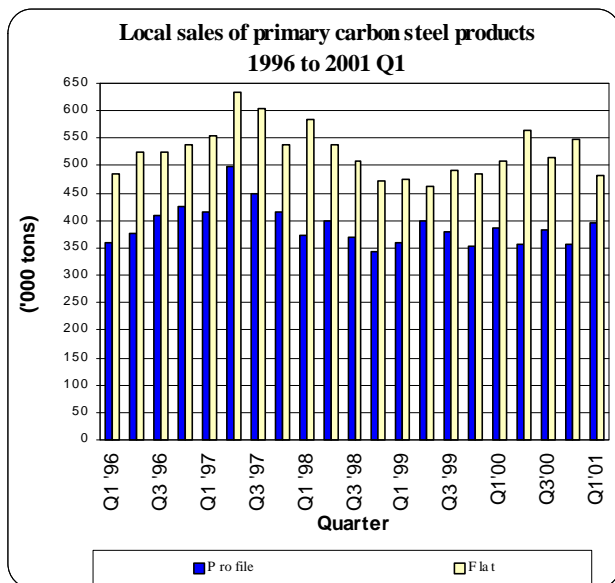


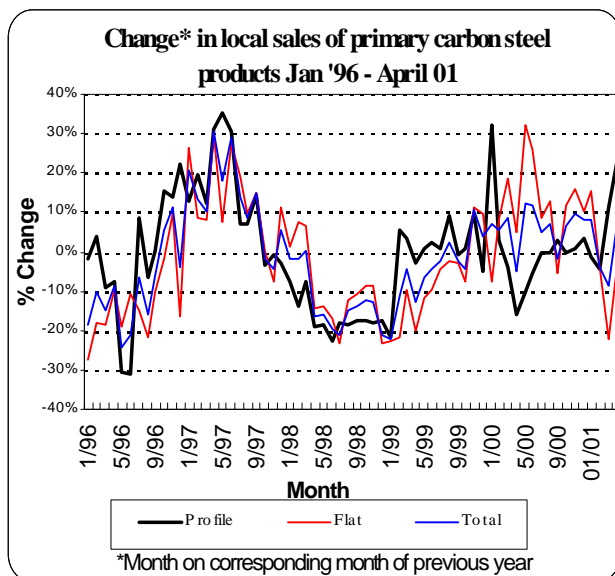


LOCAL CARBON STEEL SALES SOMEWHAT SUBDUED DURING Q1 2001

Total domestic carbon steel sales declined by 3,3% during the first quarter of 2001 compared with the fourth quarter of 2000 and by 2,1% compared with the first quarter of 2000. However, domestic sales of carbon steel long products increased markedly by 10,6% during the first quarter of 2001 compared with the fourth quarter of 2000.



During the first quarter of 2001, domestic sales of primary carbon steel products mirrored the economic slowdown in the South African economy. A growth rate of only 2% in real Gross Domestic Product was realised during the first quarter of 2001 against a growth rate of 3,2% during the fourth quarter of 2000 and 3,1% during 2000 as a whole.



Steelnews is the official quarterly newsletter of the South African Iron and Steel Institute.

Comments on the contents and contributions for future editions are welcomed and should be sent to the Editor.

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Total local sales of primary carbon steel products - 2000 to April 2001 ('000 tons)

MONTH	2000			2001		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	123.8	149.2	273.0	122.0	172.6	294.6
FEB	134.6	162.9	297.5	128.5	156.6	285.1
MAR	129.0	195.0	324.0	143.8	152.1	295.9
Q1	387.4	507.1	894.5	394.3	481.3	875.6
APRIL	106.9	151.4	258.3	132.2	147.5	279.7
MAY	122.5	206.8	329.3			0.0
JUNE	127.9	204.8	332.7			0.0
Q2	357.3	563.0	920.3	132.2	147.5	279.7
JULY	121.1	172.8	293.9			0.0
AUG	127.3	179.4	306.7			0.0
SEP	134.1	163.4	297.5			0.0
Q3	382.5	515.6	898.1	0.0	0.0	0.0
OCT	134.9	193.8	328.7			0.0
NOV	146.5	214.9	361.4			0.0
DEC	75.2	140.6	215.8			0.0
Q4	356.6	549.3	905.9	0.0	0.0	0.0
TOTAL	1 483.8	2 135.0	3 618.8	526.5	628.8	1 155.3

Steelnews

On the international front, expectations are that the world economy is heading for a mild recession at best. This scenario impacts negatively on South Africa while the global slowdown feeds through the local economy. After managing a growth rate of 3,1% in GDP during 2000, hopes were high that the domestic economy would again grow by more than 3% during 2001. However, economic growth of only 2% during the first quarter of 2001 indicate that this may be over-optimistic.

