



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

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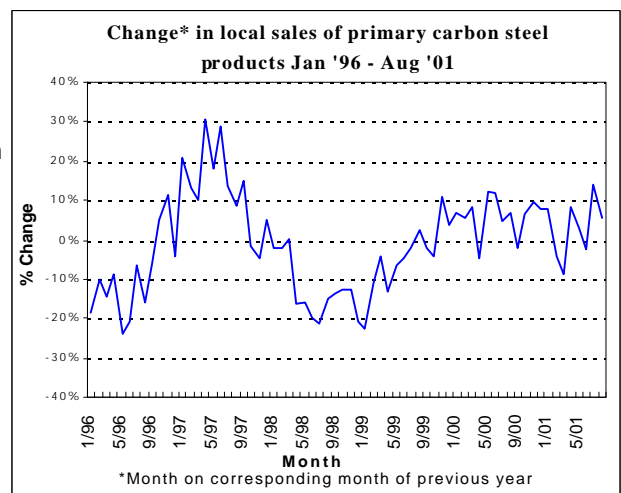
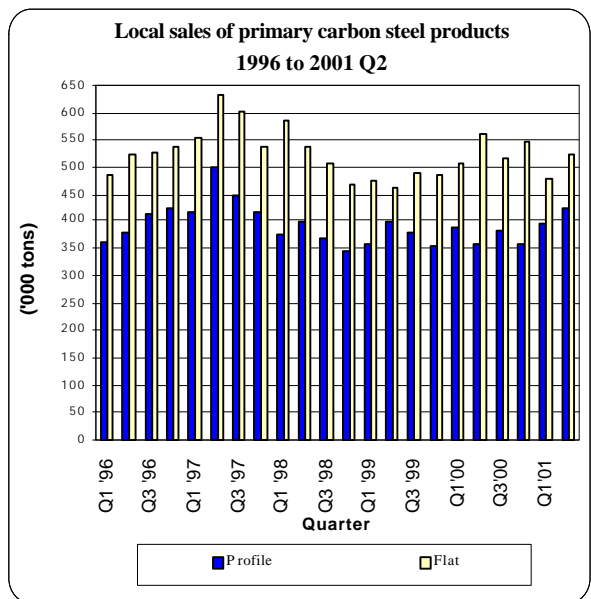


Local carbon steel sales improve during Q2 of 2001

Total domestic carbon steel sales increased by 7,8% during the second quarter of 2001 compared with the first quarter of the year and by 2,6% compared with the second quarter of 2000. Domestic sales of carbon steel long products increased markedly by 17,6% during the second quarter of 2001 compared with the same quarter in 2000.

Prospects for growth in the world economy has dimmed substantially for 2001 as the stock market contractions and strong dollar cool the American economy. Although the domestic economy is likely to remain vulnerable to external pressures, domestic demand, driven by household consumption expenditure, should gather momentum as the effect of the positive interest rate environment adds to the relatively healthy state of personal finances. Hopes were high that the domestic economy would again expand at a growth rate of more than 3% in GDP during 2001. However, expectations are reduced as the noticeable deceleration of world economic growth feeds through the local economy. Further, it is not at all certain what impact the actions of retaliation against terrorism by the USA and its allies would have on world economic growth. Tentative signs are that the residential building industry has passed its cyclical downturn, with residential buildings completed reporting a healthy increase.

Sales of long steel products increased by 17,6%



Contents

Local carbon steel sales improve during the second quarter of 2001 page 1
Imports of primary carbon steel products maintain lower level page 2
Exports continue to increase substantially during the second quarter page 3

Stocks on hand at end March and June 2001 page 4

Carbon steel sales to industrial groups page 5
Update on dumping issues page 5
Progress with the section 201 investigation in the USA page 8

Steel sales improve (continued from page 1)

Activity in the civil works and construction industry is foreseen to improve, underpinned by the positive interest rate environment, plans for capital investment projects, construction work within the mining industry and the government's own programme to increase capital spending and infrastructure rehabilitation projects. In the light of the economic slowdown in world economic activity in 2001 the general outlook for commodities is somewhat mixed. However, mining exports should benefit from the weakening currency and the reaction of the world economy to the lower global interest rate environment.

