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South African Iron and Steel Institute

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

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

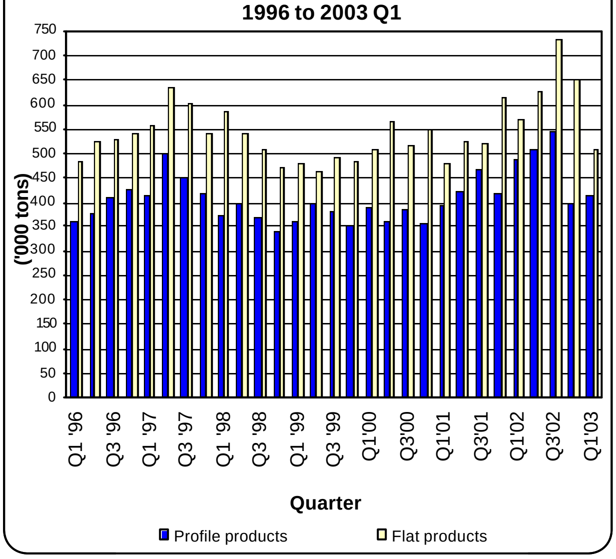
Total domestic carbon steel sales declined by 12,7% during the first quarter of 2003 compared with the first quarter of 2002. During this period sales of carbon steel long products decreased 15,4% while sales of flat products decreased by 10,5%. Domestic carbon steel sales decreased by 11,7% during the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

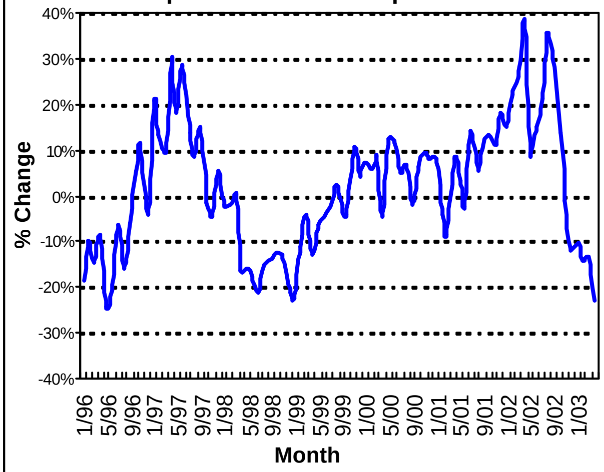
The effects of a stimulatory fiscal budget, lower inflation and relaxation of monetary policy should contribute towards improved consumer confidence . However, a broad based uptake in local and international demand is needed to instill a sustained recovery in manufacturing production.

Continued on page 2

**Local sales of primary carbon steel products 1996 to 2003 Q1**




**Change* in local sales of primary carbon steel products Jan 1996 - April 2003**




*Month on corresponding month of previous year



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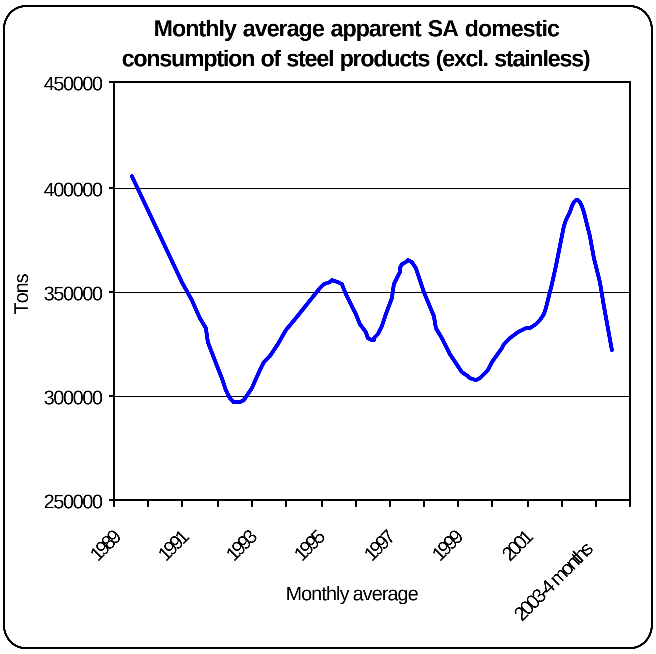
# Sales decreased by 12,7% during Q1 2003 (continued from page 1)

