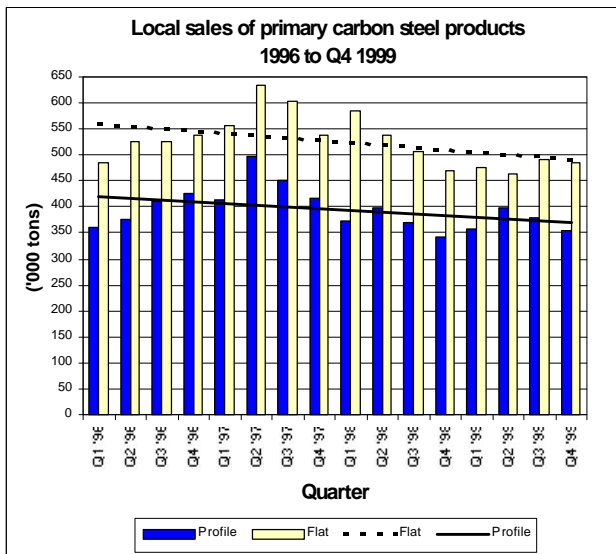


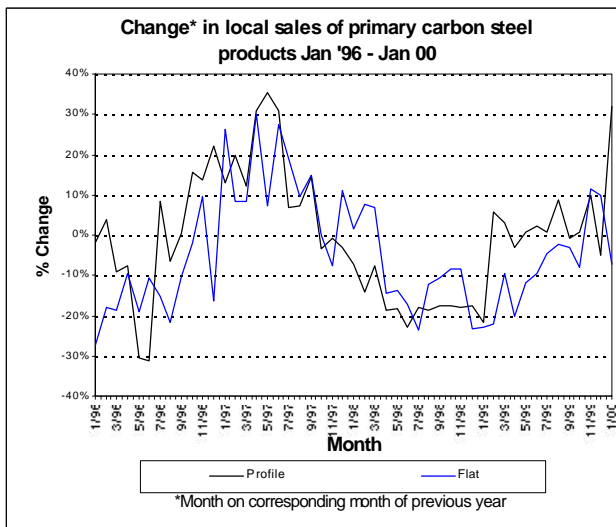


## PROSPECTS FOR LOCAL STEEL SALES IMPROVING

Domestic steel sales declined by 3,6% during the fourth quarter of 1999 compared with the third quarter of 1999 due to traditionally weak steel despatches during the December holiday period. However, steel despatches during the fourth quarter of 1999 improved by 3,2% compared with the corresponding quarter of 1998. In total steel despatches to the local market encountered a decline of 5,0% during 1999.



The gradual quarter by quarter strengthening in domestic economic growth during 1999, in conjunction with the trend towards improved global economic prospects, is expected to gather momentum into 2000. Improvement in economic growth during 2000 will initially be driven by the replenishment of business inventories and net exports. The retail, wholesale and manufacturing sectors have entered a phase of recovery and the expected acceleration in global industrial



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### Total local sales of primary carbon steel products - Jan. 1998 to December 1999 ('000)

MONTH	1998			1999		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	119.7	208.9	328.6	93.8	161.1	254.9
FEB	123.9	192.7	316.6	131.0	150.4	281.4
MAR	130.0	182.4	312.4	134.2	164.7	298.9
Q1	<b>373.6</b>	<b>584.0</b>	<b>957.6</b>	<b>359.0</b>	<b>476.2</b>	<b>835.2</b>
APRIL	131.0	180.9	311.9	126.9	144.3	271.2
MAY	135.6	177.0	312.6	136.7	156.2	292.9
JUNE	132.4	180.0	312.4	135.2	162.7	297.9
Q2	<b>399.0</b>	<b>537.9</b>	<b>936.9</b>	<b>398.8</b>	<b>463.2</b>	<b>862.0</b>
JULY	120.3	166.4	286.7	121.4	158.9	280.3
AUG	117.3	163.1	280.4	127.8	159.2	287.0
SEP	131.2	178.6	309.8	130.2	173.0	303.2
Q3	<b>368.8</b>	<b>508.1</b>	<b>876.9</b>	<b>379.4</b>	<b>491.1</b>	<b>870.5</b>
OCT	134.2	188.2	322.4	135.3	173.5	308.8
NOV	132.0	166.1	298.1	145.1	185.0	330.1
DEC	76.3	115.9	192.2	72.6	127.3	199.9
Q4	<b>342.5</b>	<b>470.2</b>	<b>812.7</b>	<b>353.0</b>	<b>485.8</b>	<b>838.8</b>
<b>TOTAL</b>	<b>1 483.9</b>	<b>2 100.2</b>	<b>3 584.1</b>	<b>1 490.2</b>	<b>1 916.3</b>	<b>3 406.5</b>

