



# South African Iron and Steel Institute

Presentation to the Portfolio Committee  
on Trade, Industry and Competition

4 June 2025





# Overview of the Industry










# STEEL MANUFACTURING IN SOUTH AFRICA

## Primary steel production and re-rolling

Flat Steel Capacity  
Long Steel Capacity  
Re-rollers (without steel making)

5700 kt  
4400 kt  
800 kt

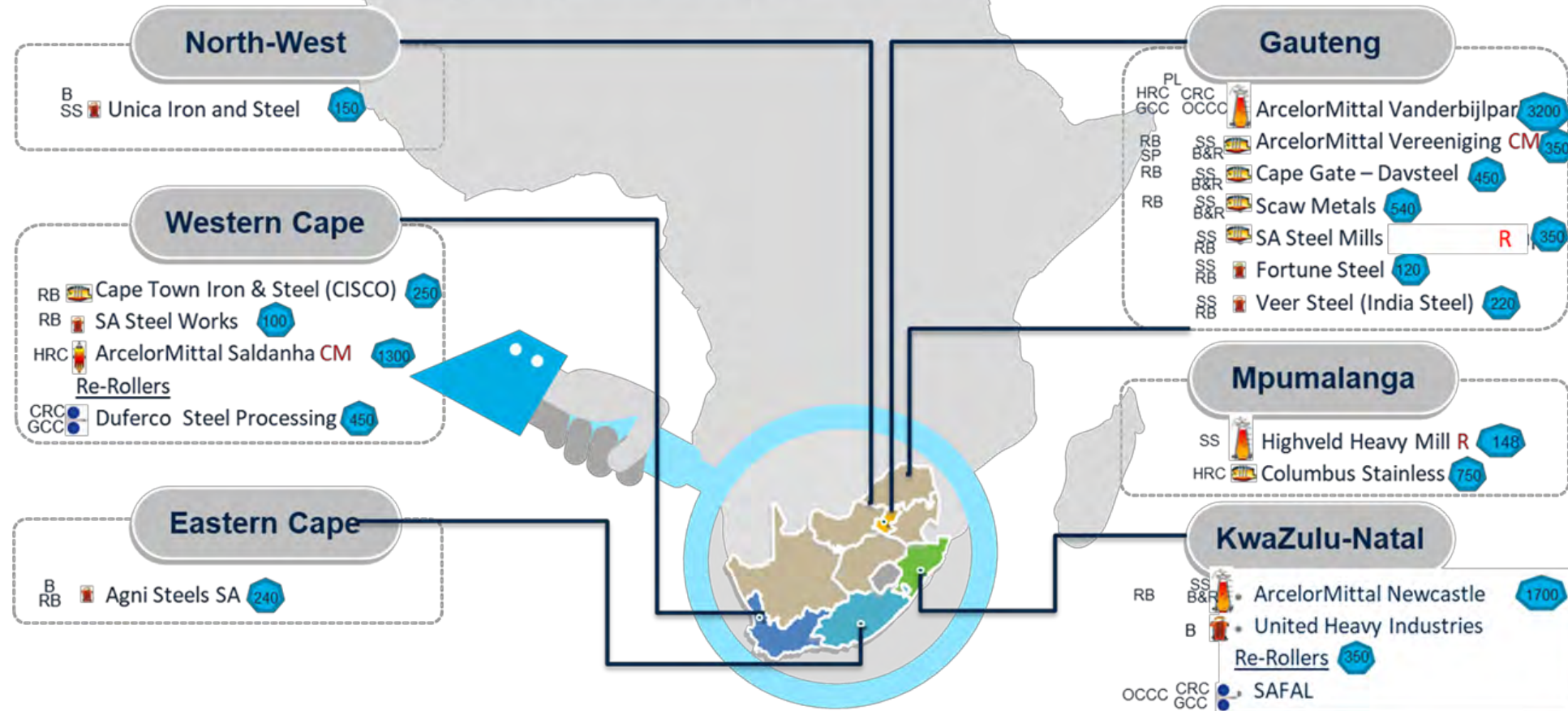
### Steel Making Legend:

-  Blast Furnace/Basic Oxygen Furnace
-  Corex/Midrex
-  Electric Arc Furnace
-  Induction Furnace
-  Re-rolling (cold rolling and coil coating)
-  Steel Making Capacity (Kt)
-  Business Rescue

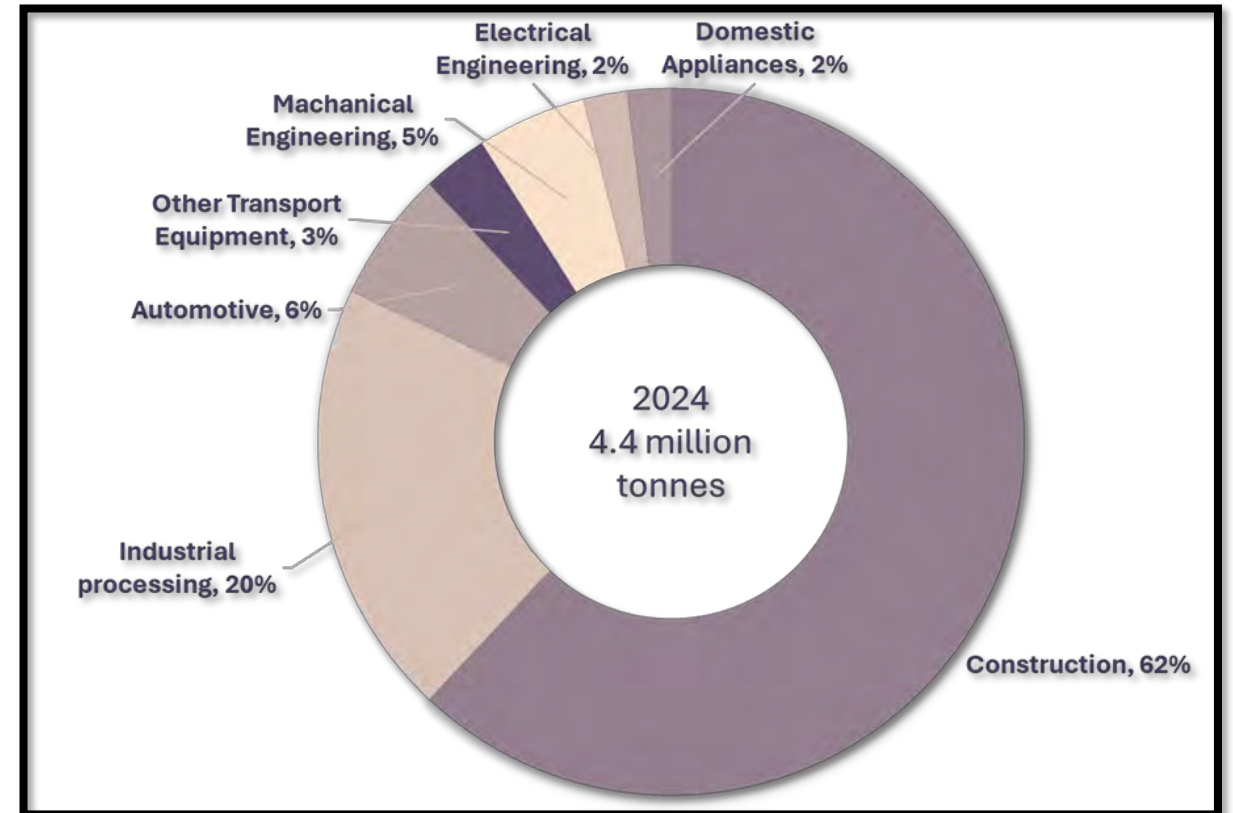
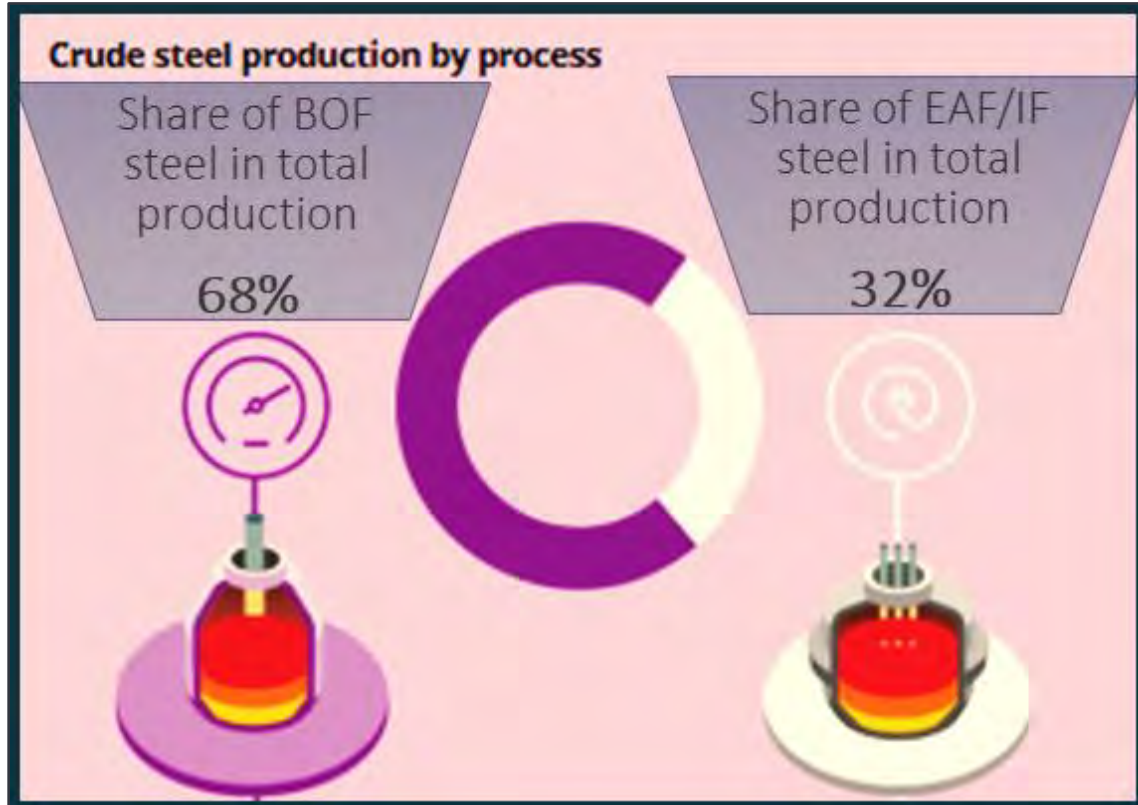
### CM In Care and Maintenance Steel Product Legend:

- Flat Steel Products via Slab rolling [S]
  - PL • Plate
  - HRC • Hot rolled coil
  - CRC • Cold rolled coil
  - GCC • Galvanised coated coil
  - OSCC • Organic colour coated coil
- Long Steel Products via Billet/Bloom rolling [B]
  - SS • Structural Sections
  - B&R • Bar & Rod
  - RB • Rebar
  - SP • Seamless Pipe

## Geography of Steel Production in SA



# Primary steel production by process and distribution to end-user industries

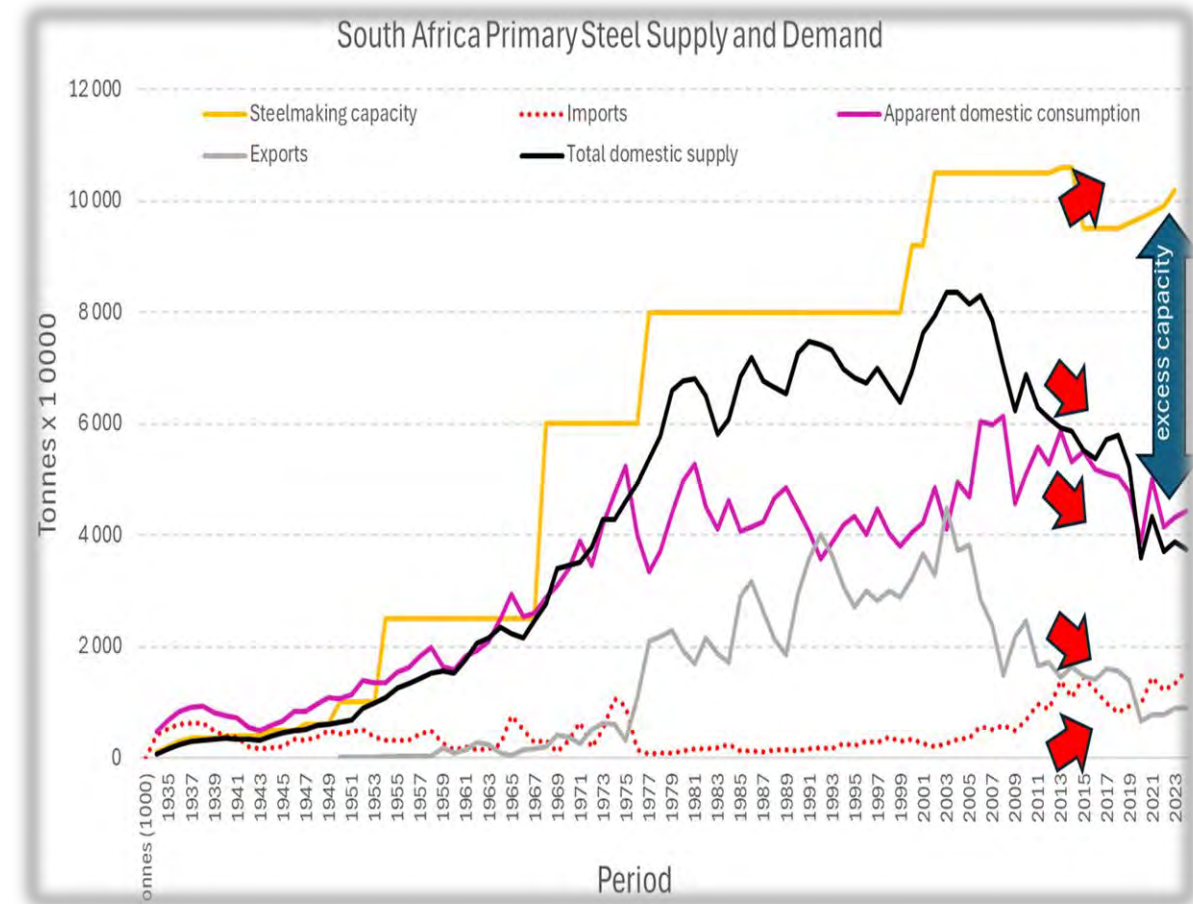


# South Africa's steel production is geared to supply the steel demand from economic growth of over 5% pa

- In 2024, South Africa produced 4.8 million tonnes of crude steel, with net production adjustments placing this figure at 4.4 million tonnes. (equivalent to 0.24% of global steel production.)
- Total finished steel output was 3.9 million tonnes, of which 0.8 million tonnes were exported.
- The domestic market absorbed 2.9 million tonnes, bolstered by 1.5 million tonnes of imports.
- Apparent steel consumption for the year stood at 4.4 million tonnes.

Our sector remains significantly below pre-pandemic levels.

- Crude steel production is down 30%, while finished steel output has dropped slightly more, by 32%, since 2018.
- Exports, a critical source of revenue, have declined by 31%, resulting in a very low mill utilization rate.
- Domestic supply has contracted by 28% from 2018, falling 8% from last year.
- A more alarming statistic is the 71% surge of imports compared to 2018 levels, while apparent steel consumption has dipped by 11%, reflecting a protracted period of subdued demand and local supply.







# The Steel Masterplan

1. Progress made in implementing the Steel and Metal Fabrication Master Plan;
2. The effectiveness of the identified implementation actions to address or mitigate the identified challenges facing the industry;
3. Lessons learnt from the implementation process;
4. The impact of the changing domestic and geopolitical landscape on the industry and the effects of the Master Plan;
5. New and/or evolving challenges facing the industry and opportunities for the industry; and
6. Steps being taken (if any) to amend, adapt or redevelop the Master Plan.

