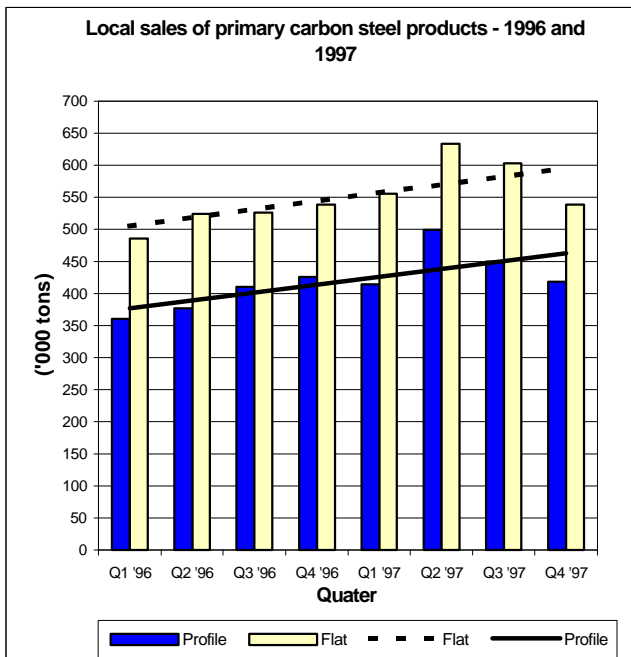




## LOCAL SALES INCREASED UP TO SECOND QUARTER 1997.....

Local sales of primary carbon steel products showed an increasing trend from first quarter 1996 until the second



Domestic sales for calendar year 1997 are still 12,7% up on the 1996 level and totalled 4,1 million tons. During 1997, the sales of flat products increased by 12,3% and profile products by 13,1%.

During 1997, quarter 1 sales increased by 14,6% when compared to the same quarter of 1996, with an even better performance in the second quarter of 1997 when local sales increased by 25,7%. The increases during the first two quarters of 1997 could partly be ascribed to an increase in residential building activities on RDP projects.

## BUT DECREASED DURING THE THIRD AND FOURTH QUARTER OF 1997

Conditions changed during the second half of 1997 when local sales decreased by 7,0% from the second to the third quarter of 1997 and again by 9,2% from the third to the fourth quarter of 1997.

A decline in steel demand is expected for 1998. Statistics on the sales for the first two months of 1998 already decreased by 11,7% when compared to sales during the first two months of 1997. Conditions are only expected to improve during the second half of 1998.

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.

Steelnews Tel.: 012 - 320 2450  
 SAISI Fax.: 012 - 320 1150 / 2456  
 P.O. Box 6318 e-mail: saisi@iafrica.com  
 PRETORIA  
 0001

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### Total local sales of primary carbon steel products for calendar years 1996 and 1997

MONTH	1996			1997		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	114.3	163.0	277.3	129.2	205.7	334.9
FEB	120.2	165.0	285.2	144.0	178.9	322.9
MAR	125.7	157.9	283.6	140.9	170.9	311.8
<b>Q1</b>	<b>360.2</b>	<b>485.9</b>	<b>846.1</b>	<b>414.1</b>	<b>555.5</b>	<b>969.6</b>
APRIL	123.2	162.7	285.9	161.4	211.5	372.9
MAY	122.7	190.9	313.6	166.1	204.9	371.0
JUNE	131.3	170.7	302.0	171.6	217.3	388.9
<b>Q2</b>	<b>377.2</b>	<b>524.3</b>	<b>901.5</b>	<b>499.1</b>	<b>633.6</b>	<b>1132.8</b>
JULY	137.3	183.0	320.3	146.7	217.6	364.3
AUG	134.6	169.2	303.8	144.4	185.5	329.9
SEP	138.6	173.9	312.5	158.8	200.0	358.7
<b>Q3</b>	<b>410.5</b>	<b>526.1</b>	<b>936.6</b>	<b>449.9</b>	<b>603.0</b>	<b>1053.0</b>
OCT	168.9	205.7	374.6	164.8	205.8	370.7
NOV	162.4	196.5	358.9	160.9	181.5	342.4
DEC	95.1	136.0	231.1	92.3	151.0	243.3
<b>Q4</b>	<b>426.4</b>	<b>538.2</b>	<b>964.6</b>	<b>418.1</b>	<b>538.3</b>	<b>956.4</b>
<b>TOTAL</b>	<b>1 574.3</b>	<b>2 074.5</b>	<b>3 648.8</b>	<b>1 781.3</b>	<b>2 330.5</b>	<b>4 111.8</b>

### MODERATE DECREASE IN IMPORTS FROM 1996 TO 1997

According to statistics from Customs and Excise, overall imports of primary carbon steel products decreased by 3,3% from 1996 to 1997.

