Steelnews

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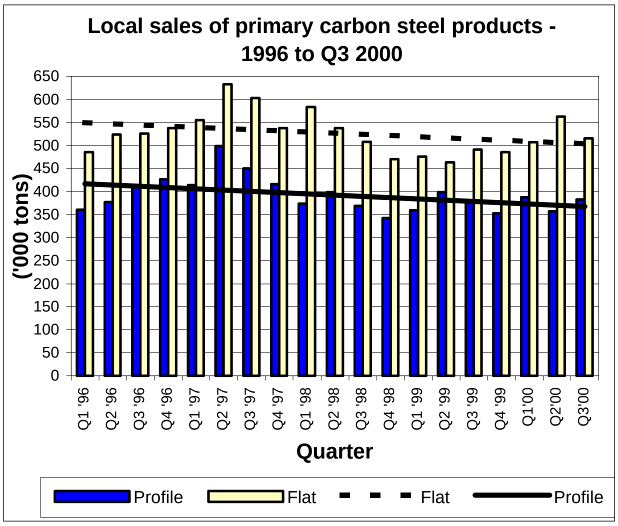
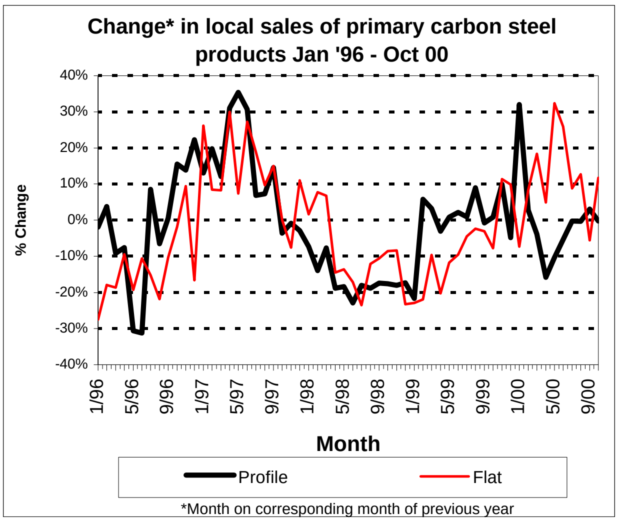
LOCAL CARBON STEEL SALES SOMEWHAT SUBDUED IN Q3 2000

Total domestic steel sales increased by 5,7% during the first ten months of 2000 compared with the first ten months of 1999. While the local despatches of flat carbon steel products increased by 10,9% during this period compared with the first ten months of 1999, the despatches of profile products declined by 0,8% during the same period.



The release of revised GDP figures suggests that the economy has been performing at a much higher level than has been experienced by some businesses, and that the slowdown during the second quarter of 2000, as suggested by the previous figures, made an about turn in the third quarter of 2000. Gross domestic expenditure rebounded sharply in the third quarter of 2000, boosted by a significant build-up of inventories, continued growth in household consumption expenditure and a gradual recovery in fixed investment activity.



Steelnews is the official 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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THIS ISSUE

Total local sales of primary carbon steel products - 1999 to Oct 2000 (000 tons)

MONTH	1999			2000		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	93.8	161.1	254.9	123.8	149.2	273.0
FEB	131.0	150.4	281.4	134.6	162.9	297.5
MAR	134.2	164.7	298.9	129.0	195.0	324.0
Q1	**359.0**	**476.2**	**835.2**	**387.4**	**507.1**	**894.5**
APRIL	126.9	144.3	271.2	106.9	151.4	258.3
MAY	136.7	156.2	292.9	122.5	206.8	329.3
JUNE	135.2	162.7	297.9	127.9	204.8	332.7
Q2	**398.8**	**463.2**	**862.0**	**357.3**	**563.0**	**920.3**
JULY	121.4	158.9	280.3	121.1	172.8	293.9
AUG	127.8	159.2	287.0	127.3	179.4	306.7
SEP	130.2	173.0	303.2	134.1	163.4	297.5
Q3	**379.4**	**491.1**	**870.5**	**382.5**	**515.6**	**898.1**
OCT	135.3	173.5	308.8	134.9	193.8	328.7
NOV	145.1	185.0	330.1			
DEC	72.6	127.3	199.9			
Q4	**353.0**	**485.8**	**838.8**			
TOTAL	**1 490.2**	**1 916.3**	**3 406.5**	**1 262.1**	**1 779.5**	**3 041.6**

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Although confidence remains fragile, the economy is expected to produce a growth rate of just more than 3% in 2000, following the significant revisions to earlier economic growth data. A lower oil price, relatively stable interest rates, rising real disposable income, lower levels of household debt and the promise of further income tax cuts should combine to push household consumption expenditure higher. While the economy will remain vulnerable to external shocks, it is expected to expand by around 3% in 2001.

