the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO: 2897

Mr M C Masina (ANC) to ask the Minister of Trade, Industry and Competition:

1) Whether, given that the decision to privatise the *SA Iron and Steel Corporation (Iscor),* ultimately leading to Iscor being renamed ArcelorMittal South Africa (AMSA), it reduced the steering capacity of the State to an indirect reliance on private actors for the delivery of industrialisation and inclusive growth with negligible developmental and industrial outcomes, his department has considered, through the Industrial Development Corporation (IDC), to take more radical steps such as buying parts of AMSA's business that the Government has asked the giant steel group to explore selling to interested investors; if not, what is the position in this regard; if so, what are the relevant details;

2) What are the reasons that his department's financial boost to AMSA was not structured upon clear and strong conditional requirements, such as the State through the IDC increasing its stake in AMSA in exchange for financial support to influence industrial policy? NW3325E.

REPLY:

1) When Iscor was established in 1928 as a State-owned Enterprise, it had a clear goal of producing iron, steel and creating jobs. Over the years, Iscor expanded with major steelworks in Vanderbijlpark, Verneeging, Pretoria and Newcastle to become a dominant player in the South African steel industry.

The global economic shifts toward trade liberalisation; the emphasis on fiscal discipline and stabilisation of public finances; and the need to cut inefficiencies and losses, led to privatisation of certain state assets, including Iscor. The company was listed on the Johannesburg Stock Exchange (JSE) as a public trading company in November 1989 and later renamed ArcelorMittal South Africa (AMSA).

The AMSA remains the primary and largest steel producer in South Africa, with a capacity of around 6 million tonnes annually, though actual production has declined.

Broadly, the steel industry in South Africa, has in the past decade experienced job losses as a consequences of a number of factors including excess supply of global primary steel, low domestic demand, low sector profitability, higher electricity and logistic tariffs, increased capital intensity as well as an increase in imports that account for 30% of domestic demand in 2024.

The intervention by the government should not be construed as the bailout of AMSA *per se;* instead what the government is looking at, are solutions to protect the steel industry, particularly the installed industrial capacity in the country.

the dtic and other relevant government institutions have been in constant engagement with AMSA stakeholders to explore initiatives and interventions aimed at saving and/or mitigating the impact of the closure of the AMSA longs business. Had the government not intervened in averting the closure of the AMSA's Newcastle long business plant, an estimated 3500 direct jobs and 80 000 indirect jobs across the value chain could have been affected.

the dtic and IDC, in consultation with stakeholders, including AMSA, are investigating various interventions and initiatives to mitigate the impact on the steel industry and other affected sectors and protect jobs. These include strategic, financial, operational and regulatory initiatives.

2) AMSA is a listed company and it is required by the JSE rules to inform investors and debt holders of any support it receives that will materially affect its operations and financial position. The Government is still concerned about the fragility of the

AMSA steel production capacity in South Africa, particularly longs steel products, of which it has a monopoly in certain downstream industries: In that regard, in June 2024, the IDC provided AMSA with a R1.0 billion Working Capital Facility on commercial terms. To date, AMSA has repaid R170m of this facility, and the balance is being repaid monthly up to the end of September 2026. An additional shareholder loan of R380m was provided in February 2025 and a further facility R1.683 billion of which R850m was drawn in March 2025. These are repayable by agreement between the parties and subject to the financial performance, solvency and liquidity of the Longs Business. The terms of IDC funding agreements are confidential and price sensitive as AMSA is a JSE listed company.

The Company has also received a Temporary Employee Relief Scheme ("TERS") grant to assist in funding employee costs related to the Longs Business.

The support is to enable AMSA to achieve the following:

- Continue operating the Longs business, allowing time to progress various initiatives with the government.
- Fulfilment of the higher than anticipated outstanding order book, prioritising automotive and other customers; and
- Continuing discussions with SA Government and other stakeholders on the future of the longs business.

The Government will use the Deferral Period (April -August 2025) to urgently address structural issues affecting the industry:

- Preference Pricing System and scrap export tax
- Safeguards on Steel products
- Energy and Rail tariff reviews

There are no intentions to bail out AMSA; what the Government is looking at are solutions to protect the steel industry, particularly the installed industrial capacity. Furthermore, **the dtic**, led by the IDC is in discussion with AMSA and its majority shareholder to consider various possible options to sustainably save the Longs business and other initiatives beneficial to the steel and related industries. These discussions are ongoing, confidential and price sensitive, and hence the IDC is not able to provide detailed information.

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