



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

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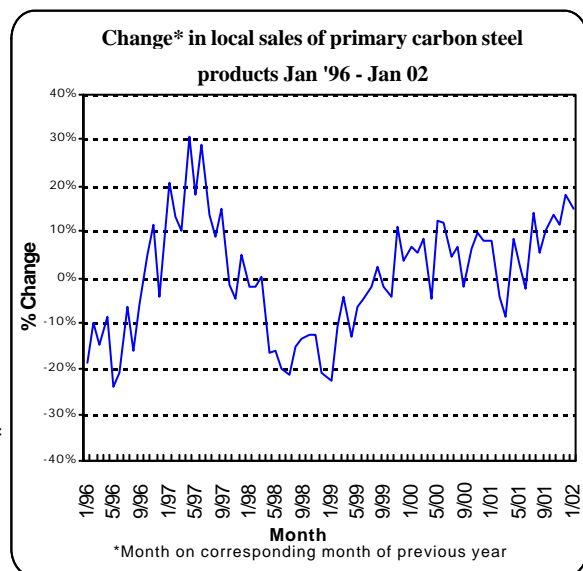
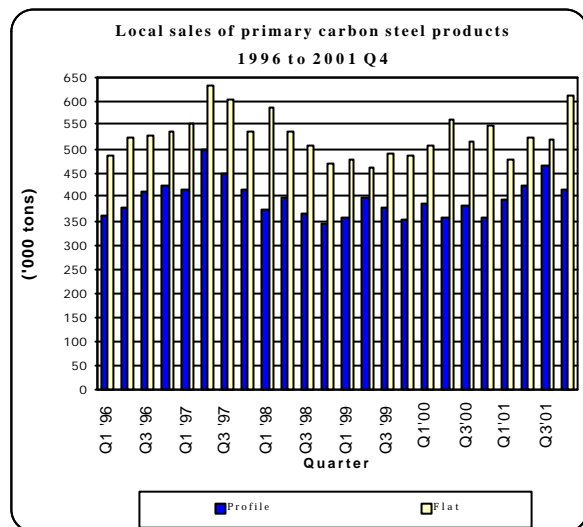


## Local carbon steel sales growth rate increased by 6% during 2001

Total domestic carbon steel sales increased by 6,0% during 2001 compared with 2000. Compared with 2000, sales of carbon steel long products increased markedly by 14,4% while sales of flat products marginally increased by 0,2% during 2001. Domestic sales during the fourth quarter of 2001 increased by 4,4% compared with the third quarter of 2001 and by 13,7% compared with the corresponding quarter of 2000. Sales during January 2002 were 338 900 tons, up 15% from January 2001.

The global economy is now probably at its most vulnerable although the cyclical USA adjustment is progressing well and with Federal Reserve support will likely see a rebound materialising eventually. The biggest impacts of the terror attacks in the USA on South Africa are in the form of capital flight towards safer markets and slower export growth due to global recession. The global economic downturn will probably continue to retard the pace of overall South African domestic expansion during 2002.

Although the effect of weak export growth and low commodity prices is expected to be somewhat diluted by the depreciated rand, the global slowdown would remain the main obstacle to domestic economic growth. It is expected that global growth will be weak going into 2002 but that some recovery could take place during the second half of the year. With export levels faltering as the world economy cools, growth prospects depends heavily on the local consumer as domestic demand will be the



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## Steel sales increased by 6% (continued from page 1)

principal driver of economic growth during 2002.

Domestic consumer demand is expected to be contained by slower growth in real disposable income and confidence levels would remain weak until a clear indication is received of future movements in the rate of the currency as well as interest and inflation rates. However, domestic producers with a higher local content may find that their market share is increasing as consumers postpone purchases of higher priced imported goods in favour of local goods. Producers would also be tempted to where possible, switch more product to the export market due to increased international competitiveness offered by the depreciating value of the currency. Although the economy is not overstocked, higher interest rates are expected to reduce stock levels.