## Steelnews

activity will continue to improve the prospects of the mining sector. However, the prospects for the construction sector may be limited due to the somewhat subdued revival in fixed investment.

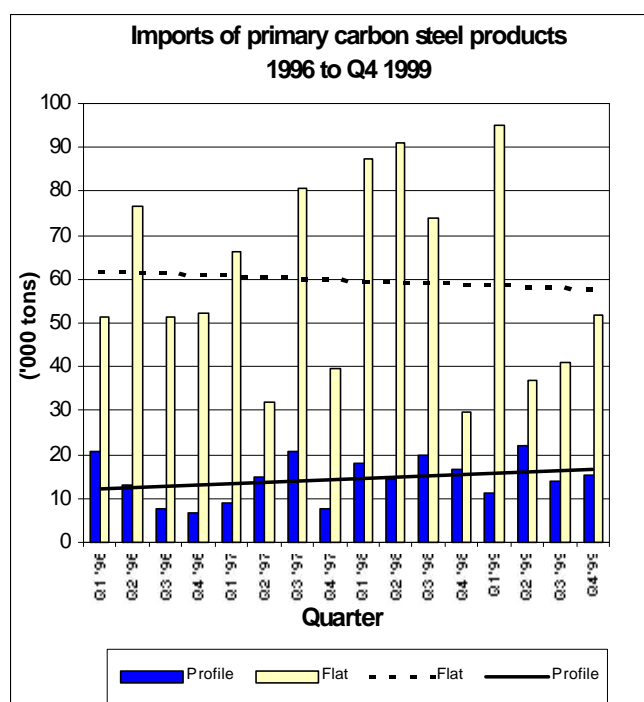
It appears as if most demand variables of the business cycle have passed through the lower turning point of activity and are set to embark on the next growth cycle. The growth in steel demand is thus expected to progressively improve during 2000. The demand for steel products related to consumer goods is expected to benefit from the replenishment of business inventories as consumer confidence and demand increases and exports pick up again. However, it is expected that an increase in the demand for steel products related to the construction industry will be somewhat subdued due to the slow recovery of fixed investment.

## STEEL IMPORTS INCREASE DURING FOURTH QUARTER OF 1999

According to statistics from Customs and Excise, imports of primary carbon steel products (excl. wire and stainless, incl. rails) decreased by 18,1% during 1999, compared with 1998. However, imports increased by 22,2% during the fourth quarter of 1999 compared with the third quarter of 1999.

Imports of flat products, comprising 78,2% of total imports, declined by 20,4% and profile products by 8,7% during 1999 compared with 1998. Imports of hot-rolled flat products decreased by 44,1% to 75 192 tons during 1999 compared with 1998, however, the imports of uncoated cold-rolled flat products increased by 19,9% to 34 228 tons during 1999 compared with 1998. Imports of coated cold-rolled flat material increased by 5,2% to 70 556 tons during 1999 compared with 1998.

Imports as a percentage of local despatches decreased to 8,4% during 1999, compared with 9,8% during 1998. Exports were 9,0 times more than imports during 1999, against an average of 7,8 times for 1998 as a whole.