## 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

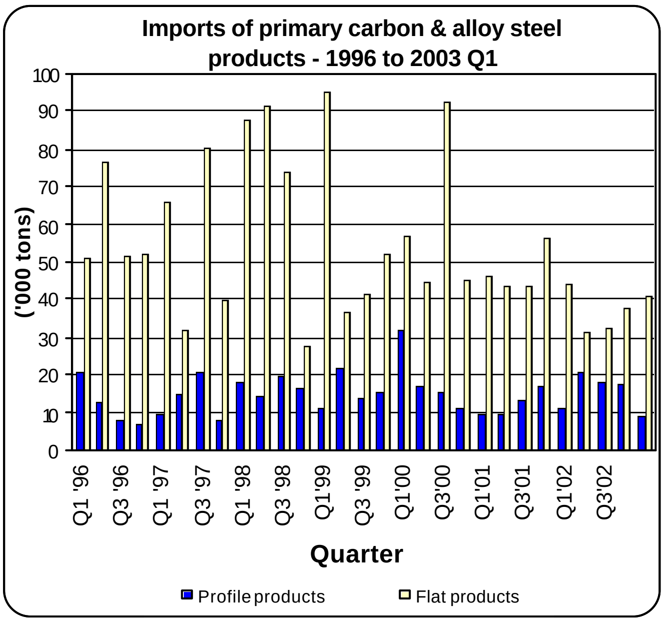
According to statistics released by Customs and Excise, imports of primary carbon and alloy steel products (excluding wire and stainless steel, but including rails) declined by 9,9% during the first quarter of 2003 compared with the first quarter of 2002. However, the March 2003 imports of 24 599 tons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

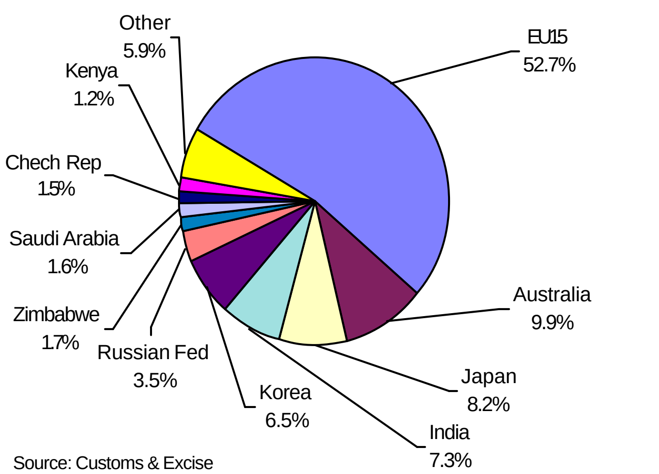
| Countries | 2002 | Countries | 2003 |
|---|---|---|---|
| EU15 | 127 339 | EU15 | 30 254 |
| Australia | 23 929 | Japan | 8 845 |
| Japan | 19 875 | Australia | 3 941 |
| India | 17 607 | Korea | 3 435 |
| Korea | 15 675 | India | 3 432 |
| Russian Fed | 8 490 | Taiwan | 1 469 |
| Zimbabwe | 4 071 | Czech Rep | 1 179 |
| Saudi Arabia | 3 882 | Malaysia | 1 176 |
| Chech 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%).

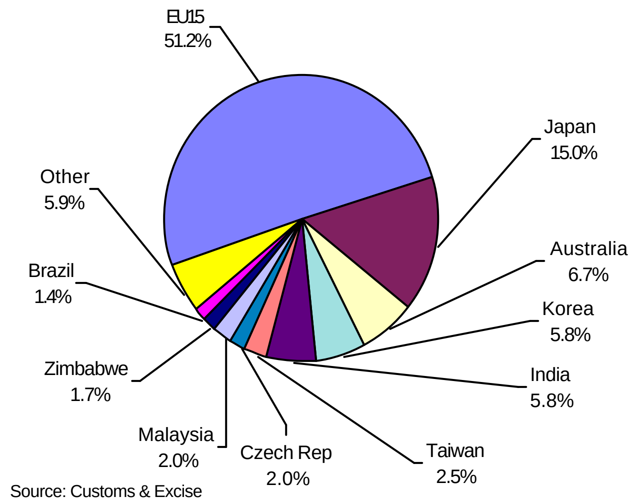
Imports of alloy hot-rolled flat products amounted to 8 359 tons during the first quarter of 2003, mostly from Sweden (64,6%), Germany (15,3%) and the USA (7,9%). Imports from Russia amounted to only 347 tons of alloy steel products during the first quarter of 2003.

**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.

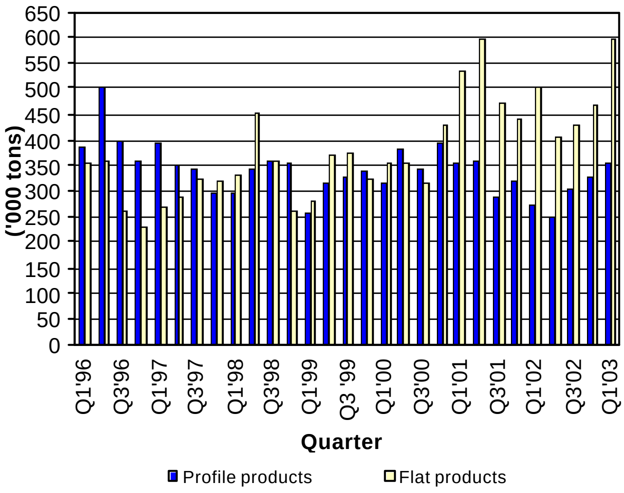
(continued on page 4)

