steelnews

June 2002 Issue 17

Steelnews is the official quarterly newsletter of the South African Iron and Steel Institute (SAISI).

Comments on the content and contributions for future editions are welcomed and may be sent to the Editor:

Steelnews SAISI
P O Box 6318
PRETORIA
0002

Tel:
(012) 320-2450
fax:
(012)320-1150
e-mail:
saisi@saisi.co.za
website:
www.saisi.co.za

STEEL
The most recycled material

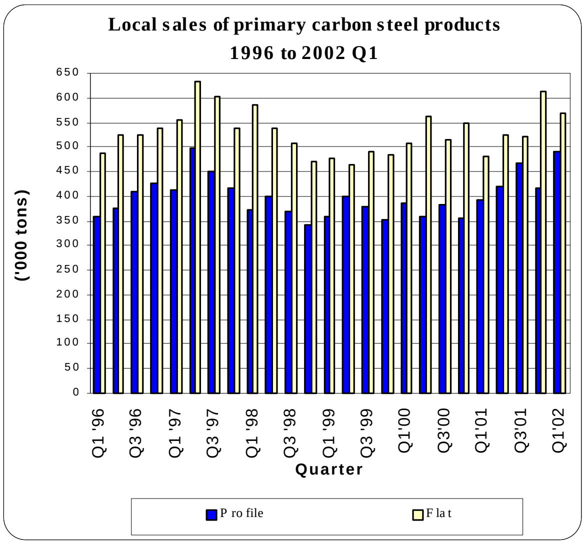
Healthy local carbon steel sales growth rate continues into 2002

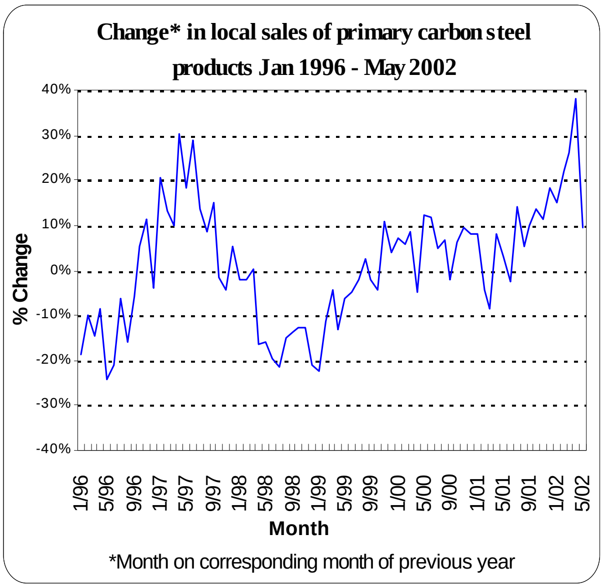
Total domestic carbon steel sales increased by 21,0% during the first quarter of 2002 compared with the first quarter of 2001. Compared with the first quarter of 2001, sales of carbon steel long products increased markedly by 24,1% while sales of flat products increased by 18,5% during the corresponding period. Domestic sales increased by 2,9% during the first quarter of 2002 compared with the fourth quarter of 2001. Profile product sales increased by 17,6% while sales of flat products decreased by 7,1% during this period.

Although a cyclical recovery of the USA, and subsequently the world economy, is eagerly awaited following the aggressive monetary easing during the course of 2001, international developments continue to be an uncertain factor. The recovery of the US economy has to date been slower than expected and the continued threat to the US domestic security situation remains disconcerting while the US appears fatalistically determined to engage all rogue radicals. It also remains to be seen how world events such as the ongoing Middle East crises and relations between Pakistan and India will impact on the anticipated world economic recovery and thus on the open South African economy.

The domestic economy managed reasonably broad based growth at the beginning of 2002 despite the hesitancy and uncertainty of the world economic recovery. However, the tightening of monetary policy is poised to curtail growth rate prospects as from the second half of the year.

Continued on page 2





*Month on corresponding month of previous year

Contents *Page*

Steel sales increase continues (continued from page 1)

Consumers have been trading down on durable purchases despite the generous February 2002 personal income tax cut. This is due to interest rate hikes and hefty price increases flowing through as a result of the currency depreciation. New vehicle sales reveal an ongoing slow decline since November 2001. The consumer inflation rate is expected to peak towards the end of the year, before easing to lower levels and reducing some pressure on consumer spending.

