IZASA 2007 Review

Zinc market continues to show strong growth
Zinc for bio-fuel crops illustrated – industry partnership in first industry conference
Industry partners Steel Industry in Living Steel Seminar programme
Workshop highlights galvanized rebar for coastal applications
IZASA partners Fertilizer Industry in Workshop linking fertilization to fortification
Regional industry opportunities highlighted
Zinc Industry implications through REACH shared with industry
Galfan wire introduced to local market (standards modifications continue)
Galvanized piping Predictor undergoes Peer Review
New Galvanized piping products show healthy market growth
Galvanized electricity distribution poles double sales year-on-year
Zinc Air pilot project success leads to new project opportunities
2010 use of galvanizing marketing plan shows success
Base Metals Small Business Incubator taking shape

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HIGHLIGHTS 2007

2007 has been an exciting year for the industry with robust growth in place despite the high zinc price. The operational model for IZASA continued to reap results with expansion of activities beyond some early successful projects towards new projects such as zinc air for rural development.

Biennial Market Survey.

The (apparent) local zinc demand for 2006 was estimated as 109 000 tonnes, as zinc tonnes. Current per capita zinc consumption has risen to 2.0 kg/person. In contrast southern Africa’s per capita consumption remains low at under 0.5kg for the SADC region and even lower for the rest of sub-Saharan Africa.

Growth rates in South Africa are now exceeding GDP growth. This is despite a continued degree of Rand volatility and a sustained high zinc price. It is suggested that the zinc price will stabilise at lower values as global production and demand comes back into balance. However, the timing of this is difficult to predict accurately.

The market demand for galvanizing remains in excess of 2/3 of local demand. This is set to continue as extra continuous galvanizing capacity comes on stream. However, proposed government expenditure on infrastructure and revived mining investment will result in new galvanizing opportunities that current capacity will be stretched to meet. Wire and tube continued to be plagued by the high local steel price and exports were lower than anticipated. Whether increased infrastructure and industrial investment will provide room for GDP+ growth in these industries remains to be seen.

Regional market opportunities

An international investment conference focusing on Base Metals was organized by the International Lead Zinc Study Group (ILZSG) in June and held in Namibia. It was used as the forum to profile possible business opportunities for future First User market development. High regional growth rates are enabling many steel fabricators great opportunities to increase output locally. This should augur well for the hot dip galvanizing industry.

Bio-fuels Conference

IZASA was able to highlight the opportunities presented to the bio-fuels industry in raising crop yields through micronutrient additions at the First South Africa Bio-Fuels Conference in March. A Workshop carried out during the conference was able to present recommendations to government as part of the industry consultation process. Rising maize prices have impacted upon government’s views in terms of tax incentives and maize has now been removed from the list of crops to be supported in terms of bio-fuels policy. The zinc industry is well positioned, in terms of current usage rates and possible increases, as the key crop for bio-ethanol will be sugar cane and beet. Bio-diesel will use Soya Beans, Canola and Sunflowers.

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The use of light-gauge galvanized steel in residential construction

The SA Institute of Steel Construction (SAISC) is working closely with the International Iron and Steel Institute (IISI) in the promotion of the use of light-steel framing for residential construction. As part of the Living Steel Initiative, a series of regional seminars was carried out in May under the guidance of the Southern African Light Steel Frame Building Association (SASFA). Working with the Namibian Institute of Architects, IZASA was able to sponsor the Namibian event.

The use of innovative techniques was presented at the CIB conference in May. With sponsorship of the IZA, a paper was presented at this conference. The CIB (International Council for Research and Innovation in Building and Construction) has developed into a worldwide network of over 5000 experts from over 400 organizations. Many ISO Committee meetings were run during the congress period.

IZASA has been able to contribute to the newly published SASFA Code for Low Rise Light Steel Frame Buildings through the provision of corrosion related inputs to ensure maximum use of the cost effectiveness of light gauge steel. This code is the first code in the world to include the whole of the building envelope rather than just the steel framing. As a result, it provides a step change in the approach to the use of such systems. The SAISC now chairs the IISI Living Steel World Steel Construction Council. This enables the ideas presented in the new code to be formally transferred globally to assist in the initiative to increase the use of light gauge steel framing systems. The IZA has strong representation on the Council.

