

ISSUE: June 2023

# steelMatters



South African  
Iron and Steel Institute

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## SAISI Southern African Steel Summit - Registration Now Open!

The South African Iron and Steel Institute (SAISI) Southern African Steel Summit, to be held at the Emperors Palace Convention Centre in Kempton Park on Wednesday, 30 August 2023, will be a first-of-its-kind, fact-driven, one-day conference that aims to bring together key players for a candid exploration of the key issues influencing the southern African steel sector.

The industry's contribution to the GDP has fallen significantly since the 2009 financial crisis, mostly because of the impact of cheap imports, challenging trading conditions, and a lack of infrastructure spend in the country.

How did we get to this point? What do we need to do for the sector to regain its former position as a significant contributor to the growth and development of the region?

The SAISI Southern African Steel Summit will provide conference attendees with an information-packed understanding of our capability to deal with the evolution in steel-market behaviour and its impact on steel demand.

**Visit the SAISI website on [saisi.org](http://saisi.org) to see the full programme and to register for the event.**

**Don't miss out. Register now.**

South African Iron and Steel Institute

SOUTHERN AFRICAN  
**STEEL**  
SUMMIT

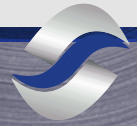
Join us for the inaugural  
**South African Iron and Steel Institute (SAISI)**  
Southern African Steel Summit.

This fact-driven, one-day conference aims to bring together key players in the southern African steel sector to explore key issues influencing the sector, demand and supply, cost implications, and innovation.

**When:** 30 August 2023  
**Where:** Convention Centre, Emperors Palace, Kempton Park

For more information on the programme and to register for the event, visit the SAISI website: [saisi.org](http://saisi.org)

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ENGINEERING NEWS**  
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## Steel producers take the reins: Strengthening the industry through skills development and training

In today's rapidly evolving industrial landscape, steel manufacturers have emerged as pioneers in prioritising training and development initiatives.

Recognising the critical role of a skilled and knowledgeable workforce, these industry leaders have made significant investments in comprehensive training programmes, setting an example for other sectors to follow.

By placing a strong emphasis on employee growth and development, steel manufacturers are not only enhancing their own competitiveness but also contributing to the overall advancement of the industry and the country.

Here are some key ways in which SAISI members are leading the way in training and development:

In the past three years, Unica Iron and Steel, a steel mill based in Babelegi in Pretoria, Gauteng, invested heavily in the training of 70 previously unskilled employees to get their red seals certificates. Further, the company reached an agreement with the Tshwane North College through which a number of students were able to get practical experience at the company to be able to qualify for their trades and other certificates.

Safal Steel, a steel mill based in Cato Ridge in KwaZulu-Natal, has offered 204 employees training in various tertiary professional qualifications, ranging from university diplomas to degrees. Some of the training seeks to build capacity to meet the legal requirements of the Occupational Safety and Health Act.

ArcelorMittal South Africa has a strong focus on training and skills development. More than 550 trainees are in the pipeline in 2023 with prospects for future employment opportunities. A total of 58 bursaries have been awarded to engineering students at university and employees who are furthering their studies. Other initiatives seek to enable candidates to obtain professional registration status to prepare for employment, with opportunities for some candidates to obtain practical work experience towards obtaining a National Trade Certificate.

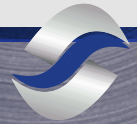


To drive inclusivity in the workplace, the company has also embarked on a development initiative with SA Business School creating an opportunity for differently abled learners to achieve a National Certificate in Business Administration.

According to SAISI Secretary General, Charles Dednam, "The commitment of the steel industry to training and development does not only benefit the manufacturers but also contributes to the overall growth and competitiveness of the industry. South Africa, like many other countries, faces skills gaps in various sectors, including the steel industry."

"By providing industry-specific training and hands-on experience to aspiring professionals, steel manufacturers actively address these gaps. This not only ensures a steady supply of skilled workers for their businesses but also contributes towards transformation. This creates a multiplier effect on job creation and economic growth."

Also, safety is a key priority in the steel manufacturing industry and by investing in safety training, manufacturers provide their employees with the necessary knowledge and skills to identify risks and work safely in a challenging environment. Investment in training and development is undoubtably critical in shaping a prosperous and thriving steel industry in South Africa, thereby contributing to the overall economic development of the country.



## Government and industry join hands in a successful training initiative for Customs officials



Government and the South African steel industry's joint training initiative for Customs officials serves as a model for effective public-private partnerships.