Of the 270 400 tons of primary carbon steel products imported during 1997, flat products contributed 218 300 tons or 80,7%. This is 13 300 tons or 5,7% less than during 1996.

Imports of primary carbon steel long products contributed 52 100 tons or 19,3% to total primary carbon steel products imported during 1997. This is 4 200 tons or 8,0% more than during 1996.

Although the overall trend of imports was declining (see the graph at the bottom of this page), first quarter imports during 1997 increased by 4,7% when compared to the same quarter of 1996. Second quarter imports decreased by 47,4%, while third and fourth quarter imports increased by 70,6% and decreased by 20,1% respectively when compared with the same quarters of the previous year.

The levels of import penetration (imports expressed as a percentage of the local demand) were at 6,2% during 1994, at 4,8% during 1995, at 7,1% during 1996 and at 6,2% during

**DUMPING COMPLAINT FILED BY THE SOUTH AFRICAN IRON AND STEEL INSTITUTE AGAINST RUSSIA AND THE UKRAINE ON LOW-PRICED IMPORTS OF PLATES AND HOT-ROLLED SHEET ORIGINATING IN THESE TWO COUNTRIES**

**SEE PAGE 4**

### Imports of primary carbon steel products for calendar years 1996 and 1997 ('000 tons).

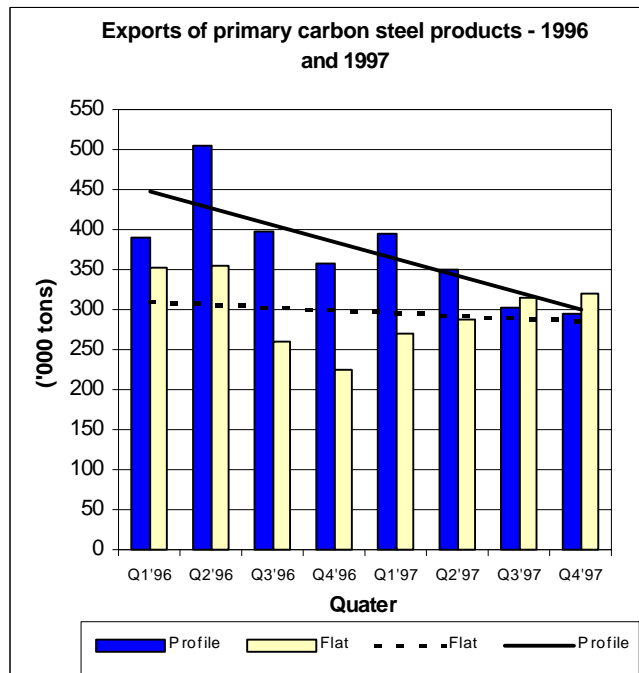
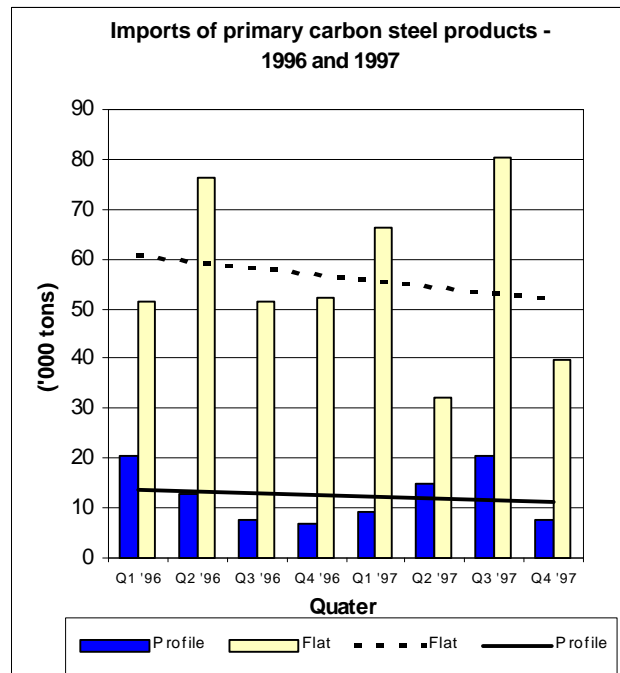
MONTH	1996			1997		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	8.0	17.3	25.3	4.9	22.6	27.5
FEB	8.4	20.4	28.9	2.4	16.8	19.2
MAR	4.1	13.5	17.6	1.7	26.8	28.5
<b>Q1</b>	<b>20.5</b>	<b>51.3</b>	<b>71.8</b>	<b>9.1</b>	<b>66.1</b>	<b>75.2</b>
APRIL	2.5	34.2	36.8	3.2	8.2	11.5
MAY	3.2	17.4	20.6	2.6	12.3	14.8
JUNE	7.1	24.8	32.0	9.2	11.6	20.7
<b>Q2</b>	<b>12.8</b>	<b>76.5</b>	<b>89.3</b>	<b>15.0</b>	<b>32.1</b>	<b>47.0</b>
JULY	3.1	16.3	19.3	5.2	28.3	33.5
AUG	2.4	24.6	27.0	9.2	19.1	28.3
SEP	2.2	10.7	12.9	6.2	33.0	39.2
<b>Q3</b>	<b>7.7</b>	<b>51.5</b>	<b>59.2</b>	<b>20.6</b>	<b>80.4</b>	<b>101.0</b>
OCT	2.1	16.6	18.7	3.1	17.8	21.0
NOV	2.7	19.8	22.5	2.2	10.9	13.1
DEC	2.0	16.0	18.0	2.2	10.9	13.1
<b>Q4</b>	<b>6.8</b>	<b>52.3</b>	<b>59.1</b>	<b>7.5</b>	<b>39.7</b>	<b>47.2</b>
<b>TOTAL</b>	<b>47.9</b>	<b>231.6</b>	<b>279.5</b>	<b>52.1</b>	<b>218.3</b>	<b>270.4</b>

