

steelInews



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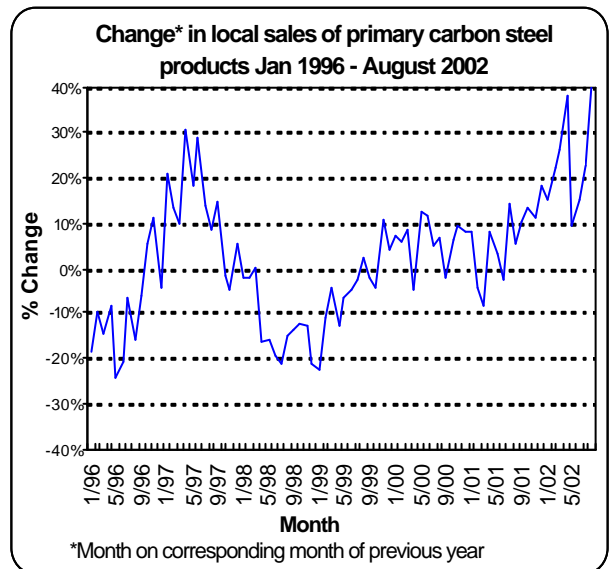
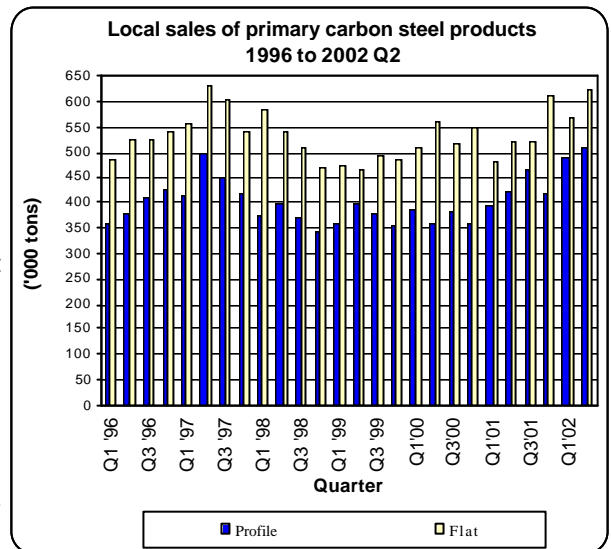
Growth in domestic carbon steel sales maintained

Total domestic carbon steel sales increased by 20,4% during the first half of 2002 compared with the first half of 2001. Compared with the first half of 2001, sales of carbon steel long products increased by 22,4% while sales of flat products increased by 18,8% during the corresponding period. Domestic sales increased by 6,8% during the second quarter of 2002 compared with the first quarter of 2002. Profile product sales increased by 3,9% while sales of flat products increased by 9,4% during this period.

Unfortunately, US economic recovery remains sluggish and fragile. A weakening dollar, budgetary and debt servicing problems, accounting and corporate governance scandals and speculation on more terrorist attacks on the US remain indicative of a hesitant performance by the US economy. This, Latin American jitters and Middle East turmoil, continues to have an effect on investor confidence, placing a damper on world economic prospects, including South Africa.

The South African economy appears to have remained fairly resilient in the face of adverse global fundamentals. However, the rapid tightening of monetary policy during 2002 in the face of the wave of domestic price increases, is poised to curtail economic growth rate prospects into 2003. Price pressure should decline into 2003 followed by easing of monetary policy to attenuate pressure on domestic demand.

Continued on page 2



Contents

Page

• Growth in domestic carbon steel sales maintained	1
• Imports of primary carbon steel products at lowest level since Q4 1998	2
• Exports as reported by South African producers continue to decrease during Q2 2002	3
• Stocks on hand at end of March 2002 and June 2002	4
• Carbon steel sales to industrial groups during Q2 of 2002	5
• UN World Summit on sustainable development held in Johannesburg in August 2002	5



Steel sales increase maintained (continued from page 1)

Private sector investment, constituting about 75% of total investment, regained poise over the last two years. Broad-based capacity enhancement in the manufacturing sector has been evident recently as a result of the economy's increased export orientation. The government and select public corporations are contributing more meaningfully to domestic productive capacity than before as agencies are held accountable for their lack of vigour in project execution. In contrast, the purchasing pattern of households shifted away from items sensitive to changes in interest rates.