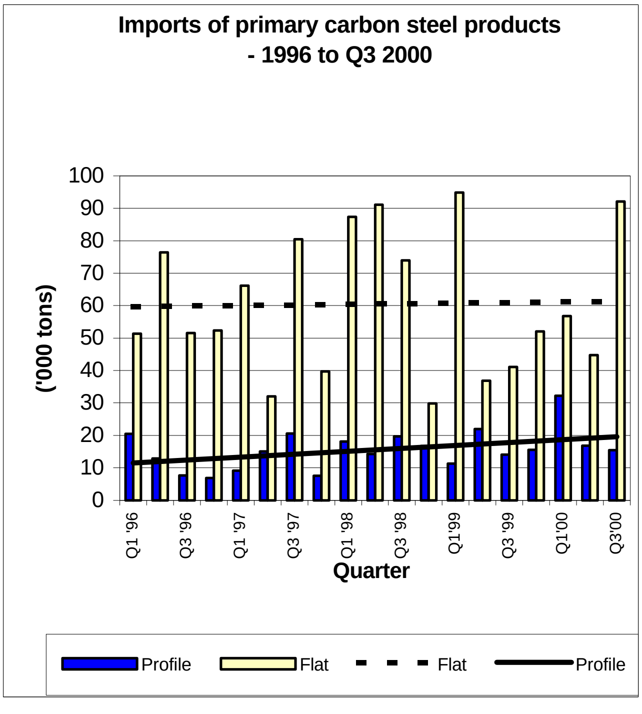
Growth in domestic steel demand is expected to benefit from more resilient domestic economic growth but at a somewhat slower rate than expected at the beginning of this year. The demand for steel products related to consumer goods is expected to record a healthy improvement during 2000 while it is expected that the increase in the demand for steel products related to the construction industry will be marginal.

STEEL IMPORTS RISE DUE TO HOT-ROLLED COIL CONSIGNMENTS

According to statistics from Customs and Excise, imports of primary carbon steel products (exc. wire and stainless, incl. rails) increased by 8,2% during the first 10 months of 2000, compared with the first 10 months of 1999.

Imports as a percentage of total local despatches increased to 9,0% during the first 10 months of 2000 compared with 8,4% during 1999 as a whole.

The rise in imports was the result of the import of hot-rolled coil <3mm of 24 870 tons during July 2000 and 25 474 tons during September 2000 from Russia. The importer applied for a rebate of customs duty in terms of Rebate item 470.03. When excluding the two consignments of hot-rolled coil, imports declined by 11,6% during the first 10 months of 2000 compared with the corresponding period of 1999.



Imports of primary carbon steel products - Jan. 1999 to Sept 2000 ('000 tons)

MONTH	1999			2000		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	3.6	27.0	30.6	5.7	21.0	26.7
FEB	3.6	27.3	30.9	6.7	14.2	20.9
MAR	4.1	40.6	44.7	19.8	21.5	41.3
Q1	**11.3**	**94.9**	**106.2**	**32.2**	**56.7**	**88.9**
APRIL	9.1	13.7	22.8	7.2	15.9	23.1
MAY	8.9	9.5	18.4	4.6	13.9	18.5
JUNE	3.9	13.6	17.5	5.0	14.9	19.9
Q2	**21.9**	**36.8**	**58.6**	**16.8**	**44.7**	**61.5**
JULY	3.1	12.3	15.4	7.1	37.2	44.3
AUG	3.7	15.7	19.4	3.1	13.9	17.0
SEP	7.3	13.1	34.8	5.2	41.0	46.2
Q3	**14.1**	**41.1**	**55.2**	**15.4**	**92.1**	**107.5**
OCT	6.8	27.6	34.4	3.5	13.8	17.3
NOV	3.2	10.3	13.5			
DEC	5.5	14.1	19.6			
Q4	**15.5**	**52.0**	**67.5**	**3.5**	**13.8**	**17.3**
TOTAL	**62.8**	**224.8**	**287.6**	**67.9**	**207.3**	**275.2**

