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Newcastle Production Pause Signals Structural Challenges

South Africa's long steel sector is at a tipping point, with August 2025 crude steel production down 13.3% to 364,200 tonnes amid temporary care of Newcastle Works and a potential long-term closure. Producing 1.6 million tonnes annually and supporting 3,500 jobs, Newcastle is critical to domestic supply chains, and any disruption risks import reliance and economic exposure.

Global Steel Production Shifts: Middle East Surges as Other Regions Lag

Globally, steel production reached 145.3 million tonnes, led by Asia and Oceania, while Africa, South America, Russia/CIS, and the EU declined. The Middle East surged 21.5%, highlighting rapid regional shifts and the need for strategic planning.

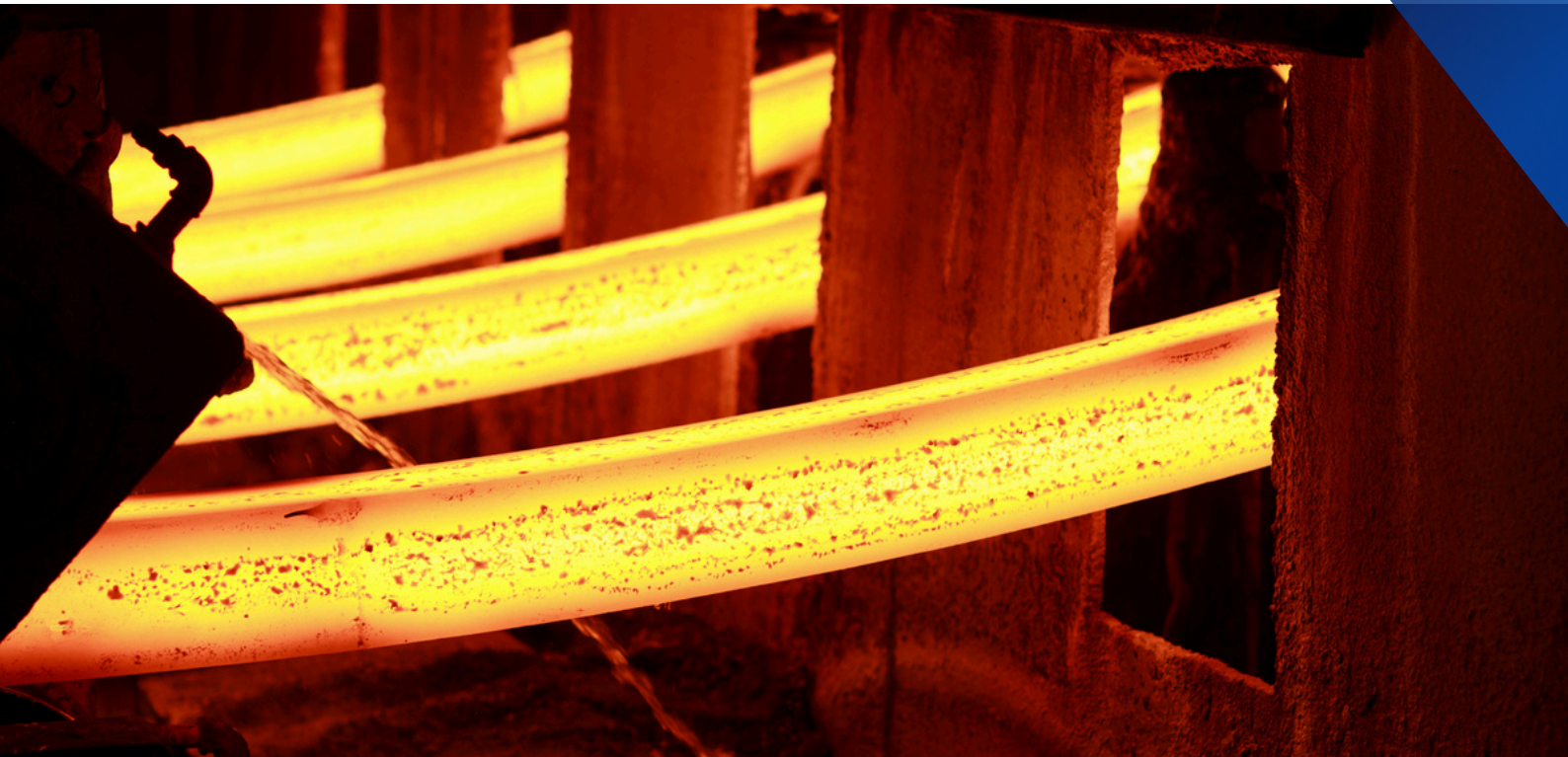
Steel Policy Lessons from Global Leaders