During 1997, South African imports of primary steel originated (in order of magnitude) in the following countries:

- Germany, Russian Federation, France, Zimbabwe, Japan, Belgium, Brazil, United Kingdom, India, Sweden.

### EXPORTS DECREASING FROM 1996 TO 1997

The exports of primary carbon steel products showed a decreasing trend from January 1996 to December 1997 as depicted in the graph below. Exports reported by the members of the Institute decreased by 10,9% from 1996 to 1997. Of the



Steelnews

2 534 500 tons of primary carbon steel products exported during 1997, flat products contributed 1 193 000 tons or 47,1%, which is only 1 600 tons or 0,1% less than during 1996.

Exports of primary carbon steel long products were mainly responsible for the total decline in exports and represented 1 341 500 tons or 52,9% of total primary carbon steel products exported during 1997. This is 309 900 tons or 18,8% less than during 1996.

Exports of primary carbon steel products during the first quarter of 1997 decreased by 10,3% when compared to the same quarter of 1996. Second quarter exports decreased by 26,1%, third quarter exports decreased by 6,5% and fourth quarter exports increased by 5,5% when compared to the comparable quarters during 1996.

During 1997, South Africa exported primary carbons steel products to 120 countries of which the following countries (in order of magnitude) were our most important trading partners:

Zimbabwe, Taiwan, Hong-Kong, United States, Korea, Japan, India, Thailand, Italy and the United Kingdom.

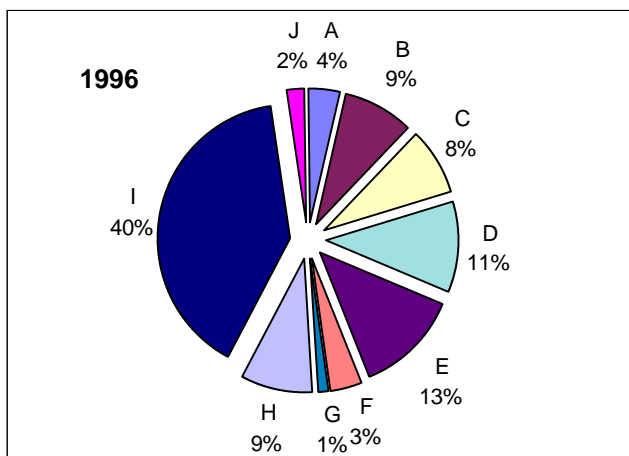
Exports of primary carbon steel products re-ported by the primary steel producers for cal-endar years 1996 and 1997('000 tons).