Overall, the prospects for the domestic economy appears relatively stable although domestic economic prospects still depend crucially on the international economic climate not deteriorating too significantly in the short term and thereby contaminating the inflation outcome and export performance.

Total local sales of primary carbon steel products - 2001 & 2002 (8 months)

MONTH	2001			2002		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	122.0	172.6	294.6	143.6	195.3	338.9
FEB	128.5	156.6	285.1	152.4	195.6	348.0
MAR	143.8	152.1	295.9	193.2	179.4	372.6
Q1	394.3	481.3	875.6	489.2	570.3	1059.5
APRIL	132.2	147.5	279.7	167.5	218.7	386.2
MAY	143.6	195.9	339.5	170.0	201.6	371.6
JUNE	144.6	180.3	324.9	170.6	203.5	374.1
Q2	420.4	523.7	944.1	508.1	623.8	1131.9
JULY	159.7	175.8	335.5	172.8	238.5	411.3
AUG	160.7	162.9	323.6	186.7	269.1	455.8
SEP	145.8	181.9	327.7			0.0
Q3	466.2	520.6	986.8	359.5	507.6	867.1
OCT	154.0	219.1	373.1			0.0
NOV	159.7	242.1	401.8			0.0
DEC	102.4	152.4	254.8			0.0
Q4	416.1	613.6	1029.7	0.0	0.0	0.0
TOTAL	1 697.0	2 139.2	3 836.2	1 356.8	1 701.7	3 058.5

Imports of primary carbon steel products during Q2 of 2002 lowest since Q4 of 1998

According to statistics released by Customs and Excise, imports of primary carbon steel products (excluding wire and stainless steel, but including rails) declined by 1,2% during the first six months of 2002 compared with the first six months of 2001. While imports of flat products declined by 16,1%, imports of profile products in-

creased by 70,4% due to significant consignments of rail and billet imports during the first six months of 2002 compared with the corresponding period of 2001.

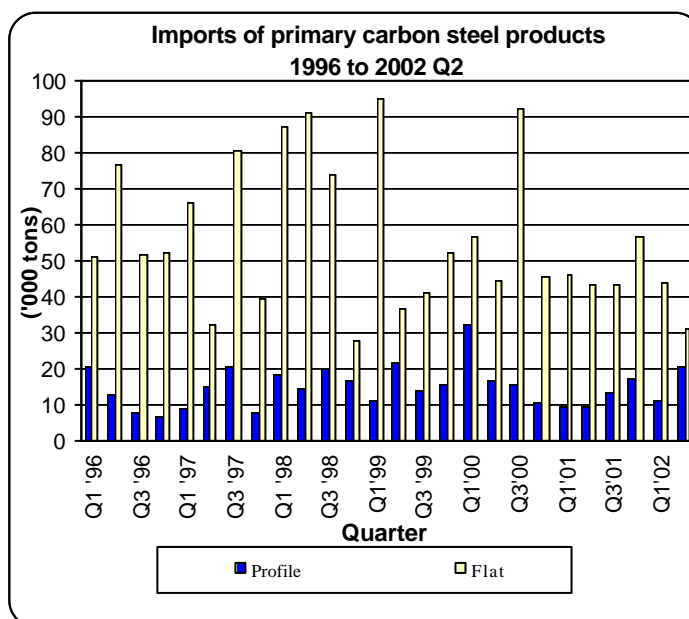
Imports of primary carbon steel products as a percentage of total domestic carbon steel demand declined to 4,4% during the first half of 2002 compared with 5,9% during 2001 as a whole.

