the dtic
Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2185

Mr S Thambo (EFF) to ask the Minister of Trade, Industry and Competition:

What (a) total number of jobs have been lost in the steel industry in the past five years due to the closure of steel plants and (b) is the turnaround strategy to (i) re-open steel factories and (ii) protect the local steel industry from excessive imports of steel from abroad? NW3585E

REPLY:

(a) In the past 5 years, due to the global steel overcapacity and the domestic pressures (inclusive of raising input costs; sluggish growth; and subdued demand), South Africa has seen the closure/ mothballing of the Vereeniging works; Saldanha works and SA Steel mini-mill (which is currently under business rescue. According to the South African Iron and Steel Institute (SAISI), the total number of jobs lost at primary steel plants in South Africa over the past 5 years are 7 876. The total direct employment at steel mills in 2019 was 26 504; jobs declining to 18 628 currently in 2024. The decrease is due to closure of the Arcelormittal South Africa’s Saldanha and Vereeniging plants and the Evraz Highveld Steel plant. In addition, rationalisation across the industry has also contributed to the decline in jobs with current plant capacity utilisation averaging at 55%.

(b) Turnaround strategy -

(i) The global primary steel industry remains fragile, as a result, the global steel overcapacity; growing geo-political tensions; and protectionist measures, are continuously being deployed. A key aspect of the turnaround strategy, is the Steel Master Plan, as approved in June 2021. This is an action-oriented plan, based on identified competitiveness improvements in firms, measures to support localisation and initiatives to reposition the industry to be resilient under intense local and global pressures. The plan is being implemented through a social compact between the steel industry, labour and government. Some of the measures implemented over the past few years, include:

- 25 trade support measures implemented to support local industry;
- Total investment by the IDC into the steel value chain includes approvals of R20bn and with total investment facilitated of R45bn;
- The acquisition of Highveld Steel and CISCO steel mills from the business rescue processes, with investments of R1.6bn and R290 million, respectively;
- Localisation interventions; supporting Black Industrialists; and deepening of SA manufacturing capabilities in the value chain. Areas where impact is visible, include the space of transmission, distribution and rail infrastructure programmes; and
- Extension of the Price Preference System and implementation of an export tax on scrap metals to ensure better availability of the input material for the local market.

These interventions have, however, not been adequate to improve the long-term viability and sustainability of the value chain and the primary production in particular. On 20 November 2024, the Department convened an industry-wide engagement to discuss a new form of partnership to address the binding constraints that hold-back the full potential of the value chain. In that engagement, we agreed on formulating a new strategy anchored on a few critical interventions; with clear medium to long-term targets; and measurable outcomes. It is envisaged that a fully consulted and consolidated strategy will be ready in the first half of 2025.

(ii) Protect the local industry from imports:

Owing to the issues of global overcapacity of steel, as well as most economies imposing protectionist measures in support of their industries, the trade measures implemented to-date have not effectively closed the gap in the surge of imports, especially from China. Therefore, a concerted effort amongst various Organs of the State, comprising - **the dtic**, South African Revenue Service (SARS- inter agency working groups), ITAC as well as the industry, is critical in addressing import leakage including illegal trade issues in the steel value chain. Ongoing collaborative work with industry, SARS and ITAC; in an effort towards dealing with illicit trade, includes:

- A Preference Price System for steel products, a risk engine (trigger mechanism) was established in 2018 to address imported low-priced steel products.
- As part of the Steel Master Plan, a Local Content and Compliance Unit (LCCU), was also established as a source of improved data analysis on illicit trade and collaboration with SARS through reporting.
- A Metals Specialist Training, a collaboration with **the dtic**, industry and SARS, facilitated by the ISTraining Consultants, host training sessions for SARS Customs officials to identify illicit traded goods.
- A Ministerial Directive to ITAC to conduct a review of the tariff structure for steel products classifiable under Chapters, 72, 73, 82 and 83 in terms of section 16(1)(d)(i) and section 18 of the ITA Act. It is envisaged that first set recommendations will be ready for implementation by June 2025.

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