

steel Matters



South Africa's Crude Steel Production Structural Decline In A Shifting Global Market

South Africa's crude steel production fell 5% y-o-y to 4.5Mt in 2025, remaining 25% below 2019 levels and half its 2004 peak, as high energy costs, logistics bottlenecks, weak demand, and import pressure continue to constrain the industry.

Indirect Imports Pose Risk, Highlight Growth Potential.....

South Africa's steel sector faces mounting pressure as indirect imports, up 41% since 2020, continue to divert demand from domestic producers, even as value-added exports grow.

Leading Africa with nearly 19% of the continent's indirect imports, the country risks lost opportunities in vehicles, machinery, and fabricated goods, while global markets highlight the significant potential for domestic steel to reclaim share and drive industrial growth

Strong vehicle sales and steady industrial demand keep steel central to economic resilience

As 2026 begins, South Africa's steel-consuming sectors show mixed signals: manufacturing softens, while automotive sales rise and construction posts marginal growth.

STEEL 2026: NAVIGATING HEADWINDS, UNLOCKING OPPORTUNITIES

South Africa's steel sector enters 2026 under familiar pressures: domestic demand remains flat at ~4.4 Mt—30% below its 2008 peak, with imports now exceeding 35% of consumption. Rising global overcapacity and Chinese export surges further challenge local producers.

Yet pathways for stability and growth exist. Trade defence, infrastructure-led demand, green hydrogen steel, and African market integration under AfCFTA offer potential to stabilise volumes, and expand exports. With aligned government-industry action on energy, logistics, and policy, 2026 could mark the start of a cautious turnaround, providing selective opportunities that will anchor growth in the near term.





STEEL OUTLOOK 2026: PRESSURE PERSISTS, PATHWAYS EMERGES

South Africa's steel industry steps into 2026 amid familiar headwinds, yet with emerging pathways that could foster stability and growth. Domestic demand remains subdued at around 4.4 million tonnes, flat from 2024 and almost 30% below the 2008 peak, while imports now account for over 35% of apparent consumption, reflecting both weak domestic utilisation and sustained import displacement. Against a backdrop of persistent global overcapacity, strategic reforms, green transitions and regional opportunities nonetheless offer investors a basis for cautious optimism. Long-term demand growth has averaged below 0.5% per annum, constrained by subdued construction and manufacturing activity, although improving macroeconomic conditions and infrastructure spending could provide modest uplift.

Global dynamics are shifting in ways that, while pressuring prices, also create openings for resource-rich players like South Africa. China's weakening domestic demand, driven by its property slowdown, is expected to sustain elevated exports at 117 million tonnes, diverting surplus into Africa as Western markets (e.g., EU CBAM, US tariffs) tighten.

Domestically, cost pressures remain acute: electricity tariffs up over 800% in a decade, and logistics bottlenecks. These factors underscore risks of margin erosion and a widening trade deficit, but they also highlight the sector's adaptability.

Progress hinges on amongst others, the following key levers:

Trade defence: Industry is advocating for higher import duties and stronger enforcement at ports to address dumping and under-invoicing. Effective implementation remains critical to stabilising domestic volumes.

Infrastructure-led demand: In an environment of weak export markets and excess global capacity, government infrastructure expenditure will be essential to support scale, improve capacity utilisation and enable efficiency gains across the value chain.

Green steel transition: South Africa's endowment of iron ore, solar and wind resources provides a credible basis for green hydrogen-based steel, enabling access to premium and regulated markets and improving long-term competitiveness.

African integration: Under AfCFTA, South Africa is well positioned to supply steel into continental infrastructure programmes in energy and transport. Strategic partnerships with inbound capital to support local beneficiation could lift export volumes, leveraging Africa's estimated 5–6% annual steel demand growth.

Global overcapacity may reach 721 million tonnes by 2027, but in this fragmented landscape, protected and specialised producers stand to gain. South Africa's resource endowments, policy framework, and strategic location provide a solid foundation for turnaround. With aligned government-industry action on energy and logistics, 2026 could mark the start of renewed competitiveness, offering attractive entry points for patient investors focused on sustainable industrials.