### Total local sales of primary carbon steel products - 2000 to 2001

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
<b>Q1</b>	<b>387.4</b>	<b>507.1</b>	<b>894.5</b>	<b>394.3</b>	<b>481.3</b>	<b>875.6</b>
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
<b>Q2</b>	<b>357.3</b>	<b>563.0</b>	<b>920.3</b>	<b>420.4</b>	<b>523.7</b>	<b>944.1</b>
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	145.8	181.9	327.7
<b>Q3</b>	<b>382.5</b>	<b>515.6</b>	<b>898.1</b>	<b>466.2</b>	<b>520.6</b>	<b>986.8</b>
OCT	134.9	193.8	328.7	154.0	219.1	373.1
NOV	146.5	214.9	361.4	159.7	242.1	401.8
DEC	75.2	140.6	215.8	102.4	152.4	254.8
<b>Q4</b>	<b>356.6</b>	<b>549.3</b>	<b>905.9</b>	<b>416.1</b>	<b>613.6</b>	<b>1029.7</b>
<b>TOTAL</b>	<b>1 483.8</b>	<b>2 135.0</b>	<b>3 618.8</b>	<b>1 697.0</b>	<b>2 139.2</b>	<b>3 836.2</b>

## Imports of primary carbon steel products declined by 24,2% during 2001

According to statistics released by Customs and Excise, imports of primary carbon steel products (excluding wire and stainless steel, but including rails) declined by 24,2% during 2001 compared with 2000. Imports of flat products declined by 21,0% during 2001 compared with 2000 and the imports of profile products declined markedly by

34,4% during the corresponding period.

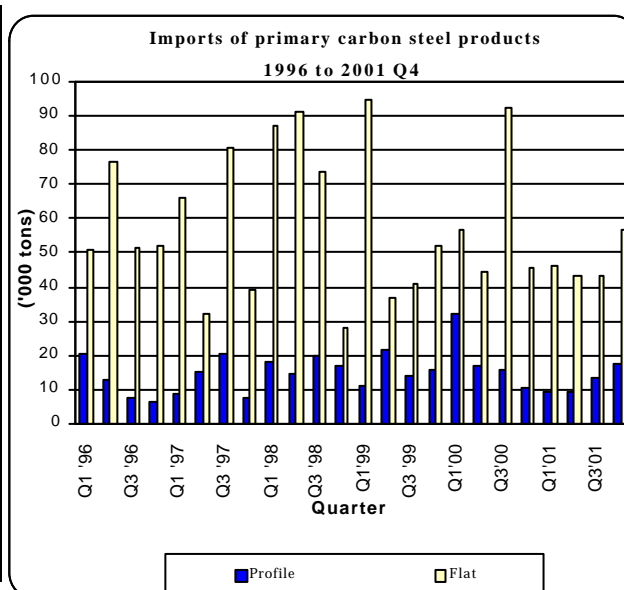
Imports of primary carbon steel products as a percentage of total domestic carbon steel sales declined to 6,2% during 2001 compared with 8,7% during 2000 as a whole.

Continued on page 3

### Imports of primary carbon steel products - 2000 to December 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
<b>Q1</b>	<b>32.2</b>	<b>56.7</b>	<b>88.9</b>	<b>9.3</b>	<b>46.2</b>	<b>55.5</b>
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
<b>Q2</b>	<b>16.8</b>	<b>44.7</b>	<b>61.6</b>	<b>9.3</b>	<b>43.1</b>	<b>52.4</b>
JULY	7.1	37.2	44.3	6.0	13.4	19.4
AUG	3.1	13.9	17.0	5.1	14.0	19.1
SEP	5.2	41.0	46.2	2.4	15.8	18.2
<b>Q3</b>	<b>15.4</b>	<b>92.1</b>	<b>107.5</b>	<b>13.5</b>	<b>43.2</b>	<b>56.7</b>
OCT	3.5	13.8	17.3	3.7	25.1	28.8
NOV	4.9	20.7	25.6	7.6	13.2	20.8
DEC	2.2	11.0	13.2	5.8	18.1	23.9
<b>Q4</b>	<b>10.6</b>	<b>45.5</b>	<b>56.1</b>	<b>17.1</b>	<b>56.4</b>	<b>73.5</b>
<b>TOTAL</b>	<b>75.0</b>	<b>239.0</b>	<b>314.1</b>	<b>49.2</b>	<b>188.9</b>	<b>238.1</b>