To promote efficient trade processes and enhance the skills of Customs officials, the government and the steel industry collaborated on a groundbreaking training initiative. This joint endeavour aimed to equip Customs officials with the knowledge and expertise necessary to effectively handle steel-related trade operations while ensuring compliance with regulations and promoting fair trade practices. This will lead to the efficient and effective collection of customs revenue by government and optimal enforcement of the Tax and Customs legislation.

The Dedicated Metals Training Project between SARS' Key Industry Management Forum and representative industry members, coordinated and arranged by IS Training and supported by SAISI, ran between April and June 2023.

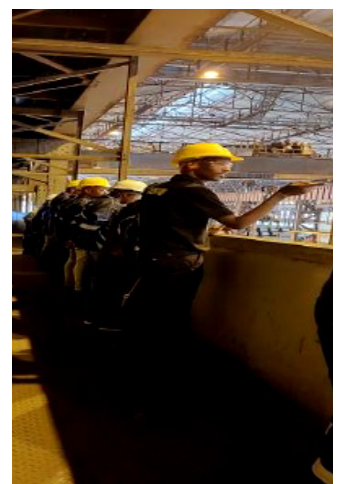
### Highlights of the training included:

- Visits to CBC Fasteners in Krugersdorp, ArcelorMittal South Africa in Vanderbijlpark, Safal Steel in Cato Ridge, and Hendok in Phoenix.
- Industry experts with extensive experience and in-depth expertise provided detailed and current technical industry data, product identification training, and marketplace intelligence regarding current cross-border abuse practices.

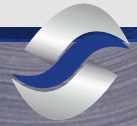
The training focused on SARS officials from Post Clearance Audit, physical inspectors, and documentary inspectors based in Gauteng and KwaZulu-Natal.

According to Jannie Kriel from IS Training, there was consensus that this was a valuable initiative by both industry and SARS as it provided customs officials with "first-hand" experience of the various products, the size of the plants and operations, and the opportunity to network with industry experts. Industry representatives welcomed the enthusiasm and robust engagements by Customs officials.

By equipping Customs officials with industry-specific knowledge and skills, this programme lays the foundation for streamlined trade operations, enhanced compliance, and the development of a robust steel trading environment. Through such collaborative efforts, government and industries can work hand in hand to achieve sustainable economic development and create a conducive trade environment.







## Steel Facts—lowering CO<sub>2</sub> emissions



### Steel facts—Steel & Rail:

**STEEL FACTS**

Steel makes up around **10-15%** by mass of high speed trains. The main steel components of these trains are bogies (structure underneath the trains including wheels, axels, bearings, bogie frames and motors). Most freight wagons are made of steel.

worldsteel.org

Steel and rail are integral components of transportation and infrastructure systems, working together to support safe, efficient, and reliable rail transportation. The steel products needed for railway infrastructure development and rolling stock can all be developed and sourced in South Africa. This can be a significant catalyst for not only the South African steel industry but also for the industrialisation and growth of the economy.

**STEEL FACTS**

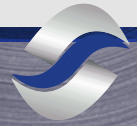
Today the length of the worldwide rail network spans **1,051,767** km. This is equivalent to going round the world 26 times.

worldsteel.org

**STEEL FACTS**

Traveling by train can reduce CO<sub>2</sub> emissions by **91% and 88%** compared to flying and driving respectively. For an equivalent travel distance of 600 km, a plane will emit 93.0 kg of CO<sub>2</sub> and a car 67.4 kg, compared to only 8.1 kg of CO<sub>2</sub> for a high-speed electric train.

worldsteel.org



## SA's crude steel production down 9,3% month-on-month in May. This is the first decline in output after five consecutive months of increases in production since December 2022.