CRUDE STEEL PRODUCTION: SOUTH AFRICA'S STRUCTURAL DECLINE IN A SHIFTING GLOBAL MARKET

South Africa's crude steel production fell to 4.5 million tonnes in 2025, a 5% decrease on 2024, confirming that the local steel industry remains under serious and sustained pressure. Output is stabilising at levels well below historical norms, showing that the sector is not recovering, but operating at a structurally lower base.

Global and regional context

World crude steel production declined by 2% in 2025 to 1,849.4 million tonnes, driven mainly by slower growth in Asia and Oceania, particularly China. While production rose in the Middle East and Africa, this was not enough to offset the global slowdown.

Within Africa, total production increased 3.8% to 23.2 million tonnes, driven by investment and capacity growth in countries such as Egypt and Algeria. South Africa's decline in the face of regional growth points to domestic constraints, rather than a lack of opportunity.

Long-term trends

Even after a modest rebound following the COVID-19 pandemic, 2025 output remains about 25% below 2019 levels and nearly 50% below the 2004 peak of 9.4 million tonnes. Production has been broadly flat since 2022, highlighting that the industry is not on a growth trajectory but is instead experiencing a structural contraction.

Key challenges

The persistent weakness reflects a number of entrenched structural issues:

- Energy supply and cost pressures, which make operations and planning difficult
- Logistics inefficiencies, particularly in rail and ports, increasing delivery costs
- Rising input costs, putting pressure on margins
- Subdued domestic demand, limiting certainty for producers
- Competition from low-priced imports, often below input cost, which suppresses utilisation

These factors combine to limit the industry's ability to respond to any recovery in domestic or regional demand.

Why this matters

Steel is a strategic input for infrastructure development, energy transmission, manufacturing and industrialisation. Continued underperformance in crude steel production risks increasing import dependence, slowing infrastructure projects, and undermining South Africa's long-term industrial competitiveness.

With regional peers expanding and global supply chains shifting, the gap is likely to widen unless decisive action is taken.

Looking ahead

Without targeted and coordinated intervention across energy, logistics, trade, and public procurement, crude steel production is likely to remain structurally constrained. Over time, this raises the risk of permanent capacity loss, reduced investment, and declining competitiveness within both regional and global markets.

The 2025 data reinforces a clear message: stabilisation at low output levels is not recovery. Reversing the trajectory will require deliberate action to restore the conditions under which domestic steelmaking can compete, invest, and respond to demand.

CRUDE STEEL PRODUCTION

The Numbers That Matter

2025 Output: **4.5 Mt** (-5% vs 2024)

↓ 2019: **+25%** below pre-COVID levels

↓ 2021: **+50%** below 9.4 Mt

~ Trend: Flat since 2022, with no recovery momentum

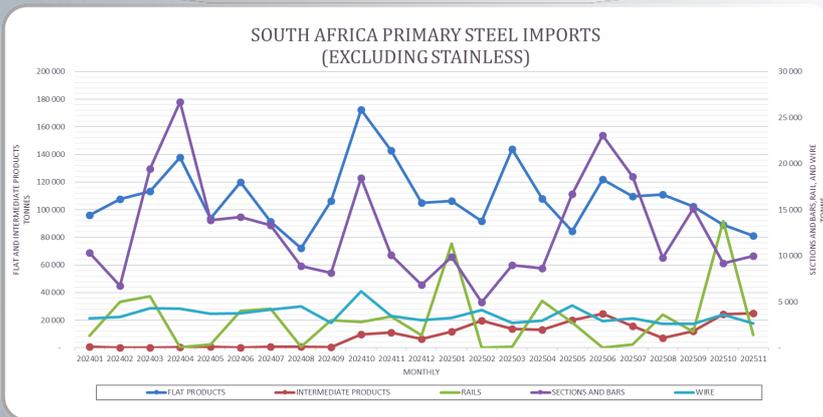
Why Steel Matters





PRIMARY STEEL TRADE STATISTICS

Imports: Primary Steel (excl. Stainless)