## Imports of primary carbon steel products - Jan. 1998 to December 1999 ('000 tons)

MONTH	1998			1999		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	12.6	27.8	40.4	3.6	27.0	30.6
FEB	3.0	47.1	50.1	3.6	27.3	30.9
MAR	2.5	12.5	15.0	4.1	40.6	44.7
<b>Q1</b>	<b>18.1</b>	<b>87.4</b>	<b>105.5</b>	<b>11.3</b>	<b>94.9</b>	<b>106.2</b>
APRIL	5.6	54.7	60.3	9.1	13.7	22.8
MAY	5.6	10.1	15.7	8.9	9.5	18.4
JUNE	3.1	26.3	29.4	3.9	13.6	17.5
<b>Q2</b>	<b>14.2</b>	<b>91.1</b>	<b>105.3</b>	<b>21.9</b>	<b>36.8</b>	<b>58.6</b>
JULY	8.2	26.8	35.0	3.1	12.3	15.4
AUG	4.1	28.6	32.6	3.7	15.7	19.4
SEP	7.5	18.5	26.0	7.3	13.1	20.4
<b>Q3</b>	<b>19.7</b>	<b>73.9</b>	<b>93.7</b>	<b>14.1</b>	<b>41.1</b>	<b>55.2</b>
OCT	4.4	14.9	19.3	6.8	27.6	34.4
NOV	5.8	9.0	14.8	3.2	10.3	13.5
DEC	6.5	5.9	12.4	5.5	14.1	19.6
<b>Q4</b>	<b>16.7</b>	<b>29.8</b>	<b>46.5</b>	<b>15.5</b>	<b>52.0</b>	<b>67.5</b>
<b>TOTAL</b>	<b>68.8</b>	<b>282.3</b>	<b>351.0</b>	<b>62.8</b>	<b>224.8</b>	<b>287.6</b>

## South Africa's ten most important steel trading partners in 1998 and 1999

### Imports ( '000 tons)

(All products incl. stainless and finished wire )

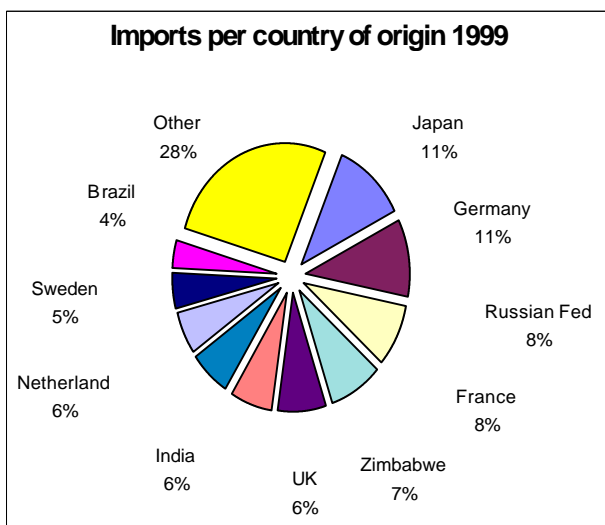
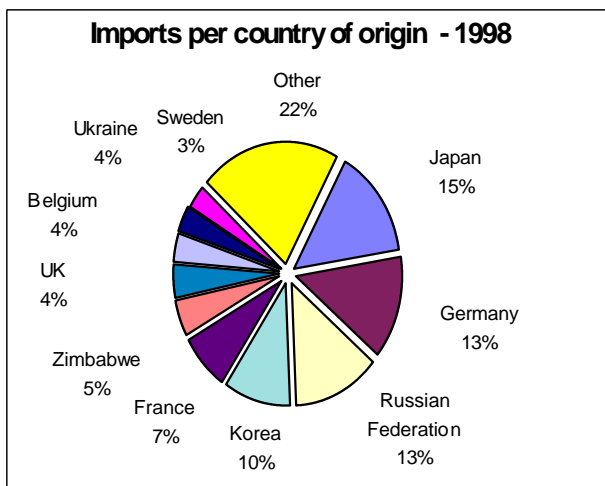
Countries	1998	Countries	1999
Japan	56.168	Japan	37.448
Germany	51.708	Germany	34.331
Russian Federation	50.727	Russian Fed	26.972
Korea	38.393	France	26.268
France	28.381	Zimbabwe	24.244
Zimbabwe	19.298	UK	21.148
UK	17.329	India	20.325
Belgium	14.499	Netherland	19.300
Ukraine	14.294	Sweden	15.163
Sweden	12.391	Brazil	13.110
<b>Total 10 countries</b>	<b>303.188</b>	<b>Total 10 countries</b>	<b>238.309</b>
<b>Total imports</b>	<b>387.234</b>	<b>Total imports</b>	<b>326.083</b>
10 Countries/ total	78.3%	10 Countries/ total	73.1%
Other	84.046	Other	87.774