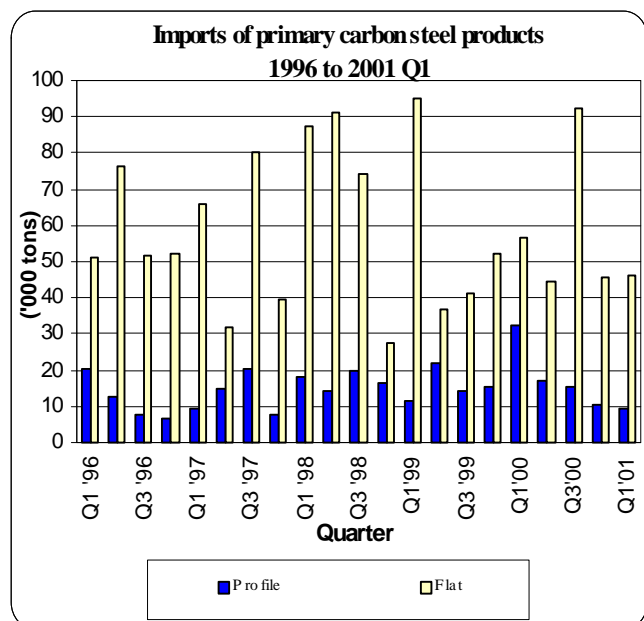
Against this sombre outlook, the unexpected 1% decline in the repo rate announced by the Reserve Bank raised expectations that improved domestic demand would be the principal driver of economic growth during 2001. With exports starting to falter as the world economy cools, growth prospects depends heavily on the local consumer. But consumer sentiment is fragile as fears such as further weakening of the exchange rate and fuel price increases weigh down on confidence. Regional uncertainties and slower global growth also impact negatively on investment prospects and thus inventory accumulation in the economy.

Although the economy is likely to remain vulnerable to external pressures, domestic demand, driven by household consumption expenditure, should gather momentum as the effect of the interest rate cut adds to the relatively healthy state of personal finances. This could result in a gradual recovery of the economy towards the end of the year.

IMPORTS OF PRIMARY CARBON STEEL PRODUCTS RETURN TO LOWER LEVEL

According to statistics from Customs and Excise, imports of primary carbon steel products (excl. wire and stainless, incl. rails) declined substantially by 37,6% during the first quarter of 2001 compared with the corresponding quarter of 2000. However, imports increased slightly by 6,9% compared with the fourth quarter of 2000.

Imports of primary carbon steel products as a percentage of total domestic carbon steel sales declined to 6,3% during the first quarter of 2001 compared with 8,7% during 2000 as a whole.



Imports of primary carbon steel products - 2000 to April 2001 ('000 tons)

MONTH	2000			2001		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	5.7	21.0	26.7	4.9	14.5	19.4
FEB	6.7	14.2	20.9	1.6	20.7	22.3
MAR	19.8	21.5	41.3	2.8	11.0	13.8
Q1	32.2	56.7	88.9	9.3	46.2	55.5
APRIL	7.2	15.9	23.1	3.2	14.1	17.3
MAY	4.6	13.9	18.6			0.0
JUNE	5.0	14.9	19.9			0.0
Q2	16.8	44.7	61.6	3.2	14.1	17.3
JULY	7.1	37.2	44.3			0.0
AUG	3.1	13.9	17.0			0.0
SEP	5.2	41.0	46.2			0.0
Q3	15.4	92.1	107.5	0.0	0.0	0.0
OCT	3.5	13.8	17.3			17.3
NOV	4.9	20.7	17.3			
DEC	2.2	11.0	17.3			
Q4	10.6	45.5	51.9	0.0	0.0	17.3
TOTAL	75.0	239.0	314.1	12.5	60.3	72.8

South Africa's ten most important steel trading partners in 2000 and 2001-4 months

