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Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## THE NATIONAL COUNCIL OF PROVINCES

### QUESTION FOR WRITTEN REPLY

#### QUESTION NO. 28

#### *EU's Carbon Border Adjustment Mechanism*

**Ms H S Boshoff (Mpumalanga: DA) to ask the Minister of Trade, Industry and Competition:**

Whether his department assessed the readiness of South African exporters to comply with the requirements of the European Union's Carbon Border Adjustment Mechanism that are relating to (a) emissions measurement, (b) reporting and (c) third-party verification; if not, why not; if so, (i) what proportion of affected exporters meet these requirements, (ii) what compliance-related and cost barriers have been identified and (iii) what targeted support to reduce regulatory burdens to prevent potential loss of market access? CW28E

#### REPLY

The Department, through its research partner, Trade and Industrial Policy Strategies (TIPS) has undertaken ongoing assessments of the implications of the EU's Carbon Border Adjustment Mechanism, which were mostly done via industry-government-research workshops on the iron and steel and aluminium value chains (November 2023).

A report has been drafted by TIPS in that regard (**South Africa's Iron, Steel and Aluminium Industries Readiness to Respond to CBAM**) [see attached].



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During the assessments, key stakeholders included industry associations and key players in the industries, government, and research institutions, including universities. Issues raised ranged from lack of awareness of CBAM, local industrial challenges (some linked to CBAM), misaligned accounting systems, and the possibility of displacing exports amid the expected rising costs to access markets.

- (a) However, measurement methodologies are not always aligned with CBAM's product specific calculation rules, system boundaries and data granularity requirements. There is misalignment of CBAM and the global GHG protocols, which guides the South African Greenhouse Gas Reporting System (SAGERS). Industries all over the world have been using these global protocols to monitor and report GHG emissions across industries, as has South Africa. The introduction of the new and different GHG emissions accounting and reporting legislation by CBAM creates confusion in the accounting and reporting of GHG emissions globally.
- (b) Reporting CBAM imposes new administrative and systems burdens, including: quarterly reporting at shipment level; detailed emissions attribution per product category; and reconciliation with EU importer declarations.
- (c) Third-party verification - The South African National Accreditation System (SANAS), an entity of **the dtic**, is the mandated body responsible for accrediting independent verifiers for Greenhouse Gas (GHG) reporting. This has been in place since 2023. SANAS accredits bodies to verify GHG emissions based on internationally recognized standards such as ISO/IEC 17021 and ISO 14065. The verification ensures that emission reports submitted by data providers (companies compiling reporting on emissions) are verified to avoid material discrepancies, confirming accuracy, consistency, and compliance.
  - (i) The assessments indicated uneven readiness across affected exporters. **the dtic** has been engaging industry stakeholders, including Steel and Engineering Industries Federation of Southern Africa (SEIFSA), which is collaborating with the Danish Government on CBAM-related readiness and impact work. In



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August 2025, SEIFSA convened a workshop with the government and industry on South African policy preparedness review.

(ii) Local exporters (in the short term, of iron and steel as well as aluminium) will face the following direct costs as a result of complying with CBAM regulations:

- Increase in carbon costs
- Monitoring the quantity of imported products
- Tracking the place of origin
- Monitoring the embedded GHG emissions of products stemming from the production process
- Verification of the monitored emissions
- Cost related to the documentation of the process, including the submission of information to the CBAM registry
- Costs related to making the payment
- Costs related to the preparation for controls by the authorities
- Buying and surrendering of import certificates (CBAM certificates).

(iii) The National Cleaner Production Centre (NCPC-SA), a national support programme provides services to industry that focus on three main areas: technical advice through resource efficiency assessment; green skills development; and awareness-raising to demonstrate the real impact of resource efficiency.

In addition, **the dtic** is actively working to secure donor funding for the transition of industry. We are working closely with the steel sector to ensure the survival, competitiveness, and growth of the local industry, including a project aimed at Accelerating South Africa's Steel Decarbonisation Steel. under the Mitigation Action Facility (MAF).

**-END-**