

steelnews



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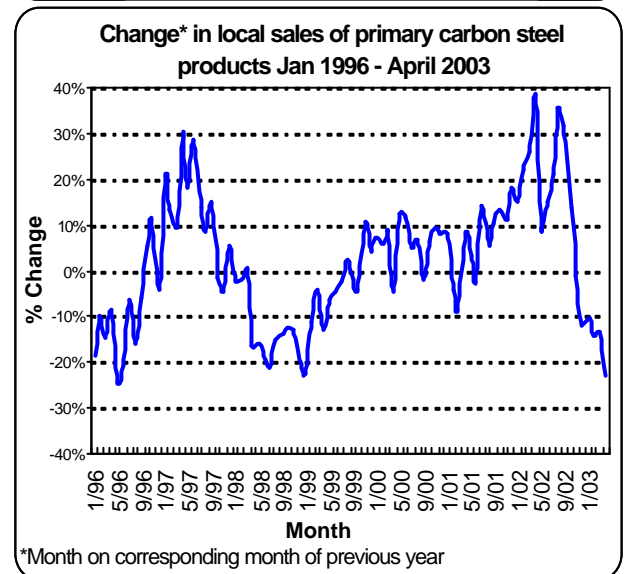
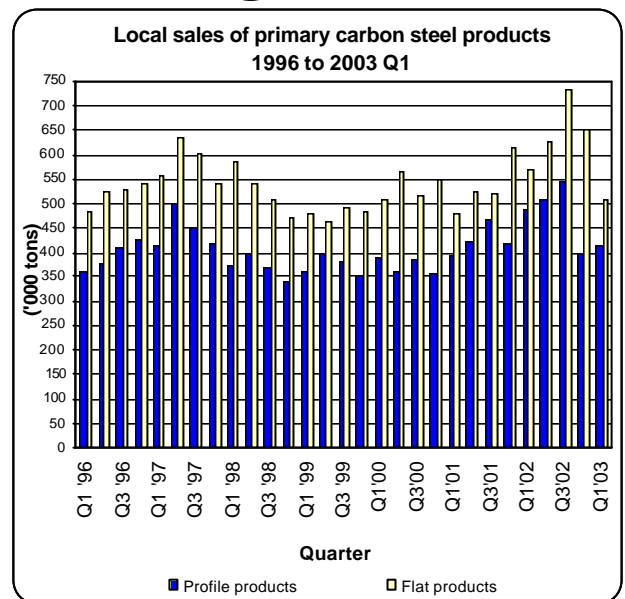
Domestic carbon steel sales declined by 12,7% during Q1 2003

Total domestic carbon steel sales declined by 12,7% during the first quarter of 2003 compared with the first quarter of 2002. During this period sales of carbon steel long products decreased 15,4% while sales of flat products decreased by 10,5%. Domestic carbon steel sales decreased by 11,7% during the first quarter of 2003 compared with the fourth quarter of 2002. Profile product sales increased by 4,3% while sales of flat products decreased by 21,5% during this period.

The economic resilience that emerged in the economy up to the third quarter of 2002 dissipated as economic growth during the first quarter of 2003 slowed down perceptively. In fact, the magnitude of the decline exceeded market expectations. The lagging effect of the tight monetary policy regime as well as reduced trade competitiveness following substantial exchange rate recovery and continued depressed global demand, contributed to the deteriorating macro-economic environment of particularly the manufacturing sector.

The effects of a stimulatory fiscal budget, lower inflation and relaxation of monetary policy should contribute towards improved consumer confidence. However, a broad based uptake in local and international demand is needed to instill a sustained recovery in manufacturing production.