Imports ('000 tons)

Carbon steel excl. stainless and finished wire

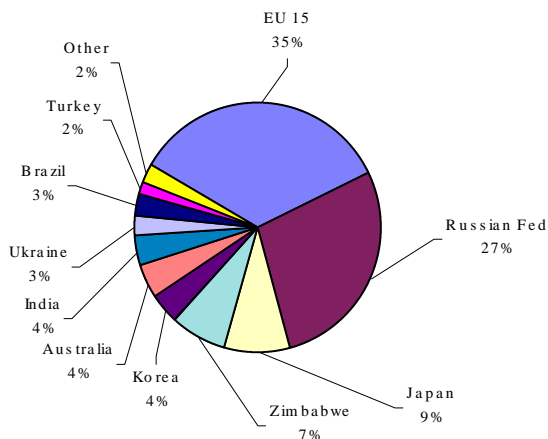
Countries	2000	Countries	2001(4)
EU 15	109.331	EU15	33.111
Russian Fed	86.633	Japan	8.688
Japan	27.372	Russian Fed	8.460
Zimbabwe	22.506	Australia	8.009
Korea	13.427	Zimbabwe	4.960
Australia	13.391	India	3.140
India	11.754	Korea	2.794
Ukraine	9.009	Iran	1.160
Brazil	8.974	Kenya	0.598
Turkey	5.358	Czech Rep	0.437
Total 10 countries	307.754	Total 10 countries	71.356
Total imports	315.485	Total imports	73.326
10 Countries/ total	97.5%	10 Countries/ total	97.3%
Other	7.731	Other	1.970

Source: Customs & Excise

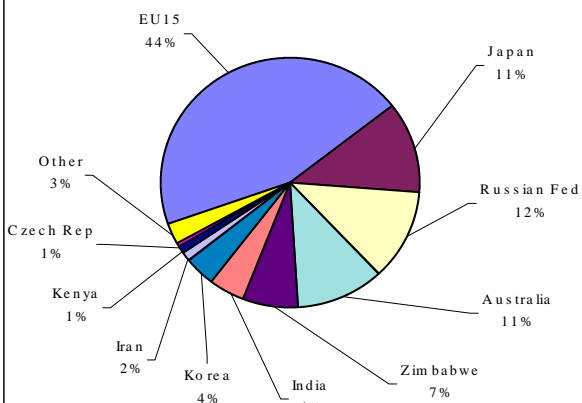
Imports of cold-rolled sheet from the Russian Federation represented 95,1% of all cold-rolled imports during the first four months of 2001. Imports from India consisted mostly (72%) of hot-dipped galvanised sheet and represents 41,1% of all hot-dipped galvanised imports during the first four months of 2001. Imports from Australia consisted mostly (61%) of painted sheet and represents 82,1% of all painted sheet imports during the first four months of 2001. Imports of carbon steel products from Germany amounted to 13 370 tons and represents 40,4% of imports from the European Union during this period.

Steelnews

Imports per country of origin - 2000

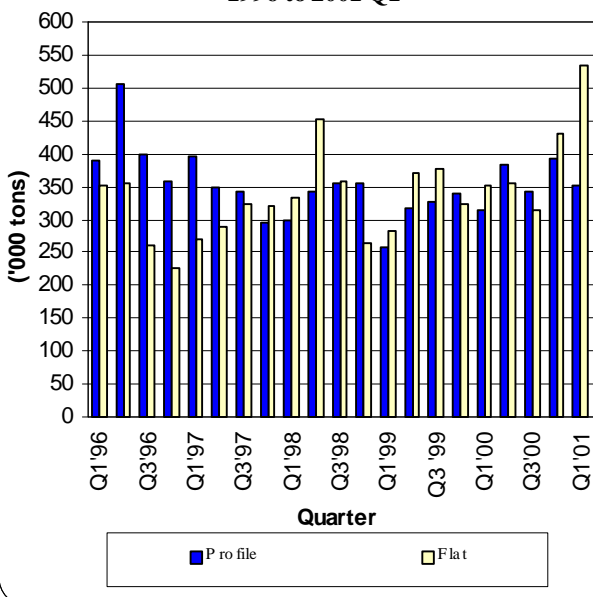


Imports per country of origin 2001 - 4 months



EXPORTS INCREASED NOTWITHSTANDING THE OVERSOLD INTERNATIONAL STEEL MARKET

Exports of primary carbon steel products 1996 to 2001 Q1



Exports of primary carbon steel products, as reported by the South African manufacturers, showed an increase of 7,6% during the first quarter of 2001 compared with the fourth quarter of 2000 and an increase of 33% compared with the first quarter of 2000.