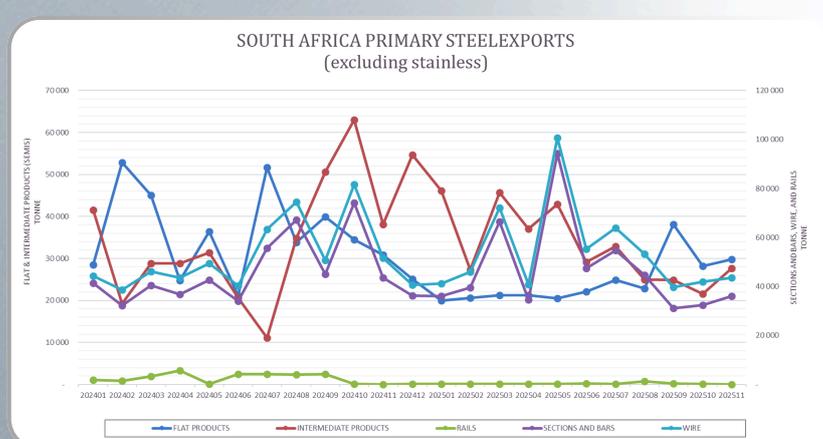


Overall import growth Up by 3.0%

South Africa’s primary steel imports (excl. stainless, wire, rail) fell 29% month-on-month to 116 253 tonne in Nov2025, driven by a 43% drop in flat products—especially cold-rolled sheet, coated products, and plate, partially offset by modest gains in painted/plastic-coated sheet, while intermediate products surged 127%, signalling rising reliance on semi-finished steel.

Year-to-date (Jan–Nov), total primary steel imports rose 3% to 1.47 million tonne versus 2024, driven by a sharp jump in intermediate products (billets, blooms, slabs) from 25 277 tonne to 187476 tonne, while sections and bars fell 10% and flat products, including hot-rolled coil, plate, and electro-galvanised sheet dropped 8%.

Exports: Primary Steel (excl. Stainless)

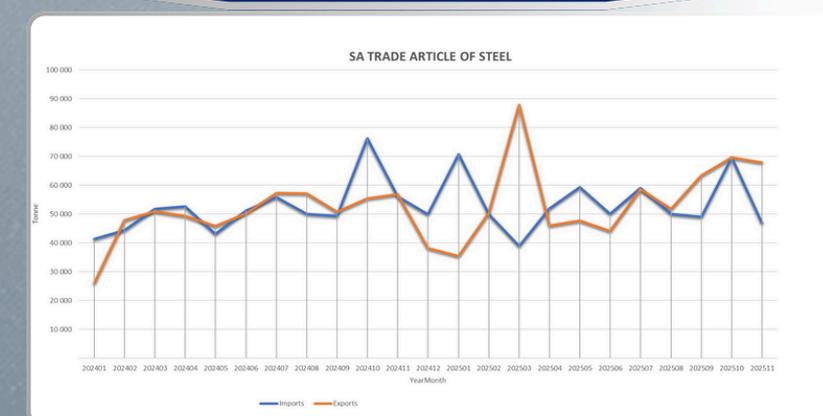


Steel Exports Weaken, Product Mix Deteriorates

Primary steel exports fell 17% year-on-year in November 2025 to 93 442 t, driven by steep declines in billets and slabs (-27%), wire rod (-97%), and plate products, partly offset by growth in reinforcing bar (+24%), HR coil/sheet (+32%), and HR sections (+19%).

Total exports declined by 8.6%, from 1.25 million tonnes in 2024 to 1.14 million tonnes in 2025, indicating continued pressure on South Africa’s external steel market position. HD galvanised sheet (-63%), plate in coil (-40%), and cold-rolled strip (-60%). Semi-finished exports were broadly flat, while reinforcing bar (+10%) and other bars and rods (+50%) provided partial offset. Overall, the export basket continues to shift away from higher value-added flat products toward more basic long and semi-finished steel.

Value-added Steel Products



SA Value-Added Steel: Imports Dip While Exports Gain Momentum

In November 2025, South Africa’s imports of value-added steel products totaled 46,849 tonnes, a 17% decline compared with November 2024. Despite this monthly drop, year-to-date imports for January–November 2025 rose 4% to 478,789 tonnes.

Exports showed a stronger performance, with November shipments increasing 20% year-on-year, marking the third consecutive month of annual growth since September. Cumulative exports for the first eleven months of 2025 reached 622,449 tonnes, reflecting a modest recovery in international demand.