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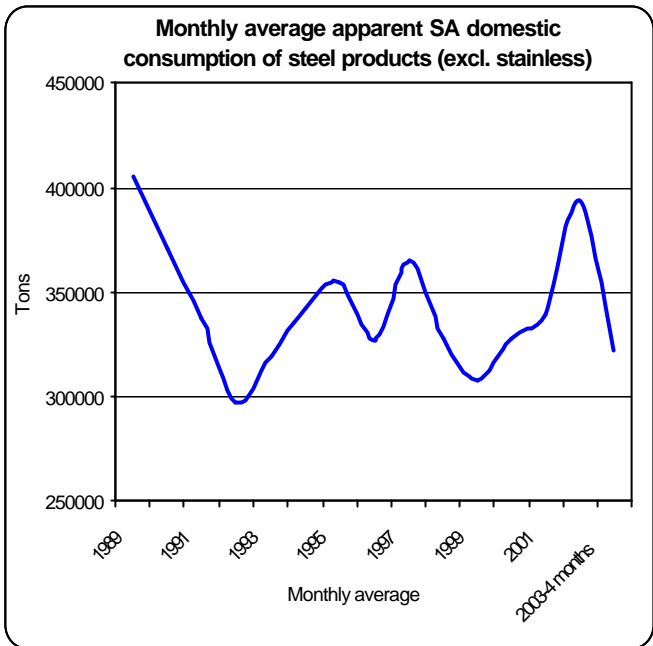
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Sales decreased by 12,7% during Q1 2003 (continued from page 1)

Total local sales of primary carbon steel products - 2002 & 2003 (4 months)

MONTH	2002			2003		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	143.6	195.3	338.9	128.9	175.3	304.2
FEB	152.4	195.6	348.0	139.7	158.5	298.2
MAR	193.2	179.4	372.6	145.5	176.8	322.3
Q1	489.2	570.3	1059.5	414.1	510.6	924.7
APRIL	167.5	218.7	386.2	135.0	162.1	297.1
MAY	170.0	201.6	371.6			0.0
JUNE	170.6	203.5	374.1			0.0
Q2	508.1	623.8	1131.9	135.0	162.1	297.1
JULY	172.8	234.5	407.3			0.0
AUG	186.7	252.6	439.3			0.0
SEP	186.3	244.8	431.1			0.0
Q3	545.8	731.9	1277.7	0.0	0.0	0.0
OCT	161.6	262.5	424.1			0.0
NOV	153.1	244.5	397.6			0.0
DEC	82.5	143.1	225.6			0.0
Q4	397.2	650.1	1047.3	0.0	0.0	0.0
TOTAL	1 940.3	2 576.1	4 516.4	549.1	672.7	1 221.8



Imports of primary carbon and alloy steel products declined by 9,9% during Q1 2003

According to statistics released by Customs and Excise, imports of primary carbon and alloy steel products (excluding wire and stainless steel, but including rails) declined by 9,9% during the first quarter of 2003 compared with the first quarter of 2002. However, the March 2003 imports of 24 599 tons were the highest monthly imports since October 2001. Imports of flat steel products during the first quarter of

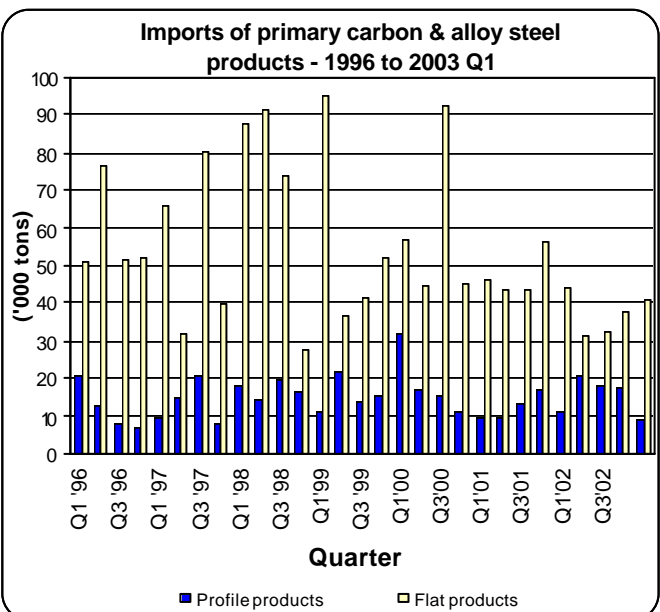
2003 increased by 8,5% while imports of profile products decreased by 50,8% compared with the fourth quarter of 2002.

