

HIGHLIGHTS 2012

IZASA's regional activities grew during 2012 not only including visits to Malawi and Kenya but also including discussions with various companies operating north of South Africa to determine zinc market opportunities. Good market opportunities have been identified in Mozambique, Angola, D.R. Congo, Zambia and Tanzania. Where partnerships can be managed, these are being pursued. A full assessment of the market opportunities will form part of the 2012 Zinc Market Report. In addition, the global contact base continues to be leveraged for member benefit. Continued government contact ensures that the industry voice is heard by policy makers.

The zinc market in South Africa continues to disappoint. Most of the industry has been becalmed due to a lack of delivery in terms of promised infrastructure development and the local mining industry is potentially in a parlous state. A recent mining investment report showed just how unattractive South Africa has become in terms of mining investment being orders of magnitude below many countries including Australia, Brazil, Chile and Peru where investment is booming. Fortunately, to the north of South Africa the mining industry is developing rapidly with neighbouring Mozambique offering real opportunities for zinc applications. Another unfortunate trend is the increased use of overseas fabrications in South Africa. IZASA is aware of a few of these and whilst not without difficulties, outsourcing such strategic activities does not bode well for the local galvanizing industry.

Notwithstanding the comments above, the region as a whole is becoming an increasingly attractive zinc market. Minerals in their broadest sense (mining and gas) are resulting in significant investments in sub-Saharan Africa and, with the right encouragement establishment of new galvanizing plants in particular will assist with market growth. East Africa is undergoing an infrastructure boom with Kenya growing in importance as a transport hub. A visit to Kenya in August demonstrated the high growth being experienced for continuous galvanized products in the broad construction market, the opportunities in road, rail and electricity and specific developments in port and transport hubs. On-going contact by IZASA with major role players is bearing fruit. The transport developments linking Mozambique and Malawi provide for new zinc markets in this region.

The IZA activities in the region have expanded with health projects moving into the Great Lakes area and the Malawi United Nations supported project showing good results after the first year of trials. Some eight areas in Malawi are under investigation. The Year One results showed an up to 30%+ increase in maize crop yield and, perhaps even more importantly in terms of nutrition security, a 20%+ increase in zinc concentration in the grain. More stakeholders are getting involved with this project such that adoption of new fertilizer specifications, which will specifically include zinc, are likely not only in Malawi but in other African countries also. New product development by one IZASA member offers a unique way of getting zinc into the plant without being restricted by overall soil chemistry. This product is now being offered in China, India and Brazil

which, combined, make up over 53% of the world fertilizer market. In South Africa, the new Fertilizer and Feeds Bill 2012 will, through the establishment of a Technical Standards Advisory Council, finally enable policing of standards and regulation within the country. This should go a long way to guaranteeing blended fertilizer product quality and restricting the use of poor quality and in some instances, unsafe, imports.

Standards and statutory activity remained strong during 2012. The SABS was able to release an endorsement on the superiority of zinc-aluminium coatings in construction over traditional continuous galvanized coatings. This, combined with an ever growing case history catalogue, should offer the market-place confidence in specifying these superior products. The on-going development of the pollution control regulations is still creating problems for the zinc value adding industry but through the efforts of BUSA (Business South Africa) driven largely through the CIAI (Chemical and Allied Industries' Association), some headway is being made in getting consensus.

Alloys activity has been at a high level with support being given to all the major zinc end use industries. During February, IZA support was provide through Dr Frank Goodwin on the new die-casting alloys, the drivers behind their development and the market response globally. Sadly, the foundry industry in South Africa remains constrained due to policy which, if changed, could provide a much needed employment boost. Notwithstanding this, on-going engagement with the major role players in the industry will be maintained. The use of Galfan (a 95/5 Zinc/Aluminium alloy) for wire galvanizing is common. However, new developments offer the alloy's use for general galvanizing. One major wire producer in South Africa currently uses Galfan and with the visit to South Africa of Tom Ranck in March from Galfan Technologies it is hoped that more players will start to use the alloy. The increasing use of zinc nickel alloys for general galvanizing globally has not been adopted in South Africa. Used primarily to improve coating appearance, work is underway to promote its use within South African industry. With many trader suppliers being present in the local market-place, it is hoped that some of the mentioned alloy interventions will drive a more customer focused approach by suppliers.

Vedanta, as the local zinc producer (having taken over the Anglo American zinc operations) hosted an Industry Meeting in August. This provided some insight into the marketing strategy to be adopted by Namzinc and IZASA hopes to be able to work closely with Vedanta in the Africa region over the coming years.

COMING SOON 2013

Identification of Mining Project Opportunities - Leveraging its contact base, IZASA will manage industry interactions for the membership to promote the use of zinc coatings.

Regional Trade Program - During 2013 it is hoped to offer Trade Visits to Kenya (infrastructure and gas), Malawi (agriculture and infrastructure), Namibia (ports and transport) and West Africa (mining, agriculture and infrastructure).

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Alloys Use Support - Through participation in the 2013 Metals Casting Conference continued exposure of local industry to new die-casting alloys will be provided. In addition, direct support to new alloys use will be provided to the zinc value adding industry in general.

Zinc Market Report - The biennial market report will be produced during the first part of 2013.

Industry Engagement - As always, it is essential that IZASA is fully aware of the needs of the zinc industry in the region. To review the current situation, an Industry Workshop will be held with industry to review the progress so far and determine the key focus areas going forward. To ensure relevance, this will only be held after the 2012 Market Review has been completed.

For further details on these activities and to keep abreast of news and further events please refer to our web site www.izasa.org .

WHAT IS IZASA?

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.

Initial activities focused upon analysis of constraints and opportunities within the existing zinc industry. This program was called the South African Zinc Initiative supported by the Department of Trade and Industry and three industrial partners namely Exxaro (formerly Kumba Resources), Anglo American and ArcelorMittal Steel SA (formerly Iscor). 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 were developed in the galvanizing, alloy and chemicals sectors. The establishment of IZASA was born out of the South African Zinc Initiative in 2002 as the body representing the International Zinc Association in Southern Africa to develop the market for zinc regionally.

The International Zinc Association is recognised as the industry forum on matters as diverse as international marketing to the management of the sustainability of the industry over the long term. This is managed 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.

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IZASA is empowered to

- 1) Grow the market for zinc and grow the market share in competitive industries*
- 2) Focus on market development projects*
- 3) Educate the market with respect to the optimal use of zinc*
- 4) Build the customer knowledge base and assist with one-on-one marketing*
- 5) Educate sales forces and merchants with respect to technical aspects and services available*
- 6) Increase visibility in the specifiers market as the information experts in zinc*
- 7) Market the benefits of zinc*

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 activities to benefit the industry and YOUR company
- the leverage of the zinc global network to assist with industry development
- participation in concept marketing regionally through regional visits and other activities
- receipt of alerts and analysis from IZASA and IZA
- communication on commercial leads
- a greater lobbying voice to appropriate government frameworks
- the 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 to shape the industry
- receiving the Zinc Network
- entitlement to send delegates to Zinc College. This is the sole event that informs senior personnel about the zinc industry and provides for a major networking opportunity.
- direct access to IZA publications, free of charge
- use of 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

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