JANUARY
2026

SteelMatters

UNPACKING SOUTH AFRICA'S INDIRECT STEEL IMPORTS IN 2024

Trends

Indirect steel imports—steel embedded in products like vehicles, machinery, appliances, and fabricated metal goods—pose a growing challenge for South African producers. In 2024, these imports reached 1.762 million tonnes (finished steel equivalent), a slight 0.9% decline from 2023, but remain within a decade-long range of 1.5–1.85 Mt. While these volumes may appear modest, they represent foregone opportunities for local steel manufacturers and value-added exporters.

The pattern reflects South Africa's industrial cycle: strong pre-pandemic machinery and automotive investment, sharp 2020 contraction, partial rebound, and recent levelling amid subdued fixed investment and persistent logistics/energy constraints.

South Africa's Indirect Steel Imports Trend (2014–2024)

Annual indirect steel imports by South Africa (finished steel equivalent)



10-Year Peak	2020 Trough	Recent Average Band
1,854 kt in 2014	1,251 kt -33% from 2014 peak	1,5–1,85 Mt



South Africa's Indirect Steel Imports in 2024

Embedded steel in imported goods displacing local value-added products

1.76Mt

Indirect Steel Imports

-0.9%

from 2023

9.28 Mt

African Total

Sector Breakdown

Key Indirect Import Categories

 618 kt Automotive 35%	 617 kt Machinery 35%	 362 kt Metal Products 21%	 65 kt Other Transport 3.7%	 38 kt Domestic Appliances 2.2%
--	---------------------------------------	--	---	---

Regional Context

19% of Africa's Total

- Morocco 1.95 Mt
- Algeria 1.21 Mt
- Egypt 1.04 Mt
- Nigeria 0.73 Mt

Global Comparison

- USA 57.5 Mt
- Germany 27.0 Mt
- France 15.7 Mt
- UK 13.1 Mt
- Canada 12.6 Mt

LOST EXPORT OPPORTUNITIES

Displacing potential SA-made goods

LOCALISATION DRIVES

Boosting domestic content & green steel

Sectoral Composition

Automotive and mechanical machinery together account for 70% of embodied steel imports. This underscores South Africa's role as an assembly and downstream hub that sources substantial capital goods and vehicle components offshore rather than from local primary steel and fabrication capacity.

Each imported tonne represents steel that could have been sourced locally, highlighting untapped demand for hot-rolled coil, galvanised sheet, and structural sections.

Regional and Global Perspective

South Africa leads Africa in indirect imports, accounting for ~19% of the continent's 9.28 Mt in 2024. While Morocco (1.95 Mt), Algeria (1.21 Mt), Egypt (1.04 Mt), and Nigeria (0.73 Mt) import significant volumes, this trend signals lost export opportunities for South African value-added products, particularly vehicles, machinery, and fabricated goods.

Globally, South Africa's 1.76 Mt is small compared with advanced economies: the US (57.5 Mt), Germany (27.0 Mt), France (15.7 Mt), the UK (13.1 Mt), and Canada (12.6 Mt) collectively absorb 125.8 Mt of embedded steel. This contrast underscores both the scale of potential demand in high-value markets and the opportunity for South Africa to reclaim market share with domestic value-added exports.

Why matter

Indirect imports are not just a trade statistic—they are a barometer of lost industrialisation potential. At current crude steel output (~4–5 Mt annually), the indirect channel rivals or exceeds direct steel imports, representing untapped potential for capacity utilisation, jobs, and value addition.

Risks include global overcapacity, particularly from China and India, and emerging trade measures such as the EU's Carbon Border Adjustment Mechanism (CBAM), which could indirectly advantage local producers—but only if South Africa accelerates its green steel transition.