Exports of flat products in particular, improved during the first quarter of 2001 by 23,9% compared with the fourth quarter of 2000 and by 51,8% compared with the first quarter of 2000. During the first four months of 2001 exports of flat products amounted to 61,4% and the exports of profile products to 38,6% of total exports.

Exports of primary carbon steel products reported by the primary steel producers - 2000 to April 2001 ('000 tons)

MONTH	2000			2001		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	106.1	119.5	225.6	91.9	166.5	258.4
FEB	121.3	139.5	260.8	119.5	155.6	275.1
MAR	87.9	92.9	180.8	141.8	212.1	353.9
Q1	315.3	351.9	667.2	353.2	534.2	887.4
APRIL	114.8	103.6	218.4	112.2	206.4	318.6
MAY	105.6	139.3	244.9			0.0
JUNE	163.9	111.1	275.0			0.0
Q2	384.3	354.0	738.3	112.2	206.4	318.6
JULY	115.0	56.1	171.1			0.0
AUG	113.7	133.9	247.6			0.0
SEP	114.3	125.1	239.4			0.0
Q3	343.0	315.1	658.1	0.0	0.0	0.0
OCT	122.6	156.1	278.7			0.0
NOV	128.1	137.2	265.3			0.0
DEC	143.0	137.8	280.8			0.0
Q4	393.7	431.1	824.8	0.0	0.0	0.0
TOTAL	1 436.3	1 452.1	2 888.4	465.4	740.6	1 206.0

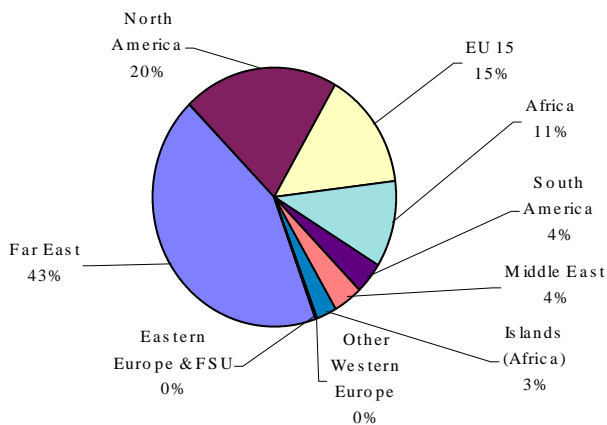
South Africa's steel trading partners in 2000 and 2001-4 months

**Exports ('000 tons)
Carbon steel excl. stainless and finished wire**

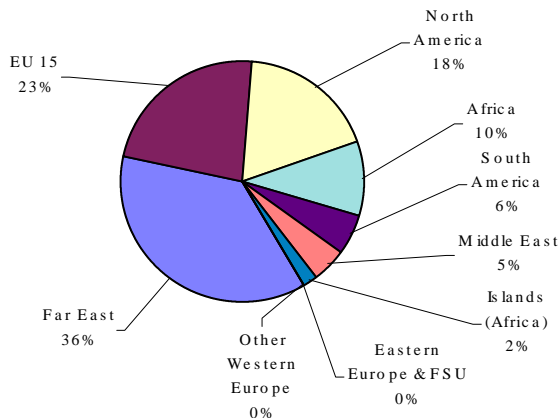
Countries	2000	Countries	2001 (4)
Far East	1488.1	Far East	482.0
North America	700.7	EU 15	305.8
EU 15	510.2	North America	241.9
Africa	365.1	Africa	129.3
South America	131.9	South America	73.0
Middle East	126.5	Middle East	59.8
Islands (Africa)	100.5	Islands (Africa)	26.1
Other Western Europe	5.8	Other Western Europe	0.1
Eastern Europe & FSU	0.0	Eastern Europe & FSU	0.1
Total exports	3428.8	Total exports	1318.1