Although it is expected that the demand for flat steel products would decline somewhat during 2001, demand for steel products related to the construction industry would benefit from increased fixed investment activity.

Total local sales of primary carbon steel products - 2000 to August 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	143.6	195.9	339.5
JUNE	127.9	204.8	332.7	144.6	180.3	324.9
Q2	357.3	563.0	920.3	420.4	523.7	944.1
JULY	121.1	172.8	293.9	159.7	175.8	335.5
AUG	127.3	179.4	306.7	160.7	162.9	323.6
SEP	134.1	163.4	297.5			0.0
Q3	382.5	515.6	898.1	320.4	338.7	659.1
OCT	134.9	193.8	328.7			0.0
NOV	146.5	214.9	361.4			
DEC	75.2	140.6	215.8			
Q4	356.6	549.3	905.9	0.0	0.0	0.0
TOTAL	1 483.8	2 135.0	3 618.8	1 135.1	1 343.7	2 478.8

Imports of primary carbon steel products maintain lower level

According to statistics released by Customs and Excise, imports of primary carbon steel products (excluding wire and stainless steel, but including rails) declined by 14,9% during the second quarter of 2001 compared with the corresponding quarter of 2000. Imports also decreased by 5,6% during the second

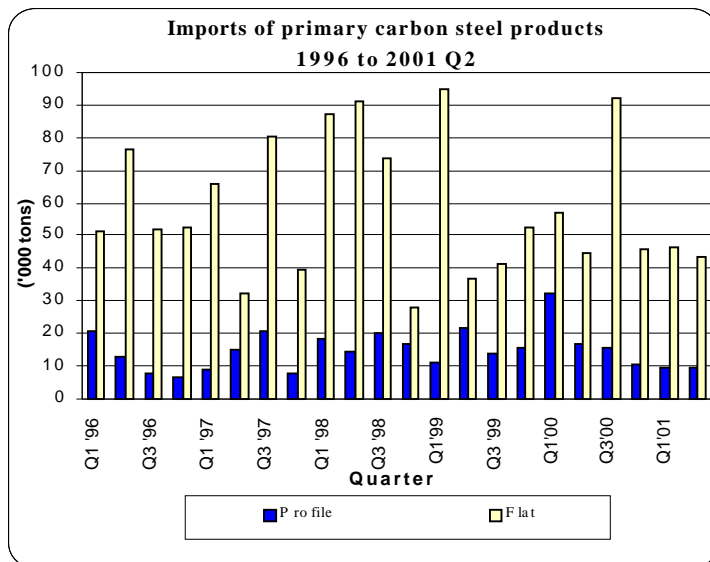
quarter of 2001 compared with the first quarter of 2001.

Imports of primary carbon steel products as a percentage of total domestic carbon steel sales declined to 5,9% during the first two quarters of 2001 compared with 8,7% during 2000 as a whole.

Continued on page 3

Imports of primary carbon steel products - 2000 to June 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	3.8	14.5	18.3
JUNE	5.0	14.9	19.9	2.3	14.5	16.8
Q2	16.8	44.7	61.6	9.3	43.1	52.4
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			0.0
NOV	4.9	20.7	17.3			0.0
DEC	2.2	11.0	17.3			0.0
Q4	10.6	45.5	51.9	0.0	0.0	0.0
TOTAL	75.0	239.0	314.1	18.6	89.3	107.9