Continued on page 3

Imports of primary carbon steel products - 2001 to June 2002 ('000 tons)

MONTH	2001			2002		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	4.9	14.5	19.4	3.1	20.1	23.2
FEB	1.6	20.7	22.3	6.3	12.8	19.1
MAR	2.8	11.0	13.8	1.7	10.8	12.5
Q1	9.3	46.2	55.5	11.1	43.7	54.8
APRIL	3.2	14.1	17.3	1.8	11.4	13.2
MAY	3.8	14.5	18.3	7.0	11.7	18.7
JUNE	2.3	14.5	16.8	11.8	8.1	19.9
Q2	9.3	43.1	52.4	20.6	31.2	51.8
JULY	6.0	13.4	19.4			0.0
AUG	5.1	14.0	19.1			0.0
SEP	2.4	15.8	18.2			0.0
Q3	13.5	43.2	56.7	0.0	0.0	0.0
OCT	3.7	25.1	28.8			0.0
NOV	7.6	13.2	20.8			0.0
DEC	5.8	18.1	23.9			0.0
Q4	17.1	56.4	73.5	0.0	0.0	0.0
TOTAL	49.2	188.9	238.1	31.7	74.9	106.6

Source: Customs & Excise



Imports continue to decline (continued from page 2)

South Africa's ten most important steel trading partners in 2001 and 2002 (6 months)

Imports ('000) tons

(All products including stainless steel and finished wire)

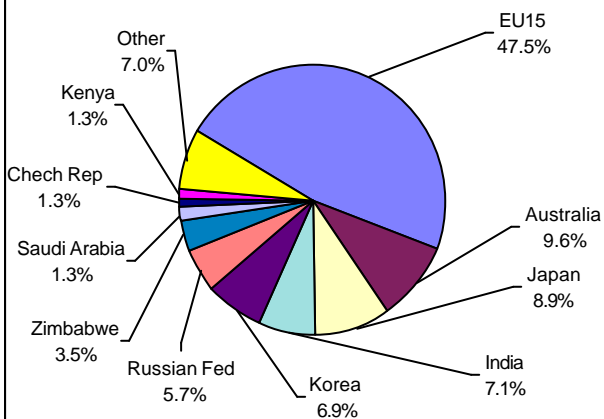
Countries	2001	Countries	2002 (6)
EU15	131.722	EU15	65.675
Australia	26.508	Australia	10.643
Japan	24.761	Japan	10.150
India	19.642	Zimbabwe	9.000
Korea	19.068	Korea	7.483
Russian Fed	15.690	Saudi Arabia	3.882
Zimbabwe	9.835	India	3.609
Saudi Arabia	3.564	Taiwan	2.439
Czech Rep	3.519	Russian Fed	2.271
Kenya	3.508	Kazakstan	1.342
Total 10 countries	257.817	Total 10 countries	116.494
Total imports	277.220	Total imports	122.075
10 Countries/ total	93.0%	10 Countries/ total	95.4%
Other	19.403	Other	5.581

Source: Customs & Excise

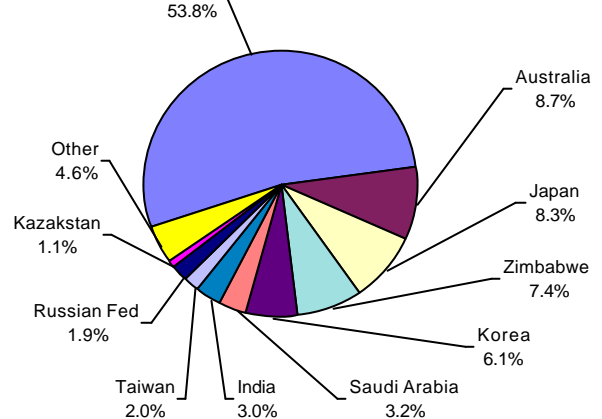
Imports of rails from Austria amounted to 11 818 tons, representing 92,3% of all rail imports during the first 6 months of 2002. Imports from Japan consisted mostly (44,4%) of alloy sheet products and (30,4%) of carbon galvanized sheet. Imports from Zimbabwe consisted mostly (83,9%) of carbon steel billets and represents 69,7% of all billet imports. Imports of aluzinc sheet products amounted to 4 011 tons, mostly from Korea (48,6%) and Australia (36,2%).

