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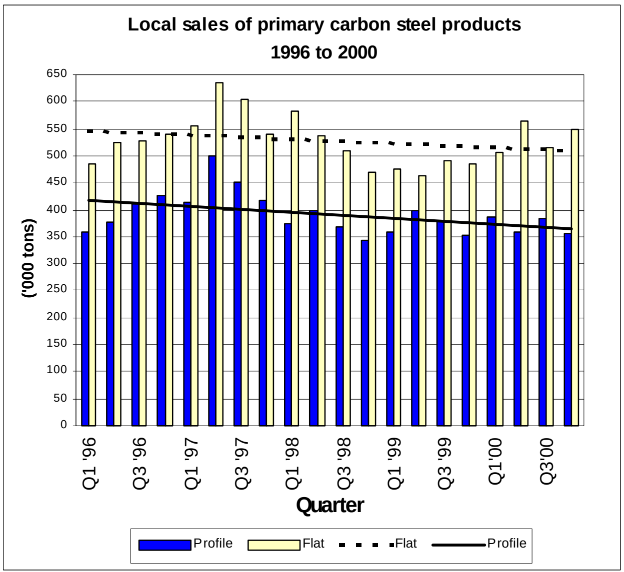
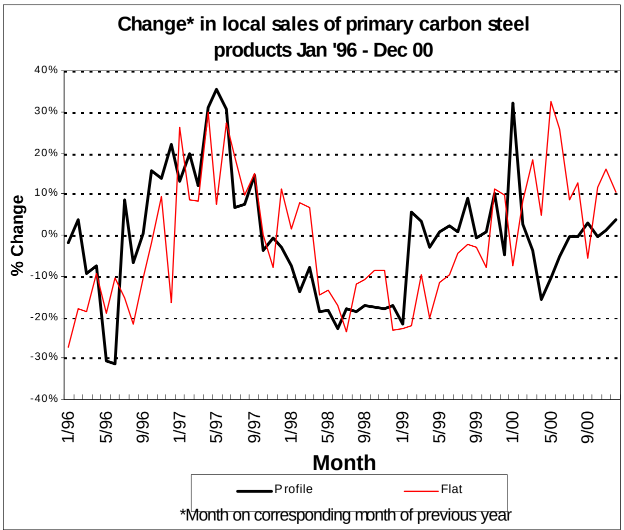
March 2001 Newsletter of the South African Iron and Steel Institute Issue 12

APPARENT DOMESTIC FINISHED STEEL CONSUMPTION INCREASE BY 6,4% DURING 2000

Although apparent finished steel consumption as a whole increased by 6,4% in 2000 to a level of 4,047 million tons, growth in apparent consumption of long products in actual fact declined by 0,8% due to low activity in the building and construction industries. Consumption of flat products on the other hand increased robustly by 10,5% during 2000.



The rapidly fading optimism about South Africa's economic growth prospects during 2000 suddenly changed direction for the better when drastically revised economic growth data became available indicating growth in GDP of 3,1% during 2000 from the 1,9% level during 1999. A global situation is foreseen of probably more balanced economic growth, in particular in the USA, and much less turmoil in the interna-



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Comments on the contents and contributions for future editions are welcomed and should be sent to the Editor.

Steelnews
SAISI
P.O. Box 6318
PRETORIA
0001

Tel.: 012 - 320 2450
Fax.: 012 - 320 1150 / 2456
e-mail: mitzi@saisi.co.za
Website: www.saisi.co.za

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Total local sales of primary carbon steel products- Jan.1999 to Dec.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	146.5	214.9	361.4
DEC	72.6	127.3	199.9	75.2	140.6	215.8
Q4	**353.0**	**485.8**	**838.8**	**356.6**	**549.3**	**905.9**
TOTAL	**1 490.2**	**1 916.3**	**3 406.5**	**1 483.8**	**2 135.0**	**3 618.8**

tional financial markets. Although domestic confidence remains relatively fragile a range of factors could lead to a noticeable increase in real domestic final demand.

