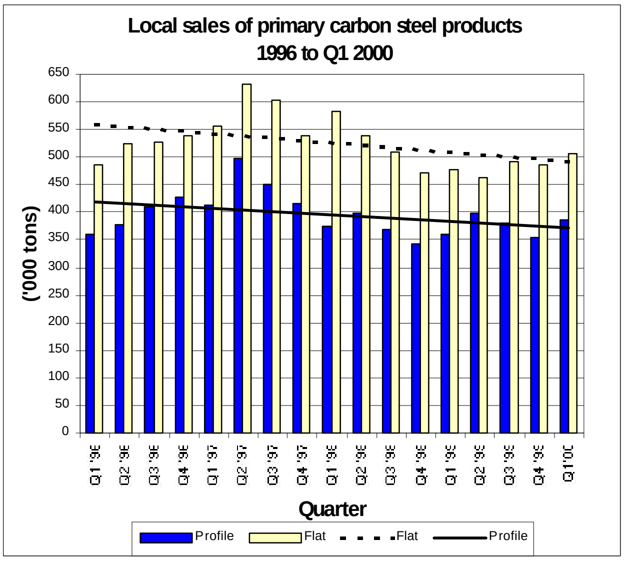
Steelnews

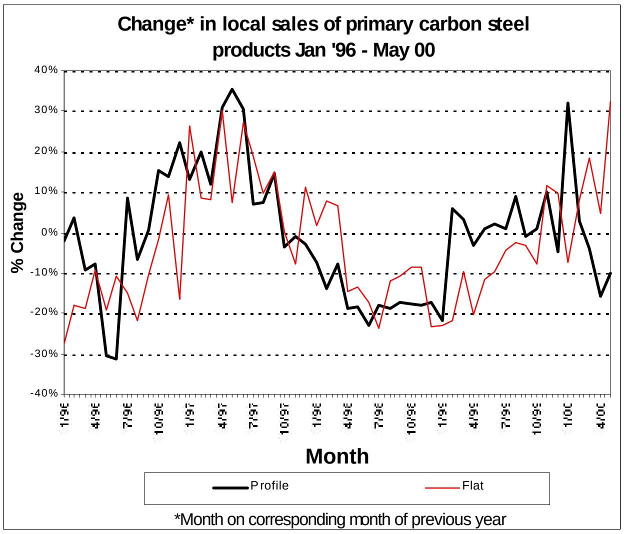
June 2000 Newsletter of the South African Iron and Steel Institute Issue 9

LOCAL CARBON STEEL SALES PROGRESSIVELY IMPROVING

Total domestic steel sales increased by 6,6% during the first quarter of 2000 compared with the preceding quarter and by 7,1% compared with the first quarter of 1999. However, during the first five months of 2000 local despatches of flat products increased by 11,4% compared with the first five months of 1999 while the despatches of profile products showed an increase of only 1% during the same period.



The gradual quarter by quarter strengthening in domestic economic growth during 1999 resulted in a growth rate of 1,2% for 1999 as a whole from 0,6% in 1998. Prospects for rapid economic growth during 2000 were unfortunately dampened by weaker-than-expected GDP growth data released for the first quarter 2000, political instability in Zimbabwe, weakness of the rand against the dollar, pressure to increase US interest rates, rising crude oil prices and



*Month on corresponding month of previous year

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.

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THIS ISSUE

Total local sales of primary carbon steel products- Jan.1999 to May 2000 ('000) tons)

MONTH	1999			2000		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	93.8	161.1	254.9	123.8	149.2	273.0
FEB	131.0	150.4	281.4	134.6	162.9	297.5
MAR	134.2	164.7	298.9	129.0	195.0	324.0
Q1	**359.0**	**476.2**	**835.2**	**387.4**	**507.1**	**894.5**
APRIL	126.9	144.3	271.2	106.9	151.4	258.3
MAY	136.7	156.2	292.9	122.8	206.8	329.6
JUNE	135.2	162.7	297.9			0.0
Q2	**398.8**	**463.2**	**862.0**	**229.7**	**358.2**	**587.9**
JULY	121.4	158.9	280.3			0.0
AUG	127.8	159.2	287.0			0.0
SEP	130.2	173.0	303.2			0.0
Q3	**379.4**	**491.1**	**870.5**	**0.0**	**0.0**	**0.0**
OCT	135.3	173.5	308.8			0.0
NOV	145.1	185.0	330.1			0.0
DEC	72.6	127.3	199.9			0.0
Q4	**353.0**	**485.8**	**838.8**	**0.0**	**0.0**	**0.0**
TOTAL	**1 490.2**	**1 916.3**	**3 406.5**	**617.1**	**865.3**	**1 482.4**