Imports from Australia consisted mostly (82,7%) of painted sheet and represents 86,9% of all painted sheet imports during the first 6 months of 2002. Imports of hot -rolled alloy steel sheet & coil amounted to 18 410 tons of which 40,7% was imported from Sweden and 26,6 % from Germany. Imports of carbon plate in lengths amounted to 3 217 tons of which 1 611 tons was imported from Germany.

Imports per country of origin - 2001



Imports per country of origin -2002 (6 months)



Exports of carbon steel products as reported by South African producers continue to decrease during Q2 of 2002

Exports of primary carbon steel products, as reported by South African manufacturers, showed a decrease of 22,9% during the first half of 2002 compared with the first half of 2001. Exports during the second quarter of 2002 decreased by 17,8% compared with the first quarter of 2002. During the second quarter of 2002, exports of flat products decreased by 19,9% compared with the first quarter of 2002 while exports of profile products showed a decrease of 13,8% during the corresponding period.

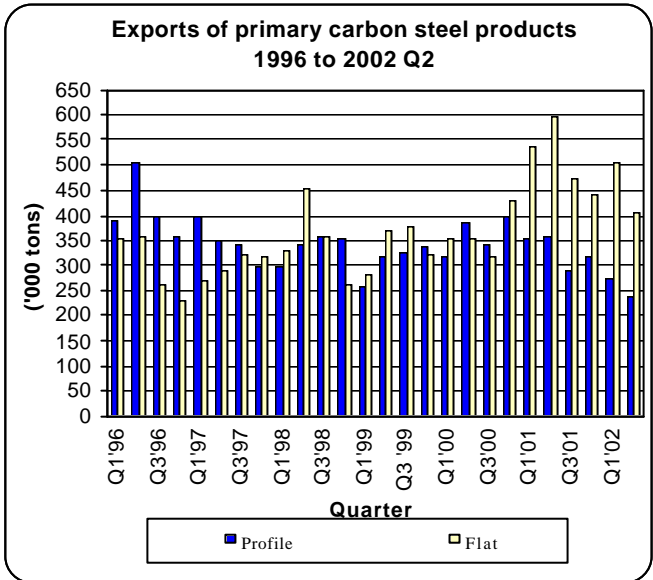
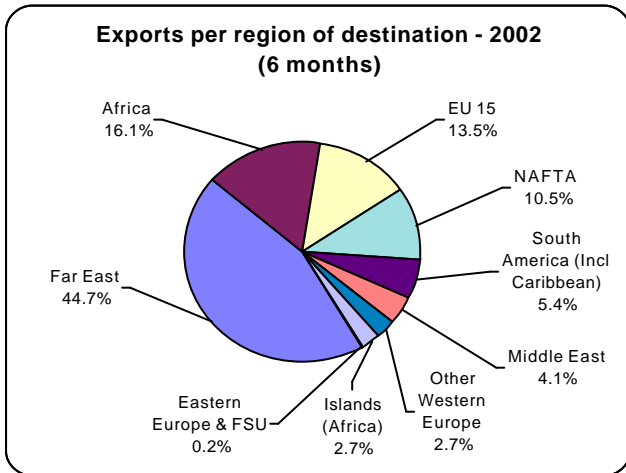
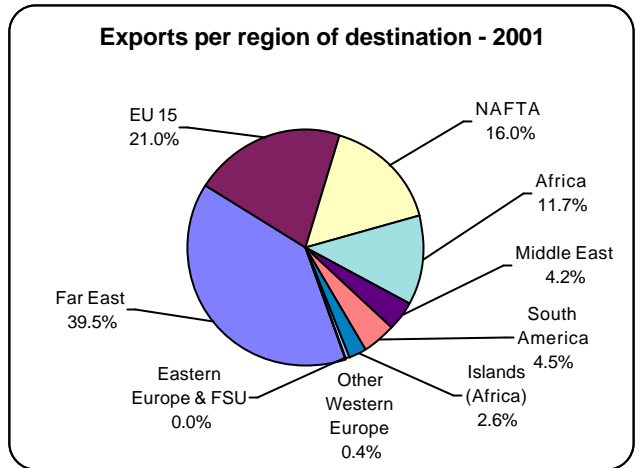
During the first half of 2002, exports of flat steel products amounted to 64,2% of total exports and the exports of profile products to 35,8% of total exports.