Steel is no longer just a commodity—it is a strategic asset. Countries like India and South Korea use industrial policy, infrastructure demand, and incentives to strengthen domestic production, drive green innovation, and boost economic resilience.

South Africa faces rising import competition, weak customs enforcement, higher carbon costs, and policy uncertainty. Yet major infrastructure and renewable projects offer a chance to turn demand into local industrial growth. Without a clear strategy, producers risk being sidelined and the country increasingly reliant on imports.

SA Crude Steel Production Holds Steady in H1 2025 Despite July Dip

South Africa's steel trade is evolving, with July 2025 imports up 34%, driven by intermediate products, while flat steel rises modestly. Exports grew 11% year-to-date, led by intermediate and long products, as value-added steel trade also strengthens, highlighting a shift toward higher-value demand.



STEEL POLICY LESSONS FROM GLOBAL LEADERS

Global Policy Shifts - Implications for South Africa's Steel Industry
Across the world, steel is being repositioned as a strategic sector

Governments are moving beyond defensive measures to actively support their domestic industries through coordinated industrial, trade, and climate policy. The lesson for South Africa is clear, without a coherent and forward-looking strategy, our industry risks being sidelined in a rapidly changing global environment.

India has linked industrial policy to infrastructure demand. New road, rail, and metro projects carry domestic content requirements of 50% to 90%. This ensures that state-led infrastructure spend is not only delivering development outcomes but also strengthening India's manufacturing base, creating jobs, and expanding local capabilities.

South Korea has elevated steel to the level of national strategy. The recently enacted K-Steel Act, supported across the political spectrum, treats steel as a pillar of both economic resilience and national security. The Act establishes a presidential committee to oversee five-year masterplans, creates "green steel zones" to accelerate decarbonisation, and provides extensive support in the form of subsidies, tax relief, and low-interest financing. To counter immediate trade pressures, the government has also introduced an export guarantee programme worth R5.6 billion.

For South Africa, these developments highlight a critical gap. South African producers face intensifying competition from cheap imports, rising carbon compliance costs in key export markets, lapses in enforcement of existing trade measures, and uncertainty in the policy environment. At the same time, demand for steel-intensive infrastructure, from transmission lines to renewable energy projects, presents a significant opportunity. The challenge is ensuring that this demand translates into industrial growth, not increased dependence on imports.

GLOBAL POLICY SHIFTS IMPLICATIONS FOR SOUTH AFRICA STEEL INDUSTRY

Across the world, steel is being repositioned as a strategic sector. Governments are moving beyond defensive measures to actively support their domestic industries through coordinated industrial, trade, and climate policy. The lesson for South Africa is clear: without a coherent and forward-looking strategy, our industry risks being sidelined in a rapidly changing global environment.



CRUDE STEEL PRODUCTION

South Africa's Long Steel Industry at a Crossroads: Newcastle Production Pause Signals Structural Challenges



South Africa's long steel sector is at a critical juncture. Crude steel production fell 13.3% in August 2025, reaching 364,200 tonnes, reflecting the impact of ArcelorMittal South Africa's (AMSA) temporary care and maintenance of the Newcastle blast furnace. The company is also preparing for a possible closure of its long steel operations after years of cost pressures and market challenges.