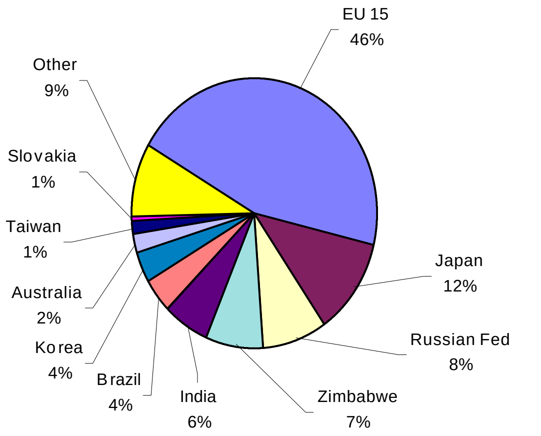
South Africa's ten most important steel trading partners in 1999 and 2000 (10 months) Imports ('000 tons) (All products incl. stainless and finished wire)

Countries	1999	Countries	2000(10)
EU 15	148.361	EU 15	109.390
Japan	37.448	Russian Fed	82.673
Russian Fed	26.972	Japan	21.107
Zimbabwe	24.244	Zimbabwe	20.301
India	20.325	Ukraine	14.218
Brazil	13.110	Korea	13.097
Korea	12.130	India	11.575
Australia	8.029	Australia	10.292
Taiwan	4.369	Brazil	9.684
Slovakia	2.272	Turkey	5.326
Total 10 countries	297.260	Total 10 countries	297.663
Total imports	**326.083**	**Total imports**	**308.707**
10 Countries/total	91.2%	10 Countries/total	96.4%

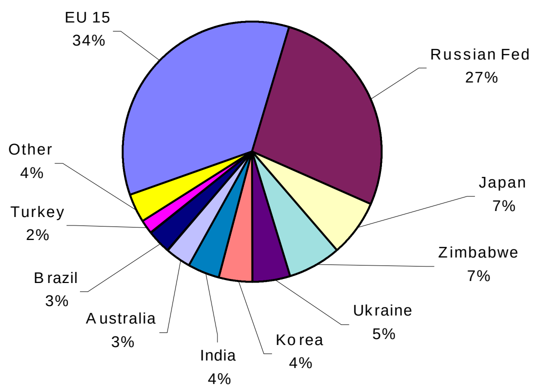
Source: Customs and Excise

Imports of all primary steel products from the Russian federation during the first 10 months of 2000 amounted to 26,8% of all South African steel imports. Imports from Russia mostly consisted of the two consignments of hot-rolled coil < 3mm of 50 344 tons imported under Rebate item 470.03 but also included 23 714 tons of cold-rolled coil. Imports of cold-rolled coils from Russia amounted to 84,2% of all cold-rolled coil imports into South Africa during the first 10 months of 2000.

Imports per country of origin - 1999

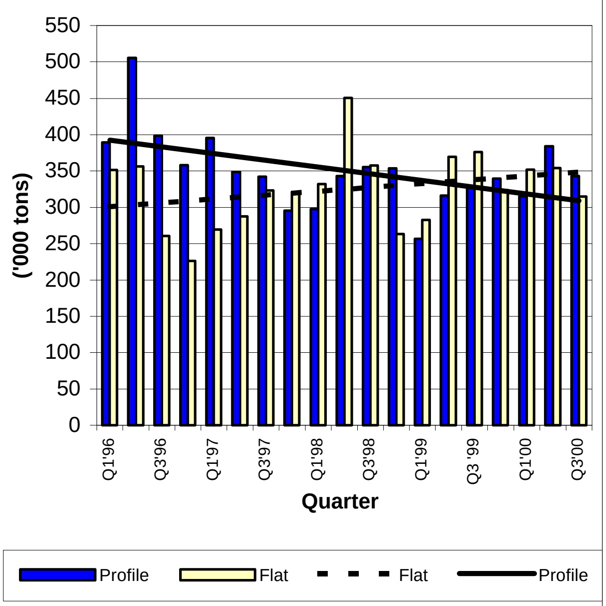


Imports per country of origin - 2000 (10 months)



EXPORTS RECOVER FROM LOW JULY 2000 LEVEL

Exports of primary carbon steel products - 1996 to Q3 2000



Exports of primary carbon steel products, as reported by the members of SAISI, increased by 8,3% during the first 10 months of 2000 compared with the corresponding period of 1999. The decline in exports of 10,9% during the third quarter of 2000 compared with the second quarter of 2000 was mainly the result of the low level of flat-rolled products exports during July 2000.