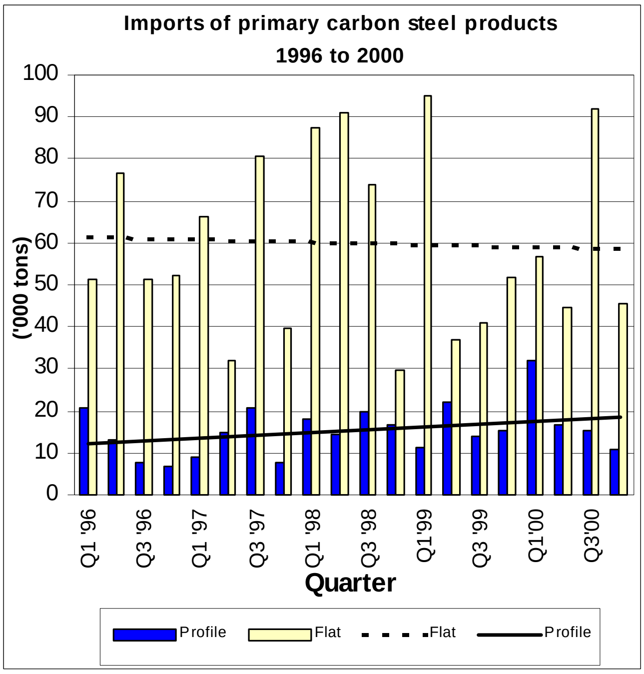
Activity in the construction industry is foreseen to tentatively improve towards the second half of 2001 from the very low base, underpinned by plans of capital investment projects and public capital spending and rehabilitation projects. The outlook for new vehicle manufacturing also remains reasonably positive while the manufacturing industry should maintain its growth momentum into 2001 although less supported by exports due to the expected slow-down of the major world economies.The outlook for the mining industry remains somewhat mixed with only moderate improvements expected in general.

The demand for steel products related to consumer goods is expected to benefit from regained economic confidence as private consumption expenditure expands although steel demand growth would be at a lower rate from the high base of 2000. The demand for products related to the construction industry is expected to improve from the current very low base due to the long awaited recovery in capital investment spending.

STEEL IMPORTS RISE DUE TO CONSIGNMENTS OF HOT-ROLLED COIL IN TERMS OF REBATE ITEM 470.03

According to statistics from Customs and Excise, imports of primary carbon steel products (exc. wire and stainless, incl. rails) increased by 9,2% during 2000, compared with 1999. However, when the 50 344 tons of hot-rolled coil < 3mm, imported from the CIS in terms of rebate item 470.03 are excluded, imports in actual fact declined by 8,3% during 2000 compared with 1999.

Imports as a percentage of total domestics despatches increased to 8,7% during 2000 from 8,4% during 1999. Imports (including stainless steel) as a percentage of total apparent domestic steel consumption increased to 8,2% during 2000 from a level of 8,1% during 1999.



Imports of primary carbon steel products - Jan. 1999 to December 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	18.6
JUNE	3.9	13.6	17.5	5.0	14.9	19.9
Q2	**21.9**	**36.8**	**58.6**	**16.8**	**44.7**	**61.6**
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	4.9	20.7	17.3
DEC	5.5	14.1	19.6	2.2	11.0	17.3
Q4	**15.5**	**52.0**	**67.5**	**10.6**	**45.5**	**51.9**
TOTAL	**62.8**	**224.8**	**287.6**	**75.0**	**239.0**	**314.1**

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

Countries	1999	Countries	2000
EU 15	148.361	EU 15	129.452
Japan	37.448	Russian Fed	87.228
Russian Fed	26.972	Japan	28.849
Zimbabwe	24.244	Zimbabwe	22.576
India	20.325	Korea	15.537
Brazil	13.110	Ukraine	14.238
Korea	12.130	India	13.698
Australia	8.029	Australia	13.511
Taiwan	4.369	Brazil	9.777
Slovakia	2.272	Turkey	5.358
Total 10 countries	297.260	Total 10 countries	340.224
Total imports	**326.083**	**Total imports**	**352.793**
10 Countries/ total	91.2%	10 Countries/ total	96.4%
Other	28.823	Other	12.569

Source: Customs and Excise

Imports of all primary steel products from the Russian federation increased to 87 228 tons during 2000, representing 24,7% of all South African steel imports. Imports from Russia consisted mostly of the 50 344 tons of hot-rolled coil imported in terms of Rebate item 470.03 but also included 27 942 tons of cold-rolled coil comprising 79,8% of total cold-rolled coil imported into South Africa during 2000. Imports from the Ukraine consisted entirely of profile products. Imports from Japan during 2000 consisted mainly of carbon and alloy steel hot, cold and coated sheet products.