Source: Customs & Excise



# Imports declined by 24,2% (continued from page 2)

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

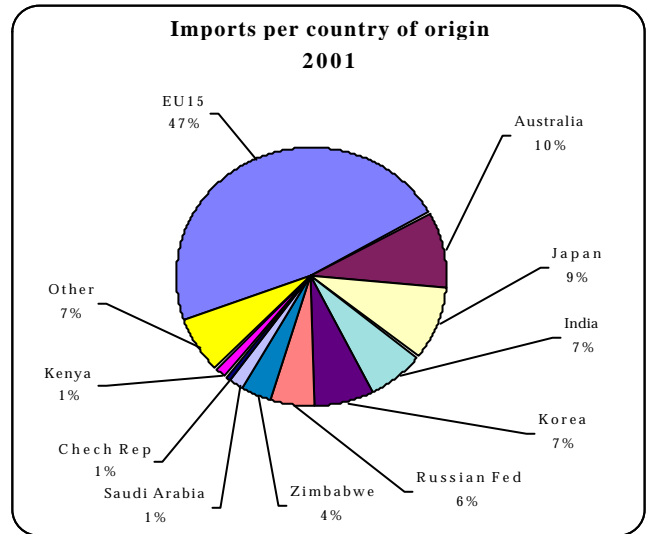
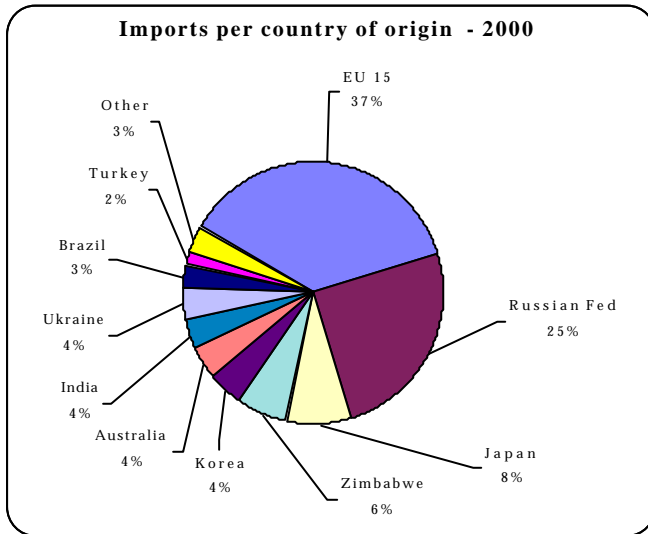
Imports ('000) tons  
(All products including stainless steel and finished wire)

Countries	2000	Countries	2001
EU 15	130.637	EU15	131.722
Russian Fed	87.228	Australia	26.508
Japan	28.849	Japan	24.761
Zimbabwe	22.580	India	19.642
Korea	15.537	Korea	19.068
Australia	13.511	Russian Fed	15.690
India	13.698	Zimbabwe	9.835
Ukraine	14.238	Saudi Arabia	3.564
Brazil	9.777	Czech Rep	3.519
Turkey	5.358	Kenya	3.508
Total 10 countries	341.413	Total 10 countries	257.817
<b>Total imports</b>	<b>353.314</b>	<b>Total imports</b>	<b>277.220</b>
10 Countries/ total	96.6%	10 Countries/ total	93.0%
Other	11.901	Other	19.403

Source: Customs & Excise

Imports of cold-rolled sheet from the Russian Federation amounted to 9 288 tons, representing 47,0% of all cold-rolled imports during 2001. Imports from India consisted mostly (79,3%) of hot-dipped galvanized sheet and represents 52,8% of all hot-dipped galvanized imports during 2001.

Imports from Australia consisted mostly (68,3%) of painted sheet and represents 80,7% of all painted sheet imports during 2001. Imports of primary steel products from Germany amounted to 39 688 tons and represents 30,1% of total imports from the European Union during this period.



## Exports as reported by South African producers increased by 16,3% during 2001

Exports of primary carbon steel products, as reported by South African manufacturers, showed an increase of 16,3% during 2001 compared with 2000. However, exports during the last six months of 2001 increased only by 2,5% compared with the last six months of 2000 while exports increased by 31,0% during the first six months of 2001 compared with the first six months of 2000.