Key Strategic Implications:

Newcastle is a primary source of construction material and specialty steels used in automotive and manufacturing sectors. Disruption threatens domestic supply chains.

The plant supports 3 500 jobs in KwaZulu-Natal, with broader socio-economic implications for the region.

Lower local production could increase reliance on imports, raising costs and exposing South African businesses to global market volatility.

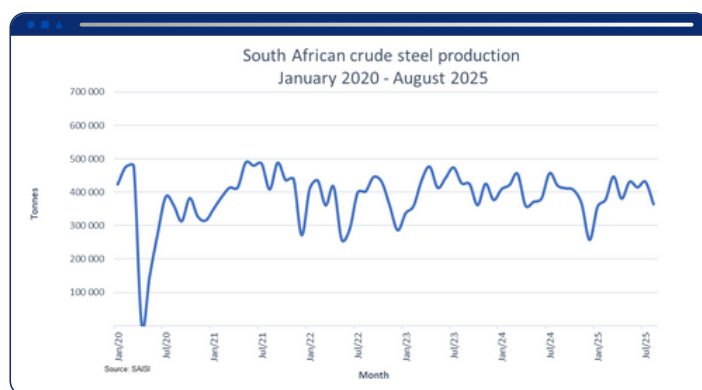
Newcastle Works in Context:

Annual production: 1.6 million tonnes.

Product portfolio: Low and medium-carbon steels, free-cutting steels, micro-alloyed and high-carbon steels, and low-to-high alloy grades.

Outlook:

The Newcastle pause is a warning signal for the industry. The coming months will reveal whether this is a temporary disruption or the start of a structural shift in South Africa's long steel sector. For a country reliant on steel for infrastructure, manufacturing, and industrial competitiveness, Newcastle Works remains a strategic asset.

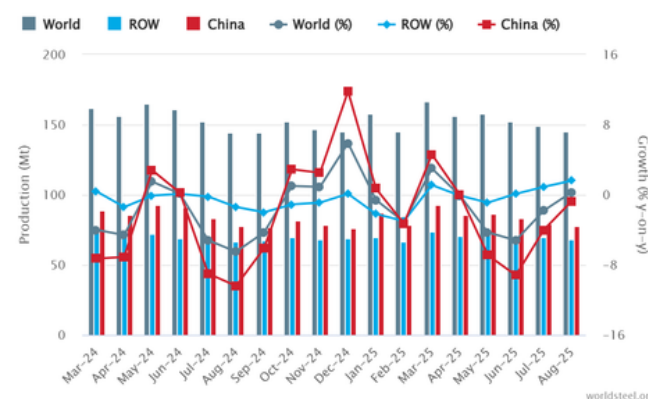


Global Steel Production Shifts: Middle East Surges as Other Regions Lag

World crude steel production reached 145.3 million tonnes in August 2025, up 0.3% from August 2024. Asia & Oceania led output at 107.7 Mt (+0.4%), while Africa, South America, Russia/CIS, and the EU recorded declines. The Middle East showed strong growth of 21.5%, highlighting shifting regional dynamics.

These trends highlight ongoing shifts in steel production dynamics, emphasizing the need for strategic planning in markets affected by slower regional growth or accelerated expansion.

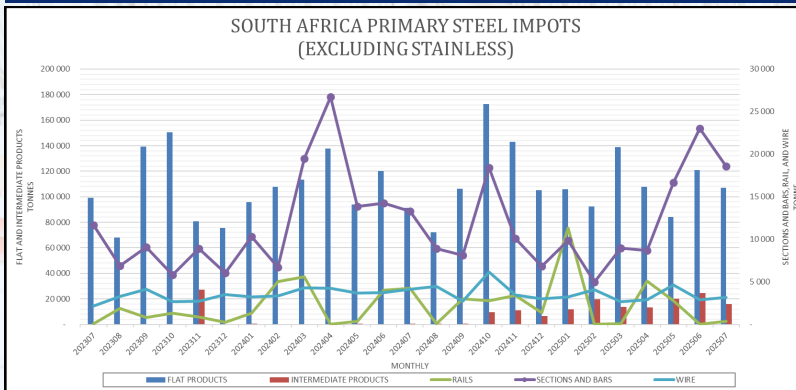
Crude steel production





PRIMARY STEEL TRADE STATISTICS

Imports: Primary Steel (excl. Stainless)