Imports of primary carbon and alloy steel products as a percentage of total domestic carbon steel demand increased to 5,1% during Q1 of 2003 compared with 4,5% during 2002 as a whole. Continued on page 3

Imports of primary carbon and alloy steel products - 2002 to March 2002 ('000 tons)

MONTH	2002			2003		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	3.1	20.1	23.2	3.1	10.7	13.8
FEB	6.3	12.8	19.1	1.4	9.6	11.0
MAR	1.7	10.8	12.5	4.2	20.4	24.6
Q1	11.1	43.7	54.8	8.7	40.7	49.4
APRIL	1.8	11.4	13.2			0.0
MAY	7.0	11.7	18.7			0.0
JUNE	11.8	8.1	19.9			0.0
Q2	20.6	31.2	51.8	0.0	0.0	0.0
JULY	4.4	9.6	14.0			0.0
AUG	9.4	13.4	22.8			0.0
SEP	4.0	9.6	13.6			0.0
Q3	17.8	32.6	50.4	0.0	0.0	0.0
OCT	7.1	13.5	20.5			0.0
NOV	5.2	13.2	18.4			0.0
DEC	5.4	10.9	16.3			0.0
Q4	17.7	37.5	55.2	0.0	0.0	0.0
TOTAL	67.2	145.0	212.2	8.7	40.7	49.4

Source: Customs & Excise



Imports declined by 9,9% during Q1 2003 (continued from page 2)

South Africa's ten most important steel trading partners in 2002 and 2003—3 months

Imports tons

(All products including stainless steel and finished wire)

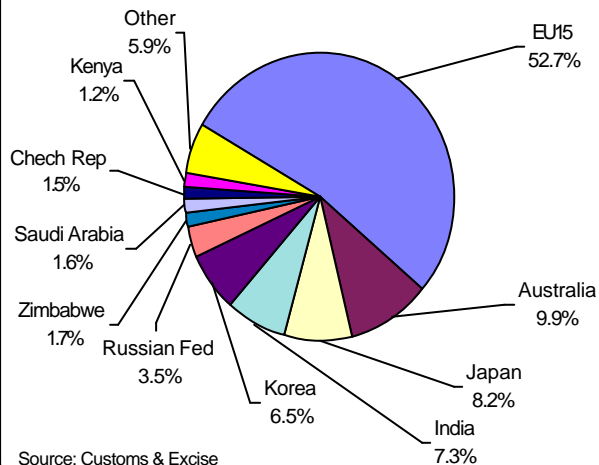
Countries	2002	Countries	2003
EU15	127 339	EU15	30 254
Australia	23 929	Japan	8 845
Japan	19 875	Australia	3 941
India	17 607	Korea	3 435
Korea	15 675	India	3 432
Russian Fed	8 490	Taiwan	1 469
Zimbabwe	4 071	Czech Rep	1 179
Saudi Arabia	3 882	Malaysia	1 176
Czech Rep	3 521	Zimbabwe	989
Kenya	2 996	Brazil	824
Total 10 countries	227 384	Total 10 countries	55 543
Total imports	241 581	Total imports	59 036
10 Countries/ total	94.1%	10 Countries/ total	94.1%
Other	14 197	Other	3 493

Source: Customs & Excise

Imports of rails from Austria amounted to 1 407 tons out of 1 967 tons imported during the first quarter of 2003. Imports from Japan consisted mostly of hot-dipped galvanised sheet products (48,3%) representing 59% of all hot-dipped galvanised sheet imports. Imports of hot-dipped galvanised sheet from India amounted to 2 207 tons. Imports from Australia consisted mostly (71,3%) of painted sheet, representing 64,4% of the total of 4 357 tons of painted sheet imported during the first quarter of 2003. Imports of TFS, aluzinc and other coated sheet products amounted to 5 861 tons, mostly from the UK (17,6%), Korea (17,3%) and Germany (14,7%).