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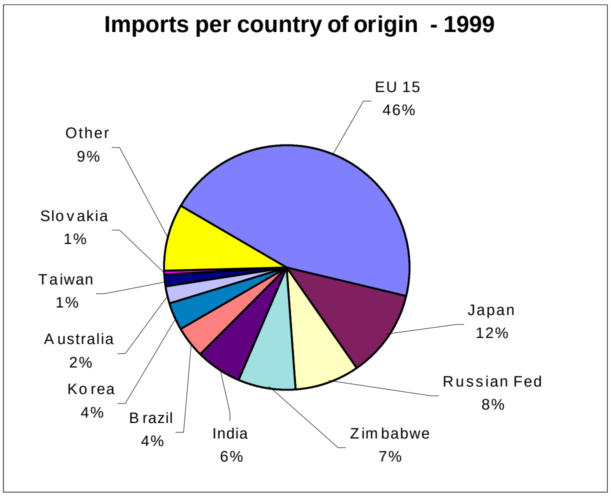
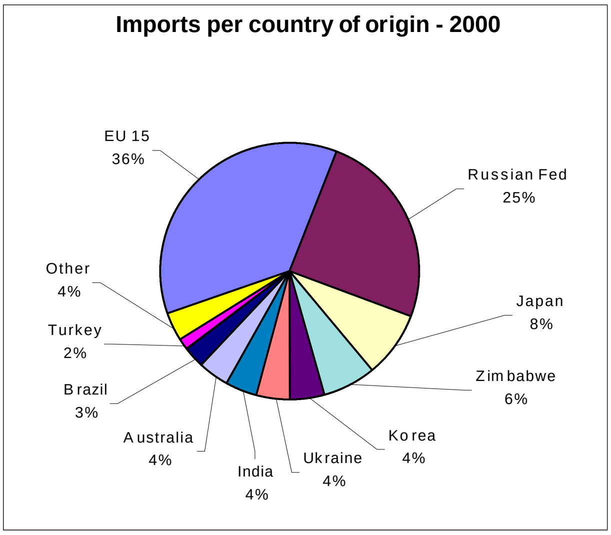
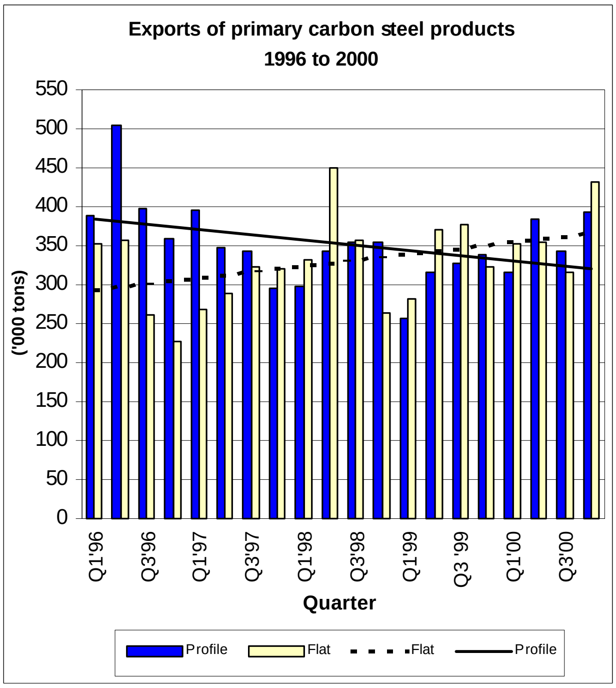




EXPORTS DURING 2000 RECOVER IN PARTICULAR DURING QUARTER 4



Exports of primary carbon steel products, as reported by the members of SAISI, increased by 11,4% during 2000 compared with 1999 in particular due to the strong export recovery during the fourth quarter of 2000. Exports during the fourth quarter of 2000 increased by 25,3% compared with the third quarter of 2000 and by 24,4% compared with the fourth quarter of 1999.

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

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

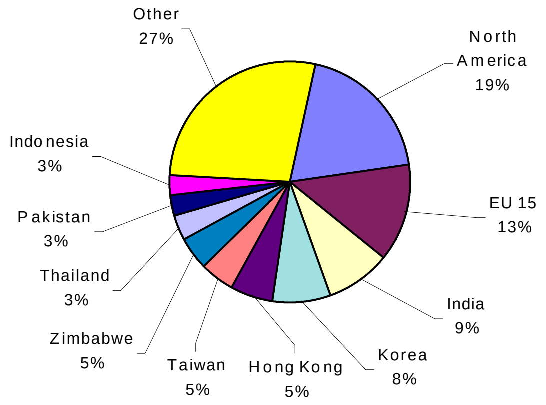
MONTH	1999			2000		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	77.9	80.5	158.4	106.1	119.5	225.6
FEB	84.7	96.8	181.5	121.3	139.5	260.8
MAR	94.0	105.6	199.6	87.9	92.9	180.8
Q1	**256.6**	**282.9**	**539.5**	**315.3**	**351.9**	**667.2**
APRIL	97.4	107.8	205.2	114.8	103.6	218.4
MAY	112.0	123.0	235.0	105.6	139.3	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	128.1	137.2	265.3
DEC	106.1	103.2	209.3	143.0	137.8	280.8
Q4	**339.6**	**323.6**	**663.2**	**393.7**	**431.1**	**824.8**
TOTAL	**1 240.0**	**1 352.5**	**2 592.5**	**1 436.3**	**1 452.1**	**2 888.4**