Source: Customs and Excise

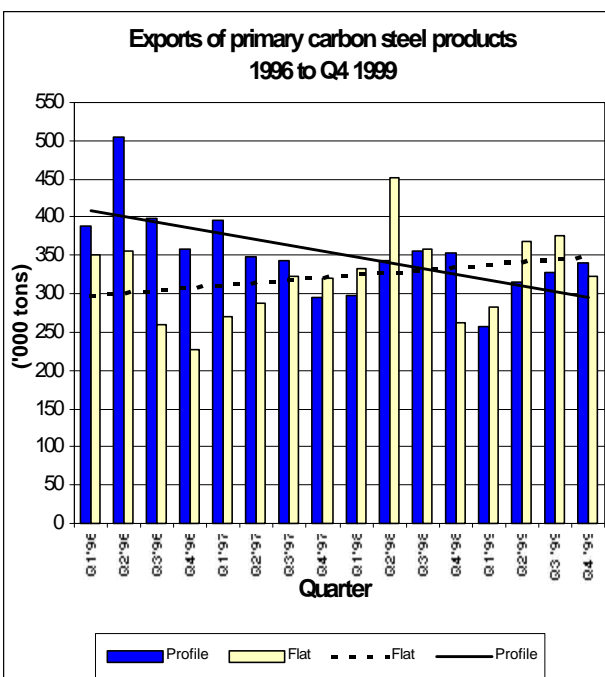
Imports of hot-rolled flat products from Japan amounted to 16 652 tons during 1999, 22,1% of all hot-rolled flat products imported during 1999. A total of 20 864 tons of uncoated cold-rolled flat products were imported from the Russian Federation during 1999, representing 61,0% of all uncoated cold-rolled flat products imports during 1999. During 1998, 18 155 tons of uncoated cold-rolled flat products were imported from the Russian Federation.

All re-inforcing bar imports into South Africa, a total of 8 772 tons during 1999, originated from Zimbabwe.

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**STEEL EXPORTS DECLINED BY 5,9% DURING 1999 COMPARED WITH EXPORTS DURING 1998**



Exports of primary carbon steel products, as reported by the members of SAI SI , decreased by 5,8% during the fourth quarter of 1999 compared with the third quarter of 1999 and by 5,9% during 1999 as a whole compared with 1998.

As a percentage of of total production of finished carbon steel products, domestic producers exported 43,2% during 1999 compared with 43,5% of production during 1998. Exports of flat-rolled carbon steel products constituted 52,2% and profile carbon steel products 47,8% of carbon steel exports during 1999.