The weak rand has thus far outweighed the fragile global economic growth rate in continuing to buoy exports. Continued favourable export performance from now on, however, remains heavily dependant on renewed global economic recovery. Uncertainty about the local and international economic environments is expected to stabilise going into 2003, bolstering capital investment initiatives by domestic firms.

Total local sales of primary carbon steel products - 2001 & 2002 (5 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			0.0
Q2	**420.4**	**523.7**	**944.1**	**337.5**	**420.3**	**757.8**
JULY	159.7	175.8	335.5			0.0
AUG	160.7	162.9	323.6			0.0
SEP	145.8	181.9	327.7			0.0
Q3	**466.2**	**520.6**	**986.8**	**0.0**	**0.0**	**0.0**
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**	**826.7**	**990.6**	**1 817.3**

Imports of primary carbon steel products declined during Q1 of 2002

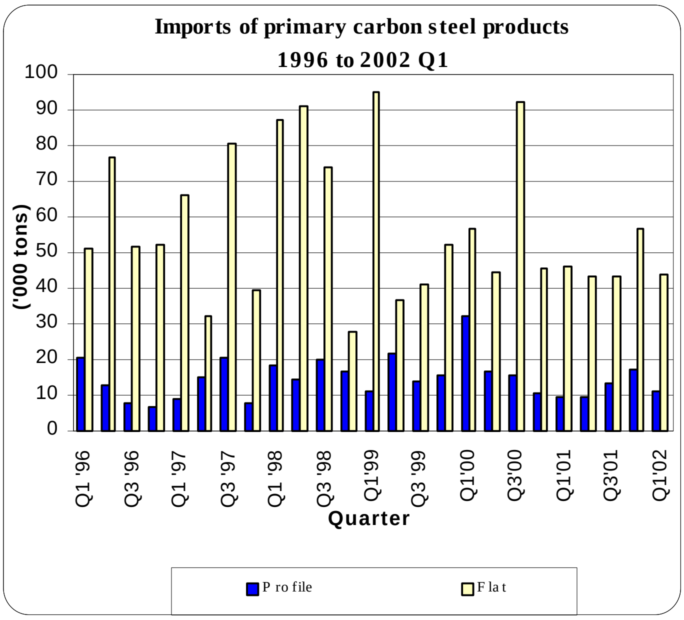
According to statistics released by Customs and Excise, imports of primary carbon steel products (excluding wire and stainless steel, but including rails) declined by 25,4% during the first quarter of 2002 compared with the high import level during the fourth quarter of 2001. Imports declined marginally by 1,3% during the first quarter 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 4,9% during the first quarter of 2002 compared with 5,9% during 2001 as a whole.
Continued on page 3

Imports of primary carbon steel products - 2001 to March 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			0.0
MAY	3.8	14.5	18.3			0.0
JUNE	2.3	14.5	16.8			0.0
Q2	**9.3**	**43.1**	**52.4**	**0.0**	**0.0**	**0.0**
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**	**11.1**	**43.7**	**54.8**

Source: Customs & Excise



Imports declined by 25,4% (continued from page 2)

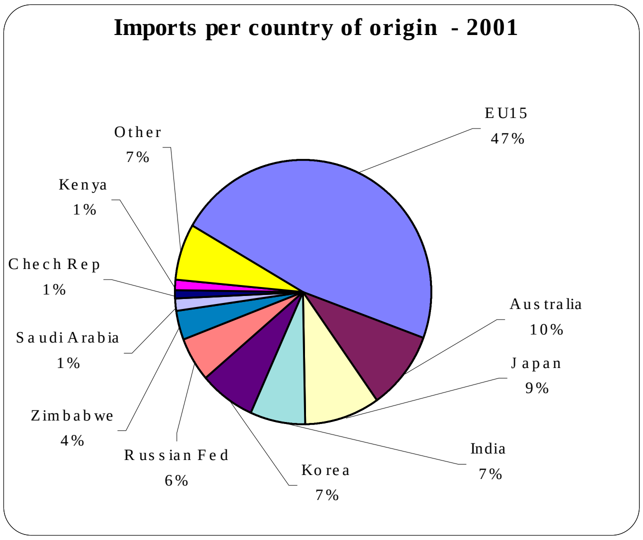
South Africa's ten most important steel trading partners in 2001 and 2002 (3 months)