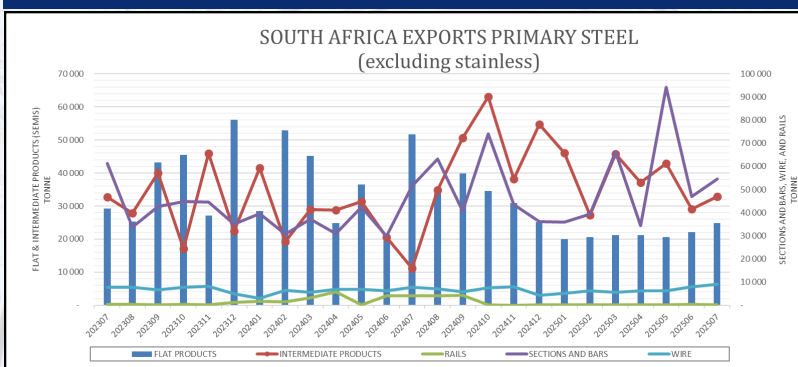


SA July Steel Import Surged - Intermediates Propel 11.4% YTD Rise in Steel Imports

South Africa's primary steel imports jumped 34% in July 2025, reaching 141,475 tonnes. The spike was driven by intermediate products, which surged from 667 to 15,319 tonnes. Flat products rose 17% to 107,023 tonnes, while sections and bars showed mixed movement.

For Jan-Jul 2025, imports climbed 11% year-on-year to 967,036 tonnes, with intermediates surging more than thirty-fold. This sharp rise in intermediates signals a structural shift in South Africa's steel import profile.

Exports: Primary Steel (excl. Stainless)

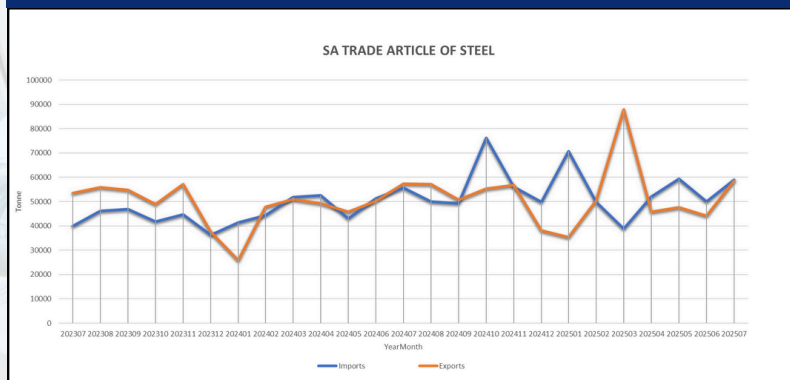


Steel Exports Shift: Intermediate and Long Products Drive Growth

South Africa exported 112,422 tonnes of steel in July 2025, down 2% year-on-year, with flat steel products driving the decline (-52%). Despite this monthly drop, total exports for the first seven months of 2025 reached 783,437 tonnes, up 11% from 589,979 tonnes in the same period in 2024.

The growth has been supported by intermediate and long steel products, which increased 44% and 42%, respectively, while flat products fell 42%. The data shows the flat steel demand is weakening, while intermediate and long products are driving growth.

Value-added Steel Products



July 2025 Sees Uptick in Value-Added Steel Imports and Exports

Imports of value-added steel products reached 59,038 tonnes in July 2025, up 5% year-on-year. Year-to-date, imports climbed 12% to 379,750 tonnes compared to the same period in 2024.