MONTH	1996			1997		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	174.6	115.8	290.4	130.0	90.3	220.3
FEB	97.4	115.0	212.4	139.1	88.3	227.4
MAR	117.3	120.9	238.2	126.5	90.8	217.3
<b>Q1</b>	<b>389.3</b>	<b>351.7</b>	<b>741.0</b>	<b>395.7</b>	<b>269.4</b>	<b>665.0</b>
APRIL	165.2	107.7	272.9	105.2	100.0	205.3
MAY	172.2	129.6	301.8	119.8	96.2	216.0
JUNE	168.0	118.9	286.9	123.8	91.5	215.4
<b>Q2</b>	<b>505.4</b>	<b>356.2</b>	<b>861.6</b>	<b>348.8</b>	<b>287.8</b>	<b>636.6</b>
JULY	129.9	117.1	247.0	89.8	96.5	186.4
AUG	120.7	75.0	195.7	104.6	108.7	213.3
SEP	147.9	68.4	216.3	107.2	109.4	216.6
<b>Q3</b>	<b>398.5</b>	<b>260.5</b>	<b>659.0</b>	<b>301.6</b>	<b>314.7</b>	<b>616.3</b>
OCT	133.2	89.4	222.6	89.2	110.8	200.0
NOV	117.8	81.6	199.4	112.1	92.5	204.6
DEC	107.2	55.2	162.4	94.1	117.9	212.0
<b>Q4</b>	<b>358.2</b>	<b>226.2</b>	<b>584.4</b>	<b>295.4</b>	<b>321.2</b>	<b>616.5</b>
<b>TOTAL</b>	<b>1 651.4</b>	<b>1 194.6</b>	<b>2 846.0</b>	<b>1 341.5</b>	<b>1 193.0</b>	<b>2 534.5</b>

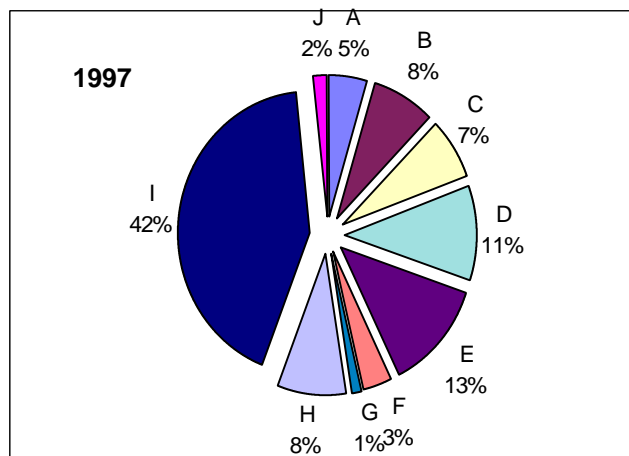
SALES TO INDUSTRIAL GROUPS - SLIGHT CHANGE FROM 1996

As was the case in 1996, merchants were the biggest local trading partner of the primary steel industry in 1997, buying 42,5% of total local sales (40,2% during 1996), followed by cables, wire products and gates with 12,5% (12,5% during 1996) as depicted in the tables and graphs to follow.

INDUSTRIAL GROUP - 1996		TONS	%
Basic Industries	A	139 363	3.8
Metal pipes, tubes and fittings	B	321 420	8.7
Tincans and tinware	C	296 160	8.0
Plate and sheet metal works except tinware	D	407 086	11.0
Cables, wire products & gates	E	463 775	12.5
Other metal products except machinery and transport equipment	F	125 435	3.4
Transport equipment	G	53 383	1.4
Construction	H	324 092	8.8
Merchants	I	1 487 856	40.2
Other	J	78 936	2.1
<b>TOTAL</b>		<b>3 697 506</b>	<b>100.0</b>



INDUSTRIAL GROUP - 1997		TONS	%
Basic Industries	A	196 367	4.8
Metal pipes, tubes and fittings	B	322 694	7.8
Tincans and tinware	C	280 863	6.8
Plate and sheet metal works except tinware	D	451 479	10.9
Cables, wire products & gates	E	517 264	12.5
Other metal products except machinery and transport equipment	F	134 467	3.3
Transport equipment	G	60 091	1.5
Construction	H	338 246	8.2
Merchants	I	1 756 413	42.5
Other	J	70 397	1.7
<b>TOTAL</b>		<b>4 128 281</b>	<b>100.0</b>



## FERROUS-SCRAP CONSIGNMENTS CONTAINED EXPLOSIVES

Article by Daan Botha

Davsteel recently detected some 260 anti-personnel cluster bombs (see photograph) during the off-loading of a consignment of scrap from a neighbouring state.