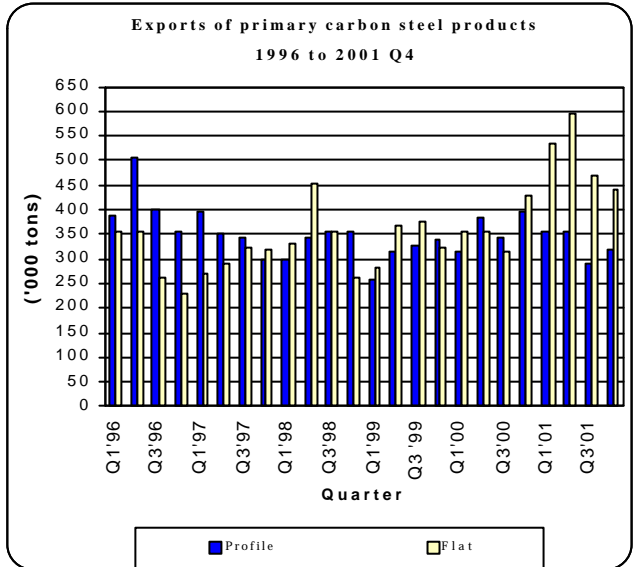
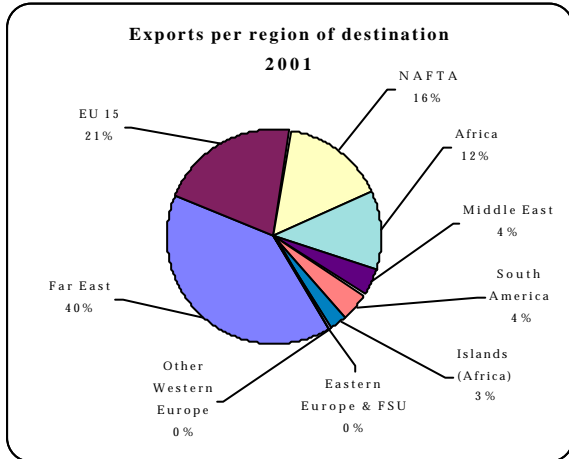
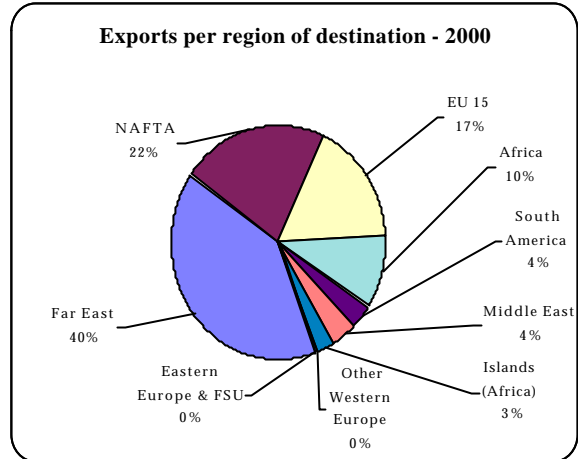
During 2001, exports of flat steel products amounted to 60,8% of total exports and the exports of profile products to 39,2% of total exports. Export sales during January 2002 amounted to 250 300 tons, down 3,1% when compared to January 2001.

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# Exports increased by 16,3% (continued from page 3)

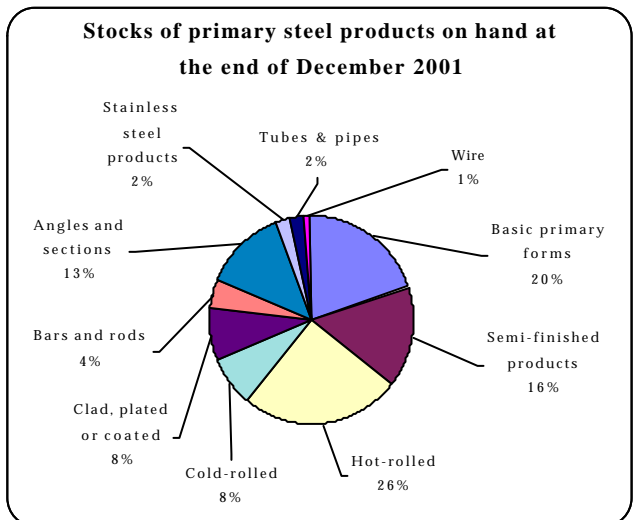
Exports of primary carbon steel products reported by the primary steel producers - 2000 to 2001 ('000 tons)

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	79.0	140.2	219.2
Q3	343.0	315.1	658.1	289.3	470.1	759.4
OCT	122.6	156.1	278.7	107.8	186.1	293.9
NOV	128.1	137.2	265.3	125.7	110.7	236.4
DEC	143.0	137.8	280.8	85.4	144.1	229.5
Q4	393.7	431.1	824.8	318.9	440.9	759.8
TOTAL	1 436.3	1 452.1	2 888.4	1 318.2	2 042.0	3 360.2