Exports of value-added steel products also strengthened, rising 2% in July 2025 compared to July 2024, and 13% year-to-date (Jan-July 2025).



STEEL CONSUMING SECTORS

METALS UNDER PRESSURE AMID MIXED SECTOR RECOVERY

South Africa's manufacturing production fell 0,7% year-on-year in July 2025, mainly due to the basic iron and steel, non-ferrous metals, metal products, and machinery division, which contracted 3,3%. The largest drops came from basic iron and steel products (-20,3%), non-ferrous metal products (-7,8%), and structural metal products (-6,6%), while household appliances grew 15,3%.

PHYSICAL VOLUME PRODUCTION
Total manufacturing

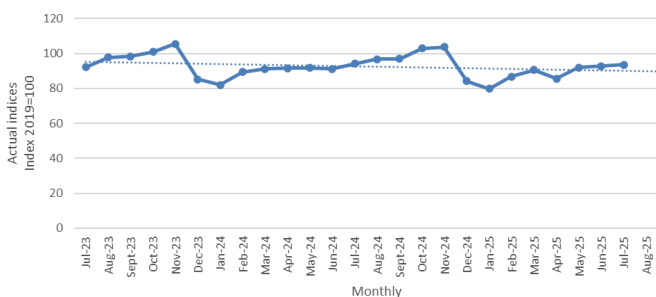
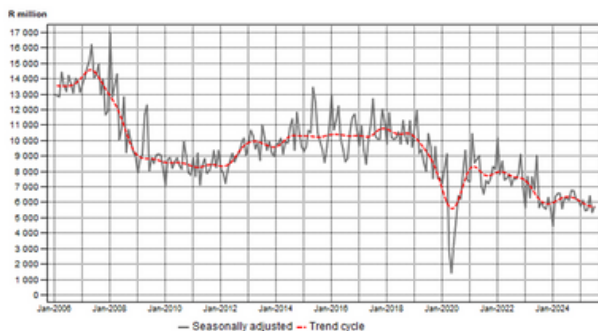


Figure 1 – Building plans passed by larger municipalities at constant 2019 prices

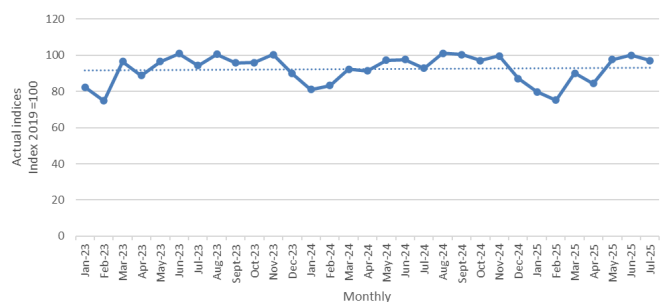


MINING OUTPUT SHOWS MODEST RECOVERY IN JUNE

South Africa's mining output grew 4,4% year-on-year in July 2025, driven by iron ore (12,2%), PGMs (6,2%), and other metallic minerals (45,8%). Seasonally adjusted production rose 1,0% month-on-month, following steady gains in June and May. Over the three months ending July, mining expanded 5,8% compared with the previous quarter, led by PGMs (16,8%) and gold (3,7%). These results highlight continued strength in key commodity sectors, with platinum group metals, iron ore, and gold underpinning overall growth in the mining industry.

Mining: Production and sales

Physical volume of mining production Total, gold included



SOUTH AFRICA'S CONSTRUCTION SECTOR: SLOWER NEW PROJECTS, STEADY COMPLETIONS

The total value of building plans passed fell 3,6% Jan-July 2025, with declines in both residential and non-residential projects, while additions and alterations increased, reflecting slower new construction but ongoing refurbishment activity. While building completions grew 3,6%. Overall, the sector reflects cautious investment in new projects, balanced by steady completion work that sustains construction output.