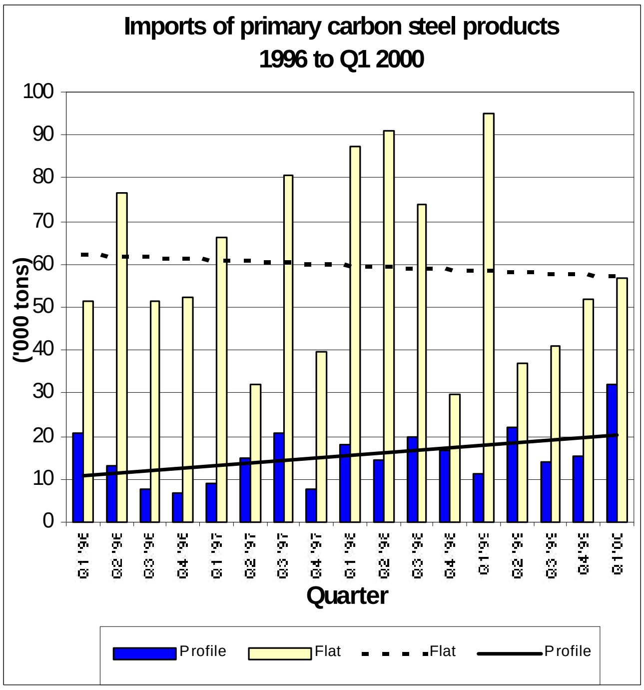
unusually few available trading days during April. Against this background consumers have also been hesitant to accumulate new debt despite lower interest rates, reduced debt levels and personal tax cuts and have rather increased their share of cash purchases.

Despite the recent unexpected headwind, the underlying recovery in economic activity is expected to gather momentum during the remainder of the year and promises to maintain momentum deeper into 2001. Global economic growth should hold up well during 2000, notwithstanding a modest US slowdown, increasing the demand for SA exports and thus improving the health of the current account. The growth in steel demand is expected to continue improving during the remainder of 2000. The demand for steel products related to consumer goods is expected to benefit from regained consumer confidence, 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 CONTINUE RISING TREND DURING FIRST QUARTER OF 2000

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 have been steadily increasing since the third quarter of 1999, increasing by 22,2% during the fourth quarter of 1999 compared with the third quarter of 1999 and by 31,7% during the first quarter of 2000 compared with the fourth quarter of 1999.

The rise in imports during the first quarter of 2000 was mainly the result of the arrival of large consignments of wire rod and bright bar from the Ukraine and alloy rod and bars from Turkey during the month of March. Imports as a percentage of local despatches increased to 9,7% during the first four months of 2000 compared to 8,4% during 1999 as a whole



Imports of primary carbon steel products - Jan. 1999 to April 2000 ('000 tons)

MONTH	1999			2000		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	3.6	27.0	30.6	5.7	21.0	26.7
FEB	3.6	27.3	30.9	6.7	14.2	20.9
MAR	4.1	40.6	44.7	19.8	21.5	41.3
Q1	**11.3**	**94.9**	**106.2**	**32.2**	**56.7**	**88.9**
APRIL	9.1	13.7	22.8	7.2	15.9	23.1
MAY	8.9	9.5	18.4			0.0
JUNE	3.9	13.6	17.5			0.0
Q2	**21.9**	**36.8**	**58.6**	**7.2**	**15.9**	**23.1**
JULY	3.1	12.3	15.4			0.0
AUG	3.7	15.7	19.4			0.0
SEP	7.3	13.1	34.8			0.0
Q3	**14.1**	**41.1**	**55.2**	**0.0**	**0.0**	**0.0**
OCT	6.8	27.6	34.4			0.0
NOV	3.2	10.3	13.5			0.0
DEC	5.5	14.1	19.6			0.0
Q4	**15.5**	**52.0**	**67.5**	**0.0**	**0.0**	**0.0**
TOTAL	**62.8**	**224.8**	**287.6**	**39.4**	**72.6**	**112.0**

