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

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 5163

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

Given that the development of primary industry for ensuring beneficiation is critical for the development of secondary and tertiary manufacturing value chain in different industrial sectors, what (a) progress has his department made in assisting the recovery of primary industries that are in distress, such as sugar, steel and ferrochrome, (b) approach has been utilised by his department to develop primary industry in other sectors of the economy and (c) steps has his department taken to encourage investment in primary industry in the Republic? NW5570E

REPLY:

Key Progress in Supporting Distressed Primary Industries – Steel and Ferrochrome

(a)

The development, strengthening and recovery of primary industries remain central to Government's industrialisation agenda, recognising the critical role that competitive primary and intermediate industries play in supplying essential inputs to downstream manufacturing and supporting the development of integrated value chains. This approach is aligned with the Industrial Development Strategy (IDS) 2026, which seeks to address deindustrialisation, declining productive capacity and insufficient investment in productive sectors through coordinated sector interventions, value chain development, localisation, investment mobilisation and the provision of enabling infrastructure.

In the steel sector, for example, **the dtic** has been working with the IDC and relevant stakeholders to address the sustainability of primary steel production, including the future of ArcelorMittal South Africa (AMSA). Similarly, in the electric arc furnace segment, the IDC has provided significant investment support to a number of scrap-based steel producers, bringing new production capacity online and creating much-needed employment.

The Department has adopted a sector-specific and value-chain-oriented approach to supporting the recovery and strengthening of distressed industries. This approach brings together a combination of industrial policy, trade measures, investment facilitation, development finance, localisation, public procurement and appropriate regulatory interventions to address constraints across the respective value chains.

In the steel and metals sector, **the dtic** continues to implement the Steel and Metal Fabrication Master Plan, recognising steel as a strategic foundational input into a wide range of downstream industries, including construction, automotive, capital equipment, rail and general manufacturing. Interventions have included the application of trade policy measures, including customs tariff adjustments, anti-dumping measures, safeguard measures, tariff rebates, and import and export controls; the Preferential Price System; initiatives to combat illicit trade; standards and quality interventions; and industrial financing support. The application of these instruments is informed by evidence on domestic production capacity, import trends, international market conditions, employment, investment and the potential impact on downstream industries.

In the ferrochrome and ferroalloys industry, Government has recognised the need to arrest the decline in domestic smelting capacity arising from, among other factors, high electricity costs, logistics constraints and international competitive pressures. Cabinet approved an integrated government-industry intervention that includes tariff realignment, chrome ore export controls, the development of a chrome ore export tax and the expansion of SEZ incentives for smelters.

To this end, Government, through the Eskom Smelter Task Team and the NERSA process, has secured a differentiated electricity pricing intervention of approximately R0.62/kWh for qualifying ferrochrome smelters, aimed at restoring international competitiveness, supporting the restart of idled capacity and retaining mineral beneficiation in South Africa.

(b)

the dtic's approach is not to treat primary industries in isolation, but to develop competitive value chains from primary production through processing, intermediate products and downstream manufacturing. This approach is reflected in the IDS through its emphasis on decarbonisation, diversification and digitalisation, together with sector-specific interventions and the use of Master Plans. The objective is to identify strategic constraints within a value chain and deploy an appropriate combination of policy instruments rather than relying on a single intervention.

In practice, the approach combines the following:

1. **Sector and value chain diagnostics** to identify binding constraints to production and investment;
2. **Master Plans and social compacts** to bring together government, industry and labour around measurable commitments;
3. **Trade policy measures**, including tariffs, trade remedies, export measures and measures to address unfair or illicit trade;
4. **Localisation and public procurement** to create predictable domestic demand for locally produced goods;
5. **Industrial financing and investment mobilisation**, particularly through the IDC and other DFIs;
6. **Special Economic Zones and industrial infrastructure** to reduce the cost of establishing productive capacity;
7. **Energy and logistics interventions**, recognising that the competitiveness of primary industries depends heavily on affordable electricity and reliable rail and port infrastructure; and
8. **Technology, skills, research and development, and decarbonisation**, particularly where industries need to transition towards new production technologies.

This approach is particularly important in the minerals sector. The CMMS does not view critical minerals simply as commodities to be extracted and exported. It seeks to develop integrated mineral value chains, including beneficiation and manufacturing linked to

batteries, hydrogen, fuel cells, renewable energy, grid infrastructure and advanced manufacturing.

(c)

The Department has adopted a combination of industrial finance, investment facilitation, incentives, trade measures, localisation and infrastructure-based interventions to improve the investment proposition for primary and value-adding industries.

Through the IDC, Government provides development finance for projects with significant industrialisation, employment and structural transformation potential. The IDC's current strategy places greater emphasis on integrated value chains and upstream-downstream linkages, with planned direct funding of approximately R55.9 billion over three years and an additional R92.4 billion to be leveraged from external partners.

the dtic also provides a range of incentives aimed at stimulating investment, competitiveness and broader participation, including manufacturing incentives, the Capital Projects Feasibility Programme and the Black Industrialist Scheme.

Key Progress in Supporting Distressed Primary Industries – Sugar

(a), (b) and (c)

the dtic has made progress in both stabilising the sugar industry and addressing its longer-term structural challenges.