# Industry's expectations of the SMP to resolve much of its challenges.

- Dwindling demand for steel to be solved by expediting the infrastructure programme
- Maintaining the current steel demand which is threatened by Chinese and global over-capacity and over-production resulting in pressure on both primary steel and value-added products. The increased imports also contributed to the escalation of illicit trade.
- Reduced domestic and global competitiveness exacerbated by steep increase in production costs (raw materials, electricity, logistics)
- Increased deployment of trade remedy measures globally – directing exports to the markets with lower protectionist levels.
- Capacity under utilisation – plant closures and job losses
- SA was always a significant exporter of steel. Costs competitiveness impacting export ability exacerbated by logistics, electricity and labour.

**The SMP was designed to be a turnaround action-oriented plan based on identified competitiveness improvements in the firms, measures to reduce levels of imports and reposition the industry to be resilient in the intense global pressures**

- The Working Groups identified priorities with teams set up to work on the 75 deliverables
- The central focus of the plan is to enhance the demand side to balance the available supply, retain and grow job opportunities while driving the all-inclusive transformation of the value chain in a timeframe of 6 -36 months



# What did the SMP deliver.

## SUPPLY SIDE

- Higher-quality long steel and flat steel processes was developed to embrace the localisation of selective products
- Standards revival and enforcements via the NRCS and the restructured SABS

## DEMAND SIDE

- An industry funded “Steel Fund” to support SARS investigations to curb illicit trade and institute trade measures to halt the escalating import trend.

**The SMP did not meet the industry’s expectations**

# Imports at unacceptable levels in the wake of a slow domestic market

- A concerning factor is the growing volume of imports entering our market with some at sub-raw material prices and others at sub-standard quality. Imports of primary steel stands at 36% of apparent steel consumption, with 73% originating from China, leaving only about 2.8 million tonnes of domestic supply.
- The aggravating factor stripping down domestic supply is the current very slow activity levels in the manufacturing sector, with increasing notices of idling plants and shortened working weeks, causing orderbook levels to drop even further.
- The consistent high primary steel import levels while having depressed steel consumption for the last three years is unsustainable and will result in more capacity going into distress.

- Rolled Sheet: +75%
- Alu-Zinc, and Other Coated: +20%
- Plate in Coil: +95.6%
- Semis: 44 000 tonnes (Imports from Zimbabwe)
- Hot Rolled Sections (Heavy and Light): +147.3%
- Cold Formed Sections: +38.8%
- Wire: +24.2%

# Value-added product imports

Imports of value-added products (Chapter 73) shown an alarming 25% yoy increase, not even covering the final product imports such as autos, appliances, yellow goods, etc. All the industrial processing capacities (wire, pipe & tube, fasteners, general engineering and roofing & cladding) are operating at unsustainable low utilization rates.

Imports of articles of Iron and Steel (Chapter 73)				
Year	2022	2023	2024	Yoy % Change
Drawn wire – carbon steel	14 329	17 136	22 097	29%
Drawn wire – alloy steel	14 766	18 469	23 316	26%
Wire rope & cables	26 230	24 751	31 321	27%
Drawn wire – barbed wire	265	619	1 050	70%
Chains & parts	9 132	6 622	7 868	19%
Springs	9 513	10 798	10 944	1%
Articles of wire, forged products & other articles	44 386	41 902	45 780	9%
Tubes & pipes – cast iron	2 314	430	810	88%
Tubes & pipes – seamless	42 772	46 108	45 406	-2%
Tubes & pipes – welded large dia.	2 666	4 745	25 572	439%
Tubes & pipes – welded small dia.	57 380	64 652	89 971	39%
Tubes & pipes – fittings	34 853	32 832	38 032	16%
Nails, tacks & staples	9 617	7 756	9 511	23%
Screws, bolts & nuts	58 264	48 386	62 792	30%
Structures, towers, scaffolding, bridges etc.	29 874	49 345	56 164	14%
Railway material	10 547	8 794	31 300	256%
Tanks & containers >300L	3 345	3 826	3 677	-4%
Tanks, drums & cans <300L	6 733	6 038	6 266	4%
High pressure containers	45 800	28 931	24 386	-16%
Cloth, grill, netting, expanded metal	8 721	9 068	11 622	28%
Anchors & grapnels	424	539	620	15%
Needles & pins	457	547	606	11%
Air heaters & parts	122	98	139	42%
Kitchen & household articles	39 483	34 764	44 864	29%
<b>TOTAL</b>	<b>497 728</b>	<b>496 748</b>	<b>621 751</b>	<b>25%</b>



