steelnews

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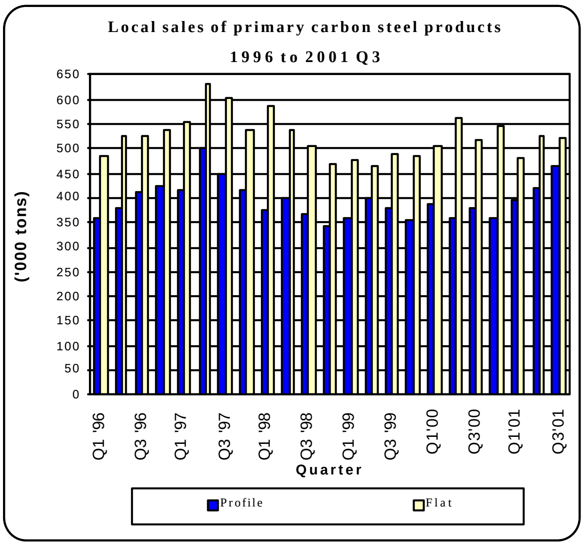
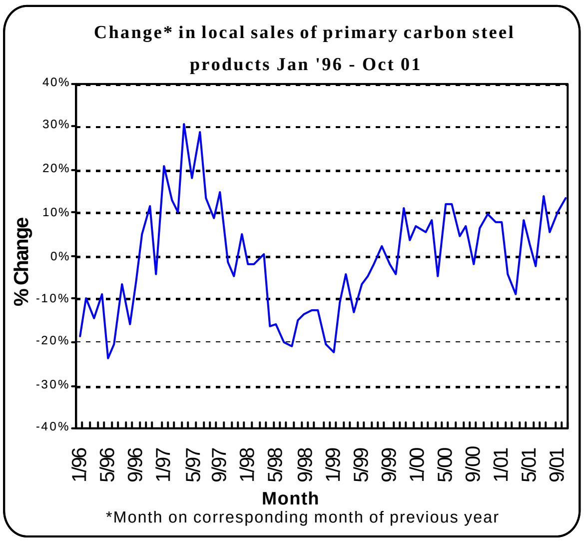
Local carbon steel sales continue to improve during Q3 of 2001

Total domestic carbon steel sales increased by 4,5% during the third quarter of 2001 compared with the second quarter of 2001 and by 9,9% compared with the third quarter of 2000. Domestic sales of carbon steel products increased by 4,5% during the first ten months of 2001 compared with the first ten months of 2000. Compared with the first ten months of 2000, sales of carbon steel long products increased robustly by 13,7% while sales of flat products showed a decrease of 2,0% during the first ten months of 2001.



It was generally anticipated that although South Africa could not avoid some negative consequences from the downturn in the economy of the United States of America, the domestic economy would to a large degree be insulated from the events. However, the USA economic downturn turned out not only to be more severe but its repercussions also impacted more negatively than expected on other leading industrialised countries and economic growth rates weakened substantially.



In conjunction with a real GDP growth rate of only 0,1% during the third quarter of 2001 compared with the third quarter of 2000, Statistics SA revised the previous two quarters' growth rates downward, leaving the economy with a poorer growth performance for the first nine months of 2001 than was originally thought. However, the growth rate for 2000 as a whole was revised upwards to 3,4% from the previous rate of 3,1%.

Continued on page 2

Contents *Page*

Steel sales continue to improve (continued from page 1)

While the relative sluggish domestic economic growth rate is disappointing compared with the growth attained during 2000, the level should be acceptable considering the generally unexpected severity of the global slowdown. However, the outlook for economic growth during 2002 has become more uncertain as world developments unfold. The robust export performance of late is expected to moderate into 2002 as the impact of lower commodity prices and weaker demand feeds through.

Modest domestic demand growth is expected to sustain economic growth at a fairly subdued rate into 2002. The stable interest rate environment and a more expansionary fiscal policy in view of the manageability of the fiscal deficit should sustain domestic demand growth notwithstanding the uncertain global environment.