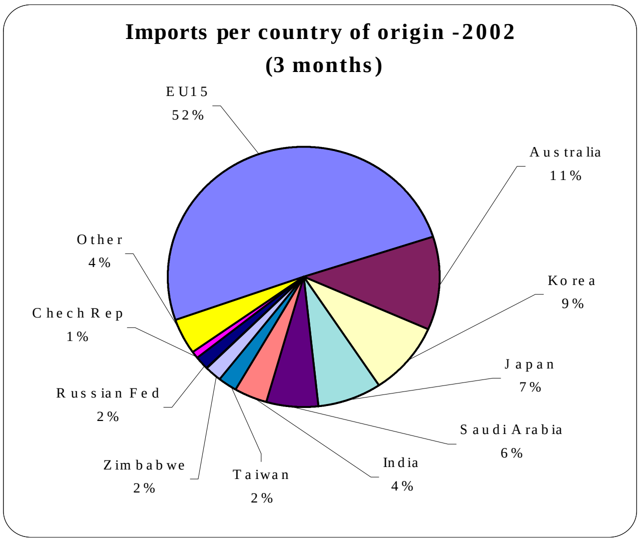
Imports ('000) tons
(All products including stainless steel and finished wire)

Countries	2001	Countries	2002 (3)
EU15	131.722	EU15	31.925
Australia	26.508	Australia	7.111
Japan	24.761	Korea	5.542
India	19.642	Japan	4.671
Korea	19.068	Saudi Arabia	3.882
Russian Fed	15.690	India	2.466
Zimbabwe	9.835	Taiwan	1.398
Saudi Arabia	3.564	Zimbabwe	1.272
Chech Rep	3.519	Russian Fed	0.966
Kenya	3.508	Chech Rep	0.728
Total 10 countries	257.817	Total 10 countries	59.961
Total imports	**277.220**	**Total imports**	**62.716**
10 Countries/ total	93.0%	10 Countries/ total	95.6%
Other	19.403	Other	2.755
Source: Customs & Excise			

Imports of cold-rolled sheet from Korea amounted to 2 348 tons, representing 62,5% of all cold-rolled imports during the first quarter of 2002. Imports from India consisted mostly (68,0%) of hot-dipped galvanised sheet and represents 24,4% of all hot-dipped galvanised imports during Q1 of 2002. Imports from Saudi Arabia consisted mostly (56,1%) of hot-dipped galvanised sheet and represents 31,7% of all hot-dipped galvanised imports. Imports of hot-rolled coil from Saudi Arabia amounted to 1 114 tons, representing 55,0% of all hot-rolled coil imports during Q1 of 2002.

Imports from Australia consisted mostly (78,3%) of painted sheet and represents 85,6% of all painted sheet imports during Q1 of 2002. Imports of hot -rolled alloy steel sheet & coil amounted to 8 732 tons of which 49,1% was imported from Sweden and 24,9% was imported from Germany.





Exports as reported by South African producers consolidating at lower level

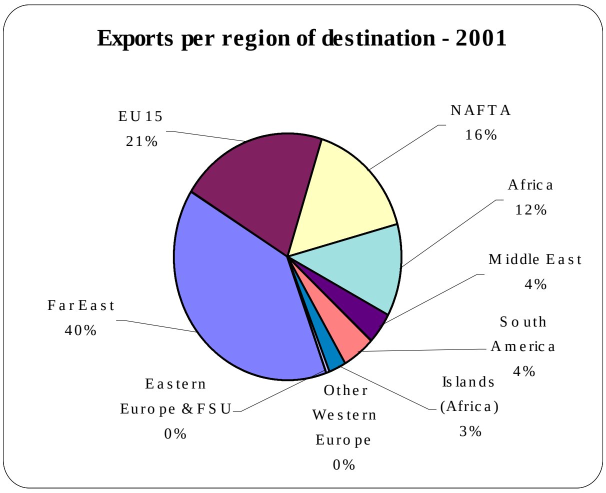
Exports of primary carbon steel products, as reported by South African manufacturers, showed an increase of 2,5% during the first quarter of 2002 compared with the fourth quarter of 2001. However, exports during the first quarter of 2002 decreased by 12,2% compared with the high level of the first quarter of 2001. During the first quarter of 2002, exports of flat products increased by 14,7% compared with the fourth quarter of 2001 while exports of profile products showed a decrease of 14,4% during the corresponding period.