According to Mr. B Eras of Davsteel, the bombs were blended into the consignment of scrap. He alerted other consumers of ferrous scrap during a recent meeting of the Ferrous-supply Committee of the South African Iron and Steel Institute about the possible consequences of



Above - Anti-personnel cluster bombs found at Davsteel in a consignment of

scrap containing explosive materials and said that scrap should preferably be sourced from reputable scrap recyclers. During that meeting it was said by the representatives from Columbus Stainless that they also recently received explosives but from a consignment originating from domestic sources.

All primary steel producers at the meeting said that they would intensify their inspection of scrap consignments to prevent

## CONSUMPTION OF FERROUS-SCRAP AND OTHER FE-UNITS UP IN 1997

The consumption of ferrous scrap and other Fe-units increased from 9 762 783 tons in 1996 to 10 384 918 tons in 1997, an increase of 6,4%. Below is an analysis on the consumption of ferrous-scrap and other Fe-units during

Fe- unit	1996	1997	Percentage increase / (decrease) from 1996 to 1997.
Fe-scrap - purchased	1 393 656	1 463 574	5.0
Fe-scrap - from other sources	1 435 404	1 721 042	19.9
<b>Total Fe-Scrap consumed</b>	<b>2 829 060</b>	<b>3 184 616</b>	12.6
Other purchased Fe-units, e.g. pig iron	33 353	73 317	119.8
DRI / Sponge iron	822 667	1 170 305	42.3
Pool / pig iron	508 103	380 489	-25.1
Liquid iron - Corex	232 400	153 000	-34.2
Liquid iron - Arc Furnace	829 200	915 100	10.4
Liquid iron - Blast Furnace	4 508 000	4 508 091	0.0
<b>Total consumption of other Fe-units</b>	<b>6 933 723</b>	<b>7 200 302</b>	3.8
<b>Total consumption - all Fe-units</b>	<b>9 762 783</b>	<b>10 384 918</b>	6.4

## RSA - EUROPEAN UNION FREE TRADE TALKS STILL ON THE CARDS

Article by Daan Botha

The ongoing Free Trade Agreement talks between the Republic of South Africa and the European Union started during January 1998 with an intensified program of action. As was expected, steel became a focus of these trade talks.

The South African offer on primary steel products constituted immediate access to the South African market on all intermediate products like slabs, blooms and billets and a phasing-out of tariffs on other steel products according to a standard definition of starting the phase-down only after six years with a five year phasing-out period.

The European Union reacted to the proposal by South Africa by means of an altered proposal to the effect that the EU would only lower their duties if similar cuts were implemented by South Africa.

Apart from the differences on steel products, the EU also was not receptive for proposals on product protocols on certain agricultural and textile, clothing and footwear products.

Rules of origin and other developmental aspects of the proposed trade agreement still needed some discussion before a final proposal could be made to the South African parliament.

## DUMPING COMPLAINT FILED AGAINST RUSSIA AND THE UKRAINE

Article by Daan Botha

On 27 March 1998 the South African Iron and Steel Institute, on behalf of two of its members, filed an antidumping complaint with the South African Board on Tariffs and Trade against low-priced imports of plates and hot-rolled sheet originating in Russia and the Ukraine.

The application contains a request for interim provisional duties against the dumped imports from these two countries. This request was made based on the provisions contained in the South African Board on Tariffs and Trade's legislation with regard to dumping.

The filing of the dumping action was made due to a surge in imports from the two countries during the latter half of 1997 and in the beginning of 1998.

Imports from other countries at low prices are closely being monitored and further actions against low-priced imports from other

### MEMBERS OF THE SOUTH AFRICAN IRON AND STEEL INSTITUTE:

Cape Town Iron and Steel Works (Pty) Ltd; Columbus Stainless; Davsteel a Division of Cape Gate (Pty) Ltd; Highveld Steel and Vanadium Corporation Ltd; Iscor Ltd; Scaw Metals Ltd.