Imports of cold-rolled and galvanised products at high levels

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

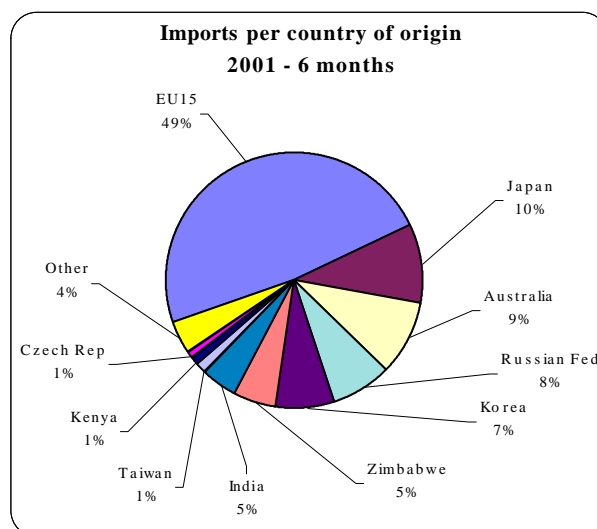
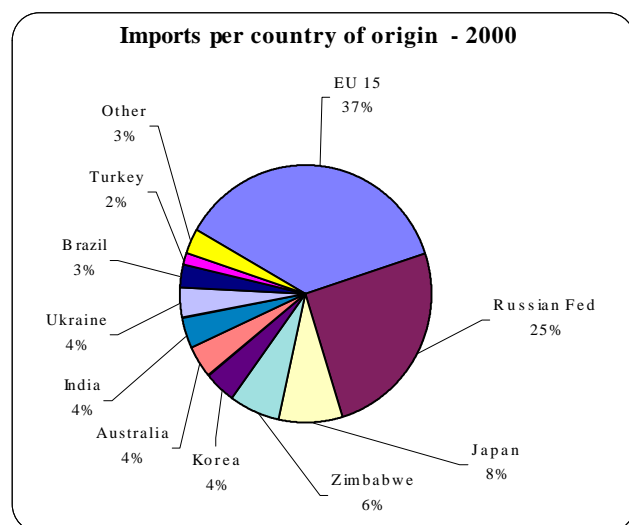
Imports ('000) tons

(All products including stainless steel and finished wire)

Countries	2000	Countries	2001(6)
EU 15	130.637	EU15	61.766
Russian Fed	87.228	Japan	12.473
Japan	28.849	Australia	11.465
Zimbabwe	22.580	Russian Fed	9.580
Korea	15.537	Korea	9.392
Australia	13.511	Zimbabwe	6.480
India	13.698	India	5.853
Ukraine	14.238	Taiwan	1.622
Brazil	9.777	Kenya	1.312
Turkey	5.358	Czech Rep	1.304
Total 10 countries	341.413	Total 10 countries	121.247
Total imports	353.314	Total imports	126.370
10 Countries/ total	96.6%	10 Countries/ total	95.9%
Other	11.901	Other	5.123

Source: Customs & Excise

Imports of cold-rolled sheet from the Russian Federation amounted to 5 643 tons, representing 91,5% of all cold-rolled imports during the first six months of 2001. Imports from India consisted mostly (75,2%) of hot-dipped galvanised sheet and represents 41,4% of all hot-dipped galvanised imports during the first six months of 2001. Imports from Australia consisted mostly (61,0%) of painted sheet and represents 83,9% of all painted sheet imports during the first six months of 2001. Imports of carbon steel products from Germany amounted to 20 102 tons and represents 32,5% of imports from the European Union during this period.