Total local sales of primary carbon steel products - 2000 to October 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
Q1	**387.4**	**507.1**	**894.5**	**394.3**	**481.3**	**875.6**
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
Q2	**357.3**	**563.0**	**920.3**	**420.4**	**523.7**	**944.1**
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
Q3	**382.5**	**515.6**	**898.1**	**466.2**	**520.6**	**986.8**
OCT	134.9	193.8	328.7	154.0	219.1	373.1
NOV	146.5	214.9	361.4			
DEC	75.2	140.6	215.8			
Q4	**356.6**	**549.3**	**905.9**	**154.0**	**219.1**	**373.1**
TOTAL	**1 483.8**	**2 135.0**	**3 618.8**	**1 434.9**	**1 744.7**	**3 179.6**

Imports of primary carbon steel products maintain lower level during Q3 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 47,3% during the third quarter of 2001 compared with the corresponding quarter of 2000. Imports also decreased by 36,2% during the first three quarters of 2001 compared with the first three quarters of 2000.

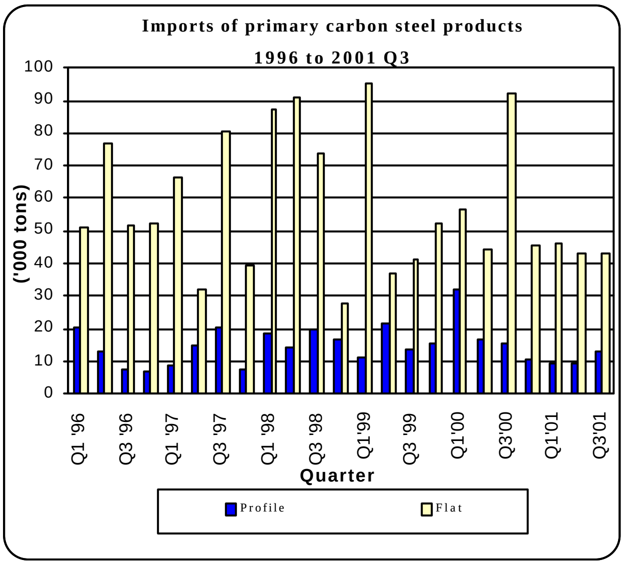
Imports of primary carbon steel products as a percentage of total domestic carbon steel sales declined to 5,9% during the first three quarters of 2001 compared with 8,7% during 2000 as a whole.

Continued on page 3

Imports of primary carbon steel products - 2000 to September 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
Q1	**32.2**	**56.7**	**88.9**	**9.3**	**46.2**	**55.5**
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
Q2	**16.8**	**44.7**	**61.6**	**9.3**	**43.1**	**52.4**
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
Q3	**15.4**	**92.1**	**107.5**	**13.5**	**43.2**	**56.7**
OCT	3.5	13.8	17.3			0.0
NOV	4.9	20.7	17.3			0.0
DEC	2.2	11.0	17.3			0.0
Q4	**10.6**	**45.5**	**51.9**	**0.0**	**0.0**	**0.0**
TOTAL	**75.0**	**239.0**	**314.1**	**32.1**	**132.5**	**164.6**

Source: Customs & Excise



Imports maintain lower level (continued from page 2)

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

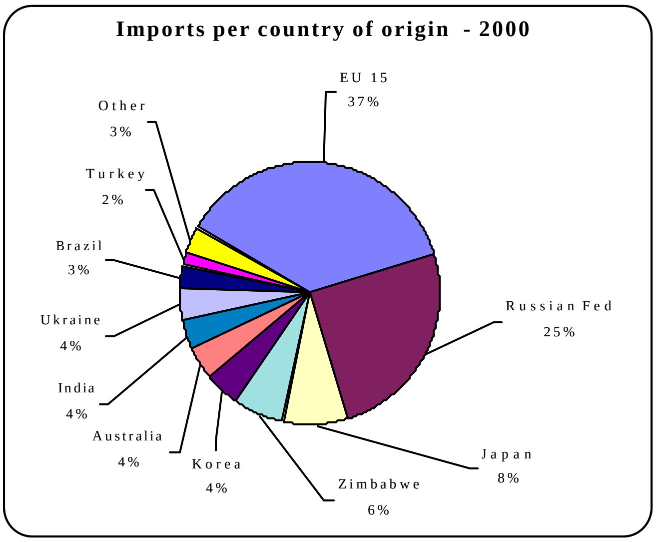
Imports ('000) tons
(All products including stainless steel and finished wire)