## Stocks of primary steel products on hand at end of September and December 2001

Products (metric tons)	Sept 2001(R)	Dec 2001
1 Basic primary forms	455 586	460 093
2 Iron and non-alloy steel	1 585 311	1 699 979
A Semi-finished products	336 571	357 890
B Total finished products	1 248 740	1 342 089
C Total flat rolled products	865 879	935 491
i Hot-rolled	524 643	572 627
ii Cold-rolled	177 773	180 069
iii Clad, plated or coated	163 463	182 795
D Total profile products	382 861	406 598
i Bars and rods	110 770	100 143
ii Angles and sections	272 091	306 455
3 Stainless steel products	36 821	47 565
4 Other alloy steel	2 442	2 707
5 Other products	90 363	83 167
i Tubes & pipes	51 912	52 707
ii Wire	32 665	24 936
iii Other	5 786	5 524

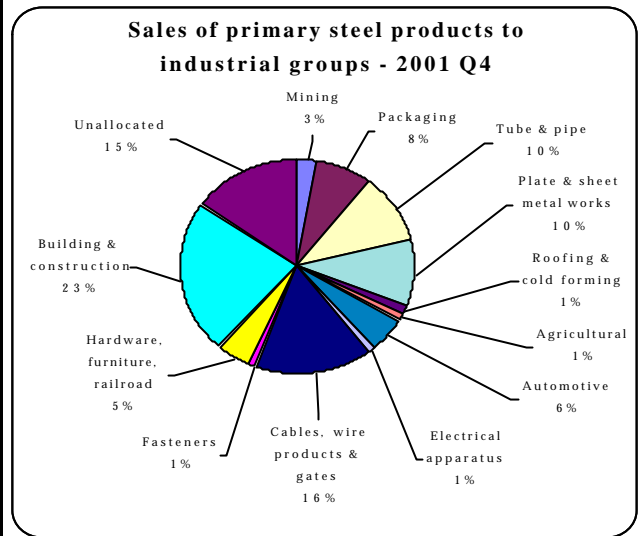


Source: South African Iron and Steel Institute

R = revised

## Carbon steel sales to industrial groups during Q4 of 2001

Sales of primary steel products to industrial groups			
Sales in tonnes			
	2001 Q4		
	Profile	Flat	Total
1 Mining	17145	13424	30569
2 Total Manufacturing	166735	426414	593149
Packaging	16	82616	82632
Structural Metal	2024	246582	248606
Tube & pipe	1189	116783	117972
Plate & sheet metal works	835	108899	109734
Roofing & cold forming	0	20900	20900
Agricultural	6079	249	6328
Automotive	7077	58475	65552
Electrical apparatus	0	14313	14313
Cables, wire products & gates	114946	2298	117244
Fasteners	13763	52	13815
Other: Hardware, furniture, rail	22830	21829	44659
3 Building & construction	176695	68076	244771
4 Unallocated	55695	105720	161415
5 Total	416270	613634	1029904



## Outcome of the Section 201 safeguard investigation in the USA

### ANNOUNCEMENT BY PRESIDENT BUSH ON THE SECTION 201 SAFEGUARD INVESTIGATION

On 5 March 2001 President George W Bush of the USA announced the long awaited trade remedies to be put in place as from 20 March 2001 in terms of the section 201 safeguard investigation. The South African steel industry is delighted that it has been exempted from remedies on all products. Canada, Mexico, Israel and Jordan have also been excluded, as well as certain developing members of the WTO that exported "only small quantities" to the USA.

The US President has, however, cautioned that he will closely monitor imports to ensure that the purpose of the 201 remedy is not undermined, and retains the discretion to impose safeguard measures on products from excluded countries should imports of such products surge during the duration of the relief.

### Components of the President's Decision

The USA Administration announced temporary safeguard measures on key steel products. As required by U.S. law and international trade rules, the level of relief is reduced periodically throughout the duration of the measure.

### Import licensing and surge protection

The President will impose an import licensing system to allow the U.S. government to obtain more timely information about changes in steel trade trends for products covered by the relief. The President will closely monitor imports to ensure that the purpose of the 201 remedy is not undermined. He also retains the discretion to impose safeguard measures on products from excluded countries should imports of such products surge during the duration of the relief. This system will also help guard against transshipment.

### Duration

The safeguard measures will remain in place for three years, rather than the four years recommended by the ITC. In light of the strength of the relief imposed, the President has determined that a remedy of three years is appropriate.