Source: Customs & Excise

Exports per region of destination - 2000



Exports per region of destination 2001- 4 months

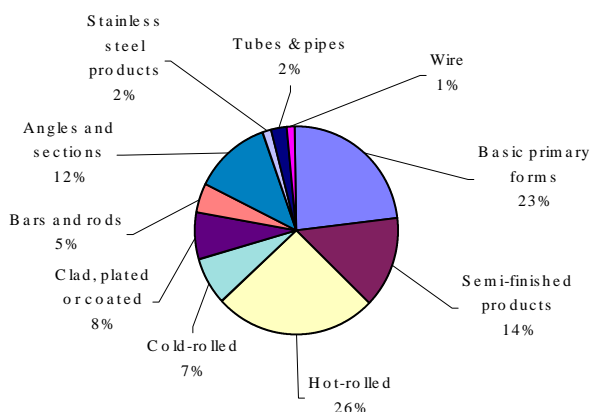


STOCKS OF PRIMARY STEEL PRODUCTS ON HAND AT END OF DEC 2000 AND MARCH 2001

Products	Dec 2000	Mar 2001
1 Basic primary forms	500 670	536 642
2 Iron and non-alloy steel	1 775 307	1 627 073
A Semi-finished products	353 157	315 221
B Total finished products	1 422 150	1 311 852
C Total flat rolled products	1 059 698	923 410
i Hot-rolled	679 144	581 380
ii Cold-rolled	183 024	166 012
iii Clad, plated or coated	197 530	176 018
D Total profile products	362 452	388 442
i Bars and rods	84 973	103 133
ii Angles and sections	277 479	285 309
3 Stainless steel products	35 149	36 947
4 Other alloy steel	4 565	3 132
5 Other products	90 566	93 512
i Tubes & pipes	58 963	55 898
ii Wire	25 152	30 157
iii Other	6 451	7 457

Source: South African Iron and Steel Institute

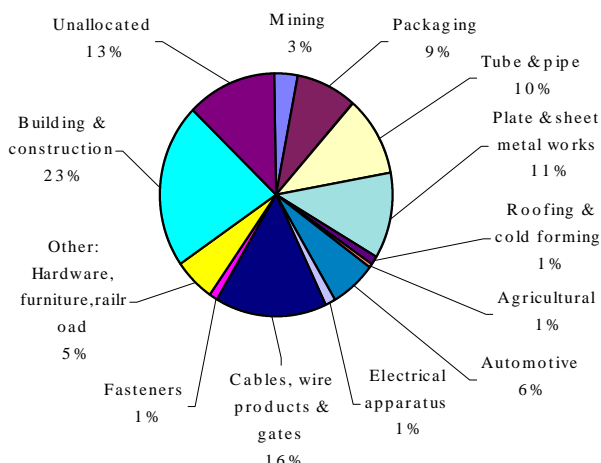
Stocks of primary steel products on hand at the end of March 2001



CARBON STEEL SALES TO INDUSTRIAL GROUPS DURING Q1 2001

Sales of primary steel products to industrial groups			
Sales in tonnes			
	2001 Q1		
	Profile	Flat	Total
1 Mining	22069	7803	29872
2 Total Manufacturing	186542	353439	539981
Packaging	0	75515	75515
Structural Metal	3292	195560	198852
Tube & pipe	1057	90792	91849
Plate & sheet metal works	2235	94618	96853
Roofing & cold forming	0	10150	10150
Agricultural	5499	472	5971
Automotive	5734	50632	56366
Electrical apparatus	0	11399	11399
Cables, wire products & gates	128631	3730	132361
Fasteners	11769	40	11809
Other: Hardware, furniture, rail	31617	16091	47708
3 Building & construction	145458	50131	195589
4 Unallocated	41170	70402	111572
5 Total	395239	481775	877014

Sales of primary steel products to industrial groups - 2001 Q1



COMMENTS RELATING TO THE PROPOSED SECTION 201 SAFEGUARD ACTIONS IN THE USA

Steps taken by the South African steel industry to avoid the disruption of export markets through South African exports

The South African Steel industry has at all times been acutely aware of the prevailing sensitivities pertaining to steel exports and have consistently made a concerted effort on the following issues:

- To maintain and adhere to any trade agreements entered into. The quota agreements entered into between the U.S.A. and South Africa after the lifting of trade sanctions were followed and honoured to the letter. Additional measures were introduced to ensure compliance by all exporters;
- Voluntary restraint measures were introduced by South African producers after expiry of the above mentioned trade agreements to ensure that at all times a disciplined presence was maintained in export markets.
- Furthermore, South African producers have at all times produced only to orders received from the USA and do not sell products for the so called spot-market in the USA, as is the case with some other countries exporting to the USA.