**Exports of primary carbon steel products reported by the primary steel producers - Jan. 1998 to December 1999 ( '000 tons)**

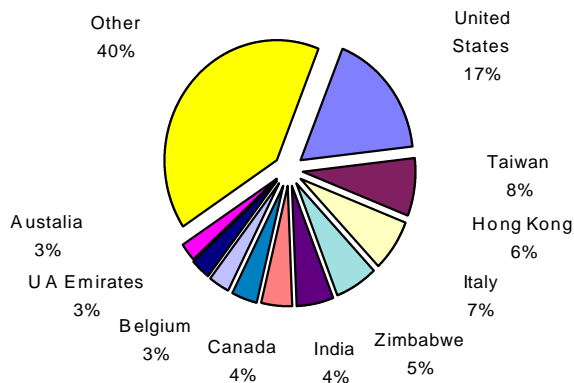
MONTH	1998			1999		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	76.2	110.7	186.9	77.9	80.5	158.4
FEB	133.8	106.3	240.1	84.7	96.8	181.5
MAR	87.7	115.2	202.9	94.0	105.6	199.6
<b>Q1</b>	<b>297.7</b>	<b>332.2</b>	<b>629.9</b>	<b>256.6</b>	<b>282.9</b>	<b>539.5</b>
APRIL	103.4	137.5	240.9	97.4	107.8	205.2
MAY	102.5	156.4	258.9	112.0	123.0	235.0
JUNE	137.0	156.9	294.0	106.7	138.8	245.5
<b>Q2</b>	<b>342.9</b>	<b>450.8</b>	<b>793.8</b>	<b>316.1</b>	<b>369.6</b>	<b>685.7</b>
JULY	104.3	122.0	226.3	105.8	109.0	214.8
AUG	157.9	118.2	276.1	113.0	151.3	264.3
SEP	93.3	117.4	210.7	108.9	116.1	225.0
<b>Q3</b>	<b>355.5</b>	<b>357.6</b>	<b>713.1</b>	<b>327.7</b>	<b>376.4</b>	<b>704.1</b>
OCT	150.5	103.6	254.1	117.8	116.0	233.8
NOV	106.4	79.8	186.2	115.7	104.4	220.1
DEC	97.0	80.1	177.1	106.1	103.2	209.3
<b>Q4</b>	<b>353.9</b>	<b>263.5</b>	<b>617.4</b>	<b>339.6</b>	<b>323.6</b>	<b>663.2</b>
<b>TOTAL</b>	<b>1 350.0</b>	<b>1 404.1</b>	<b>2 754.2</b>	<b>1 240.0</b>	<b>1 352.5</b>	<b>2 592.5</b>

**South Africa's ten most important steel trading partners in 1998 and 1999**  
Exports ( '000 tons)  
(All products incl. stainless and finished wire)

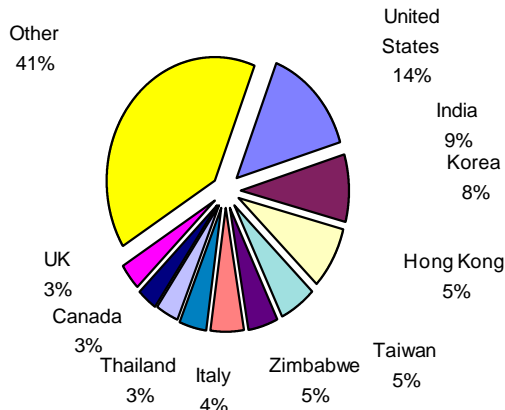
Countries	1998	Countries	1999
United States	600.9	United States	522.3
Taiwan	285.3	India	310.4
Italy	237.9	Korea	288.3
Hong Kong	212.2	Hong Kong	194.5
Zimbabwe	192.9	Taiwan	170.9
India	149.2	Zimbabwe	167.2
Canada	138.3	Italy	141.2
Belgium	100.1	Thailand	120.2
U A Emirates	99.0	Canada	119.0
Australia	95.8	UK	117.2
Total 10 countries	2 111.6	Total 10 countries	2151.0
<b>Total exports</b>	<b>3 527.5</b>	<b>Total exports</b>	<b>3 635.1</b>
10 Countries/ total	59.9%	10 Countries/ total	59.2%
Other	1416	Other	1484