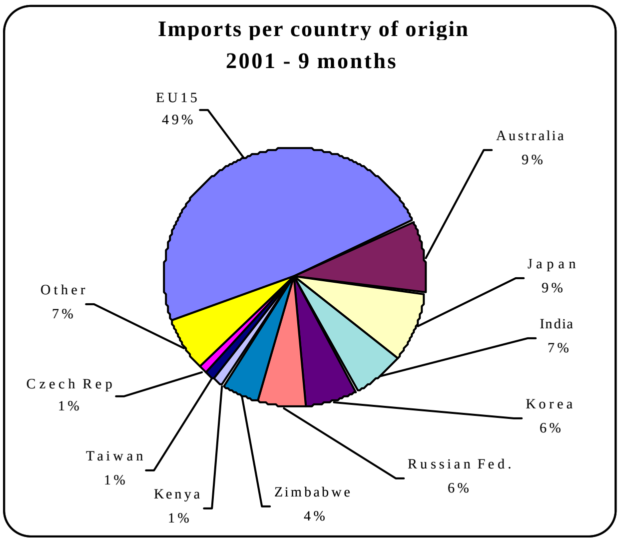
Countries	2000	Countries	2001(9)
EU 15	130.637	EU15	94.976
Russian Fed	87.228	Australia	17.767
Japan	28.849	Japan	16.808
Zimbabwe	22.580	India	13.057
Korea	15.537	Korea	12.631
Australia	13.511	Russian Fed.	11.159
India	13.698	Zimbabwe	8.712
Ukraine	14.238	Kenya	2.705
Brazil	9.777	Taiwan	2.587
Turkey	5.358	Czech Rep	2.216
Total 10 countries	341.413	Total 10 countries	182.618
Total imports	**353.314**	**Total imports**	**195.907**
10 Countries/ total	96.6%	10 Countries/ total	93.2%
Other	11.901	Other	13.289

Source: Customs & Excise

Imports of cold-rolled sheet from the Russian Federation amounted to 5 754 tons, representing 53,3% of all cold-rolled imports during the first nine months of 2001. Imports from India consisted mostly (84,3%) of hot-dipped galvanised sheet and represents 53,4% of all hot-dipped galvanised imports during the first nine months of 2001.

Imports from Australia consisted mostly (59,0%) of painted sheet and represents 74,7% of all painted sheet imports during the first nine months of 2001. Imports of primary steel products from Germany amounted to 29 384 tons and represents 30,9% of imports from the European Union during this period.





Exports decline during the third quarter of 2001 from the high level realised during the second quarter of 2001

Exports of primary carbon steel products, as reported by South African manufacturers, showed a decrease of 20,4% during the third quarter of 2001 compared with the second quarter of of 2001 but an increase of 15,4% compared with the third quarter of 2000. Exports increased by 23,6% during the first ten months of 2001 compared with the first ten months of 2000.

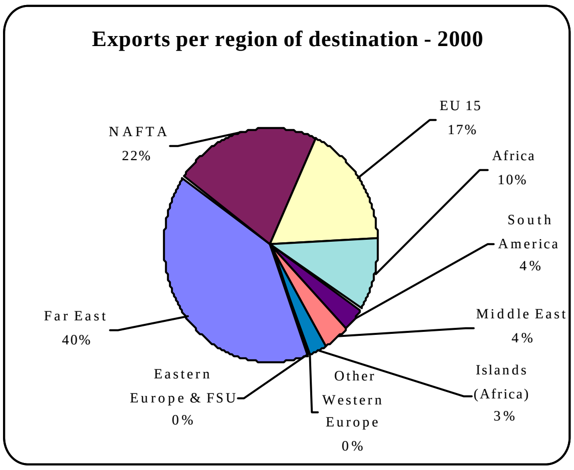
During the first ten months of 2001, exports of flat steel products amounted to 61,7% of total exports and the exports of profile products to 38,3% of total exports.