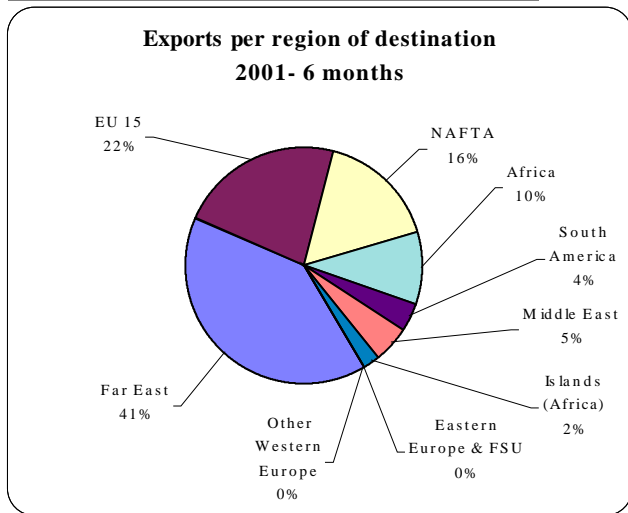
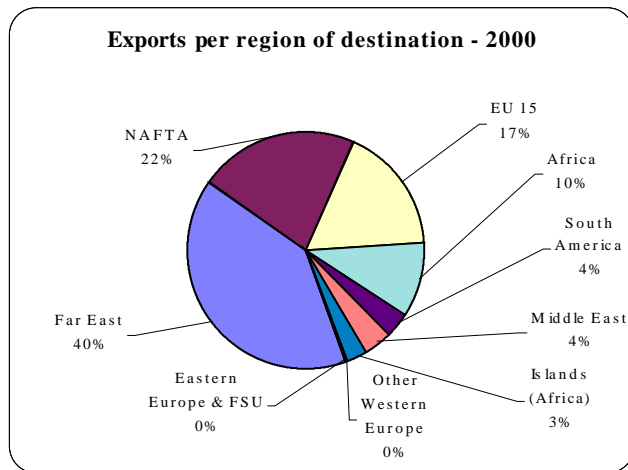
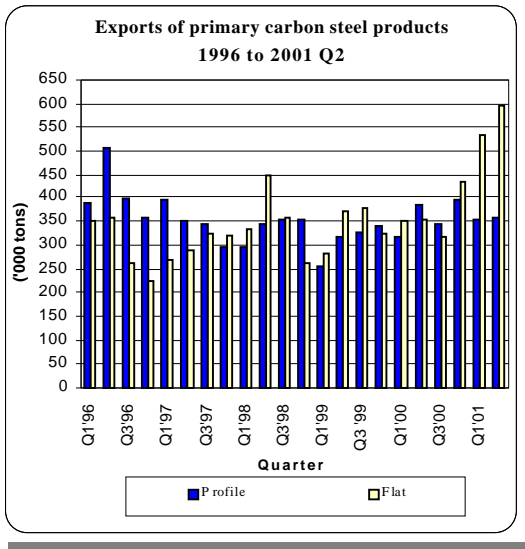


Exports continue to increase substantially during the second quarter of 2001

Exports of primary carbon steel products, as reported by South African manufacturers, showed an increase of 7,5% during the second quarter of 2001 compared with the first quarter of 2001 and an increase of 29,2% compared with the second quarter of 2000. The latter increase was mainly due to the ramp-up to full production by Saldanha Steel and Duferco Steel Processing.

Exports of flat products in particular, improved by 11,7% during the second quarter of 2001 compared with the first quarter of 2001 and by 68,6% compared with the second quarter of 2000. During the first seven months of 2001, exports of flat steel products amounted to 61,8% and the exports of profile products to 38,2% of total exports.

Exports continue to increase (continued from page 3)

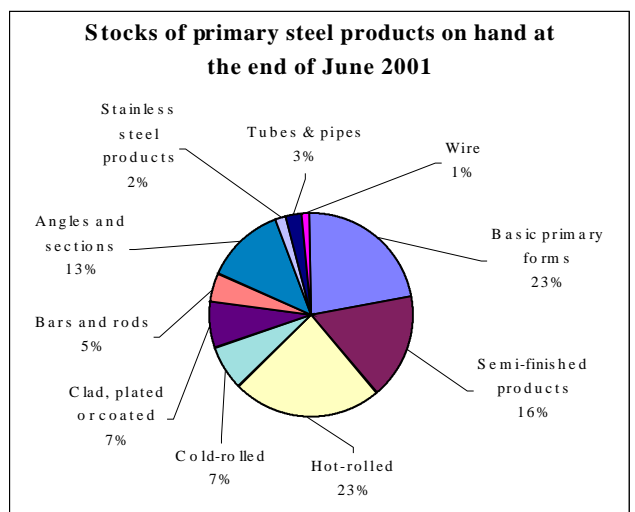


Exports of primary carbon steel products reported by the primary steel producers - 2000 to August 2001 ('000 tons)

