



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTIONS FOR WRITTEN REPLY

QUESTION NO. 24

Mr A D Beesley (ActionSA) to ask the Minister of Trade, Industry and Competition:

- (1) Given the disastrous closing of the longs steel business of ArcelorMittal South Africa (AMSA) (details furnished), what immediate steps is his department taking to save this vital steel industry;
- (2) what are the (a) reasons that he failed to attend his own scheduled meeting with AMSA on the specified matter on 21 November 2024 and (b) relevant details on (i) any other follow-up meetings and (ii) the outcomes of such meetings;
- (3) what are the relevant details of the proposed bailout of the company that amounts to R1 billion, including but not limited to (a) relevant legislation and (b) the conditions of the specified bailout;
- (4) what measures are being considered to mitigate the closure of the specified steelworks on other industries, and particularly in supporting the automotive sector and protecting jobs in related industries?

REPLY

- (1) There are ongoing engagements with AMSA, which are focused on averting the closure of the Longs Steel business in Newcastle. Other secondary effects will be on companies, which are relying on the long steel for their production needs. Prior to the announcement of the closure, and based on the concessionary requests tabled by AMSA, **the dtic** coordinated with other government departments and State-Owned Companies (SOCs) on those requests, which is now public knowledge.

In its financial statement tabled on the 6 February 2025, AMSA reported that the commencement of the longs business wind down implementation plan (initially

scheduled to start by end January 2025) has been delayed by approximately one month to enable the continuation of discussions with the Government on the future of the longs business. The Government, through the Industrial Development Corporation (IDC) has made financial support to the tune of R380 million in the form of a shareholder loan in order to avert the closure of the long business whilst the discussions are continuing on its future. The support will also enable the fulfilment of the higher than anticipated outstanding order book (prioritising automotive and other customers).

The engagements and discussions are also centred on addressing the role of longs steel in the South Africa economy, including attracting investments in the sector, dealing with inefficiencies leveraging both public and private infrastructure and built programmes in water, roads, rail and construction for the benefit of the steel sector and related industries.

- (2) I, as Minister, took a decision to form a comprehensive and coordinated approach to resolve the issues raised by AMSA. In doing so, I set up a technical working group made up of the relevant stakeholders including **the dtic** the departments of Electricity and Energy, Transport, Eskom, Transnet and AMSA. This working group held regular engagements up until and well into December 2024. In addition, the technical working group keeps the Ministers updated on the developments in this matter on a regular basis; and we provide counsel on how to handle the negotiations.
- (3) As reported above, the Government, through the Industrial Development Corporation (IDC) has made financial support to the tune of R380 million in the form of a shareholder loan in order to avert the closure of the long business whilst the discussions are on-going on its future. Once these discussions are finalised and terms agreed upon, details will be made available on the kind of support we will be providing.
- (4) The intervention of the Government in this matter is to avert the negative economic impacts that will accrue as the result of the immediate closure of the Newcastle plant. The steel industry is critical in the reconstruction and recovery plan for the

South African economy, particularly, the manufacturing, mining, construction, engineering, and transportation sectors, which are at the centre of the industrialisation, localisation and beneficiation programmes of government.

Therefore, the focus of the Government is also on optimising the contribution of the steel industry to the South African economy. The implementation of the Master Plan is critical for the realisation of those policy objectives.

-END-