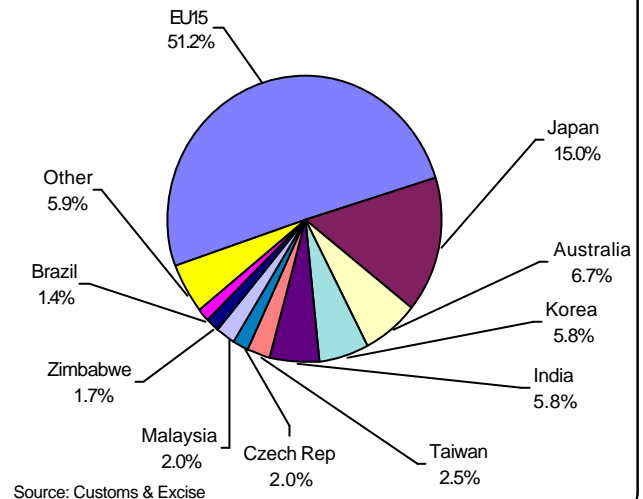
Imports of alloy hot-rolled flat products amounted to 8 359 tons during the first quarter of 2003, mostly from Sweden (64,6%), Germany (15,3%) and the USA (7,9%). Imports from Russia amounted to only 347 tons of alloy steel products during the first quarter of 2003.

Imports per country of origin - 2002



Source: Customs & Excise

Imports per country of origin - 2003 Q1



Source: Customs & Excise

Exports of carbon steel products as reported by South African producers increased by 22,4% during Q1 of 2003

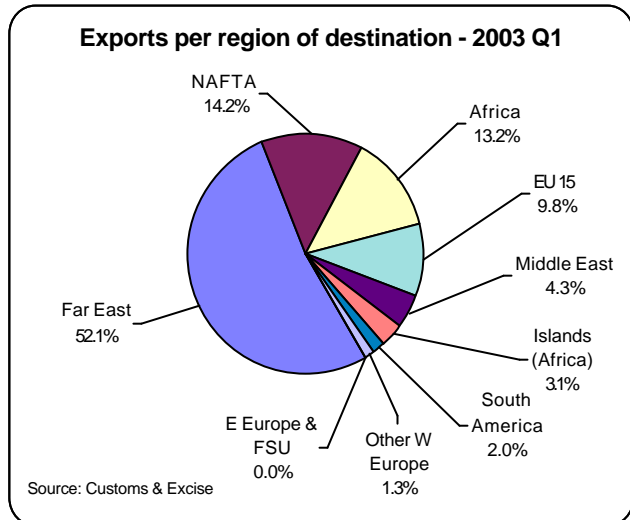
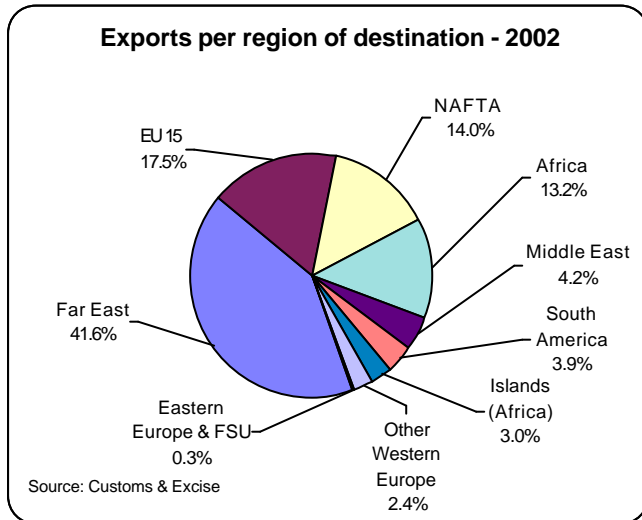
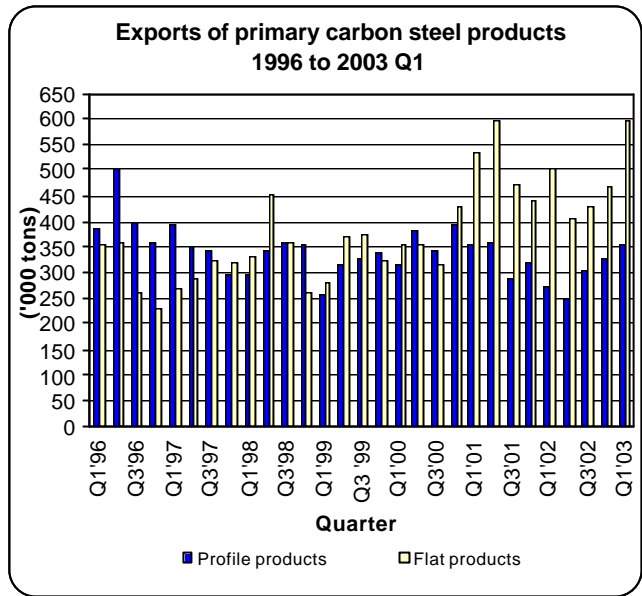
Exports of primary carbon steel products, reported by South African primary steel manufacturers, increased by 22,4% during the first quarter of 2003 compared with the first quarter of 2002. During the first quarter of 2003, exports increased by 20,3% compared with the fourth quarter of 2002. During the first quarter of 2003 flat product exports increased by 28,2% compared with the fourth quarter of 2002 while exports of profile products showed an increase of 9,0% during the corresponding period.