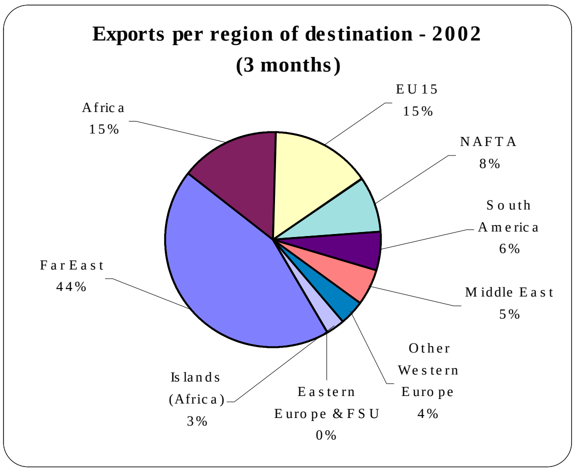
During the first quarter of 2002, exports of flat steel products amounted to 64,9% of total exports and the exports of profile products to 35,1% of total exports.
(continue on page 4)

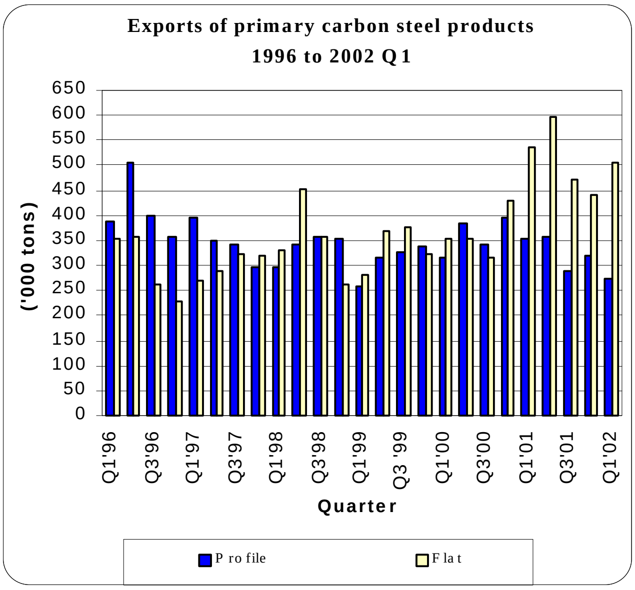
Exports consolidate (continued from page 3)

Exports of primary carbon steel products reported by the primary steel producers - 2001 & 2002 (5 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			0.0
Q2	**356.8**	**596.8**	**953.6**	**170.6**	**281.4**	**452.0**
JULY	106.4	190.3	296.7			0.0
AUG	103.9	139.6	243.5			0.0
SEP	79.0	140.2	219.2			0.0
Q3	**289.3**	**470.1**	**759.4**	**0.0**	**0.0**	**0.0**
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**	**443.7**	**787.2**	**1 230.9**