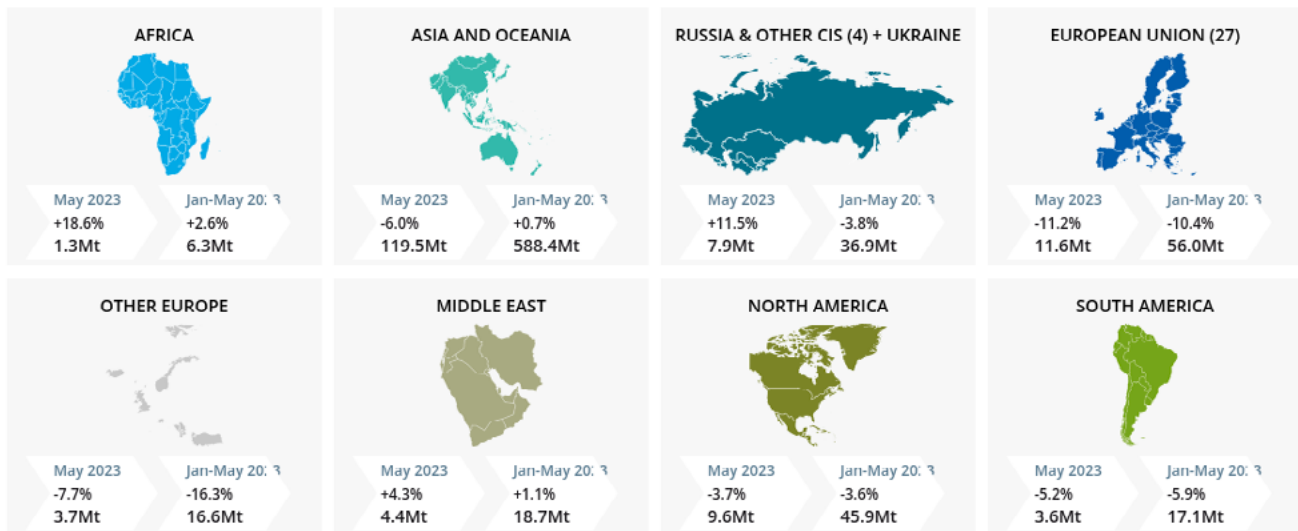
### WORLD May 2023

-5.1%  
161.6Mt

### Jan-May 2023

-1.2%  
786.0Mt

### Crude Steel Production May 2023



Source: World Steel Association (Worldsteel), 2023

According to data from the World Steel Association, South Africa's crude steel production increased by 67,6% in May 2023 compared to May 2022, to reach 410,400 tonnes. During May 2022, the significant low crude steel production was due to, among other things, the reline at ArcelorMittal South Africa's Newcastle Works, poor rail performance from Transnet and the disastrous floods that hit KwaZulu-Natal in April 2022.

South Africa's crude steel production for the first four months of 2023 reached 2,0 million tonnes (Mt) compared to 1,8 Mt during the corresponding period in 2022. One can conclude that crude steel production is beginning to recover, up by 7,7% on a year-on-year basis.

Meanwhile, global steel output declined by 5,1% to 161.6 Mt in May 2023 compared to May 2022. China remained the top steel producing country in May, despite a 7,3% year-on-year decline, with 90.1 Mt crude steel production, accounting for 56,7% of world steel production in May 2023. Japan's output was down by 5,2%.

In 2014, the South African steel industry was ranked 19th in terms of global crude steel production and was the largest producer on the African continent, producing more than half of the continent's steel output. However in 2022, South Africa was ranked as the 34th largest crude steel producer in the world with an output of 4,4 Mt, down from 32nd in 2021 with an output of 4,4 Mt. Egypt remains the largest producer on the African continent, ranked 20th in terms of global crude steel production in 2022, with an output of 9,8 Mt, producing more than half of the continent's steel output. South Africa's position in the production and supply of steel, among other factors, makes the country a price taker.



## Trade — Primary steel products and articles of steel products

### Primary steel products trade

#### Imports:

Customs data show that 116 150 tonnes of primary steel products (including semis, drawn wire and rails) were imported into South Africa during April 2023, an increase of 77,7% compared to the 65 366 tonnes in April 2022.

Imports surged from January to April 2023, with 466 546 tonnes imported, up 51,2% compared to 308 511 tonnes imported during the corresponding period in 2022. During the first four months of 2023, the share of imported primary steel products was: flat products (89,8%), section and bar (6,6%) and wire products (3,1%).

