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Members lament impact of imported products on local industry

SIMONE LIEDTKE | CREAMER MEDIA REPORTER

DECLINING VALUE
In South Africa, the stainless steel value chain has declined from R20.9-billion in 2014 to R13.7-billion in 2016

Source: Bloomberg

In April, the Southern Africa Stainless Steel Development Association (Sassda) conducted a Short Track Survey that gave an account of the state of the stainless steel industry, compared with this time last year, which had Sassda members lamenting the negative impact of imported stainless steel products.

Sassda executive director **John Tarboton** notes that stainless steel finished product imports grew 44% in 2016, compared with 2015, while finished product exports dropped by 20%.

"This has meant that, in the last year, South Africa has changed from being a net exporter of finished products to a net importer. The overall local market consumption of finished products grew at 2.6% last year, but the change in trade in finished products has meant that the consumption of primary products has dropped by 11%."

Receiving responses from 83 of its members, Tarboton says, the survey was conducted shortly after the International Stainless Steel Forum (ISSF) reported in March that global stainless steel melt shop production increased by 10.2% year-on-year – in 2016 – to 45.8-million metric tons, compared with 2015.

Despite the positive figures presented by the ISSF in South Africa, the stainless steel value chain has declined from R20.9-billion in 2014 to R13.7-billion in 2016.

"According to Sassda members, the continued pressure from large retailers importing and dumping large amounts of finished stainless steel products that could be locally manufactured is causing strain in the industry," he notes.

The members further pointed out that South Africa has lost a lot of business as a result of cheaper imported products from countries such as China.

Moreover, the members indicated that the volatile currency also had a huge effect on material cost input calculations and final price calculations, which means that South Africa cannot offer any consistency on export pricing.

"The Chinese yuan has strengthened marginally against the US dollar and this places them in an improved competitive export position."

Large companies in the sector have closed down, owing to the economic downturn and the impact of Chinese imports, which is supported by statistics. The next step, Tarboton adds, is to identify the affected products and see what can be done in terms of trade remedies.

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