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

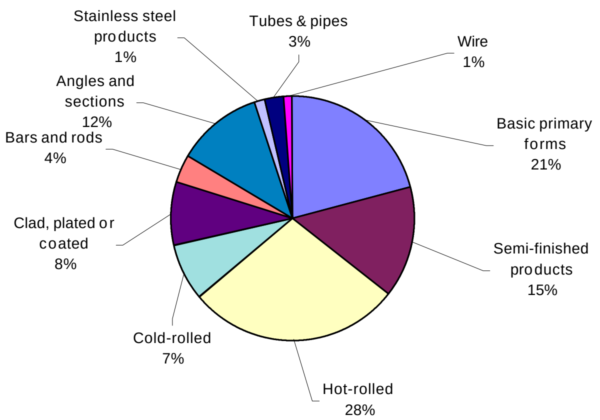
Countries	1999	Countries	2000
North America	699.1	North America	855.6
EU 15	472.6	EU 15	685.3
India	310.4	Korea	231.9
Korea	288.3	China	215.9
Hong Kong	194.5	India	202.6
Taiwan	170.9	Hong Kong	182.5
Zimbabwe	167.2	Taiwan	157.7
Thailand	120.2	Pakistan	136.7
Pakistan	100.3	Zimbabwe	120.9
Indonesia	96.2	Japan	120.2
Total 10 countries	2 619.6	Total 10 countries	2909.3
Total exports	**3 632.1**	**Total exports**	**3 958.6**
10 Countries/ total	72.1%	10 Countries/ total	73.5%
Other	1013	Other	1049

Source: Customs and Excise

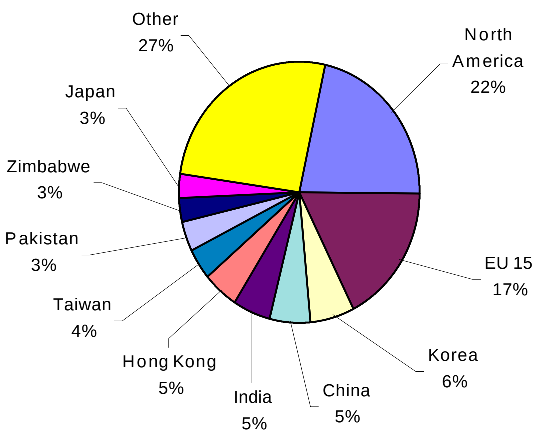
Exports per country of destination - 1999



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



Exports per country of destination - 2000



CARBON STEEL SALES TO INDUSTRIAL GROUPS DURING 2000

Carbon steel sales to industrial groups Tonnes	2000
1 Mining	113 380
2 Total manufacturing	2 189 077
Packaging	285 210
Structural Metal	904 366
Tube & pipe	410 068
Plate & sheet metal works	437 605
Roofing & cold forming	56 693
Agricultural	26 583
Automotive	247 704
Electrical apparatus	51 662
Cables, wire products & gates	467 670
Fasteners	42 106
Other: Hardware, furniture,railroad	163 776
3 Building & construction	751 046
4 Unallocated	559 792
5 **Total**	3 613 295

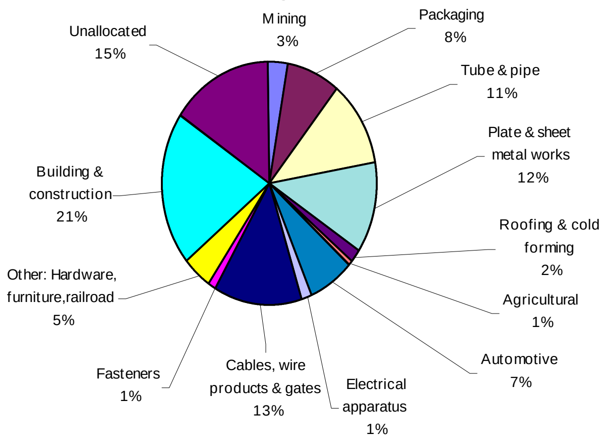
Source: South African Iron and Steel Institute