Key interventions include:

- **Trade protection:** The Dollar-Based Reference Price (DBRP) was increased from US$680 to US$785 per tonne, while the import duty increased from R4.83 to R6.97/kg, strengthening protection against low-priced sugar imports.
- **Phase 2 of the Sugar Master Plan:** Phase 2 was signed in April 2026, shifting the focus from recovery and stabilisation towards long-term sustainability, diversification, job retention and transformation, including the transition from a sugar-based to a broader sugarcane-based industry.

- **Tongaat Hulett:** Government, through **the dtic** and in collaboration with the IDC, industry, labour and other stakeholders, supported efforts to prevent the liquidation of Tongaat Hulett. The withdrawal of the liquidation proceedings in June 2026 created a pathway to stabilise the company and safeguard approximately 250,000 jobs across the value chain.
- **Diversification:** The industry has progressed feasibility work on bioethanol, Sustainable Aviation Fuel (SAF), bioplastics and cogeneration. Phase 2 is now focused on moving these opportunities towards implementation and piloting, including work to establish sustainable aviation fuel production from sugarcane.
- **Overall approach: the dtic**'s approach has moved from crisis management to recovery and restructuring, combining trade measures, protection of productive capacity and jobs, grower support, and diversification into higher-value sugarcane products such as SAF and biofuels. This is intended to build a more sustainable and diversified sugarcane industry rather than relying solely on conventional sugar production.

In addition, the Department's policy and sector interventions are complemented by the IDC's development-finance role, which provides targeted financial and investment support to address constraints in strategic primary industries and strengthen linkages across the relevant value chains, as outlined below -

(a)

Industrial Development Corporation (IDC) Support for the Recovery and Competitiveness of Strategic Primary Industries

The IDC has supported recovery efforts in strategic primary industries through a combination of sector-specific and broader interventions working with other government departments and entities to address structural challenges, including electricity costs, logistics constraints and trade-related measures across the steel, sugar and ferrochrome value chains. Aligned to the Steel Masterplan, the IDC has adopted a differentiated flat and long steel strategy to revitalise the country's steel production capabilities for long-term sustainability, competitiveness and growth. The IDC has provided funding support to the upstream steel

and stainless-steel industry to ensure competitive supply to jobs-rich and value-adding downstream producers. The IDC is also supporting green steel and decarbonisation projects to improve export competitiveness in collaboration with local and global stakeholders and funding partners. In the ferrochrome sector, efforts have centered on electricity pricing interventions, alternative power arrangements for energy intensive users, support for beneficiation, and engagement on policy measures aimed at sustaining local ferroalloy production. The IDC supported the restructuring and recovery of the primary sugar industry preserving the sugar value chain and an estimated 250 000 jobs and livelihoods, while enabling future diversification into agro-energy and other sugarcane-based products. The IDC continues collaborating with the key sugar industry stakeholders including through the Sugar Masterplan initiatives to stabilise the industry, improve competitiveness, explore diversification opportunities and strengthen linkages between growers, millers and downstream users.

(b)

Sustainable and Inclusive Industrialisation Pathways for Primary Industry Development and Beneficiation

The IDC applies a Sustainable and Inclusive Industrialisation Pathways approach that links the development of primary industries to downstream beneficiation through a focus on value chains, manufacturing and employment creation. The approach is implemented through four mutually reinforcing pathways: (i) diversification and jobs-rich industrialisation, including agriculture, agro-processing and resource-based manufacturing; (ii) low-carbon and green growth, including critical-minerals beneficiation, green steel, renewable energy and agro-energy; (iii) regional value chain development, using African resources and markets to expand higher-value production; and (iv) economic and climate resilience, including the preservation and modernisation of strategic industries such as sugar, steel and ferrochrome. An example of the approach is the beneficiation-led industrialisation strategy, focusing on sectors where South Africa has a resource advantage and existing industrial capability. This includes developing integrated critical mineral value chains across four priority areas for (1) battery materials, (2) green iron and steel and ferroalloys (3) grid infrastructure and (4) the hydrogen economy. The emphasis is on moving beyond extraction towards processing,

refining, manufacturing and higher-value exports of metal, chemicals and machinery equipment. The approach also includes strengthening industrial ecosystems through international partnerships, infrastructure development, technology transfer, localisation and skills development to support competitiveness and value addition. The IDC is supporting the implementation of the national critical minerals strategy through the work on exploration, financing and together with **the dtic** is prioritising the beneficiation pillar to support value-added investments that develops the primary and downstream industries.

(c)

IDC Measures to Encourage Investment in Primary Industries

The IDC has sought to encourage investment through development finance, project preparation support, blended finance instruments, sector master plans, industrial incentives and strategic partnerships. Key measures include support for feasibility studies and project development, mobilisation of local and international funding and the special economic zones (SEZ) programme. The support for the primary industry as at 31 March 2026 is reflected in the IDC's R36 billion mining value chain portfolio as well as agriculture and agro-processing exposure of R7.7 billion. A key intervention to support the development of the primary industry is the R400 million Junior Mining Exploration Fund in collaboration with the Department of Mineral and Petroleum Resources and Council of Geoscience established in 2024 to foster sector transformation and critical mineral exploration.

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