The exports of profile products amounted to 49,7% and the exports of flat products to 50,3% of total exports during the first 10 months of 2000.

Exports of primary carbon steel products reported by the primary steel producers - 1999 to October 2000 ('000 tons)

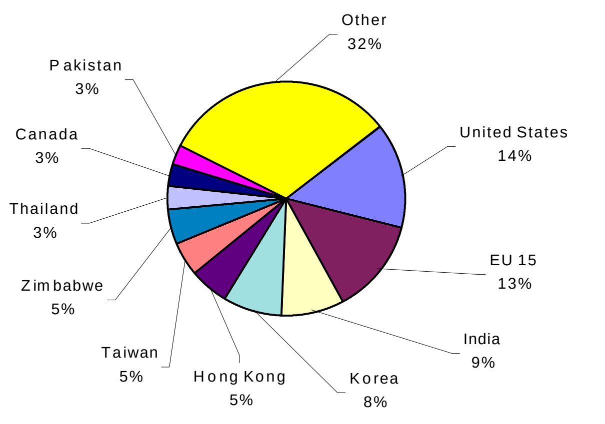
MONTH	1999			2000		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	77.9	80.5	158.4	106.1	119.5	225.6
FEB	84.7	96.8	181.5	121.3	139.5	260.8
MAR	94.0	105.6	199.6	87.9	92.9	180.8
Q1	**256.6**	**282.9**	**539.5**	**315.3**	**351.9**	**667.2**
APRIL	97.4	107.8	205.2	114.8	103.6	218.4
MAY	112.0	123.0	235.0	105.6	139.3	244.9
JUNE	106.7	138.8	245.5	163.9	111.1	275.0
Q2	**316.1**	**369.6**	**685.7**	**384.3**	**354.0**	**738.3**
JULY	105.8	109.0	214.8	115.0	56.1	171.1
AUG	113.0	151.3	264.3	113.7	133.9	247.6
SEP	108.9	116.1	225.0	114.3	125.1	239.4
Q3	**327.7**	**376.4**	**704.1**	**343.0**	**315.1**	**658.1**
OCT	117.8	116.0	233.8	122.6	156.1	278.7
NOV	115.7	104.4	220.1			
DEC	106.1	103.2	209.3			
Q4	**339.6**	**323.6**	**663.2**			
TOTAL	**1 240.0**	**1 352.5**	**2 592.5**	**1 165.2**	**1 177.1**	**2 342.3**

South Africa's ten most important steel trading partners in 1999 and 2000 (10 months) Exports ('000 tons) (All products incl. stainless and finished wire)

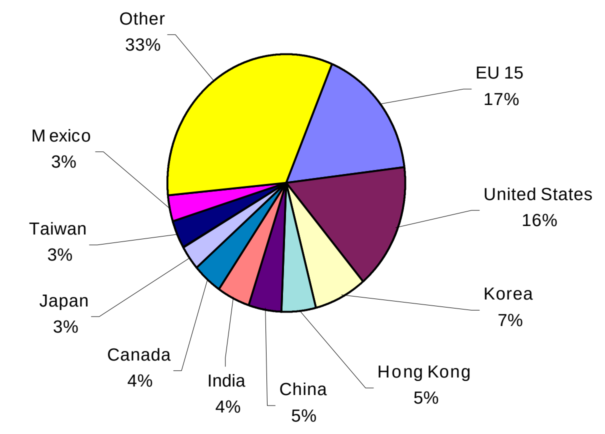
Countries	**1999**	**Countries**	**2000(10)**
United States	522.3	EU 15	544.7
EU 15	472.6	United States	530.4
India	310.4	Korea	219.9
Korea	288.3	Hong Kong	156.4
Hong Kong	194.5	China	151.5
Taiwan	170.9	India	148.2
Zimbabwe	167.2	Canada	120.5
Thailand	120.2	Japan	114.2
Canada	119.0	Taiwan	112.7
Pakistan	100.3	Mexico	106.8
Total 10 countries	2 465.5	Total 10 countries	2205.3
Total exports	**3 632.1**	**Total exports**	**3 294.5**
10 Countries/ total	67.9%	10 Countries/ total	66.9%