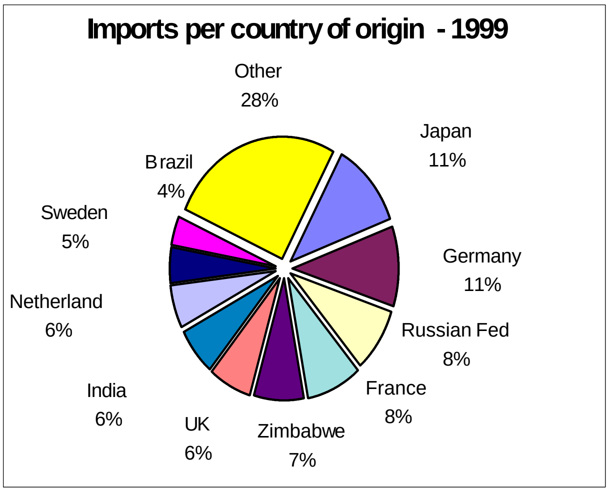
South Africa's ten most important steel trading partners in 1999 and 2000 (4 months)
Imports ('000 tons)
(All products incl. stainless and finished wire)

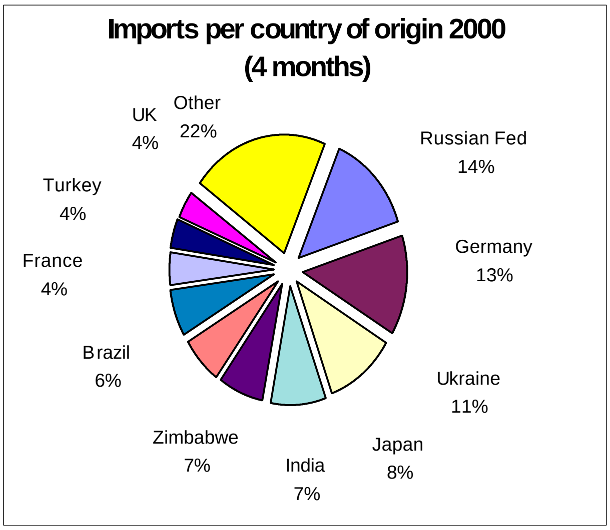
Countries	1999	Countries	2000(04)
Japan	37.448	Russian Fed	17.857
Germany	34.331	Germany	17.066
Russian Fed	26.972	Ukraine	14.212
France	26.268	Japan	10.713
Zimbabwe	24.244	India	8.953
UK	21.148	Zimbabwe	8.448
India	20.325	Brazil	8.329
Netherland	19.300	France	5.710
Sweden	15.163	Turkey	5.186
Brazil	13.110	UK	4.887
Total 10 countries	238.309	Total 10 countries	101.361
Total imports	**326.083**	**Total imports**	**128.888**
10 Countries/total	73.1%	10 Countries/total	78.6%

Source: Customs and Excise

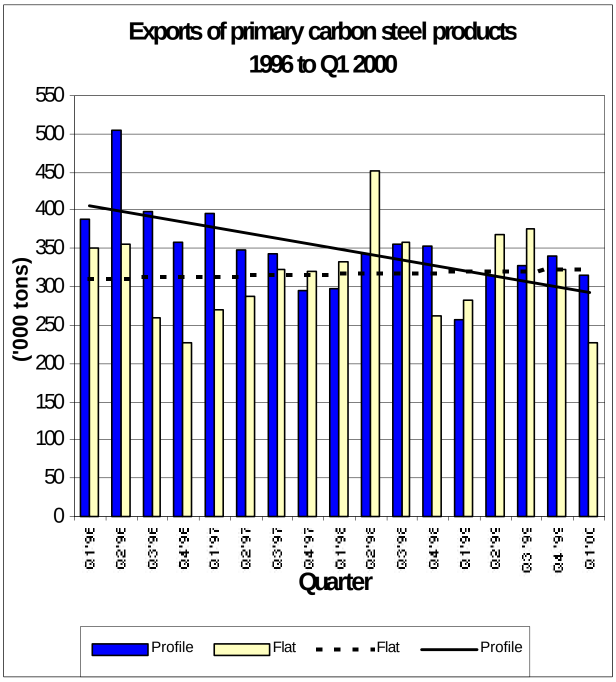
Imports of of cold-rolled coils from the Russian Federation amounted to 12 497 tons during the first four months of 2000, representing 83,5% of all cold-rolled flat products imported during the same period. A total of 5 424 tons of wire rod, 2 975 tons of bright bars and 4 926 tons of finished wire were imported from the Ukraine during the first four months of 2000.

