

# Annual Review of



**IZASA**  
INTERNATIONAL ZINC  
ASSOCIATION OF  
SOUTHERN AFRICA



# IZASA



# 2003



## **BACKGROUND**

The IZA operational tenets are leverage and the formation of partnerships. 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.

As a region southern Africa intensity of zinc use is 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 Kumba Resources, Iscor and Anglo American set up a study group – the South African Zinc Initiative. Tasked with analysing the opportunities and constraints present in the South African zinc market, an analysis has been carried out which showed key areas for growth. Specific intervention strategies have been developed in the galvanizing, alloy and chemicals sectors.

IZASA was established in 2002 as the body representing the International Zinc Association in Southern Africa. 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. IZASA is supported by the local zinc industry with which it manages the South African Zinc Initiative designed to target achievable market development opportunities. This initiative defines the operating characteristics of the Association as a whole.

An analysis of the market opportunities for zinc was produced together with a benchmarking program to determine which interventions would realize the best tonnage opportunities. A broad series of market development interventions were identified and a market development plan formulated to be combined with an overall promotion campaign under the slogan “Think Protection, Think Zinc!”

IZASA intends to

- 1) Grow the market and grow our market share.
- 2) Increase sales by 40 000 measurable tonnes over a 5 year period.
- 3) Educate the market with respect to the optimal use of zinc.
- 4) Increase visibility in the specifiers market as the information experts
- 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) Market the benefits of zinc.
- 8) Focus on niche markets

## **HIGHLIGHTS**

Year 1 of the SA Zinc Initiative was the year of market analysis, 2003 proved to be the year for the establishment of partnerships (for the various identified target projects) and structural interventions (in the provision of technical support data and government lobbying). IZASA has a policy of working through industry partners and industry groupings. Funds received are directed at strengthening these partnerships to the benefit of the membership and the industry overall. These activities will now bear fruit with a greater emphasis on promotion work and support seminars.

Working with the Non Ferrous Metals Industry IZASA has worked towards creating a framework whereby greater control is in place on the exporting of scrap material. This will provide for balanced material input (virgin and scrap) to reduce material input costs and maintain international competitiveness of various industries.

Major market development initiatives are underway to increase the use of galvanized steel poles in electricity distribution, increase opportunities for the use of galvanized steel in lightweight roofing systems, establish galvanizing as the norm for scaffolding products, promote the South African wire industry and investigate opportunities in the rebar market. Many of these exciting developments are still in early stages but already awareness seminars have been carried out and more are planned with various industry partners. Where necessary, technical work is underway to support the promotional effort.

Communication is a key tool in service delivery. For the first time, the galvanizing industry had a whole session of the Corrosion Institute's International Conference dedicated to the contribution of galvanizing to corrosion protection. Presentations were given for peer review at international conferences in Spain and Holland. Liaison between IZA's working partners overseas was established to maximise experience and effect more rapid transition of projects into workable market development programmes.

## **ACTIVITIES**

### **Projects -**

The reporting period September 2002 to end 2003 has been an active period for IZASA. A suite of operational guidelines for projects was agreed upon by the IZASA board. These are:

1. Potential tonnes should be meaningful.
2. Target industries should have access to capital for development.
3. Target industries should be willing to become partners in the process.

4. Target industries should be amenable to technology transfer and be capable of becoming world competitive, i.e. interventions should be sustainable.
5. Target industries should have export potential/experience and sufficient numbers to ensure success, i.e. if one company doesn't make it there are others to take up the gauntlet.
6. Development strategies should work within existing government interventions (e.g. Export Councils, MIDP, Sustainable Development strategies)

Utility poles of galvanized steel are used widely in North America and Australia. Concerns on the availability of quality wood and its durability have opened the opportunity to look at the use of galvanized steel in Southern Africa. The IZA has sponsored the American Iron and Steel Institute (AISI) utility pole seminars for some years with great success. It was hoped that the holding of a seminar locally in conjunction with an industry body would yield great interest. The specific application in the use of galvanized steel poles for use in electricity distribution was identified as a key market and IZASA is working with a particular company in investigating the opportunities offered by this market. Working with regional electricity supplier, Eskom, designs are being considered for development to enable galvanized poles to become a standard for Eskom as it sets out to become the continent's electricity distribution manager. Clearly, this goal offers massive market potential for the galvanized pole industry. Designs are currently under investigation and it is hoped to have testing carried out and a pilot project developed in the New Year.