#### Exports:

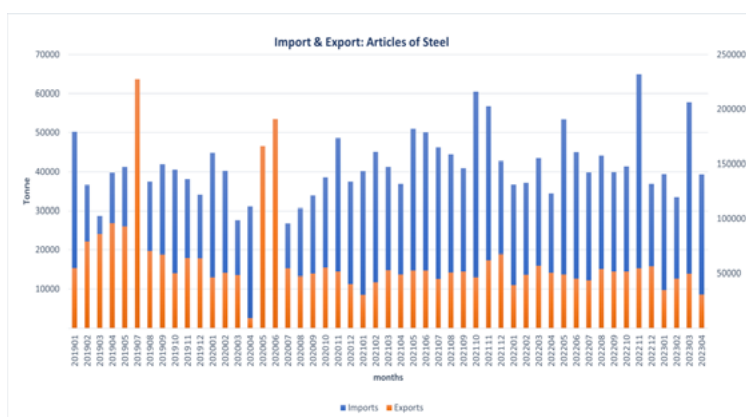
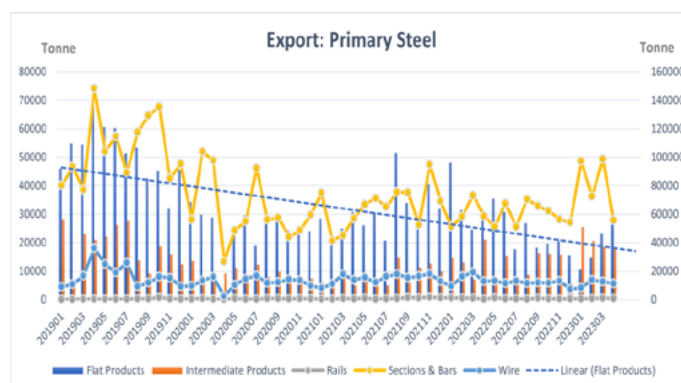
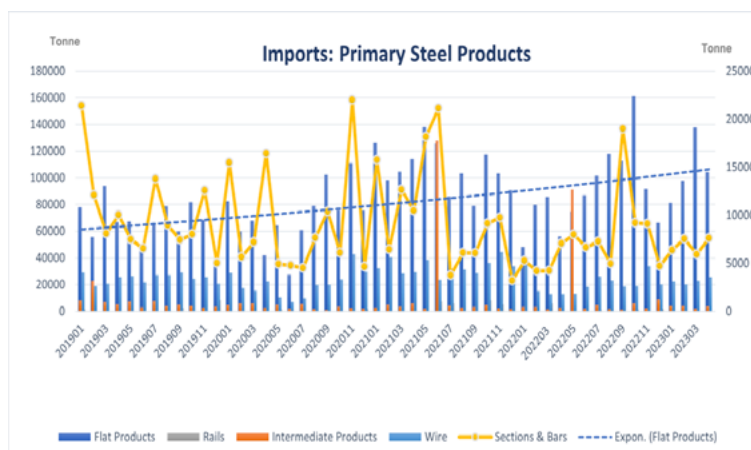
A total of 132 919 tonnes of primary steel products were exported by South Africa in April 2023, an increase of 37,2% compared to the 96 848 tonnes in April 2022. During the first four months, South Africa exported 513 100 tonnes, an uptick in exports of 37,2% compared to the 373 983 tonnes exported during the corresponding period in 2022.

During this period, the share of exported primary steel product was: section and bar (31,6%), intermediate products, (32,4%), flat products (31,2%), and wire (4,5%).

### Imports and exports : Articles of steel products trade

Imports of articles of steel increased by 14,0% in April 2023 compared to April 2022, while exports declined by 18% compared to the same period in 2022.

Imports and exports increased by 12,0% and 48% respectively during the four-months from January to April 2023 compared to the previous corresponding period.







## Steel demand drivers

According to Stats SA, South African **manufacturing production** dropped by 3,4% in April 2023 compared with April 2022.

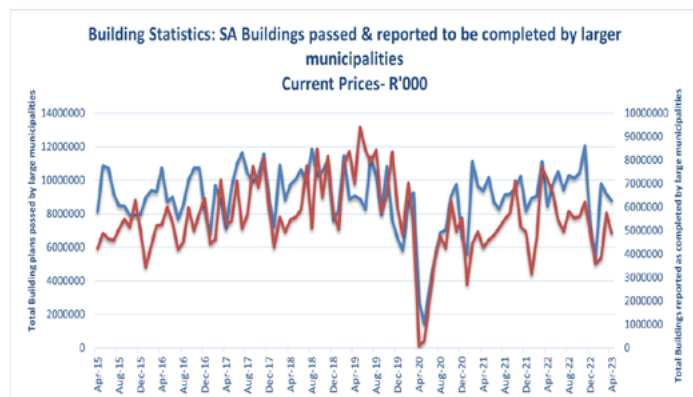
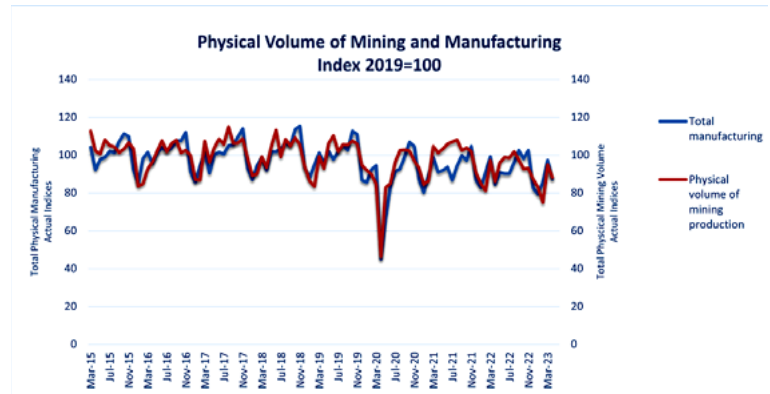
2023Q2 Absa Manufacturing Survey highlighted that manufacturers are faced with a reduction in sales volumes and slowing of price inflation with regard to selling prices in both the local and global markets. Compared to 2023Q1, domestic sales and the selling price per production unit dropped by 22 and 19 points respectively, while export sales and export selling price per unit production dropped by 15 points and 14 points respectively.