STOCKS OF PRIMARY STEEL PRODUCTS ON HAND AT THE END OF 1999 AND 2000

Products	Dec 1999	Dec 2000
1 **Basic primary forms**	499 263	500 498
2 **Iron and non-alloy steel**	1 494 755	1 776 872
A **Semi-finished products**	254 187	353 325
B **Total finished products**	1 240 568	1 423 547
C **Total flat rolled products**	833 803	1 056 851
i Hot-rolled	510 475	679 197
ii Cold-rolled	163 156	179 735
iii Clad, plated or coated	160 172	197 919
D **Total profile products**	406 765	366 696
i Bars and rods	74 005	88 801
ii Angles and sections	332 760	277 895
3 **Stainless steel products**	45 090	35 063
4 **Other alloy steel**	5 511	4 575
5 **Other products**	104399	92 184
i Tubes & pipes	68 493	60 555
ii Wire	29 856	25 178
iii Other	6 050	6 451

Source: South African Iron and Steel Institute

Sales of primary steel products to industrial groups - 2000



RECENTLY FILED AND POSSIBLE NEW DUMPING ACTIONS FROM ABROAD AGAINST SOUTH AFRICAN STEEL PRODUCTS

Numerous dumping complaints were filed by steel industries world-wide against the so-called low priced imports of steel products from various countries. As conditions in the international steel arena worsened during the last few years, dumping complaints increased accordingly. South Africa was no exception and the following dumping cases against steel products exported from South Africa were filed as from the end of 1999.

Hot-rolled products exported to the European Union - dumping and countervailing

The new EU trade commissioner, Pascal Lamey, at first confirmed the decision of his predecessor, Sir Leon Brittan, not to impose provisional duties when he took office during October 1999. However, Lamey reversed his decision soon afterwards and the investigation was continued. The majority of the EU member states voted in favour of the Commission's proposal of preliminary duties on 15/12/99. The duties on hot-rolled coil became effective on 6 February 2000 for South Africa, India and Bulgaria and on plates on 10 February 2000 for China, India and Romania.

The EU Commission imposed definitive antidumping duties of 5,2% for Iscor and 37,8% for Highveld Steel. The EU Commission has accepted the price undertaking of Highveld Steel. Saldanha Steel will also be subject to the duty of 5,2% on hot-rolled exports to the EU. The five-year duties are likely to be subject to a mid-term review as the threat of injury to EU mills is diminishing as the international steel markets improve.

Hot-rolled coil, strip, sheet and plate exports to India - dumping

The DTI informed SAISI on 14 August 2000 that the SA Embassy in India had been informed by the Ministry of Commerce in New Delhi that they had received a petition in February 2000 alleging the dumping of hot-rolled coil, strip, sheet and plate exported to India from South Africa. However, substantial information to prove dumping, injury as well as a causal link could not be found by the Indian authorities and no further action was taken.

Carbon steel cold-rolled sheet and coil exported to the USA

On 3 November 1999 the US Commerce Department imposed a preliminary dumping duty of 16,65% on the exports of Iscor's cold-rolled material to the USA. The preliminary duties had to be paid into an escrow account pending the final ruling by the Commerce Department. The final anti-dumping duty was also fixed at 16,65% on 19 January 2000. Iscor accepted the duty and did not enter into a suspension agreement.

The US International Trade Commission (ITC) voted on 3 March 2000 on injury and found that Iscor's exports of cold-rolled sheet and coil did not cause any injury to the US market. This implies that the original dumping margin of 16,65%, as determined by the DOC, will not apply. However, Iscor had no cold-rolled material available for export to the USA at that stage.

The United States steel industry has appealed against the finding of the ITC that South African exports of cold-rolled coil and sheet did not cause any injury to the domestic US producers. The US government has also entered the arena with a so-called *amicae curia* (official) order that implies that the government is of the opinion that the ITC, who ruled in favour of SA, did not interpret the Act correctly and that they were not entitled to make such a judgement.

Hot-rolled steel or iron flat products exported to Argentina - dumping

An investigation, approved by the Argentina Ministry of Economy on 25 October 2000, was initiated regarding the assumed dumping of non-coated hot-rolled steel or iron flat products, of a thickness equal to or lower than 12,7mm. SA was among five nations cited in the investigation and an antidumping margin of 55% is alleged for South Africa. Iscor and Saldanha Steel decided to complete the relevant questionnaires.