STEEL CONSUMING SECTORS

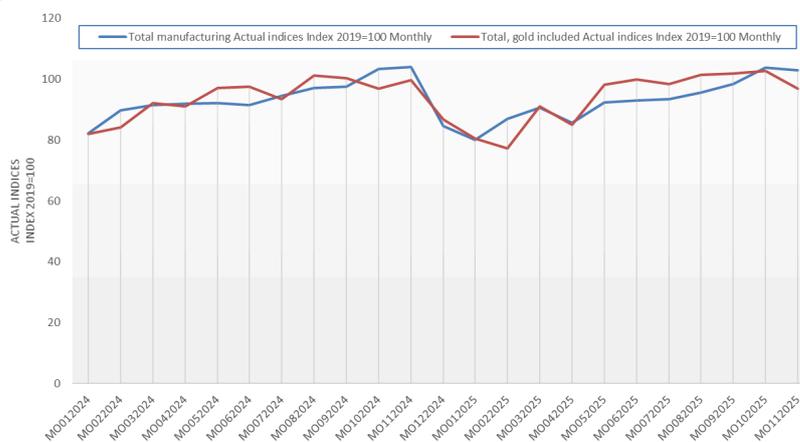
Steel Slips Amid November Manufacturing Weakness

Manufacturing production fell 1,0% year-on-year in November 2025, reflecting declines in wood products (-7,9%), motor vehicles (-4,4%) and basic iron and steel, non-ferrous metals and machinery (-2,5%). Seasonally adjusted output also declined 1,1% month-on-month.

Despite the contraction, the basic iron and steel, non-ferrous metals and machinery division remained a stabilising anchor, recording positive three-month rolling growth of 2,0% and leading manufacturing sales with a 3,7% increase, underscoring steel's continued support to industrial output and key value chains.

Mining production decreased 2,7% year-on-year, driven by weaker coal (-7,9%), iron ore (-7,6%), PGMs (-2,8%) and gold (-6,0%). Seasonally adjusted production fell sharply by 5,9% month-on-month. Manganese ore stood out, posting strong growth of 17,0%.

Mineral sales at current prices edged down 0,3% year-on-year, weighed down by gold (-27,9%), coal (-15,0%) and iron ore (-16,6%), while PGMs (+42,3%) partially offset the decline.



Declining Building Plans but Steady Completions Highlight Market Shifts

South Africa's construction sector enters 2026 under constrained growth, with building plans down 1,8% year-on-year. Residential dwellings remain a core pillar, alongside mixed-use developments and refurbishments. Stats SA reports declines in non-residential (-R2,029m) and residential (-R1,576m) building plans, while additions and alterations rose R1,946m, highlighting refurbishment as a key growth area.

Completed building values increased 1,1%, led by residential (+R1,367m) and non-residential (+R303m), showing steady delivery despite market pressures. Regionally, declines in Gauteng and KwaZulu-Natal contrast with growth in Western and Eastern Cape.

With up to 70% of a building's lifetime cost incurred post-construction, material choices are shifting from lowest upfront cost to long-life, low-maintenance solutions. Steel, in frameworks, roofing, and façades, delivers predictable performance across South Africa's climate, making it ideal for dwelling houses and critical developments.

Why Steel Matters



South Africa New Vehicle Market 2025 Recovers Amid Policy Overall Talks

According to naamsa, South Africa's new vehicle market delivered a landmark performance in 2025, surpassing pre-pandemic levels with 596,818 units sold (+15.7% y-o-y). Passenger cars led with 422,292 units (+20.1%), followed by light commercial vehicles at 143,637 units (+7.8%). Medium and heavy commercial vehicles reached 8,151 (+7.8%) and 22,738 (+5.6%), respectively.

The government (the Department of Trade, Industry, and Competition) is reviewing its automotive policy to strengthen local manufacturing, support NEVs, and stimulate growth. Policy consideration includes:

- Revised customs tariffs to protect domestic producers.
- Battery manufacturing policy to support NEV transition.
- Incentives for new vehicle manufacturers and local production.
- Revision of ad valorem tax on light vehicles.