Approach of the USA industry to the South African steel exports

Despite these efforts by South African exporters and the low quantity of tons exported, the South African industry has fallen prey to an apparent vindictive approach by the USA Steel Industry.

For example - in the recently instituted anti-dumping investigation into hot-rolled coils, South Africa accounted for only 2,2 % of imports in the USA during the period under investigation. South Africa had to be cumulated with some of the smaller producers in the investigation whilst producers like Mexico (5%), France (3,6%) Korea (10,6%) and Australia (3,5%) were not included in the investigation.

The perceived vindictive approach by the US steel industry is even further fuelled by the fact that the total South African primary steel exports into the USA accounts for less than 0,5% of the USA consumption figure and can thus not be any real factor or the cause of any injury to the US market. It is also clear that the US trade remedies including anti-dumping actions and the proposed Section 201 investigation, are against the spirit and in conflict with the US Government's sub-Saharan upliftment initiatives, including the African Growth and Opportunity Act (AGOA).

What is required by the South African Steel Industry?

The South African steel industry wishes to maintain exports to established clients the USA in a disciplined and orderly fashion. To this end and in the spirit of the objectives of the African Growth and Opportunity Act, consideration should be given to the following:

Should the recently announced Section 201 Safeguard action for any reason fail to realise, it would be appropriate to secure a similar undertaking from the USA that certain countries enjoy in the United States, namely that exports from the sub-Saharan region of Africa to the United States are to be exempted from cumulation with other countries. This should still provide sufficient protection for the local US industry to take trade action should the de-minimis threshold be exceeded by exports from South Africa.

Should the Section 201 action proceed, it is deemed appropriate that specific provision be made by means of:

- allocation of a country-specific quota to allow South African producers to maintain exports to the USA below this level during the validity period of the Section 201 order. (A quota of 1% of the USA consumption is suggested); and
- scrapping of all existing trade related cases in accordance to the practice that applied previously during the Voluntary Restraint Agreements (VRA's) period. Maintaining the trade orders and having a Section 201 order in place would make an absolute mockery of the GATT agreement and the ideals of free trade between countries.

To this end, the South African Steel Industry supports the initiative announced by President Bush that solutions should be sought to eliminate inefficient steel-making capacity world-wide.

UPDATE ON DUMPING ISSUES INVOLVING THE SOUTH AFRICAN STEEL INDUSTRY

Since the article on dumping issues that appeared in the March 2001 edition of Steelnews, the following is a short summary of events forthcoming:

Hot-rolled steel or iron flat products exported to Argentina - dumping

The investigation, initiated in October 2000, is still under investigation. South Africa received a preliminary duty of 83%.

Hot-rolled coils exported to the USA - dumping and countervailing

The investigation was initiated in the USA on 13 November 2000. A preliminary dumping duty of 9,28% was levied on South African producers. However, Iscor and Saldanha Steel both received a preliminary countervailing duty of 13,5%. A dumping duty of 3,04% for Iscor and Saldanha Steel will probably apply once the final countervailing duty is announced in September 2001.

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Hot-rolled coil and sheet (excluding plate cut to length) exported to Canada - dumping

The investigation was initiated on 19 January 2001 in Canada. I scor received a preliminary duty of 24,4%. Highveld Steel and Vanadium had a normal value determined on plate cut to length and received approval for quarterly imports into Canada at an approved value.

Cold-rolled steel sheet exported to Canada - dumping

The investigation was initiated on 12 March 2001. I scor received a preliminary duty of 45%.

Wide flange beams exported to the USA - dumping

The petition was filed on 23 May 2001 against eight countries, including South Africa. The petitioners alleged a dumping margin of 78,8% for the South African producer, Highveld Steel and Vanadium.

