

Concrete Institute to brief parliament on potential industry crisis

The cement industry, having to compete against cheap imports, has appealed to the Department of Trade and Industry's (DTI) International Trade Administration Commission of South Africa (ITAC) for support in the form of tariffs. This week it is taking its case to parliament.



Image source: www.pexels.com

Industry spokesman and MD of the Concrete Institute (TCI) Bryan Perrie will make the case for the sector in meetings with parliamentary committee chairs and members. He pointed out that this is not an attempt to curtail competition, but simply a call for the playing field to be levelled. The cost of doing business in our country is “significantly higher” than in other countries exporting cement to South Africa.

Increasing imports

According to the construction market intelligence firm Industry Insight, imports of cement into South Africa “increased by 293% year-on-year in July” and that figure looks to be increasing this year.

Perrie said, “The industry is facing an existential crisis which threatens to undermine the industrial capacity of the country. Urgent action is required. We have asked ITAC for a safeguard action against cheap cement imports, which are undercutting local producers by almost 45%, and skewing the market prices,” he said.

“In South Africa, cement manufacturing is subject to regulatory requirements, including the newly-introduced carbon tax and ever-increasing energy costs, from which foreign producers are largely exempt.”

Perrie also added that the local cement sector paid local taxes, which contributes to the government's fiscus and thus national development, something the foreign firms do not.

Inclusive growth

The local cement sector can produce more than 20-million tons of cement a year but is currently producing around 13-million. “We want to be part of the inclusive growth championed by President Cyril Ramaphosa at the World Economic Forum (WEF) on Africa in Cape Town, when he stated, ‘this is Africa's century, and we want to utilise it to good effect’.”

The best way to utilise it, believes Perrie, is to build and develop local industry, and contributing directly to the infrastructure growth essential for this to be Africa's century.

“For example, the ratification of the Africa Continental Free Trade Area (AfCFTA),” he said, “will be meaningless if we can't provide the infrastructure that will facilitate trade (roads, bridges, ports, airports, etc.). AfCFTA requires the survival of a local, regulated, and efficient local cement and concrete industry.”

Improving labour employment

Perrie makes the case that South Africa's greatest challenge is unemployment, not only because unemployment may lead to unrest, but because unemployment stifles growth.

“Stimulating infrastructure growth and local manufacturing capacity would embrace the challenges to improve labour employment opportunities for the youth and adults,” he said. “But cheap cement imports will add to the jobs crisis, the knock-on effect of which will lead to losses across the full value-chain in South Africa.”

Currently, the construction industry accounts for [of total formal employment and 17% of total informal employment](#). The cement sector directly employs more than 7,000 people and indirectly an additional 35,000 jobs are affected. These could all be under threat.

“We have already made our presentations to ITAC,” said Perrie in a recent interview on CNBC Africa. “We want to make parliament aware of the issues, and why we have applied for the tariffs. We are not looking for protection or a ban on imports — just to level the field.”

For more, visit: <https://www.bizcommunity.com>