# Repeated Patterns of Undervaluation are reported to SARS on an on-going basis

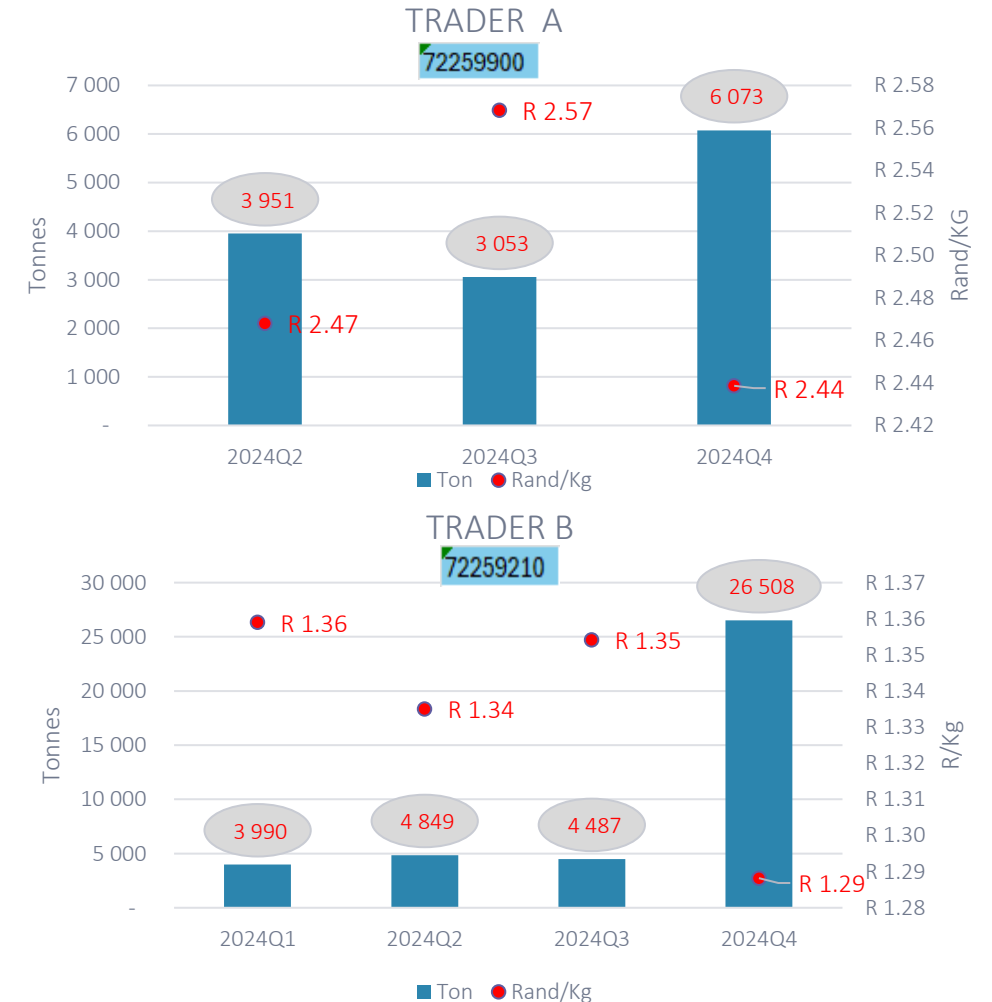
Some of the 2024Q4 under-valued imports reported by SAISI to the SARS Industry Forum