During the first quarter of 2003, exports of flat steel products amounted to 62,8% of total exports and the exports of profile products to 37,2% of total exports.
(continued on page 4)

Exports increased by 22,4% during Q1 of 2003 (continued from page 3)

Exports of primary carbon steel products reported by the primary steel producers- 2002 & 2003 (4 months) ('000 tons)

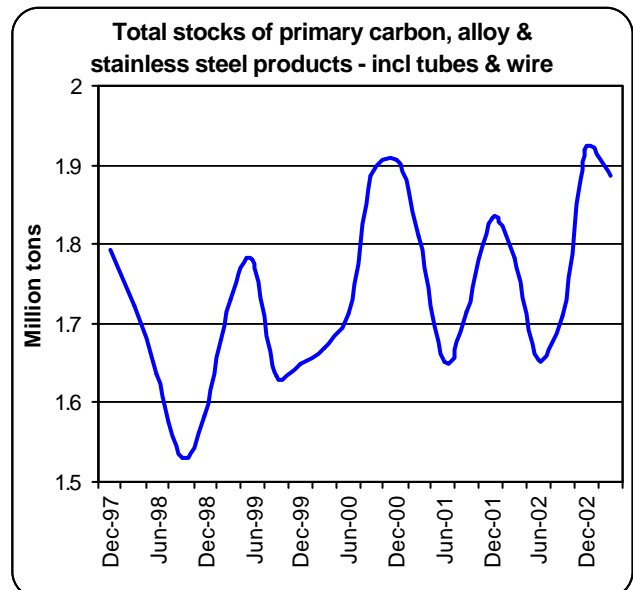
MONTH	2002			2003		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	92.7	157.6	250.3	114.0	209.0	323.0
FEB	98.8	193.2	292.0	98.9	200.6	299.5
MAR	81.6	155.0	236.6	142.0	188.5	330.5
Q 1	273.1	505.8	778.9	354.9	598.1	953.0
APRIL	103.8	147.5	251.3	128.5	212.5	341.0
MAY	67.0	133.9	200.9			0.0
JUNE	79.1	123.5	202.6			0.0
Q 2	249.9	404.9	654.8	128.5	212.5	341.0
JULY	111.9	140.7	252.6			0.0
AUG	100.9	136.9	237.8			0.0
SEP	92.0	153.1	245.1			0.0
Q 3	304.8	430.7	735.5	0.0	0.0	0.0
OCT	113.2	176.1	289.3			0.0
NOV	84.8	121.6	206.4			0.0
DEC	127.5	168.8	296.3			0.0
Q 4	325.5	466.5	792.0	0.0	0.0	0.0
TOTAL	1 153.3	1 807.9	2 961.2	483.4	810.6	1 294.0