### Product exclusions

The President retains the discretion to consider requests for product exclusions within 120 days after the date of the Proclamation and will consider requests for product exclusions each year thereafter. This will help to en-

## Outcome of the Section 201 (continued from page 5)

### Outline of safeguard remedy for steel imports in the USA

Steel product		Safeguard remedy for imported products	Outline		
			1st year	2nd year	3rd year
Carbon & alloy flat products	1 Slabs	Quota tariffs	5,4m short ton Over-quota tariff 30%	5,9m short ton Over-quota tariff 24%	6,4m short ton Over-quota tariff 18%
	2 Plate	Higher tariffs	30%	24%	18%
	3 Hot-rolled	Higher tariffs	30%	24%	18%
	4 Cold-rolled	Higher tariffs	30%	24%	18%
	5 Electrical	No safeguard remedy	-	-	-
	6 Coated	Higher tariffs	30%	24%	18%
	7 Tin	Higher tariffs	30%	24%	18%
Carbon & Alloy Long products	8 Ingots	Negative determination	-	-	-
	9 Hot bar/light shapes	Higher tariffs	30%	24%	18%
	10 Cold bar	Higher tariffs	30%	24%	18%
	11 Rebar	Higher tariffs	15%	12%	9%
	12 Rails	Negative determination	-	-	-
	13 Wire	Negative determination	-	-	-
	14 Strand	Negative determination	-	-	-
	15 Nails	Negative determination	-	-	-
16 Heavy shapes	Negative determination	-	-	-	
17 Fabricated units	Negative determination	-	-	-	
Carbon & alloy tubular goods	18 Seamless	Negative determination	-	-	-
	19 Seamless OCTG	Negative determination	-	-	-
	20 Welded	Higher tariffs	15%	12%	9%
	21 Welded OCTG	Negative determination	-	-	-
	22 Flanges	Higher tariffs	13%	10%	7%
Stainless & tool steel products	23 Slabs	Negative determination	-	-	-
	24 Plate	Negative determination	-	-	-
	25 Bar/light shapes	Higher tariffs	15%	12%	9%
	26 Rod	Higher tariffs	15%	12%	9%
	27 Tool steel	No safeguard remedy	-	-	-
	28 Wire	Higher tariffs	8%	7%	6%
	29 Cloth	Negative determination	-	-	-
	30 Rope	Negative determination	-	-	-
	31 Seamless pipe	Negative determination	-	-	-
	32 Welded pipe	Negative determination	-	-	-
	33 Flanges	No safeguard remedy	-	-	-

## SA STEEL INDUSTRY GETS ITS OWN EXPORT PORTAL

The South African steel industry is launching, for the first time, its own export portal on the world wide web in order to assist large and small companies to increase exports of value-added steel products. The Africa Trade Steel Export Portal will be launched in April by the South African Iron and Steel Institute (SAISI), with the support of Trade and Investment South Africa (TISA).

A definite need was identified to develop an electronic, web-based export portal to serve the export promotional and information needs of South African manufacturers of steel downstream products.

The SAISI's Downstream Development Committee was established in 2000 with its main aim to aid development of the downstream industry, amongst others by acting as liaison between the industry and Government. The main thrust of the Committee's activities is to facilitate growth of value-added steel product exports to increase throughput and capacity utilisation of local industry, reducing unit cost of production. It will thus enhance the local industry's competitiveness against imports and substitutes. It also generates and monitors new development and export strategies. It was felt a fresh approach was necessary as exports of manufactured products declined from approximately 670 000 tons in 1998 to 480 000 tons in 2000, mainly due to the Asian crisis which had an effect on world wide steel markets. SAISI and TISA share a vision to increase the local consumption of steel by facilitating growth in downstream steel manufacturing industries by 10 % within the next 3 years.

## Steel export portal (continued from page 6)

Exploiting the export market from South Africa is not an easy task and the portal is regarded as an electronic solution that will remove some of the obstacles faced by companies when entering this field. Companies, including previously disadvantaged manufacturers, will be provided with the necessary information of the export and trade cycle to enable them to develop and drive their export programmes. They will also gain electronic access to international markets on a pro-active and reactive basis, export advisory panels, as well as to peripheral service providers such as financial institutions, trade risk underwriters and various logistical service providers, who can all assist in the formulation of competitive quotations.

The main goal of the Africa Trade Steel Export Portal is to create an export culture and ensure sustainability and growth in the export of value-added steel products. The service is focused on bringing a potential importer and a South African exporter together and assisting them to develop a relationship to the point where a quotation is accepted. All the issues related to the trade cycle are addressed to ensure that an exporter will find all the information and services on one portal, assisting him to export successfully.

The portal will also be addressing the information needs of exporters on topics such as sea freight, road freight, air freight and general information regarding freight and trade.

The portal will assist us in improving economies of scale for downstream manufacturing, better utilisation of manufacturing capacities and hence improve the cost competitiveness of these industries.