Certain circular welded carbon steel pipe exported to the USA - dumping

The petition was filed on 24 May 2001 against South Africa and four other countries. The petitioners alleged a dumping margin

DOWNSTREAM DEVELOPMENT AND -EXPORTS

DOWNSTREAM DEVELOPMENT COMMITTEE

In an attempt to grow the industry, SAI SI has formed a Downstream Development Committee to develop and monitor new development and export strategies. It will also act as spokesperson between the industry and the Department of Trade and Industry. The vision of the Committee is to increase the local consumption of steel by 10% within the next 3 years by facilitating growth in downstream steel manufacturing industries. This will result in improved economies of scale for downstream manufacturing and better utilisation of manufacturing capacities, improving the cost competitiveness of these industries. The Committee will establish and maintain a dynamic forum for the relevant stakeholders and will pro-actively assist downstream industries to promote exports of manufactured steel products. Growth opportunities will be identified and captured and substitute products/competing solutions and imports of value added steel products would be combated. The committee will further provide support to ensure that clusters/associations are correctly constituted and receive the necessary support from industry leaders. The Committee will also promote the image of steel as a sophisticated, environmentally-friendly engineering material.

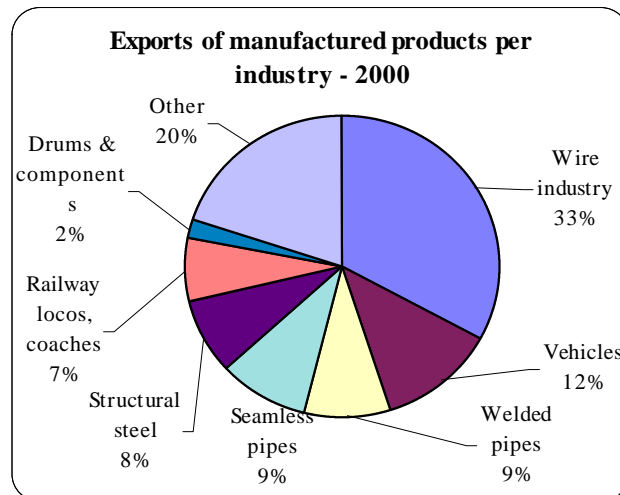
ELECTRONIC SERVICES

Developments in the field of electronic marketing were initiated by SAI SI to assist manufacturers and exporters with statistical information, general steel news and an electronic trade promotion service. This service will further aim to assist the manufacturer/exporter of products in the trade cycle with valuable information and services to ensure the successful closure of export transactions.

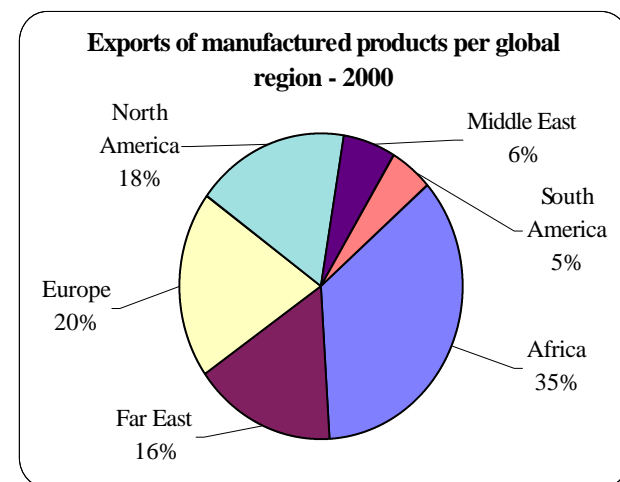
Registration of manufacturers and exporters on the SAI SI database will again assist SAI SI to capture information on available production capabilities in the country and more accurate statistical export information.

EXPORTS

A new approach was necessary as exports of manufactured products declined from approximately 673 000 tons in 1998 to 482 000 tons in 2000. Downstream steel product exports are dominated by the wire sector followed by the automotive and tube and pipe sectors.



Our major trading partners are African, Far Eastern and European countries. The overland exports to African countries declined from approximately 131 000 tons in 1999 to 119 000 tons in the year 2000. The major export countries in Africa were Mozambique, Zimbabwe and Zambia totalling approximately 96 000 tons.



ERRATUM

Steelnews, March 2001, Issue 12

Carbon steel cluster developments (PAGE 6)

The ASTPM intends to improve the international competitiveness of its industry and to increase exports to 100 000 tons per annum and total industry sales to 500 000 tons per annum by 2005.