**Mining production** increased by 2,3% in April 2023 following 14 consecutive months of year-on-year decline.

**Building plans** at current prices passed by larger municipalities, a key indicator for the construction sector, fell by 11,8% in the period January to April 2023 compared with the same period last year. This coincides with FNB/BER Building Confidence Index 2023Q2, which reported dissatisfaction with prevailing business conditions by most businesses in the construction and building industry. The Index dropped from 33 points in 2023Q1 to 28 points in 2023Q2. Prospects for building work over the next few quarters also turned negative, with a significant decline in respondents' expectations for the next quarter and lack of new demand, which serves as a measure of order books.

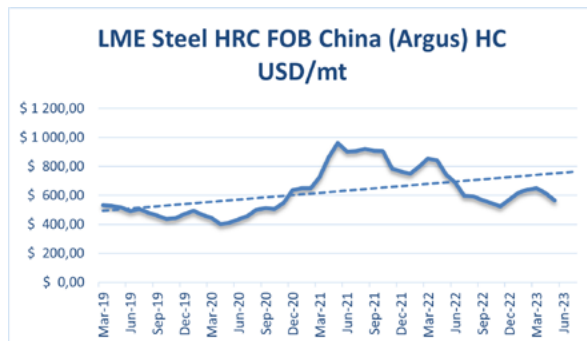
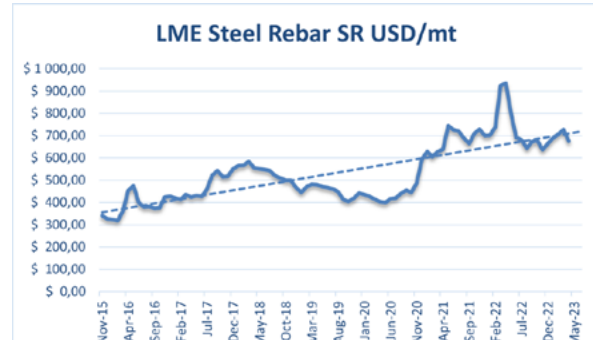
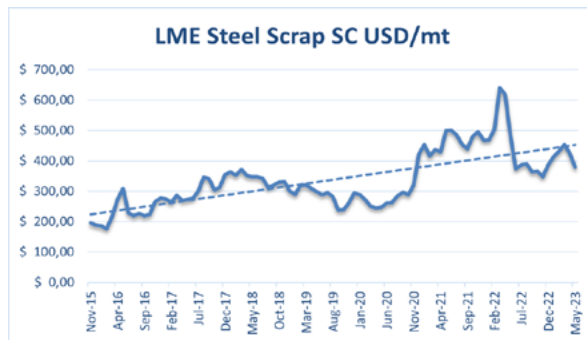
Measured in real terms (constant 2019 prices), **retail trade sales** and motor trade sales decreased by 1,6% and 3,4% respectively year-on-year in April 2023.

Retail trade sales and motor trade sales decreased by 1,3% and 2,8% respectively in the three months ending April 2023 compared with the three months to end April 2022.





## International steel related prices



According to the London Metal Exchange the cash settled futures for steel rebar, scrap and hot rolled coils declined in May 2023 compared with April 2023. LME Steel Scrap CFR Turkey (Platts) LME Steel Rebar FOB Turkey (Platts); and LME Steel HRC FOB China (Argus) declined by 10,6%, 7,7%, and 8,3% respectively.

### Iron ore prices fell in May

The World Bank's metals prices are expected to fall in 2023 as supply recovers amid weak demand in advanced economies and China.

Uncertainty in China's real estate market has trumped positive sentiment as the number of new construction projects continue to decline and new home price growth slows.

World Bank reported a decline of 10,4% on iron ore in May 2023 compared to April 2023.

