

Rebar shortage slows construction recovery

Sarcea says a shortage of reinforcing steel is further slowing recovery in the building and construction sector.



Photo: Financial Mail

MARK ALLIX

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A SHORTAGE of reinforcing steel is further slowing recovery in the building and construction sector, according to the South African Reinforced Concrete Engineers Association (Sarcea).

This was likely to cause massive cost and time overruns for both contractors and developers, making it necessary to import large quantities of the product and preventing smaller companies from being able to compete.

"There have been deliveries, but orders have not been fully met since January," Sarcea director Rod Mountford said yesterday. "The industry is in a state ... some of our members are turning away jobs in these dire times because they can't get reinforcing steel."

The association said steel mills were generally not able to meet delivery dates, making it impossible for companies that process the reinforcing steel (rebar) to stick to construction programmes and deadlines.

SA's steel industry has been dealt a treble blow in the past 14 months. First, Kumba Iron Ore halted sales of cheap iron ore to premier steel maker ArcelorMittal SA early last year. Then, in December, ArcelorMittal shut its Newcastle furnace, leading to delays in the supply of rebar. And in January, construction company Murray & Roberts closed its loss-making subsidiary, Cape Town Iron and Steel Works, the biggest maker of rebar in the country.

Sarcea said rebar suppliers and manufacturers had begun defaulting on their contracts with construction companies.

"There is very little that (Sarcea's) members can do about this ... barring importing steel bars from international mills, which requires a two-to-three-month delivery period and extensive capital outlays," Mr Mountford said.

John Hulse, owner of contractor JG Hulse Manufacturing in Cape Town, said yesterday that everybody in the industry had experienced a shortage of rebar — in his case, probably more than 50% since January.

"I've been in the industry a long time and have never experienced anything like this. We are desperately short," he said.

allixm@bdfm.co.za