Stocks of primary steel products on hand at the end of December 2002 and March 2003

Products (metric tons)	Dec 2002 r	March 2003
1 Iron and non-alloy steel	1 747 949	1 721 752
A Semi-finished products	334 525	321 756
B Total finished products	1 413 424	1 399 996
C Total flat rolled products	955 817	970 491
i Hot-rolled	569 850	608 476
ii Cold-rolled	176 717	175 336
iii Clad, plated or coated	209 250	186 679
D Total profile products	457 607	429 505
i Bars and rods	130 329	102 842
ii Angles and sections	327 278	326 663
2 Stainless steel products	64 564	54 064
3 Other alloy steel	2 834	3 011
4 Other products	104 480	107 350
i Tubes & pipes	66 261	63 643
ii Wire	30 167	31 402
iii Other	8 052	12 305

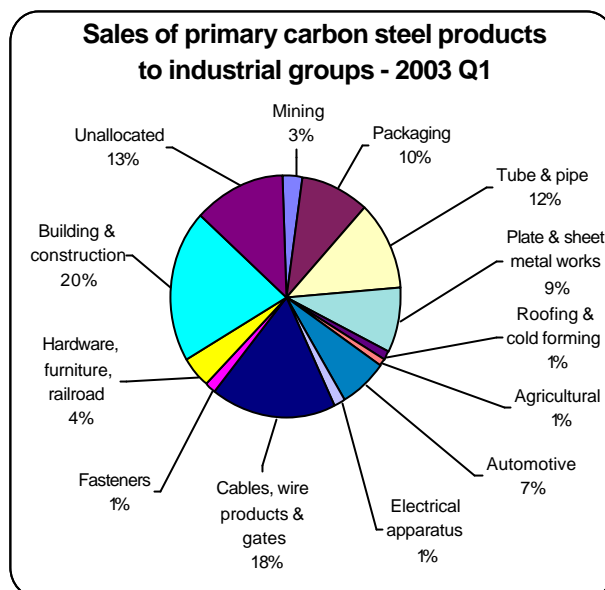
Source: South African Iron and Steel Institute
r = revised



Carbon steel sales to industrial groups during Q1 of 2003

Sales of primary carbon steel products to industrial groups			
Metric tons	2003 Q1		
	Profile	Flat	Total
1 Mining	15 333	10 371	25 704
2 Total Manufacturing	218 284	366 561	584 845
Packaging		88 191	88 191
Structural Metal	3 027	193 562	196 589
Tube & pipe	944	108 167	109 111
Plate & sheet metal works	2 083	79 114	81 197
Roofing & cold forming		6 281	6 281
Agricultural	11 399	191	11 590
Automotive	7 172	53 693	60 865
Electrical apparatus	7	12 617	12 624
Cables, wire products & gates	162 544	806	163 350
Fasteners	12 667	149	12 816
Other: Hardware, furniture, rail	21 468	17 352	38 820
3 Building & construction	137 561	53 265	190 826
4 Unallocated	46 054	78 411	124 465
5 Total	417 232	508 608	925 840