Source: Customs and Excise

Exports per country of destination - 1999



Exports per country of destination - 2000 (10 months)

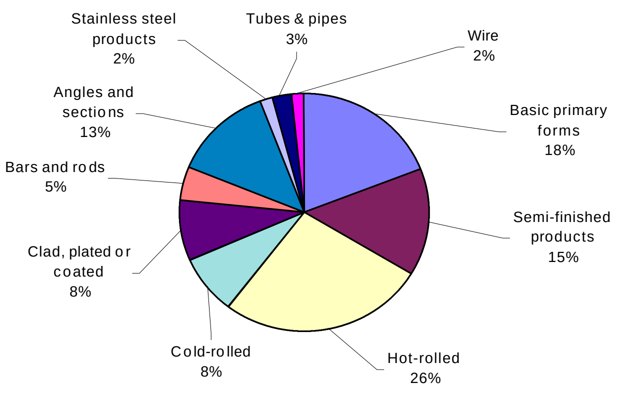


STOCKS OF PRIMARY STEEL PRODUCTS ON HAND AT END OF QUARTERS 2 AND 3 OF 2000 (Tons)

Products	June 2000	Sept 2000
1 **Basic primary forms**	468 405	442 996
2 **Iron and non-alloy steel**	1 554 507	1 743 640
A **Semi-finished products**	239 576	338 709
B **Total finished products**	1 324 931	1 404 931
C **Total flat rolled products**	877 560	998 111
i Hot-rolled	556 427	615 884
ii Cold-rolled	168 431	188 729
iii Clad, plated or coated	152 702	193 498
D **Total profile products**	447 371	406 820
i Bars and rods	96 146	107 735
ii Angles and sections	351 225	299 085
3 **Stainless steel products**	45 525	38 136
4 **Other alloy steel**	4 701	4 783
5 **Other products**	92 375	105 073
i Tubes & pipes	56 170	62 052
ii Wire	31 699	36 783
iii Other	4 506	6 238

Source: South African Iron and Steel Institute

Stocks of primary steel products on hand at the end of Sept 2000



US STEELMAKERS FILE UNFAIR TRADE CASE AGAINST HOT-ROLLED FLAT PRODUCTS FROM SA

The USA's nine major steelmakers, together with the Independent Steelworkers Union, filed dumping cases on 13 November 2000 against imports of hot-rolled coils and sheet from Argentina, China, Indonesia, India, Kazakstan, Romania, Taiwan, Thailand, Ukraine, the Netherlands and South Africa. Countervailing duty cases were also filed against Argentina, India, Indonesia, Thailand and South Africa. From January to September 2000 the SA exports to the USA were diminimis and accounted for only 2,2% of total US imports of the products under investigation, while countries like Mexico (5%), France (3,6%), Korea (10,6%) and Australia (3,5%) are well above the 3% dumping threshold but were not filed for dumping.

The petitioners allege that dumping margins for the market-economy countries involved range from 15 to 56 percent with subsidies alleged in the range of 10 to 70 percent. The US petitioners are seeking a countervailing duty of 70% and a dumping duty of 25% in the case of SA. The US International Trade Commission has until 28 December 2000 to make a preliminary determination on whether US producers were harmed by the imports.

CANADA IS INVESTIGATING THE ALLEGED DUMPING OF HOT-DIP GALVANISED SHEET FROM SA

The Canada Customs & Revenue Agency (CCRA) is investigating alleged dumping of hot-dip galvanised sheet from China, India, Malaysia, Portugal, Russia, South Africa and Taiwan. The CCRA is also investigating charges of illegal subsidies on the same product imported from India.

South Africa is accused of the highest margin on its exports of construction-grade galvanised sheet at 21%, but was among the smallest volume shippers to Canada at 5 475 tons during the period of investigation, January to August 2000. SA shipped 6 520 tons to Canada in 1996 and more than 10 000 tons in 1998. Dofasco is also seeking retroactive duties and, if the Canadian International Trade Tribunal determines that there is sufficient cause, duties could be backdated to 4 December 2000.