Imports from India included 5 652 tons of hot-rolled coil and 2 474 tons of galvanised coils and sheets during the first four months of 2000.





EXPORTS OF PRIMARY CARBON STEEL PRODUCTS BY SAISI MEMBERS CONTINUE TO DECLINE



Exports of primary carbon steel products, as reported by the members of SAISI, decreased by 18,1% during the first quarter of 2000 compared with the fourth quarter of 1999 but remained on about the same level as during the first quarter of 1999.

As a percentage of total production of finished carbon steel products by members of SAISI, members exported 37,8% of production during the first five months of 2000 compared with 43,2% of production during 1999 as a whole. Exports of flat-rolled carbon steel products constituted 58,4% and profile carbon steel products 41,6% of carbon steel exports during the first five months of 2000.

Exports of primary carbon steel products reported by the primary steel producers - (SAISI members) Jan. 1999 to May 2000 ('000 tons)

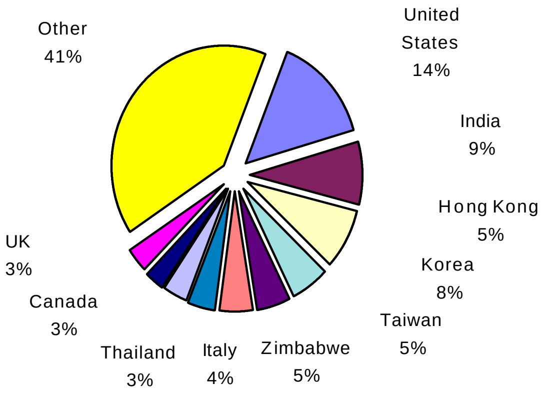
MONTH	1999			2000		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	77.9	80.5	158.4	106.1	70.1	176.2
FEB	84.7	96.8	181.5	121.3	93.5	214.8
MAR	94.0	105.6	199.6	87.9	64.1	152.0
Q1	**256.6**	**282.9**	**539.5**	**315.3**	**227.7**	**543.0**
APRIL	97.4	107.8	205.2	114.8	66.4	181.2
MAY	112.0	123.0	235.0	105.3	73.0	178.3
JUNE	106.7	138.8	245.5			0.0
Q2	**316.1**	**369.6**	**685.7**	**220.1**	**139.4**	**359.5**
JULY	105.8	109.0	214.8			0.0
AUG	113.0	151.3	264.3			0.0
SEP	108.9	116.1	225.0			0.0
Q3	**327.7**	**376.4**	**704.1**	**0.0**	**0.0**	**0.0**
OCT	117.8	116.0	233.8			0.0
NOV	115.7	104.4	220.1			0.0
DEC	106.1	103.2	209.3			0.0
Q4	**339.6**	**323.6**	**663.2**	**0.0**	**0.0**	**0.0**
TOTAL	**1 240.0**	**1 352.5**	**2 592.5**	**535.4**	**367.1**	**902.5**

South Africa's ten most important steel trading partners during 1999 and 2000 (4 months) Exports ('000 tons) (All products incl. stainless and finished wire)