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	98.3	182.8	281.1
JUNE	163.9	111.1	275.0	146.3	207.6	353.9
Q2	384.3	354.0	738.3	356.8	596.8	953.6
JULY	115.0	56.1	171.1	106.4	190.3	296.7
AUG	113.7	133.9	247.6	103.9	139.6	243.5
SEP	114.3	125.1	239.4			0.0
Q3	343.0	315.1	658.1	210.3	329.9	540.2
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	920.3	1 460.9	2 381.2

Stocks of primary steel products on hand at end of March and June 2001 (tons)

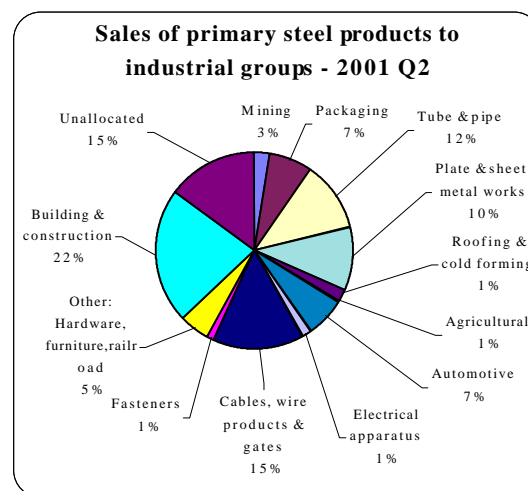
Products	March 2001	June 2001
1 Basic primary forms	536 642	479 948
2 Iron and non-alloy steel	1 675 642	1 525 254
A Semi-finished products	365 989	344 309
B Total finished products	1 309 653	1 180 945
C Total flat rolled products	924 082	810 745
i Hot-rolled	582 444	501 025
ii Cold-rolled	165 260	152 410
iii Clad, plated or coated	176 378	157 310
D Total profile products	385 571	370 200
i Bars and rods	102 657	102 189
ii Angles and sections	282 914	268 011
3 Stainless steel products	36 932	36 130
4 Other alloy steel	3 140	3 175
5 Other products	94 248	90 800
i Tubes & pipes	57 087	57 238
ii Wire	29 769	26 736
iii Other	7 392	6 826



Source: South African Iron and Steel Institute

Carbon steel sales to industrial groups during Q2 of 2001

Sales of primary steel products to industrial groups			
Sales in tonnes			
	2001 Q2		
	Profile	Flat	Total
1 Mining	15312	8795	24107
2 Total Manufacturing	185732	374301	560033
Packaging	7	67453	67460
Structural Metal	1927	215926	217853
Tube & pipe	885	106596	107481
Plate & sheet metal works	1042	95700	96742
Roofing & cold forming	0	13630	13630
Agricultural	5274	498	5772
Automotive	5380	55594	60974
Electrical apparatus	0	13323	13323
Cables, wire products & gates	133698	4349	138047
Fasteners	10697	52	10749
Other: Hardware, furniture,rail	28749	17106	45855
3 Building & construction	156087	54637	210724
4 Unallocated	54530	81662	136192
5 Total	411661	519395	931056



Update on dumping issues involving the South African Steel Industry

Dumping cases filed against the South African steel industry

Wire-rod exported to the USA - dumping

A dumping case against the importation of wire-rod from South Africa, Brazil, Canada, Egypt, Germany, Indonesia, Mexico, Moldova, Trinidad & Tobago, Turkey, Ukraine and Venezuela was filed in the USA on 31 August 2001. No determination has been made yet.

Hot-rolled flat products exported to Argentina - dumping

This investigation was initiated in October 2000. The Argentinean authorities have recently made a preliminary determination and calculated a normal value of US\$345 per ton. The current international trading price for hot-rolled coil varies between US\$ 170 and US\$ 235.

Cold-rolled coil, sheet and strip exported to Argentina - dumping

The Argentinean Ministry of Economics gave official notice that an investigation was opened on 16 July 2001 into the alleged dumping of cold-rolled coil, sheet and strip originating from Korea, Kazakstan, the Ukraine and South Africa. No preliminary duty has been established yet.