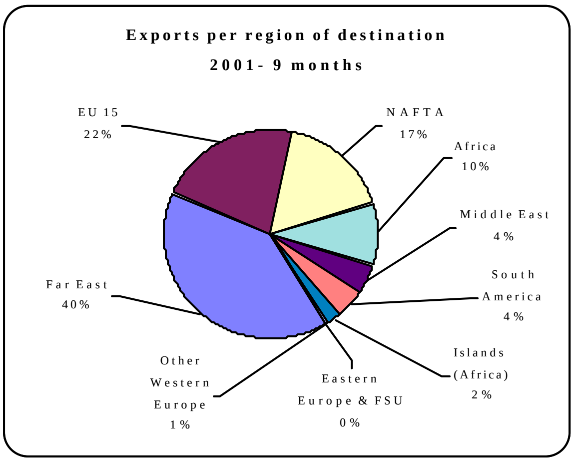
(continue on page 4)

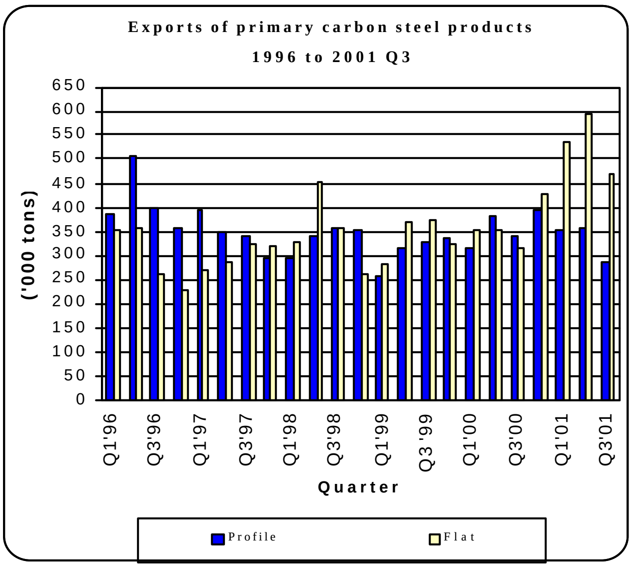
Level of exports decline (continued from page 3)

Exports of primary carbon steel products reported by the primary steel producers - 2000 to October 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			0.0
DEC	143.0	137.8	280.8			0.0
Q4	**393.7**	**431.1**	**824.8**	**107.8**	**186.1**	**293.9**
TOTAL	**1 436.3**	**1 452.1**	**2 888.4**	**1 107.1**	**1 787.2**	**2 894.3**





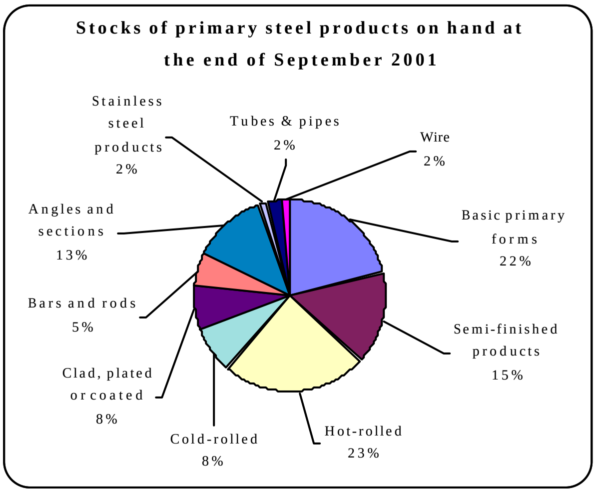


Stocks of primary steel products on hand at end of June and September 2001

Products (metric tons)	**June 2001(R)**	**Sept 2001**
1 **Basic primary forms**	465 384	467 580
2 **Iron and non-alloy steel**	1 521 293	1 583 574
A **Semi-finished products**	344 309	335 776
B **Total finished products**	1 176 984	1 247 798
C **Total flat rolled products**	810 466	864 713
i Hot-rolled	500 804	524 476
ii Cold-rolled	152 369	176 772
iii Clad, plated or coated	157 293	163 465
D **Total profile products**	366 518	383 085
i Bars and rods	103 176	110 526
ii Angles and sections	263 342	272 559
3 **Stainless steel products**	36 128	37 769
4 **Other alloy steel**	3 118	2 418
5 **Other products**	90 473	90 582
i Tubes & pipes	56 911	52 039
ii Wire	26 744	32 753
iii Other	6 818	5 790