HS codes	Average price	Volume (kg)
72104190& 72109090	R3,07	51 908
72109090&72104190& 72104110	R3,40	323 833
72104110 Galv coated flat steel	R6,25	306 610
72104110	R2,61	19 148
72104990	R1,52	48 575
72104940	R2,79	223 790
72107090	R5,59	63 414
72106120	R6,58	292 268
72107090	R2,75	79 010
72101290	R1,92	156 000
72103000	R6,81	26 064
		1 590 620
72099000 Cold rolled flat steel	R2,16	40 524
72099000	R0,99	44 683
72099000	R0,30	13 476
72099000	R0,80	7 000
72099000	R4,56	3 900
		109 583
72163100& 72165000& 72169900 (71% NO DUTY)	R2,24	516 712
72165000& 72166900& 72169900	R1,98	447 340
72166100 Angles/shapes & sections	R4,49	21 520
72166900	R0,47	18 556
72169900	R3,09	4 380
		1 008 508

Trade activity moving to alloy substrate sub-headings as SARS inspections focus on non-alloy sub-headings

- During the period from October to December 2024, significant undervaluation was identified under HS codes 72259210 and 72259900.
- Undervalued imports under these codes made up 81%.
- Repeated pattern of importing large volumes below scrap metal value, raising significant concerns.

Undervalued imports gains momentum under different sub-headings



# Focus on:

- Tariffs and Quotas

Considering the seriousness of our market situation and the need to mitigate further harm, we urgently request the imposition of definitive duties as soon as possible, which makes it crucial for ITAC and the DTIC to promptly implement measures to mitigate any additional adverse effects on the domestic industry.

- AfCFTA

Market access into Africa is compromised which must be accounted for in the AfCFTA, which should include Countervailing actions against the Dinson steel mill in Zimbabwe. Further contravention of the AfCFTA and other trade agreements from African countries include:

- a. Kenya putting a two year stop to the AfCFTA conditions for the imports of billets and wire rod to the country.
- b. Zambia imposed a 30% duty on rebar and light sections from all countries to protect their local mills against imports.
- c. Recently (May 2025) Zimbabwe has imposed a surtax of 30% on long products (including blooms, billets and structural steel), directly violation SADC and AfCFTA commitments (statutory instrument 50A of 2025). This surtax levied will protect Zimbabwe's newest steel manufacturer 'DISCO' (a Chinese-owned steel producer), which benefits from Chinese investment and could flood regional markets with subsidised steel.

# Focus on:

- Compulsory Standards

Compulsory steel standards are essential for ensuring the quality, safety, and performance of steel products and could have an impact on sub-grade products entering our market.

- Illicit Trade

Illicit Trade by setting minimum price levels equivalent to the raw material and conversion costs of the same products supplied by the local manufacturers.

- Surveillance

The implementation of the pre-surveillance system is an urgent matter and will assist SARS customs officials with the control at boarder crossings. It is of the utmost importance to ensure that our borders are tight and secure. Leakages at the borders will render any trade measure ineffective.





# Policy Matters Impacting The Steel Industry

# Matters to be resolved

- Beneficiation of Raw Materials to the advantage of the domestic market.
- Global Competition: South African steel producers face stiff competition from low-selling producers like China and India, which often export steel at prices that local manufacturers struggle to match. South Africa needs a detailed industrial action plan to revitalize manufacturing in all industries, but specifically in the steel value chain.
- High Production Costs: Rising energy prices and labor costs have increased production costs for South African steel manufacturers, making it difficult for them to compete globally.
- Infrastructure and Logistics: Deteriorating logistics infrastructure, particularly in rail freight, has compounded the challenges faced by the steel industry. This has led to increased transportation costs and inefficiencies.
- Localisation and designation of steel and steel products, where SOE's still import large volumes of steel that could come from available local production.
- Environmental Regulations: The push for greener steel production methods and reducing carbon emissions has added another layer of complexity for the industry. Companies are exploring ways to incorporate renewable energy sources and reduce their carbon footprint.

# Concluding

**The primary steel industry remains steadfast in its commitment to driving inclusive growth, industrial development, and long-term sustainability in the South African market.**

**Through collaboration, innovation, and investment, we are building a stronger future—together.**