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

The local steel industry in the USA on 13 November 2000 filed a dumping and countervailing complaint against the importation of hot-rolled coil from South Africa and 11 other countries. The US International Trade Commission (ITC) decided on 28 December 2000 that there was reasonable indication that the US market was injured by subsidised as well as less than fair value imports.

It is likely that the DOC will make a preliminary determination around 23 April 2001 on dumping margins in the AD cases. The date for a supplementary filing of relevant information in the CVD case against Saldanha Steel has been set for 22 March 2001. Supplemental countervailing questionnaires were filed early in February 2001 on the railway line expansion and port extensions at Saldanha. The South African Government, Iscor and Saldanha received supplemental questionnaires.

In the case of South Africa, the petitioners requested an antidumping duty of 18,25%, which was later reduced to 9,25% when a supplemental petition was filed. The petitioners requested a CV duty of nearly 70% on the exports of Saldanha Steel's HR coil. Highveld Steel was granted an extension period for the completion of the questionnaires up to 26 February 2001. Iscor decided to accept the dumping duty and did not complete a questionnaire.

Seamless tubes exported to the USA

The ITC set final anti-dumping duties of 44% on 12 June 2000 on the imports of certain small diameter seamless steel pipe from Iscor and 40% for all other South African exporters.

Wire rod exported to the USA - Section 201 filing

The US Customs service indicated that a large amount of wire rod imported since March 1, 2000, that claimed exemption from the quota tariff system, was misclassified. Suspecting the possibility of fraud, the agency has put 14 exporting nations on a restricted list and has notified three trading companies that they have been referred for possible enforcement action. Those found to be cheating on the quota-tariff system set up in March will have to pay a 10% retroactive duty.

Hot-dipped galvanised sheet exported to Canada - dumping

Notice was received from the Canadian International Trade Tribunal on 4 December 2000 that the Canadian Customs and Revenue Agency had initiated an investigation into a complaint regarding the alleged injurious dumping of certain corrosion-resistant steel sheet from inter alia, South Africa. The petitioners are seeking an antidumping margin of 68 % on South African material. A preliminary finding is expected at the end of May 2001.

Hot-rolled coil and sheet exported to Canada - dumping

On 19 January 2001 the Canadian Customs and Revenue Service initiated an investigation into the alleged dumped exports of hot-rolled coil and sheet (excluding plate cut to length) from SA and 12 other countries. The petitioners are seeking an antidumping margin of 20% on South African material.

Cold-rolled steel sheet exported to Canada – dumping

A dumping investigation was officially initiated on 12 March 2001 against South African cold-rolled coil and sheet exports to Canada. A dumping margin of 19,2 % was alleged by the Canadian Customs and Revenue Agency.

Cold-rolled coil and galvanised sheet exported to the EU - dumping

Rumour has it that Eurofer intends to bring the matter of dumping of CR and galvanised sheet on the EU market to the attention of EU Trade Commisioner Pascal Lamy. As Eurofer sees it, the situation could worsen if the USA succeeds in slowing imports of material into the USA through its own dumping suits, since shipments originally bound for the USA will likely be exported to the EU instead. SA will most probably be included in these possible dumping investigations.

CARBON STEEL CLUSTER DEVELOPMENTS

The construction steel cluster had a positive growth in membership over the past six months from 12 to 24 members and a strategic plan with set targets and objectives was submitted to SAISI with focussed objectives. The cluster has a growth target of 15% per annum, aiming to export 25 500 tons of fabricated steel during 2001.

The wire cluster also gained momentum. The first claim for funding from the Sector Partnership Fund at DTI was submitted and a claim is being prepared for funding from COSM. The South African Wire Association (SAWA) has approved the appointment of a full time assistant and the establishment of an office. The wire industry's target is to export 150 000 tons of value added steel products annually, manufactured from wire rod.

The members of the Association of Tube and Pipe Manufacturers (ASTPM) could not yet reach agreement to form an official cluster. Notwithstanding, the ASTPM intends to improve the international competitiveness of its industry and to increase exports of tube and pipe by 100 000 tons to 500 000 tons in the year 2005.

Mr. Rob Pietersma of CBC Fastners represents the Fastner industry but insufficient membership does not allow for a cluster to be formed at this stage. The automotive stampings cluster regained momentum after Iscor decided to drive the cluster in association with the automotive industry.