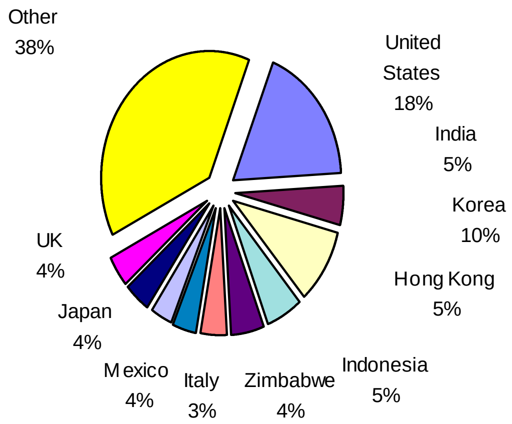
Countries	1999	Countries	2000(04)
United States	522.3	United States	227.1
India	310.4	India	57.5
Korea	288.3	Korea	120.2
Hong Kong	194.5	Hong Kong	65.9
Taiwan	170.9	Indonesia	59.7
Zimbabwe	167.2	Zimbabwe	49.0
Italy	141.2	Italy	43.1
Thailand	120.2	Mexico	45.2
Canada	119.0	Japan	48.0
UK	117.2	UK	46.3
Total 10 countries	2 151.0	Total 10 countries	762.0
Total exports	**3 635.1**	**Total exports**	**1 255.4**
10 Countries/ total	59.2%	10 Countries/ total	60.7%

Source: Customs and Excise

Exports per country of destination 1999



Exports per country of destination 2000 (4 months)

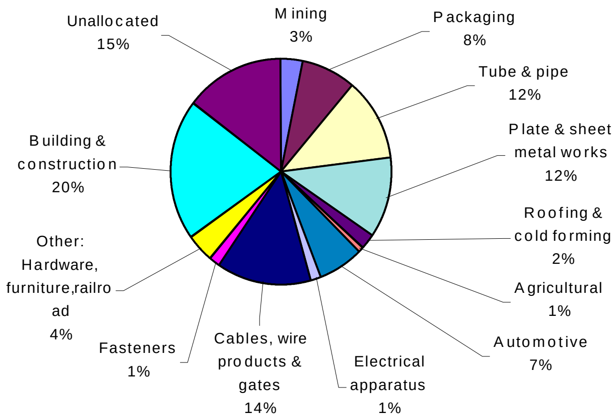


SALES TO INDUSTRIAL GROUPS - 2000 (Quarter 1)

Carbon steel sales to industrial groups Tonnes	
	2000 Q1
1 Mining	29455
2 Manufacturing	
Packaging	72656
Structural Metal	228577
Tube & pipe	106586
Plate & sheet metal works	104714
Roofing & cold forming	17277
Agricultural	8146
Automotive	60019
Electrical apparatus	11003
Cables, wire products & gates	124929
Fasteners	12213
Other: Hardware, furniture,railroad	39186
3 Building & construction	181948
Heavy engineering	34228
Light engineering	73832
Construction	73888
4 Unallocated	132461
5 **Total**	900593

The format in which the sales to industrial groups is being reported to the Secretariat has been amended by the Statistical Workgroup of the Committee on Economics of the Institute. The statistics now include the sales of the merchants directly to the various industrial groups.

Sales of primary steel products to industrial groups - 2000 Q1



BRAZIL SETS FINAL ANTI-DUMPING DUTIES ON IMPORTS OF SOUTH AFRICAN STAINLESS STEEL COLD-ROLLED PRODUCTS

Brazil's Commercial Defence Committee has placed final anti-dumping duties of up to 78,2% on the imports of cold-rolled stainless steel products from five countries including South Africa. Columbus Stainless Steel was given a final anti-dumping duty of 6% and other South African exporters 16,4% on the exports of cold-rolled stainless coil and sheet to Brazil for a five year period.

It was surprising that Germany's KTN was freed from final duties despite having gained an anti-dumping duty of 4,7% in the preliminary decision in December 1999. Other German exporters were also freed from the preliminary duties of 11%.

FINAL ANTI-DUMPING MARGINS ON SOUTH AFRICAN SMALL DIAMETER SEAMLESS PIPES IMPORTS INTO THE USA.

Iscor was given a final anti-dumping margin of 44% and other South African exporters 40% on the exports of certain small diameter seamless pipes to the USA. The US International Trade Commission (ITC) made final determinations that the imports of certain small diameter seamless pipes from South Africa materially injured US producers.

The nearly unanimous ITC votes affirm the US Commerce Department's final anti-dumping margins on South Africa and Japan, ranging from 40% to 108%. In the case of large diameter pipe imports from Japan, Commerce set final duties at 108% for Kawasaki Steel, Nippon Steel and Sumitomo Metal Industries. In the small diameter case the same mills attracted an anti-dumping duty of 107%.