Training programmes have been developed for the New Year and IZASA will continue to play a role wherever value can be added.

Fertilization and the benefits of zinc

A conference was jointly held with the Fertilizer Society of South Africa (FSSA) in August entitled – Fertilization to Fortification: The role of zinc in human nutrition. Some 75 people attended the conference. With representation from both the Department of Agriculture and the Department of Health a sound bridge was established between the need for zinc in soils as a method of zinc delivery to the population. With representation from UNICEF and others such as the Micronutrient Initiative, the need for greater action in rural communities was highlighted.

A programme of work to study the micronutrient need requirements for southern African soils and methods delivery will be started in 2008. A partnership with the Agricultural Research Council is proposed.

A recent problem with contaminated micronutrient addition has been managed through an instituted Working Group on Heavy Metals at the Department of Agriculture. IZASA was able to highlight global trends and a recommendation for regulation amendment and application has been circulated to all interested parties in the agricultural community.

Promotion of the use of galvanized rebar

With funding from the United Nations Common Fund for Commodities, a regional seminar was held in Cape Town in June to showcase the advantages gained through using galvanized rebar.

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Four key decision makers from sub-Saharan Africa (Angola, Mozambique, Zambia and Uganda) and a representative from ILZSG were able to attend the conference and participate in the discussions. A site visit to the Sea Point sea wall showed the performance differences in the sea wall using galvanized steel reinforcing and adjacent unprotected steel reinforcing.

**Zinc Air use in rural upliftment**

The zinc air pilot study in Namibia has permitted the establishment of proven technology to the zinc air system for rural community improvement. Progress has been ad-hoc during the year but it is hoped to be able to use the zinc air system for sustainable community development projects in northern South Africa and Malawi next year. Other funding agencies such as the African Development Bank have been contacted for future programme support.

**Galvanized utility poles for electricity distribution**

Although internationalisation of the new development has not progressed, local market take-off has become meaningful with the market doubling year on year. With the appointment of a dedicated sales person by the project partner significant growth is likely next year. Some 8000 poles will be sold in 2008.

**Promotion of the use of galvanized water piping**

The expanded scope Galvanized Piping Performance Predictor has finally been Peer Reviewed and will be made available for general release early next year. Sales of PVC size galvanized steel piping is progressing well with one contractor reporting that it is possible to install 500m of the rapid jointed system per day. This time advantage over traditional galvanized steel is now reported to be the main selling point in using the system.

**Promotion of use of zinc coated wire**

Locally produced Galfan coated wire is now available in South Africa. IZASA has facilitated local alloy production and technical support where appropriate. Standards development is still progressing, albeit slowly.

**2010 Soccer World Cup**

Working closely with the Hot Dip Galvanizers Association of Southern Africa (HDGASA), a series of articles have been published on the benefits, from experience at other events, of using hot dip galvanizing to protect steelwork in stadium areas and their environs. A monitor system has been set up to record use and commitments have been made from various project participants for case history data in due course. Continued liaison will be made with the foreign and local project houses to maximise the use of zinc coatings.

**REACH Workshop**

A Workshop on REACH was hosted by IZASA in August to inform the local industry on the likely implications of the new European regulations concerning chemical substances. Using government and local experts the need for exporters to be aware of what is required was presented. The IZA activities and the links available to these activities were also presented. Some 75 people attended the Workshop.
Base Metals Small Business Incubator

The Base Metals Small Business Development Incubator – or Lepharo is progressing well. The facility design has been completed and the construction contracts awarded. The business candidates training programme is in place and applications have been received from a wide number of potential incubator entrants. The Incubator should be fully operational during the next year.

COMING SOON 2008

Regional benefits seminars

The recent market Survey showed that First User opportunities exist in the region. Whilst some of these opportunities may require high risk, evaluation should enable real assessment of possibilities. IZASA will facilitate key contact visits into the region during 2008. These visits will comprise workshops and business partner meetings. The objective is to increase awareness of the industry and its capabilities, promote possible new industry ventures and provide business value to members.