Source: Customs and Excise

**Exports per country of destination 1998**



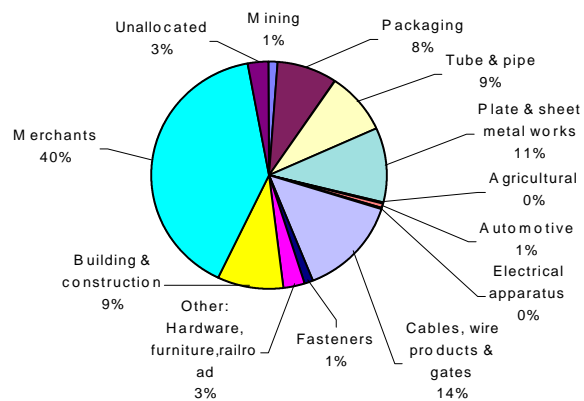
**Exports per country of destination 1999**



**SALES TO INDUSTRIAL GROUPS - SUMMARY FROM 1997 TO 1999**

Sales of primary steel products to industrial groups			
Sales in tonnes			
	1997	1998	1999
1 Mining	60674	61381	50739
2 Manufacturing			
Packaging	280863	326518	274547
Structural Metal	777543	694072	665521
Tube & pipe	322694	288498	299209
Plate & sheet metal works	454849	405574	366312
Agricultural	16979	15176	9498
Automotive	33966	20977	22288
Electrical apparatus	9070	7502	6434
Cables, wire products & gates	517264	501644	478424
Fasteners	40383	37700	36012
Other: Hardware, furniture,railroad	121405	99061	98179
3 Building & construction	338246	299403	312145
4 Merchants	1756413	1428328	1378176
5 Unallocated	175475	119528	92701
6 Total	4128281	3611290	3424664

**Sales of primary steel products to industrial groups - 1999**



**Sales to industrial groups according to product type**

Sales of primary steel products to industrial groups			
Sales in tonnes			
	1999		
	Profile	Flat	Total
1 Mining	40023	10716	50739
2 Manufacturing			
Packaging	0	274547	274547
Structural Metal			
Tube & pipe	1616	297593	299209
Plate & sheet metal works	3800	362512	366312
Agricultural	8533	965	9498
Automotive	15040	7248	22288
Electrical apparatus	0	6434	6434
Cables, wire products & gates	472038	6386	478424
Fasteners	36012	0	36012
Other: Hardware, furniture,railroad	73623	24556	98179
3 Building & construction	272655	39490	312145
4 Merchants	496462	881714	1378176
5 Unallocated	74123	18578	92701
6 Total	1493925	1930739	3424664

**USA WITHDRAWS PRELIMINARY ANTI-DUMPING DUTIES ON SA COLD- ROLLED FLAT PRODUCTS**

The US International Trade Commission (ITC) decided on 3 March 2000 that although South Africa, Japan, Russia, Brazil, Argentina and Thailand were selling cold-rolled sheet and coils to the USA at prices lower than their domestic prices, the USA industry, which was booming at the time and in need of steel, was not being injured as a result. This meant that the punitive preliminary duties (16.65% for SA) already imposed by the US Commerce Department were rescinded and any duties already paid would be refunded.

The ITC ruling is also significant in the sense that the surge in anti-dumping complaints forms a significant part of the presidential election campaign. The US steel industry indicated that they would appeal and will consult closely with the US congress on restoring "effectiveness" to US trade remedies.

## INVESTIGATION INTO DUMPING OF GRINDING MEDIA IMPORTED FROM AUSTRALIA AND CHINA

Scaw Metals, a division of Amic Industries Ltd, petitioned for an investigation into the alleged dumping of grinding media originating in or imported from Australia and the People's Republic of China (PRC). The Board on Tariffs and Trade issued a notice of initiation of the investigation into the alleged dumping of grinding media on the South African Customs Union (SACU) market in the Government Gazette dated 10 March 2000 (Notice 967 of 2000).

