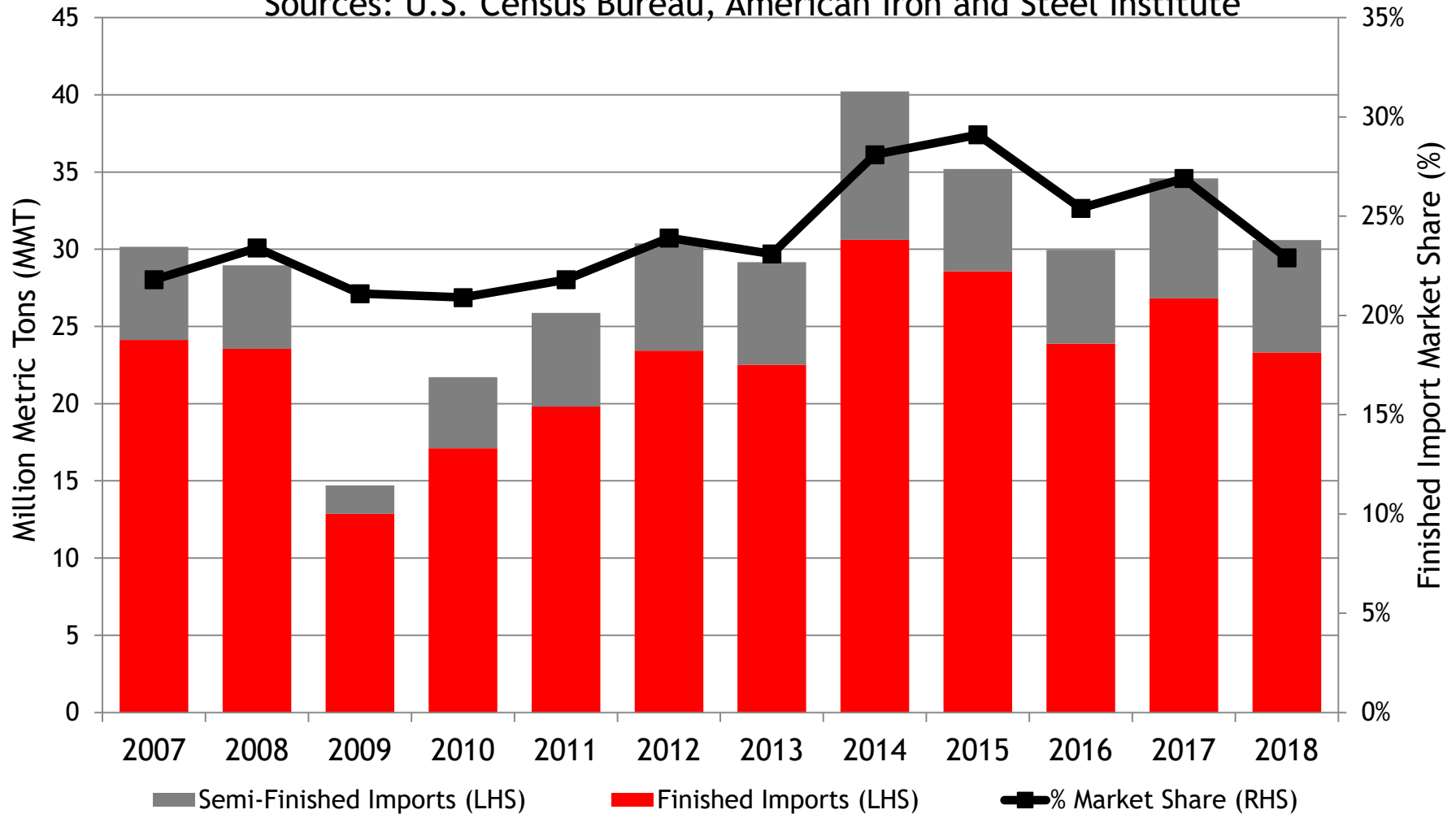
Source: American Iron and Steel Institute