Soil Health

A seminar will be organised by the FSSA in February to increase awareness of soil health and the importance of micro-nutrients in this regard. The current zinc status will be explored. The conference will be held at the CSIR Conference Centre.

General Galvanizing Conference

As a follow-up to the General Galvanizing Conference held in 2006, an industry conference is planned for the beginning of June 2008. The conference will be jointly organised by the HDGASA and IZASA. The conference will be divided into two days, one on markets and one on technology. Further details will be made available in due course.

Environmental Workshop

Currently it is hoped to have a seminar on the Environmental aspects concerning zinc usage and further explain the implications of REACH to local industry. A date has still to be decided.

For further details on these events and to keep abreast of news and further events please refer to our web site www.izasa.org.
ZINC FLOWS IN THE SOUTH AFRICAN MARKET FOR 2006 - zinc tonnes equivalent

Exports of zinc containing products

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<th>Description</th>
<th>Zn tonnes</th>
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<td>zinc scrap, ash, etc.</td>
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<td>Zn coated steel</td>
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Imports of zinc containing products

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<th>Zn tonnes</th>
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<td>Total</td>
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WHAT IS IZASA?

IZASA was established in 2002 as the body representing the International Zinc Association in Southern Africa. Initial activities focused upon analysis of constraints and opportunities within the zinc industry. This program was called the South African Zinc Initiative. Supported by the international zinc industry, the IZA has established itself as the industry forum on matters as diverse as international marketing to the management of the sustainability of the industry over the long term through being the voice piece of the industry in its dealings with regulators and governmental agencies.

The guiding principles adopted by the IZA in establishing regional operations, is that fast track market penetration can be effected in markets where successful interventions have worked elsewhere. This is particularly important in regional activities where leverage is not just related to funding but also to people. Regional operations tend to be staffed by a single person or a person and an assistant. In the operational strategies of IZA Southern Africa (or IZASA), partnership and leverage principles are applied through identified champions.

In 2000, as a region, the intensity of zinc use in southern Africa, was about 40% lower - when measured in respect to steel consumption - than in the U.S. and Europe. Devastated by isolation, war, political, turmoil and drought, the region offers opportunities for sustainable growth off a low base. The establishment of IZASA was born out of a South African initiative to develop the market for zinc locally. Working with government agencies; three parties, namely Exxaro (formerly Kumba Resources), Anglo American and Mittal Steel SA (formerly Iscor) set up a study group – the South African Zinc Initiative. Tasked with analyzing the opportunities and constraints present in the South African zinc market, an analysis was carried out which showed key areas for growth. Specific intervention strategies have been developed in the galvanizing, alloy and chemicals sectors.

IZASA is empowered to

1) Grow the market and grow our market share.
2) Increase local sales by 40 000 measurable tonnes over a 5 year period (this has now been achieved).
3) Focus on market development projects
4) Educate the market with respect to the optimal use of zinc.
5) Build customer knowledge base and increase one-on-one marketing.
6) Educate sales forces and merchants with respect to technical aspects and services available.
7) Increase visibility in the specifiers market as the information experts
8) Market the benefits of zinc.

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MEMBERSHIP

IZASA is continually looking for members. By becoming an Affiliate member of IZASA, companies become automatic members of the International Zinc Association based in Europe. Representing over 75% of the world’s zinc producers this body acts as the voice for the industry on all issues facing the industry. The IZA has established regional bodies globally and through the IZASA members become part of the global industry. The benefits of membership are:

- participation in group to benefit the industry and YOUR company
- the leverage of global network to assist with industry development
- receipt of alerts and analysis from IZASA and IZA
- communication on commercial leads
- a greater lobbying voice to assist with developing appropriate government frameworks
- opportunity to shape regional market development programmes to further local industry development
- information and assistance on resolving issues impacting upon the industry
- participation in IZA committees and shape the industry
- receiving the Zinc Network
- entitled to send delegates to Zinc College
- receiving IZA publications, free of charge
- receiving a free Zinc Logo license

In return IZASA expects from its members:

- a commitment to industry development and growth
- political support for industry positions
- active participation in IZASA programmes

For further information please contact IZASA on 083 456 4989 or izasa@icon.co.za or visit our web site www.izasa.org