



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR ORAL REPLY

QUESTION NO. 524

Ms N E Motaung (ANC) to ask the Minister of Trade, Industry and Competition:

What interventions will his department make to revive the manufacturing sector, especially the steel sector, which has contracted by 74,9% according to the Gross Domestic Product figures released by Statistics South Africa for the 2nd Quarter of 2020? [NO3271E]

REPLY

Steel is the foundation of the manufacturing sector and is critical to our industrialisation efforts. Yet in the face of a global over-supply of steel, local industry has struggled to stay price competitive.

To address this challenge, a Master Plan is being developed for the steel and metal fabrication value chain. Complementing this, a number of immediate actions are being implemented. Together, these two sets of interventions seek to address:

One, supply side measures to improve industrial dynamism and investment, addressing input constraints (energy, transport and scrap metal inputs) as well as including stepped-up implementation of existing tariff, trade remedy, incentive and illicit trade support measures; and

Two, demand side measures focussing on import replacement to increase demand for local products, state procurement measures and exports with potential opportunities identified in rail and mining capital equipment.

Specifically, the Honourable Member's attention is drawn to the following:

- On-going trade support afforded to both up and downstream industries;
- The use of state procurement to boost aggregate demand (all steel intensive products are currently designated under the PPPFA);
- The Steel Competitiveness Fund to support upgrading, working capital requirements, investments and key downstream steel sectors in distress. Over the current MTEF, R100m additional support has been secured which will improve the lending rates and term conditions for the fund;
- Highveld Steel intervention that saved a major industrial complex and at Scaw Metals to maintain strategic capability and capacity in the steel industry; and
- Various interventions on scrap metals, through the Price Preference System (PPS) and the on-going export tax processes, to ensure access to high quality and affordable input material for the local foundries and steel mini-mills.

the dtic is also supporting the Economic Reconstruction and Recovery Plan and is driving increased localisation for reindustrialisation and growth. **the dtic** specific interventions will focus on increasing localisation, reindustrialisation and export promotion to support revitalising of the manufacturing sector.

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