Table B – Building plans passed by larger municipalities at current prices by province

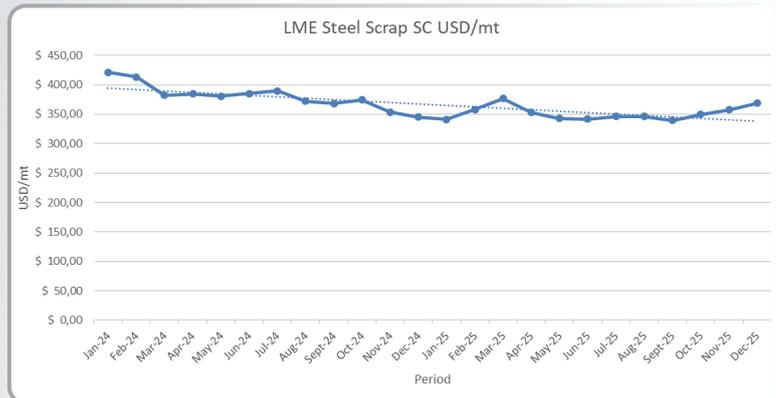
Province	Jan – Nov 2024	Jan – Nov 2025	Weight Jan – Nov 2024	% change between Jan – Nov 2024 and Jan – Nov 2025	Contribution (% points) to the % change in the value of building plans passed between Jan – Nov 2024 and Jan – Nov 2025 *	Difference in value between Jan – Nov 2024 and Jan – Nov 2025
	R'000	R'000	%			
Western Cape	30 121 478	32 799 674	31,8	8,9	2,8	2 678 196
Eastern Cape	4 901 125	6 322 827	5,2	29,0	1,5	1 421 702
Northern Cape	1 223 044	831 394	1,3	-32,0	-0,4	-391 650
Free State	2 229 515	2 686 693	2,4	20,6	0,5	459 178
KwaZulu-Natal	14 194 219	13 245 769	15,0	-6,7	-1,0	-948 450
North West	3 437 163	2 910 405	3,6	-15,3	-0,6	-526 758
Gauteng	31 044 989	26 759 122	32,8	-13,8	-4,5	-4 285 867
Mpumalanga	5 531 416	5 446 410	5,8	-1,5	-0,1	-85 006
Limpopo	2 076 213	2 095 326	2,2	0,9	0,0	19 113
Total	94 759 162	93 099 620	100,0	-1,8	-1,8	-1 659 542



INTERNATIONAL STEEL PRICES

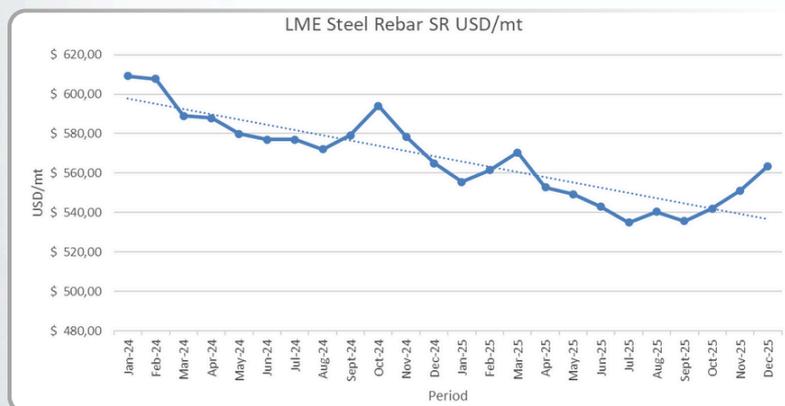
Steel Scrap Rebounds as Global Markets Show Caution

LME steel scrap prices (CFR Turkey) climbed 6.8% year-on-year in December 2025, reflecting stronger U.S. mill activity, geopolitical tensions boosting exports, and seasonal supply constraints. China was the exception, dipping 1–3% on soft domestic demand. After a mostly downtrending 2025, the market is cautiously optimistic, with modest gains expected in 2026—though tariff uncertainties could cap upside.



Global Rebar Markets Show Cautious Stability Amid Modest Price Pressure

LME steel rebar prices (FOB Turkey) fell 0.3% year-on-year in December 2025, reflecting a milder decline compared with earlier periods. Globally, rebar markets remain cautiously stable, supported by high raw material costs and constrained supply, while subdued construction demand limits significant price gains.



China HRC Prices Slip in December 2025 Amid Oversupply and Weak Demand

LME steel HRC prices (FOB China) fell 5.4% year-on-year in December 2025, reflecting persistent domestic oversupply and weak demand, compounded by export caution ahead of policy changes. For 2026, a firmer price floor is expected, supported by licensing measures that curb excesses, though weak fundamentals limit upside potential.