The petitioner alleges that it cannot compete with the low prices charged by the importers and that the allegedly dumped products are causing material injury and/or a threat of material injury. The petitioner submitted sufficient evidence and established a *prima facie* case to enable the Board to arrive at a reasonable conclusion that an investigation should be initiated on the basis of dumping, material injury and causality. The period of investigation for purposes of determining the dumping margins in the respective exporting countries of origin will be from 1 January 1999 to 31 December 1999 and the grinding media is defined as being cast balls and forged balls of steel and steel alloys, classifiable under tariff subheadings 7325.91 and 7326.11.

## CARBON STEEL CLUSTER DEVELOPMENTS

During 1994 the National Economic Forum (NEF), now known as the National Economic Development and Labour Council (NEDLAC) recognised the need to improve the international competitiveness of South African industries. Consequently, a study was commissioned to analyse the global competitiveness of the South African manufacturing industries. If the weaknesses identified could be overcome, South Africa could embark upon a sustainable economic growth path.

The metal products industry and, among others, the steel products industry, was identified as having the best potential for world competitiveness. The Industrial Development Corporation (IDC) embarked on a sectoral analysis to determine the strong and weak points of the downstream steel industry. The carbon steel industry formed industry led cluster working groups in order to create strong and co-ordinated clusters to strengthen the industry by downstream development, notably for the export market.

### ◆ Steel construction cluster

The South African Institute of Steel Construction (SAISC) has been working closely with the Department of Trade and Industry and the Industrial Development Corporation over the past three years to try to co-ordinate and support exports of structural steel.

The steel construction cluster working group set up the SA International Steel Fabricators Business Council (ISF) in 1998 to

promote the South African Structural Steel industry as a globally competitive supplier of structural steel and allied products. The Business Council linked to the "Partners for Growth" strategy for the industry to promote world competitive products. The Business Council is a section 21 company.

ISF is actively promoting the industry. Enquiries are passed to a lead contractor who contracts on behalf of the ISF members. By pooling resources, local firms can be reassured that, if they are not able to meet international demands, they can rely on other local firms for support - albeit the same companies they compete with on the local market scene.

The membership of ISF has grown substantially and all the major fabricators in the construction industry are members. ISF members continuously register new projects on a register which is circulated amongst ISF members and steel producers on a monthly basis.

### ◆ Wire Cluster

The Wire Cluster established the South African Wire Association (SAWA) and is busy with the registration of a section 21 company, the South African Wire Business Council (SAWBC), to promote the South African wire industry as a globally competitive marketer of wire products. The aim is to achieve an annual growth rate of fabricated wire products for global consumption of 20% per annum until at least 200 000 tons of the current wire rod exports are utilised in a fabricated form. Members of SAWA also attended the Dusseldorf Wire show in Germany from 3 to 7 April 2000.

### ◆ Welded Steel Tube Cluster

The Association of Steel Tube and Pipe Manufacturers (ASTPM) is presently proposing the establishment of an export council. The export council is part of the initiative by the ASTPM, which represents over 90% of the South African welded steel tube and pipe manufacturers, to improve the sector's export base by doubling its volume of exports. Exports of tube and pipe have declined drastically due to the removal of all export incentives by the government and the decline in prices on the world market due to overcapacity with regard to the production of steel tube and pipe which has made the industry extremely competitive.

### ◆ Automotive Stampings cluster

The automotive stamping industry, service centres and Iscor are investigating means of ensuring the long term viability and growth of the South African stamping industry. The aim is to rationalise the number of items ordered by the industry by 60%. The wide range of items required by the industry, in relatively small volumes, resulted in a complexity which made world class service impossible.

### ◆ Shipbuilding cluster

At present only one of the two major shipyards in South Africa, Southern African Shipyards in Durban, belongs to the cluster. An extensive marketing campaign was commenced in 1998 which is starting to bear fruit as more than R500 million worth of potential export enquiries are under investigation. SA Shipyards successfully manufactured luxury motoryachts for the export market and tugs for Portnet during 1999 and new orders are to commence during 2000.