Automakers utilise

advanced high-strength steel

- boasting up to **2,000 megapascals** strength - to lighten vehicles and reduce energy requirements for both internal combustion and electric vehicles (EVs).



#steelFacts

worldsteel.org

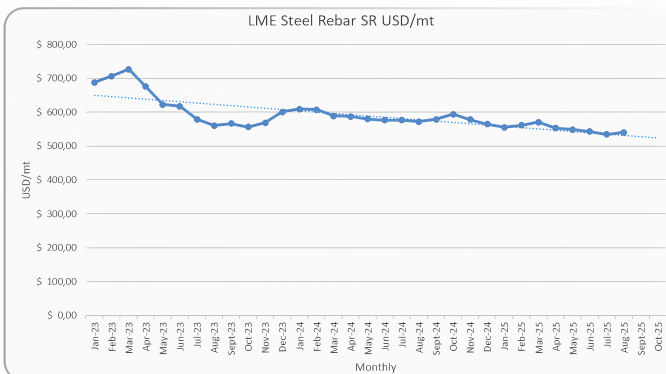
VEHICLE SALES SET TO SUSTAIN UPWARD MOMENTUM

According to NAAMSA, new vehicle sales surged 18,7% year-on-year to 51,880 units in August, led by passenger cars (+22,5%) and light commercial vehicles (+15,1%). Exports rose 6,2% to 37,500 units, though higher US tariffs and global competition pose challenges.

Strong domestic demand, affordable models, and favourable credit conditions continue to underpin the sector, demonstrating its resilience and critical role in South Africa's industrial landscape.



INTERNATIONAL STEEL PRICES

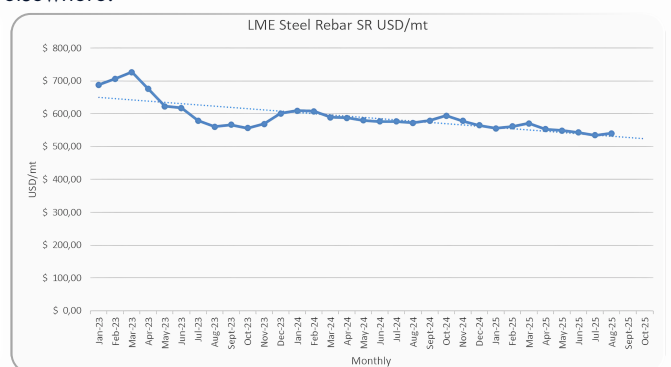
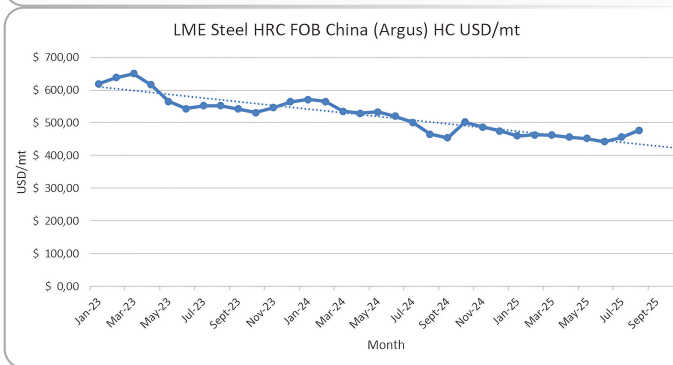


Steel Prices Continue to Decline in July 2025

Global steel markets witnessed mixed trends in prices during August 2025, with some products recording notable increases while others remained stable or declined slightly.