Galvanized scaffolding is the norm in Europe and many other regions. Used for safety reasons, galvanized scaffolding provides the safety confidence needed on modern building sites. Working with an industry association and a galvanizer, contact has been made with the department of Labour and the Workman's Compensation Fund. Performance data is being gathered and will be used to apply for mandatory use of galvanizing for the protection of scaffolding. This will bring South Africa in line with other nations and offer peace of mind to construction site workers. It is hoped that the investigative part of the process will be complete during the first part of next year.

The use of corrosion resistant rebar is becoming more of an issue globally. Often used in infrastructure projects, Public Works departments are requesting more attention to Engineering Value Analysis before approving materials for projects. Hot Dip Galvanizing offers longevity at a competitive price. Studies carried out by the International Lead Zinc Research Organisation over many years have shown the advantages of hot dip galvanizing. Working closely with the Cement and Concrete Institute technical studies combined with case histories have been carried out during the year as part of an awareness programme. It is hoped to consolidate this information sharing exercise next year by combining the presentation of the local studies together with the seminar programme developed by ILZRO and used internationally.

The use of galvanized wire for agricultural fencing comprises the single largest market for wire. The Agricultural Research Institute (ARC) began an extensive atmospheric exposure study in 1990 to assess the performance of a suite of wire materials. This work has recently been completed with the assistance of the South African Bureau of Standards (SABS) and combined with funding from the South African Wire Association (SAWA) recommendations that only heavy galvanized coatings be used offers the opportunity for farmers and game farm owners to specify the correct type of wire. Seminars are planned for 2004 to convey this message and new standards are envisaged. The Hot Dip Galvanizers Association Southern Africa (HDGASA) has given presentations on specifying galvanized wire at two seminars recently. This project clearly shows the advantages of partnerships in achieving a meaningful goal.

Wood has been used as the primary roof truss building material in South Africa since the establishment of the construction industry here. Overseas the use of pre-galvanized steel has become the norm in many countries. Maximising this through the presentation of seminars countrywide and using an IZA expert as a presenter, an awareness of the opportunities offered by steel has been provided. Over 230 delegates attended the seminars given in the major centres of Johannesburg, Durban and Cape Town. Working through the Southern Africa Institute of Steel Construction (SAISC) and with the direct support of Iscor the holding of these seminars was made possible. It is hoped to take this project to a new level next year by addressing the skills challenges presented by the new technologies.

The beneficiation of recycled material is key to the brass and die-casting industries being competitive in South Africa. A ready continual supply of scrap material to supplement virgin material is the norm internationally. Unfortunately, since 1994, the uncontrolled export of scrap material has resulted in the demise of the brass and zinc die-casting industries. However, plant capacity is there and working through the Non Ferrous Metal Industries Association, IZASA has been able to participate in a process whereby local availability of suitably priced scrap input material will be possible. Despite delays, it is hoped that the concerns of all the participants within the recycling value chain can come to consensus. It is anticipated that new controls will come into effect next year although already improved policing of existing systems has yielded results. Modification of the value chain activities may well be required (such as hand sorting for instance) to yield product amenable to processing by the recyclers. However the success of this project again shows the merit of working in partnerships.

Southern African soils are zinc deficient which causes nutrient deficiencies within the region. South Africa itself is aware of the problem and zinc is added to fertilizers to address the deficiency. It was hoped that industry consensus could be achieved to increase the zinc level, however, this proved difficult. As a result, this developmental project has been placed on hold although regionally, IZASA will endeavour to create an awareness and assist neighbouring countries in methods to improve soils and nutrition overall.