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Exports continue to decline (continued from page 3)

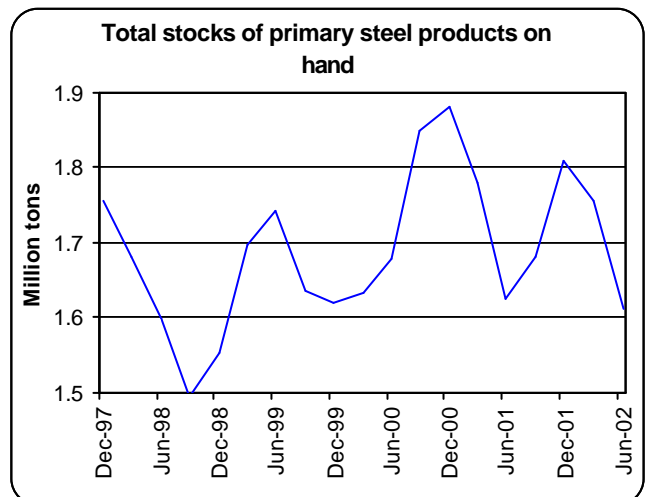
Exports of primary carbon steel products reported by the primary steel producers - 2001 & 2002 (8 months) ('000 tons)

MONTH	2001			2002		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	91.9	166.5	258.4	92.7	157.6	250.3
FEB	119.5	155.6	275.1	98.8	193.2	292.0
MAR	141.8	212.1	353.9	81.6	155.0	236.6
Q1	353.2	534.2	887.4	273.1	505.8	778.9
APRIL	112.2	206.4	318.6	103.6	147.5	251.1
MAY	98.3	182.8	281.1	67.0	133.9	200.9
JUNE	146.3	207.6	353.9	64.8	123.5	188.3
Q2	356.8	596.8	953.6	235.4	404.9	640.3
JULY	106.4	190.3	296.7	111.9	140.7	252.6
AUG	103.9	139.6	243.5	100.9	136.9	237.8
SEP	79.0	140.2	219.2			0.0
Q3	289.3	470.1	759.4	212.8	277.6	490.4
OCT	107.8	186.1	293.9			0.0
NOV	125.7	110.7	236.4			0.0
DEC	85.4	144.1	229.5			0.0
Q4	318.9	440.9	759.8	0.0	0.0	0.0
TOTAL	1 318.2	2 042.0	3 360.2	721.3	1 188.3	1 909.6



Stocks of primary steel products on hand at end of March 2002 & June 2002

Products (metric tons)	March 2002	June 2002
1 Iron and non-alloy steel	1 643 677	1 502 558
A Semi-finished products	358 142	285 747
B Total finished products	1 285 535	1 216 811
C Total flat rolled products	897 062	823 291
i Hot-rolled	529 048	478 615
ii Cold-rolled	188 366	164 489
iii Clad, plated or coated	179 648	180 187
D Total profile products	388 473	393 520
i Bars and rods	83 109	89 825
ii Angles and sections	305 364	303 695
2 Stainless steel products	41 441	43 162
3 Other alloy steel	3 937	3 742
4 Other products	94 468	97 639
i Tubes & pipes	59 932	55 056
ii Wire	28 477	35 221
iii Other	6 059	7 362

