

# SA explores ways to save steel industry from collapse

Government is committed to work with the steel industry to save jobs and has put in place measures to save the industry from collapsing, says the Department of Trade and Industry (dti).



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Briefing the Portfolio Committee on Trade and Industry on the status of the steel industry, dti officials said the department has put in place measures to assist the entire value chain in the industry.

“Both demand and supply measures have been deployed to assist the entire value chain to cope with the global steel glut,” said the chief director of Capital Equipment and Metals at the department, Thandi Phele, on Tuesday, 12 June.

## Task team established

The acting chief director of Primary Minerals Processing, Dr Umeesha Naidoo, told members of parliament that since the onset of the crisis in 2015, government has established a task team which intervened to save the steel industry from threat of closure and loss of capacity.

The task team comprises officials from the dti, Department of Economic Development, National Treasury and the Industrial Development Corporation.



“Following the establishment of the task team, there are numerous short- to medium-term measures that have been put in place to support the steel industry. These include an increase in the general rate of customs duty on primary steel products to 10% and safeguard measures for a period of three years on hot rolled coil and plate products.

“There are also tariff increases on a range of downstream products and the deployment of rebates where primary steel products are not locally manufactured. Tariff increases are part of an integrated set of measures being deployed to respond to the challenges and support the industry as a whole,” said Naidoo.

More work is currently being undertaken with South African Revenue Service (SARS) and the International Trade and Administration Commission (ITAC) on circumvention and the development of a reference price model. This comes as imports of steel products continue to threaten the viability of the steel industry.

## **Flat steel pricing**

Naidoo said there is an agreement on a set of principles for flat steel pricing in South Africa that is priced appropriately to ensure that steel-dependent industries are competitive. This is also aimed at ensuring that the upstream steel mills remain sustainable.

Phele shed light on the demand side measures, where a number of steel intensive downstream products have been designated for local content and production to take advantage of public procurement and expenditure. However, the monitoring and evaluation of the designations needs to be improved to fully realise the impact of this policy tool.

## **Development fund**

“Government has also established a R1.5bn steel development fund to support key downstream steel sectors and sub sectors. Downstream industry is encouraged to take advantage of this fund to upgrade, introduce innovative production methods and raise the overall competitiveness to ensure long-term sustainability,” said Phele.

Economic development minister Ebrahim Patel announced the fund in May last year prior to tabling the department’s budget vote. At the time, Patel said the fund will assist companies that are looking to expand, as well as those who are under pressure from imports.

Meanwhile, dti officials also reflected on the US’s Section 232 duties and its impact. In May, President Donald Trump signed proclamations granting permanent country-exemptions to a select number of countries and extended by one month the Section 232 steel and aluminium tariff duty exemptions for some. South Africa was not exempted in the application of steel and aluminium duties.

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