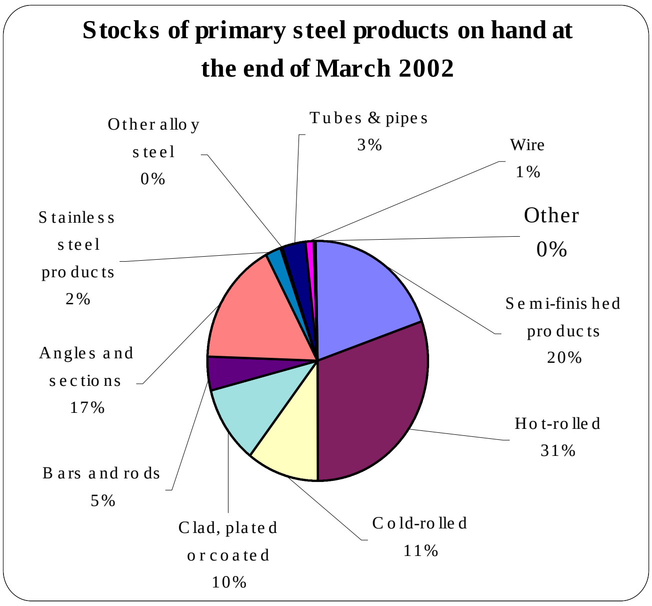






Stocks of primary steel products on hand at end of December 2001 & March 2002

Products (metric tons)	**Dec 2001(R)**	**March 2002**
1 **Iron and non-alloy steel**	1 699 756	1 644 262
A **Semi-finished products**	357 890	358 142
B **Total finished products**	1 341 866	1 286 120
C **Total flat rolled products**	935 549	896 740
i Hot-rolled	572 684	529 046
ii Cold-rolled	180 070	188 198
iii Clad, plated or coated	182 795	179 496
D **Total profile products**	406 317	389 380
i Bars and rods	100 148	84 346
ii Angles and sections	306 169	305 034
2 **Stainless steel products**	47 294	41 538
3 **Other alloy steel**	2 812	3 201
4 **Other products**	83 453	91 293
i Tubes & pipes	52 993	60 037
ii Wire	24 936	25 197
iii Other	5 524	6 059

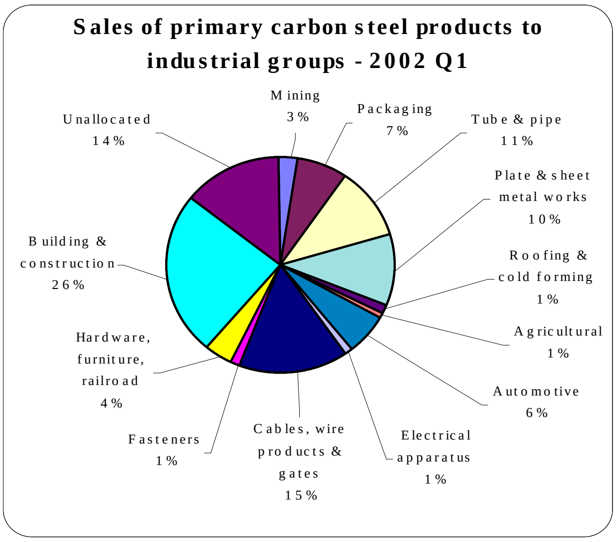


Source: South African Iron and Steel Institute

Carbon steel sales to industrial groups during Q1 of 2002

Sales of primary carbon steel products to industrial groups Sales in tonnes	2002 Q1		
	Profile	Flat	Total
1 Mining	18282	11172	29454
2 Total Manufacturing	213785	402015	615800
Packaging	8	76343	76351
Structural Metal	2352	235486	237838
Tube & pipe	1551	114859	116410
Plate & sheet metal works	801	107364	108165
Roofing & cold forming	0	13263	13263
Agricultural	6407	648	7055
Automotive	7901	57012	64913
Electrical apparatus	0	12316	12316
Cables, wire products & gates	157342	3838	161180
Fasteners	15202	140	15342
Other: Hardware, furniture,rail	24573	16232	40805
3 Building & construction	199696	63532	263228
4 Unallocated	59871	93172	153043
5 **Total**	491634	569891	1061525

Source: South African Iron and Steel Institute



PRELIMINARY ANTI-DUMPING DUTIES IMPOSED ON COLD-ROLLED FLAT PRODUCTS EXPORTED FROM THE RUSSIAN FEDERATION TO SOUTH AFRICA

The Board on Tariffs and Trade (BTT) on 26 April 2002 announced preliminary anti-dumping duties against the importation of cold-rolled flat products from the Russian Federation. A preliminary duty of 15,1% was instituted against JSC Severstal and 77,7% against other exporters from Russia.

After Iscor Ltd had filed the dumping petition, the BTT formally initiated an investigation on 22 June 2001. The BTT found that there was sufficient evidence to show that the subject product was being imported at dumped prices, causing material injury to the Southern African Customs Union (SACU) industry.

Iscor Ltd alleged that cold-rolled flat products imported from the Russian Federation were being dumped on the SACU market, thereby causing material injury to the SACU local industry. The basis of the alleged dumping was that the goods were being exported to the SACU at prices less than the normal value in the Russian Federation.

Iscor Ltd alleged that as a result of the dumping of the product from the Russian Federation, the SACU industry was suffering material injury in the form of price undercutting, price suppression and declines in output, sales, market share, profits, return on investments and employment.

According to the report released by the BTT, the alleged dumped imports from the Russian Federation constituted 56,5% (19 401 tons) of all imports of the subject product during 1997/98, 49,7% (13 300 tons) during 1998/99 and 82,0% (29 250 tons) during 1999/2000.

The preliminary duties will be in place for twenty six weeks (until 18 October 2002) during which period the BTT will complete the investigation to arrive at a final anti-dumping duty.