Source: South African Iron and Steel Institute



Sales of primary carbon steel products to industrial groups								
Metric tons	2000	2001	2001/2000	2002	2002/2001	2002 Q1	2003 Q1	03Q1/02Q1
Mining	113 380	111 822	-1.4%	124 995	11.8%	29 454	25 704	-12.7%
Manufacturing	2 189 077	2 275 226	3.9%	2 684 754	18.0%	615 800	584 845	-5.0%
Packaging	285 210	302 871	6.2%	313 015	3.3%	76 351	88 191	15.5%
Structural Metal	904 366	881 109	-2.6%	1 069 074	21.3%	237 838	196 589	-17.3%
Tube & Pipe	410 068	420 910	2.6%	522 588	24.2%	116 410	109 111	-6.3%
Plate & Sheet metal works	437 605	403 035	-7.9%	475 010	17.9%	108 165	81 197	-24.9%
Roofing & Cold forming	56 693	57 164	0.8%	71 476	25.0%	13 263	6 281	-52.6%
Agricultural	26 583	25 243	-5.0%	29 415	16.5%	7 055	11 590	64.3%
Automotive	247 704	237 945	-3.9%	308 045	29.5%	64 913	60 865	-6.2%
Electrical Apparatus/White Goods	51 662	51 553	-0.2%	56 218	9.0%	12 316	12 624	2.5%
Cables, wire products & gates	467 670	542 486	16.0%	672 177	23.9%	161 180	163 350	1.3%
Fasteners	42 106	49 141	16.7%	52 089	6.0%	15 342	12 816	-16.5%
Other	163 776	184 878	12.9%	184 720	-0.1%	40 805	38 820	-4.9%
Building & Construction	751 046	882 629	17.5%	1 033 880	17.1%	263 228	190 826	-27.5%
Unallocated	559 792	560 282	0.1%	676 817	20.8%	153 043	124 465	-18.7%
Total Domestic despatches	3 613 295	3 829 959	6.0%	4 520 446	18.0%	1 061 525	925 840	-12.8%

Source: South African Iron and Steel Institute

Government and industry meet on scrap metal policy

Industry and government met on the 13th of June 2003 to agree on the implementation process of the amended government policy on the issuing of export permits relating to scrap metal exports.

The amended policy was signed into effect recently by the Minister of Trade & Industry, after extensive consultation between industry and government.

After consideration of various options the new policy is dependant on industry self regulation.

Continued on page 6

Scrap metal policy (continued from page 5)

The objectives of the new policy is to maximize value addition to scrap metal which is seen as a national resource. Scrap is a key input to primary and secondary metal conversion industries and as such is a factor in determining investment, exports and employment levels.

The benefits of the amended policy are that the local consumers demand would be met prior to releasing scrap for the export market. During this meeting consensus was reached on the structures to implement this policy.

The current export permit system will be retained and will be managed as before by ITAC (International Trade Administration Commission) who has taken over the functions of the Board of Tariffs and Trade as from 1st June 2003.

ITAC will be advised by four metal specific sub-committees at operational level with representations from suppliers, converters and users organizations. A mechanism has been agreed to accommodate non-association members.

The policy process will be overseen by a permanent committee, chaired by the DTI, and comprising the following associations:

- . METAL RECYCLERS ASSOCIATION,
- . NON-FERROUS METAL INDUSTRIES ASSOCIATION,
- . SOUTH AFRICAN IRON & STEEL INSTITUTE,
- . THE SOUTH AFRICAN INSITUTE OF FOUNDRYMEN.

An implementation programme was agreed to with issued permits honoured. Existing and new permit applicants would be advised of the policy change which has been agreed to be fully effective from the 1st of August 2003.

This statement has been released on behalf of:

- . METAL RECYCLERS ASSOCIATION,
 - . NON – FERROUS METAL INDUSTRIES ASSOCIATION,
 - . SOUTH AFRICAN IRON AND STEEL INSTITUTE,
 - . SOUTH AFRICAN INSTITUTE OF FOUNDRYMEN,
 - . ALUMINIUM FEDERATION OF SOUTH AFRICA,
 - . THE DEPARTMENT OF TRADE AND INSUSTRY,
 - . INTERNATIONAL TRADE ADMINISTRATION COMMISSION
-