U.S. Steel Imports Have Remained at Elevated Levels for Past Five Years

U.S. Steel Imports

Sources: U.S. Census Bureau, American Iron and Steel Institute



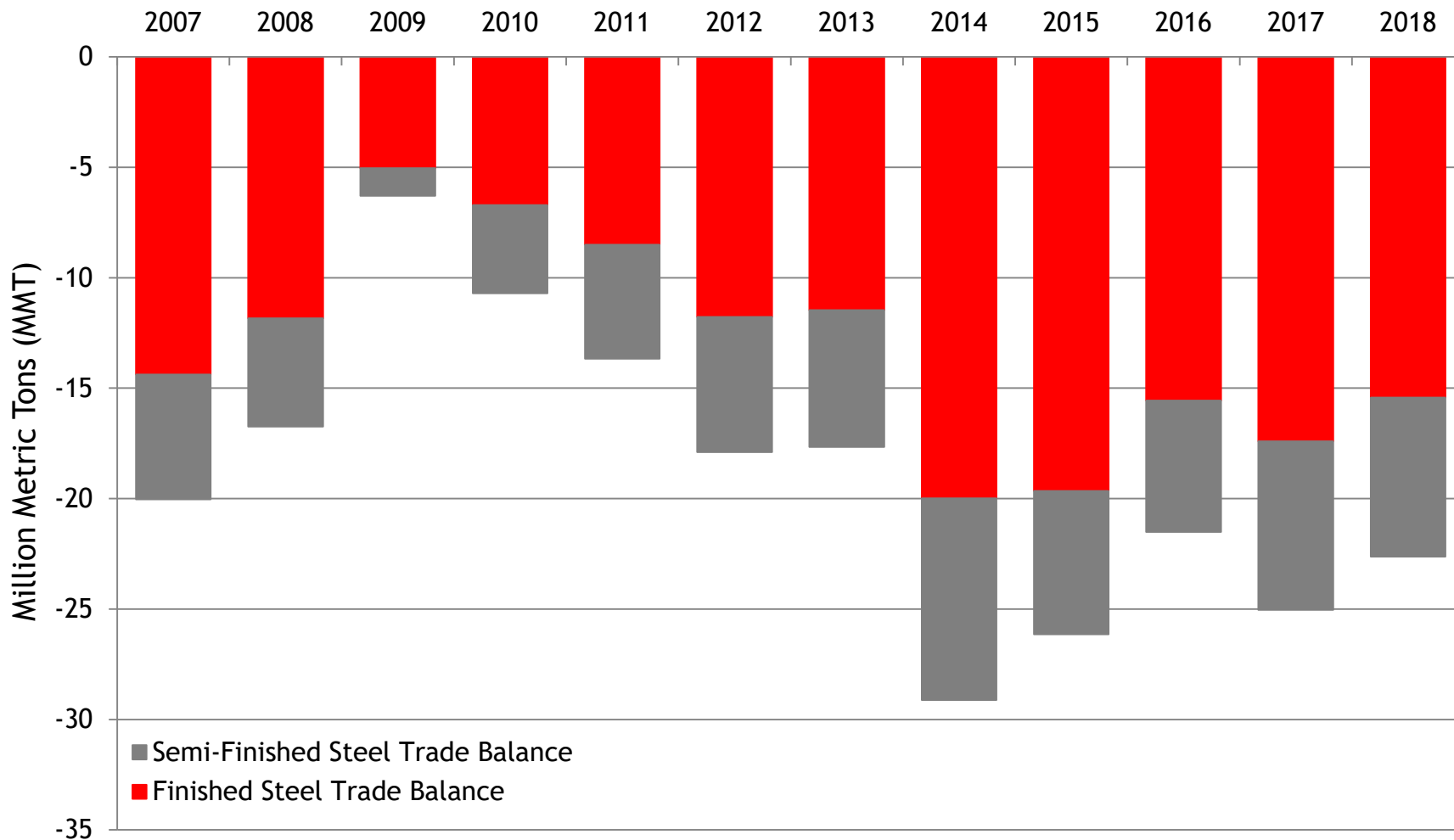
U.S. Finished Steel Exports at Lowest Level Since 2009



From 2014-18, U.S. Direct Steel Trade Deficit Exceeded 20 Million Metric Tons Annually