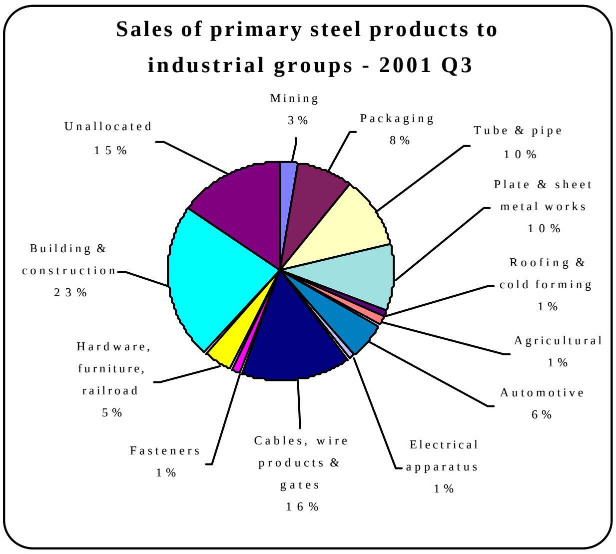
Source: South African Iron and Steel Institute

R = revised



Carbon steel sales to industrial groups during Q3 of 2001

Sales of primary steel products to industrial groups Sales in tonnes			
	2001 Q3		
	Profile	Flat	Total
1 Mining	18008	9266	27274
2 Total Manufacturing	209101	372962	582063
Packaging	5	77259	77264
Structural Metal	2573	213225	215798
Tube & pipe	816	102792	103608
Plate & sheet metal works	1757	97949	99706
Roofing & cold forming	0	12484	12484
Agricultural	6478	694	7172
Automotive	5918	49135	55053
Electrical apparatus	0	12518	12518
Cables, wire products & gates	153037	1797	154834
Fasteners	12729	39	12768
Other: Hardware, furniture,rail	28361	18295	46656
3 Building & construction	180265	51278	231543
4 Unallocated	61905	89198	151103
5 **Total**	469279	522704	991983



Progress with the Section 201 safeguard investigation in the USA

On 22 October 2001 the United States International Trade Commission (ITC) announced its injury determinations on the 33 steel product that were initially included in the Section 201 investigation. Unfortunately most primary steel products of importance to the South African industry received an affirmative vote from the six commissioners. The ITC thus deemed imports of these products to have been injurious to the US local industry, although in the case of South Africa volumes exported to the US were at very low (de minimus) levels, being less than 3% of total imports into the USA. The products that remained part of the investigation are carbon and alloy steel slab, plate, hot-rolled coil and sheet, cold-rolled coil and sheet, coated sheet, hot-rolled bars & light shapes, cold formed bars, rebar, welded tubes and pipes and flanges. Products of importance to South Africa that have received a negative vote with the resultant exclusion from the investigation, are wire, stranded wire, heavy structural shapes, seamess pipes and most stainless steel products.

The remedy phases for the products that remain part of the investigation started at the beginning of November 2001. On 7 December 2001 the ITC Commissioners announced their respective remedies. These varied from tariff-rate quotas of 20% when suggested quotas are exceeded, to tariffs of up to 40% suggested by certain Commissioners. Tariff-rate quotas, tariffs and quotas were suggested by the various ITC Commissioners. The ITC will submit its remedy report to the US President on 19 December 2001. The President will make the final decision whether or not to invoke remedies, and he has until 17 February 2002 to decide whether to invoke any section 201 remedies. The President may make his decision before the 60 days has expired, or he could delay his decision beyond the statutory deadline. Decisions made by the President on 17 February 2002 should only take effect 15 days later (4 March 2002) at the earliest, and might be delayed another 90 days (16 May 2002) if the President should decide to first negotiate an alternaive solution before imposing any section 201 import restrictions.