## **Industry Support -**

The data obtained during the initial market study on the consumption flow of zinc within the South African market is being updated to allow for comparison with earlier data. This information is valuable in providing insight to those companies and individuals looking for further opportunities within the South African zinc industry. This practice will continue as a function of IZASA.

Enquires of diverse nature are dealt with on a regular basis. IZASA acts as the conduit to put the enquirer in touch with interested parties for mutual benefit. In addition, IZASA has been called on to advise on a range of possible opportunities. With this in mind, members are now being actively sought to continue with the philosophy of IZASA of being the focal point for all zinc related activities within the region.

Representation has been made to government on many occasions over the past year in support of the zinc community. IZASA has requested that South Africa reviews its non-membership of the United Nations body the Common Fund for Commodities. Membership of this would enable the country to gain access to developmental work not only in zinc but also in unrelated areas such as agricultural upliftment, a major focus area of the government's emerging farmer programme. IZASA presented a vision for the Industry to the Department of Minerals and Energy and the dti during May of this year. Lobbying has also been carried out as mentioned previously in support of the industry scrap controls.

The concept of the SMME incubator has become established in South Africa. The possibility the zinc industry participating in this process is under consideration.

IZASA has also supported individual companies through the giving of presentations, provision of IZA literature and facilitating inter-company links.

## **Promotion –**

The zinc first usage customer base in South Africa is widespread with two divisible areas:

1. Galvanizing for corrosion protection in all its forms (general galvanizing of steelwork, fasteners and other loose items; continuous galvanizing of steel sheet for roofing, cladding and white goods; galvanizing of tube & pipe for structural applications such as lampposts, fencing posts and water piping; wire galvanizing for the agricultural fencing, building and security applications). This constitutes 75% of the use for zinc in South Africa.
2. Products containing zinc - batteries, brass (plumbing, hardware, sports equipment, etc), alloys (hardware, sports equipment, etc), rubber (tyres & belting) and chemicals (skin creams, dietary additions, fertilizers, mining chemicals, pharmaceuticals). These areas, combined, constitute 25% of the use of zinc in South Africa.

Sales into these sectors are via zinc and zinc chemical suppliers. Each sector has a different customer base in terms of knowledge of the importance of zinc and possible competition.

The corrosion protection of steel via galvanizing is widely known but the advantages are not so well disseminated. Competition from alternative methods of protection is fierce, and it is essential to maximise benefit with a limited resource. A cost benefit analysis was carried out early in 2002 and this has been presented at every opportunity.

The use of zinc in products, whilst obviously known by the first user base, is not widely known by the population at large.

Unfortunately, the awareness promotion campaign was placed on hold during 2003. However, as mentioned in the Highlights section, a series of presentations was given to the specifying community on specific topics of relevance.

*2004 holds open the opportunity to revisit general awareness and raise the image of zinc in the community at large.*

## **MEMBERSHIP**

IZASA is 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:

- receive alerts and analysis from IZASA and IZA
- get access to a global network
- receive communication of commercial leads
- have a forum to hold group discussions
- have a lobbying voice
- have the opportunity to shape regional market development programmes
- are invited to participate in IZA committees and shape the industry
- receive the Zinc Network
- become entitled to send delegates to Zinc College
- receive IZA publications, free of charge
- receive 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

# ZINC MARKET

In 2000, the total local consumption of zinc was some 61 000 tonnes. By 2002, this has risen to 64 000 tonnes. However, and more importantly, the zinc market in South Africa had risen from 116 000 tonnes to 123 000 tonnes. This represents a 6% rise in the market over this period although it only brings the market back to the 1995 figures. However, of importance is that this rise was achieved during difficult economic conditions where key industries such as mining and construction showed little growth. Both imports and exports of zinc containing products rose.

ZINC FLOWS IN THE SOUTH AFRICAN MARKET FOR 2002 - zinc tonnes equivalent