U.S. Direct Steel Trade Balance

Source: U.S. Census Bureau

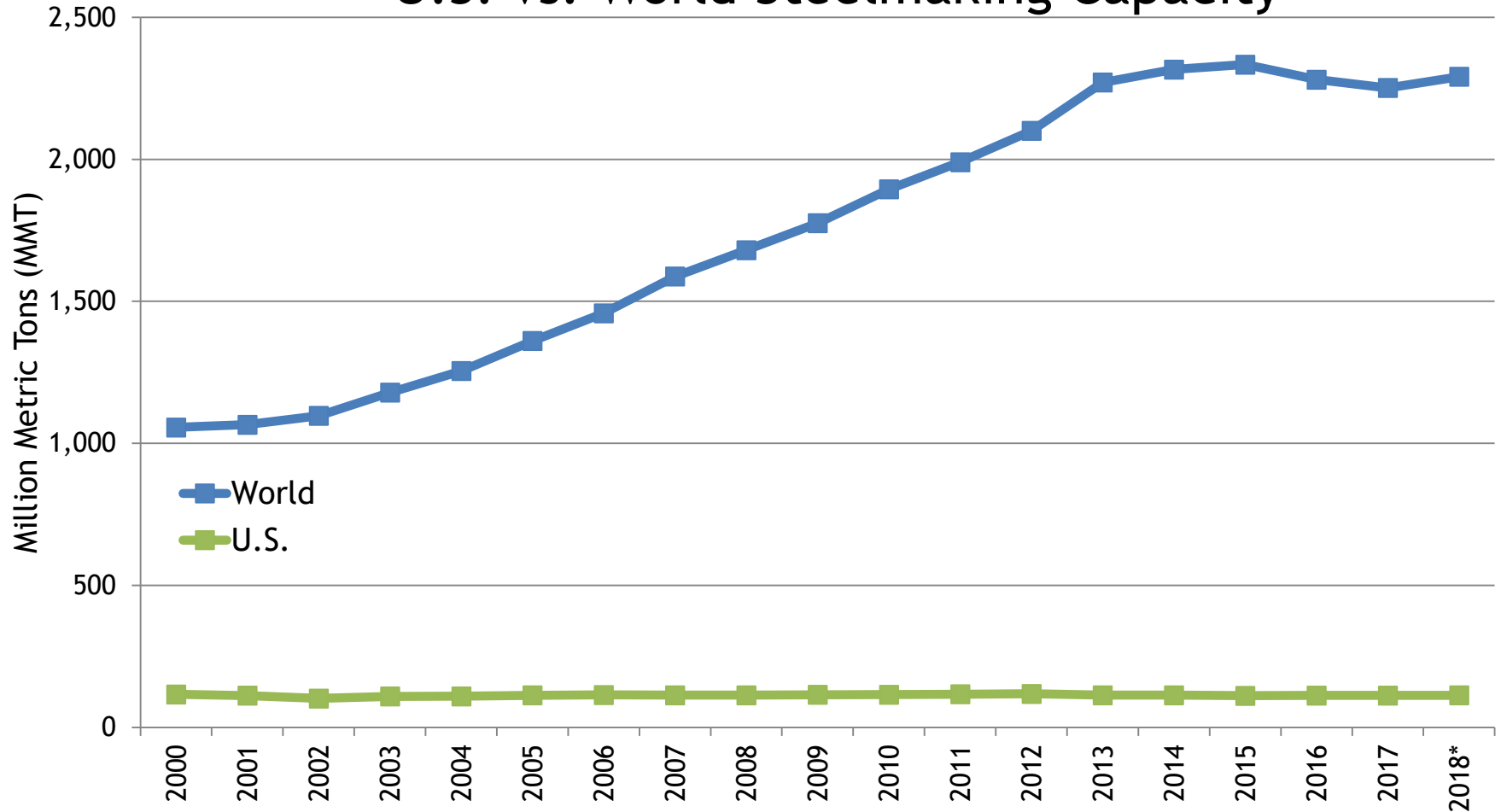


International Efforts to Reduce Global Steel Overcapacity

- Global excess capacity remains a serious problem and continues to plague steelmakers in the United States and other markets
 - U.S. industry supports continued efforts of governments at the Global Forum on Steel Excess Capacity and Trilateral negotiations to address subsidies and market-distorting practices
- However, renewed efforts should achieve:
 - (1) Meaningful net reductions in uneconomic capacity
 - (2) Elimination of government subsidies and other market-distorting policies and practices in the steel industry
 - (3) Effective trade remedies and enforcement

U.S. Steelmaking Capacity Has Remained Remarkably Stable Since 2000

U.S. vs. World Steelmaking Capacity



2018* estimate
Source: OECD

State-Supported Steel Production Continues to Challenge Market-Based U.S. Steelmakers

- Global steel excess capacity continues to distort steel markets worldwide
- Steel production and exports continue to be supported by subsidies and other measures
- U.S. steelmakers favor effective solutions to get governments out of the business of supporting uneconomic capacity expansions
- Urgent action by governments are needed to address this critical situation