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

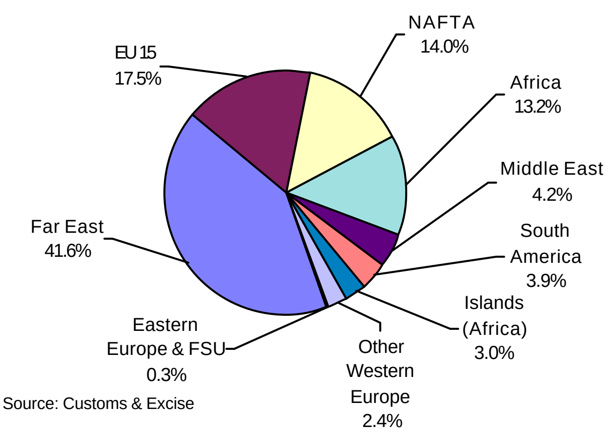
**Exports of primary carbon steel products reported by the primary steel producers- 2002 & 2003 (4 months) ('000 tons)**

| 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 |
| **Q1** | **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 |
| **Q2** | **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 |
| **Q3** | **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 |
| **Q4** | **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** |

**Exports of primary carbon steel products 1996 to 2003 Q1**

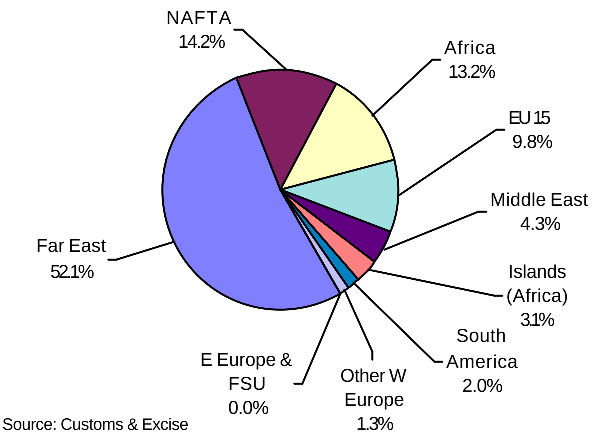



**Exports per region of destination - 2002**




Source: Customs & Excise

**Exports per region of destination - 2003 Q1**



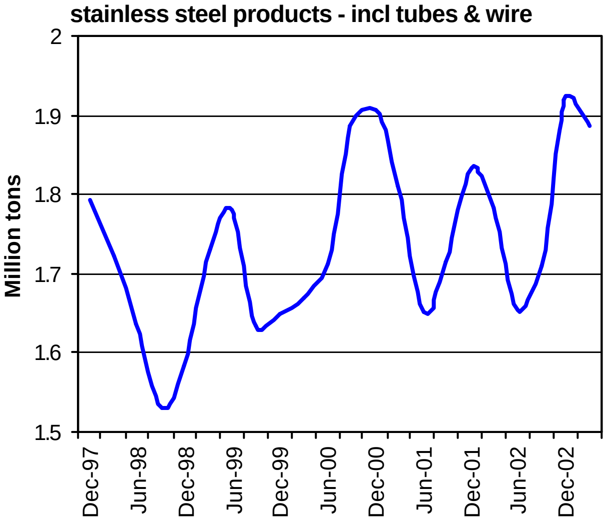

Source: Customs & Excise

# 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

**Total stocks of primary carbon, alloy & stainless steel products - incl tubes & wire**



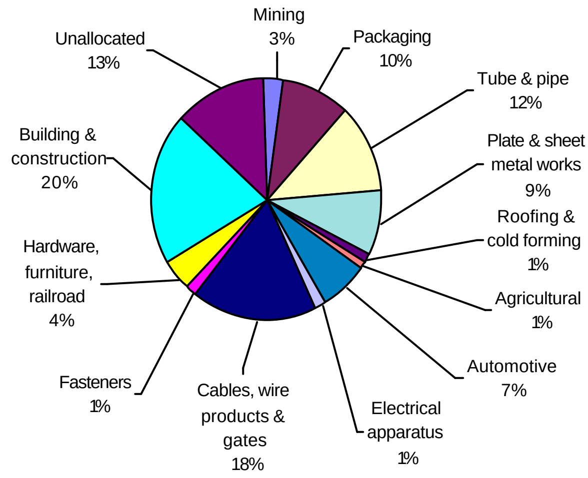
# Carbon steel sales to industrial groups during Q1 of 2003

**Sales of primary carbon steel products to industrial groups**

| | 2003 Q1 | | |
|---|---|---|---|
| Metric tons | 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 - 2003 Q1**




**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, convertors 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