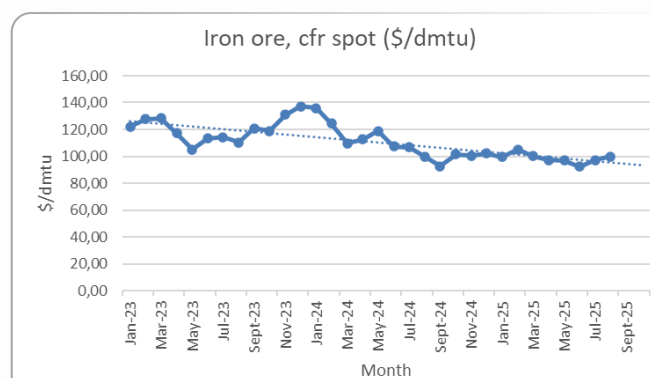
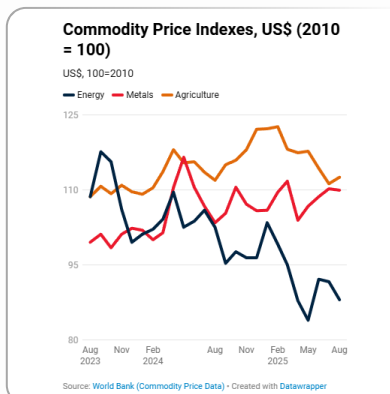
London Metal Exchange (LME) settlement data shows Steel Hot Rolled Coil (HRC) FOB China increased by 2.8% month-on-month. LME Steel Scrap CFR Turkey slid and Steel Rebar FOB Turkey fell by 7.0% and 5.5%, respectively year-on-year.

The trends reflect a cautiously balanced market, with modest gains in select products offset by stability or slight declines elsewhere.



Iron Ore Defies Global Volatility: Stable Prices Signal Renewed Steel Demand Amid Easing US-China Tariffs

In 2025, iron ore prices have held unexpectedly steady, remaining within a \$96-\$110 per ton range since late 2024, despite geopolitical tensions, tariffs, and trade disputes causing sharp swings in other commodities. This stability is supported by improved investor sentiment, particularly following tariff reductions between major economies like the United States (US) and China. These easing trade tensions indicate improving global trade conditions and have encouraged expectations of increased steel demand, boosting iron ore futures.



According to the worldbank, Metal prices slipped 0.3% in August 2025, driven by strong gains in iron ore (2.5%)



CELEBRATING EXCELLENCE - OUR BURSARY HOLDERS SHINE BRIGHT



Enelo Mahundla – University of Pretoria – 5 distinctions

ArcelorMittal South Africa is proud to celebrate the outstanding achievements of our Bursary Holders, a group of 24 talented and driven students who are making remarkable strides in their academic journeys across South Africa's top universities.

Our Bursars are currently enrolled at the University of Johannesburg (UJ), the University of Pretoria (UP), the University of the Witwatersrand (Wits), the North-West University (NWU), the University of KwaZulu-Natal (UKZN), Stellenbosch University and the University of Cape Town (UCT).

These students represent a diverse range of engineering disciplines, including Mechanical Engineering, Electrical Engineering and Electrical and Electronic Engineering, Chemical Engineering, Computer Engineering, and Industrial Engineering.

Their academic performance has been nothing short of exceptional, with many of the Bursars earning distinctions in their subjects. This is a testament to their dedication, resilience, and passion for their chosen fields.



Mpho Ndadza – University of Johannesburg



Misho Ndala – UJ – 1 distinction



Jenna Kunz – Wits University – 5 distinctions



Naledi Mabasa – Wits University



Rethabile Rangaka – UJ – 1 Distinction



Kreolin Chetty – Wits University – 3 Distinctions



amson Mashaba - Wits – 1 distinction



Clarice Kotze – University of Pretoria – 5 distinctions

At ArcelorMittal South Africa, we believe in nurturing future leaders and innovators, and our bursary programme is designed to support students not only financially but also through mentorship and development opportunities. Seeing our Bursars thrive at institutions renowned for academic excellence is a source of immense pride for our company.

To our bursary students, your hard work and achievements inspire us all. We look forward to seeing the impact you will make in the engineering world and beyond.

Keep reaching for excellence, the future is yours to shape.