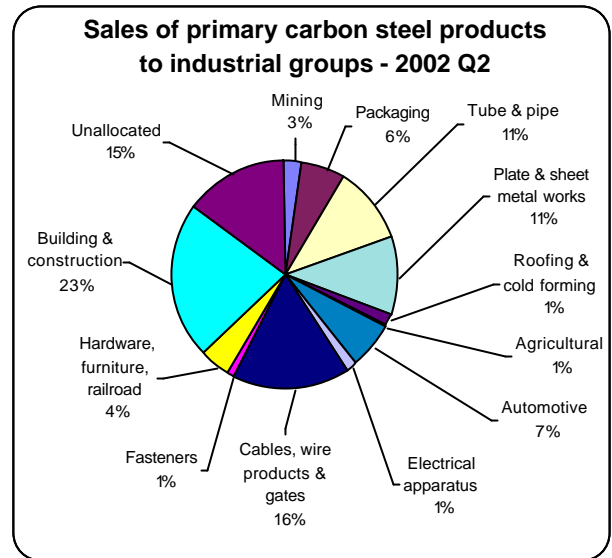


Source: South African Iron and Steel Institute

Carbon steel sales to industrial groups during Q2 of 2002

Sales of primary carbon steel products to industrial groups			
Sales in tonnes			
	2002 Q2		
	Profile	Flat	Total
1 Mining	18714	12441	31155
2 Total Manufacturing	243305	433555	676860
Packaging	4	71688	71692
Structural Metal	2524	258288	260812
Tube & pipe	901	121822	122723
Plate & sheet metal works	1623	121450	123073
Roofing & cold forming	0	15016	15016
Agricultural	6179	693	6872
Automotive	9236	64410	73646
Electrical apparatus	0	15405	15405
Cables, wire products & gates	181058	3230	184288
Fasteners	13730	233	13963
Other: Hardware, furniture, rail	30574	19608	50182
3 Building & construction	185689	69497	255186
4 Unallocated	61802	105943	167745
5 Total	509510	621436	1130946

Source: South African Iron and Steel Institute



THE UNITED NATIONS WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT HELD IN JOHANNESBURG IN AUGUST 2002

The international steel industry participated in the United Nations World Summit on Sustainable Development (UNWSSD) under the auspices of the International Iron and Steel Institute (IISI) during August 2002 in Johannesburg. The South African Iron and Steel Institute (SAISI) commissioned the building of a stand at the "Ubuntu Exhibition" on behalf of the IISI. The exhibit, branded as "Extreme Steel", depicted the recyclability, versatility and sustainability of steel and was manned by personnel drawn from the local steel industry.

Folders containing information on local sustainable steel project case studies, and other relevant information, were distributed at the stand during the exhibition. Most of the information contained in the folder, as well as additional international perspectives, can still be viewed on the website created especially for the World Summit by the IISI at www.xtremesteel.com.

The IISI used the forum provided by the UNWSSD to launch the IISI policy statement entitled "The World Steel Industry and Sustainable Development Vision and Goals" at a press conference on 28 August 2002. Ian Christmas, Secretary General of the IISI, made a presentation articulating a vision with steel as a valued major foundation of a sustainable world, "achieved by a financially sound industry, taking leadership in economic, social and environmental sustainability and seeking continuous improvement". He supported the vision by detailing seven tangible goals.

A paper entitled "Towards Global Sustainable Development in the Steel Industry" by the chairman of SAISI, Louis van Niekerk, was read at the press conference. The thrust of the message stressed that unprofitable companies simply cannot invest in sustainable development. The paper set out progress made in recent years towards sustainability, but highlighted excess global production capacity and market distortions resulting from international trade protectionism as major threats.

Two SAISI members, namely Iscor and Columbus Stainless, together with many other large South African companies, signed the "South African Green Paper" subsequent to the press conference. The Green Paper was introduced by the labour grouping, MWU Solidarity, and is a practical declaration for achieving sustainable environmental conservation targets within realistic economic and production strategies. The signing of the Green Paper was supported in principle by other SA labour groupings, as well as the International Confederation of Free Trade Unions. All aspects of the press event received significant media coverage.