Update of dumping cases against South Africa (continued from page 5)

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

The investigation was initiated in the USA on 13 November 2000. A final dumping duty of 9,28% was levied for South African producers and a final countervailing duty of 6,37% was levied for Iscor and Saldanha Steel. Iscor and Saldanha Steel are considering their position and might pursue the matter further. During the period of investigation, the exports from South Africa was de minimus according to WTO regulations as it only comprised about 2,2% of total imports into the US of the products under investigation.

Hot-dipped galvanised sheet exported to Canada - dumping

The investigation was initiated in Canada on 4 December 2000. Iscor received a preliminary duty of 28,9%, but the Canadian International Trade Tribunal determined on 3 July 2001 that the alleged dumping had not caused material injury or retardation and was not threatening to cause material injury to the domestic industry. The investigation was subsequently terminated. However, the Canadian steel industry appealed against the finding on 10 August 2001. During the period of investigation, the exports from South Africa accounted for 3,8% of total imports into Canada of the products under investigation.

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

The investigation was initiated on 19 January 2001 in Canada. The Canadian Commissioner of Customs and Revenue made a final determination on 18 July 2001. An anti-dumping duty was determined at 24,3% for Highveld Steel and 62,7% for Iscor Ltd. During the period of investigation, the exports from South Africa was de minimus and accounted for only 2,1% of total imports into Canada of the products under investigation.

Cold-rolled steel sheet exported to Canada – dumping

The investigation was initiated on 12 March 2001. The Canadian Commissioner of Customs and Revenue made a preliminary determination on 11 June 2001 and a preliminary anti-dumping duty of 45,14% was determined for Iscor Ltd. A final dumping duty of 33,97% was determined for Iscor on 10 September 2001. During the period of investigation, the exports from South Africa accounted for only 3,05% of total imports into Canada of the products under investigation.

Wide flange beams exported to the USA – dumping

The petition was filed on 23 May 2001 against 8 countries, including South Africa. The petitioners alleged a dumping margin of 78,8% for the South African producer involved, namely Highveld Steel and Vanadium. The ITC determined on 9 July 2001 that there was a reasonable indication that the United States industry was materially injured or threatened with material injury by reasons of imports that were allegedly sold in the United States at less than fair value. The preliminary determinations of the ITC are due on or about 30 October 2001.

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

The petition was filed on 24 May 2001 against South Africa and 4 other countries. The petitioners alleged a dumping margin of 71% for South Africa. The ITC determined on 9 July 2001 that there was a reasonable indication that the United States industry was materially injured or threatened with material injury by reasons of imports from China, but not from South Africa and the other three countries.

Hot-rolled coil and plate exported to the EU - dumping

Because of a threat of a substantial increase in current dumping duties in the EU against South African hot-rolled flat products, brought on by a surge in exports from South Africa, the SA hot-rolled producers are endeavouring to cut back on the exports of hot-rolled material to the EU.

Update of dumping cases against South Africa (continued from page 6)

Increase in import duties on steel products by SA trading partners

Venezuela, Mexico and Argentina recently increased import duties on most steel products to 35%, 25% and 23% respectively. The reason for the huge increases in Mexico and Venezuela is apparently because of a threat of redirected steel products to those countries if possible trade remedies are to be instituted in terms of the US section 201 investigation.

Dumping cases filed by the South African steel industry

Cold-rolled products imported from Russia - dumping

Iscor has filed a dumping petition with the Board on Tariffs and Trade (BTT) on 23 February 2001. The notice of initiation of an investigation into the alleged dumping of cold-rolled products from Russia by the BTT was published in the Government Gazette dated 22 June 2001. The BTT determined that there was sufficient evidence that an investigation should be initiated on the basis of dumping, material injury and/or threat of material injury and causality. The petition will again be on the BTT agenda on 3 October 2001 when the BTT will hopefully decide if a preliminary margin could be imposed before verification or not.

Certain equal angles, flat bars and window sections imported from Zimbabwe - dumping

Iscor Long Steel Products has filed the petitions on 5 September 2001 with the BTT.

Hot-dipped galvanised products imported from India and Russia - dumping

Iscor has filed a dumping petition with the BTT on 22 August 2001 and is awaiting a deficiency letter from the BTT.

Grinding media imported from Australia and China - dumping

Notice of a final termination of the investigation was given by the BTT in the Government Gazette dated 6 July 2001, notice 1613 of 2001. The BTT found that grinding media was being dumped into the domestic market, that the SACU industry suffered material injury, and that although there was a causal link between the dumping and the material injury experienced by the SACU industry, the efficiency and quality of the imported product through its technology and the cost benefit of using the product, sufficiently detracted from the causal link. The BTT also found the volume of the low cost imports from Zimbabwe significant and concluded that it detracted from causal link.

Stranded wire, ropes, cables, plaited bands, slings and the like imported from Germany, the UK, China, India, Korea and Spain as well as alleged subsidised exports from Korea and India – dumping and countervailing

The BTT has completed the necessary verifications relating to the investigation and would most probably be in a position to announce a preliminary finding early in October 2001.

Tube and pipe imported from India – dumping and countervailing

The Association of Steel Tube and Pipe Manufacturers (ASTPM) reported that the BTT finished its investigation into the importation of dumped galvanised conveyance tube from India and the Government Gazette notice is awaited. It is expected that both anti-dumping and countervailing duties will be imposed.

Progress with the Section 201 safeguard investigation in the USA

The US steel industry was put on notice ten years ago by the US government in order to apply measures to ensure long term survival. To date the mills have apparently not made sufficient corrections and instead continued to file for protectionist measures and blaming imports for their problems. In order to prolong the life of the old integrated mills political lobbying is used to offer some instant relief to the traditional mills.

Apparently during consultations between President Bush and the steel lobby groups Pres. Bush offered assistance to the industry on terms that all present trade cases should be dropped and that the industry should submit a plan to restructure. Although the new Republican Administration was in favour of free trade and open to suggestions, it was still, at that stage, unclear on how to implement the section 201 measures seen against the African Growth and Opportunity Act for example.

The US industry applied for import relief on 33 different steel products, encompassing virtually all primary steel products as well as certain downstream steel products. Thirteen South African primary and downstream steel-producers submitted exporters questionnaires to the United States International Trade Commission (ITC). SAISI members have appointed the law firm O'Melveny and Myers in Washington to state their case at the ITC hearings that have commenced on 17 September 2001 in Washington. The US trade lawyers acting on behalf of the US industry have used the tragic events in New York and Washington that occurred on 11 September 2001 to try to persuade decision makers that the US steel industry should rely on own sources for steel supply and not on imported steel.

The ITC injury phase of the investigation investigates whether increasing imports are a substantial cause of serious injury to the US domestic steel industry, or threat of such injury, to warrant a section 201 remedy. If no injury is found, the investigation will be terminated. Most exporters of steel products to the US have argued that all imports as a group are not sufficiently injurious to the US industry to warrant a section 201 remedy. With the ITC injury hearings currently in progress, the next opportunity to participate in the injury phase is post-hearing briefs.

The ITC should make its injury decisions by 20 October 2001. In the case that the ITC finds injury, it is possible that there may be a rush to participate in the investigation by those companies who have not taken part in the process to date.

During the ITC remedy phase the ITC will turn to the appropriate remedy, e.g. import restrictions, for products where the ITC has found injurious imports. The remedy hearings will probably start on 5 November 2001. The nature of the remedy chosen by the ITC might have the effect that some countries could be effected more than others. The ITC should make its remedy decisions by 19 December 2001.

In the Presidential phase of the investigation the ITC will submit its recommendations to the US President, who will have 60 days (up to 17 February 2002) to decide whether to invoke any section 201 remedies. The President may take his decision before the 60 days has expired, or he could delay his decision beyond the statutory deadline. Decisions made by the President on 17 February 2002 should only take effect within 15 days (4 March 2002) the earliest, and might be delayed another 90 days (16 May 2002) if the President should decide to first negotiate an alternative solution before imposing any section 201 import restrictions.