Briefing on the status and the implementation of the Steel and Metal Fabrication Master Plan

Portfolio Committee on Trade, Industry and Competition

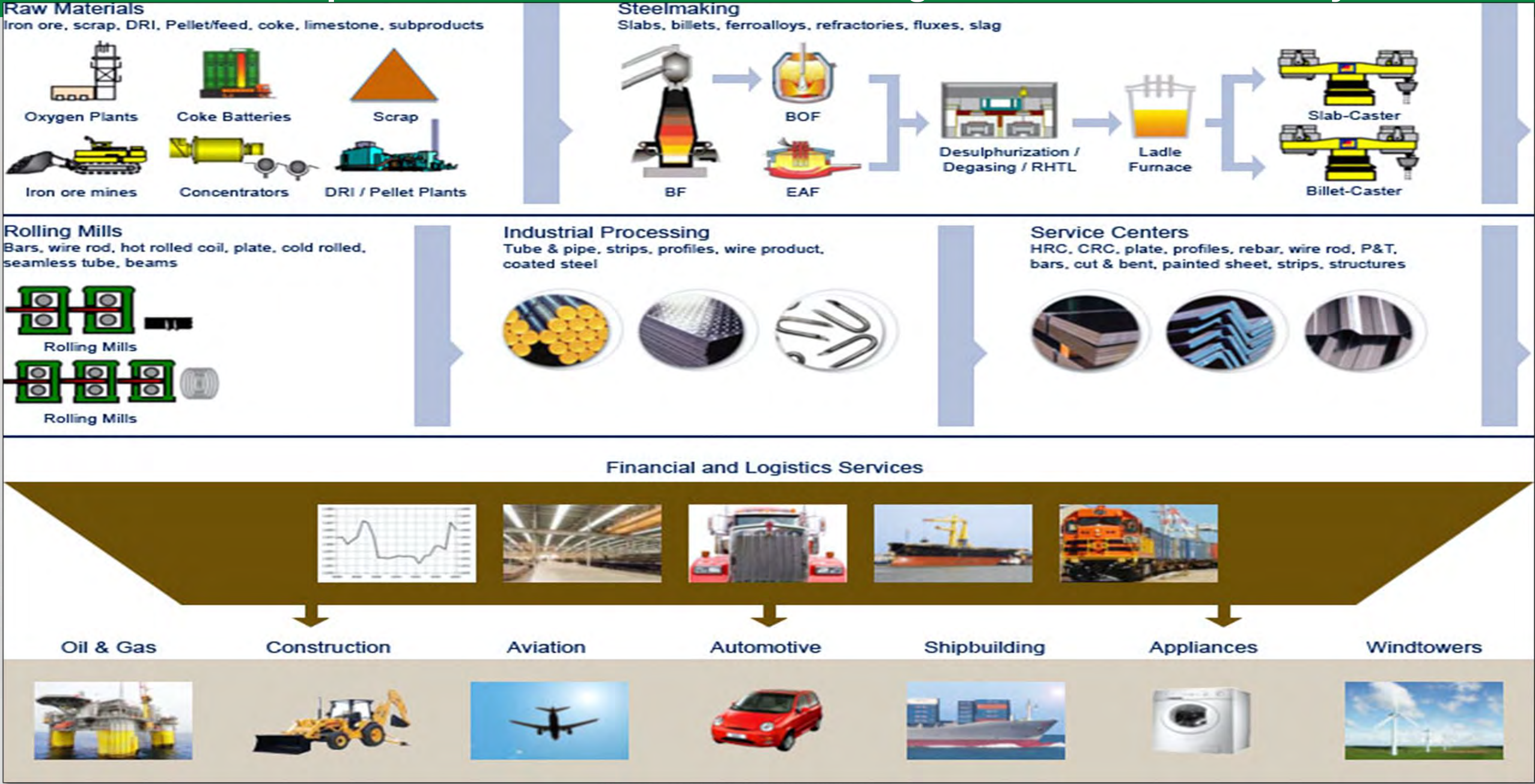
6 May 2025

Structure of the Presentation

To provide an update to the Portfolio Committee on the progress made on the on implementation of the steel and metal fabrication Master Plan and key policy issues to address in the short to medium term:

- Current Status and Performance of the Industry
- Steel and Metal Fabrication Master Plan: Context, Objectives and Aspirations
- Progress Made to-date
- Implementation Challenges
- Engagements with the 7th Administration
- AMSA Long Steel Production Challenges and Ongoing Interventions
- Interventions: ongoing key interventions

Upstream and Downstream Linkages of the Steel Industry



The Role of Steel Industry in the Manufacturing Sector in South Africa

- The sector constitutes **26.15% of the manufacturing sector** based on output, representing the metal production, fabrication, the heavy engineering value chain.
- The sector represents the real economy and the backbone of **industrialisation.**
- **Other National Interest Considerations:** Economic Growth, Jobs, Balance of Payments

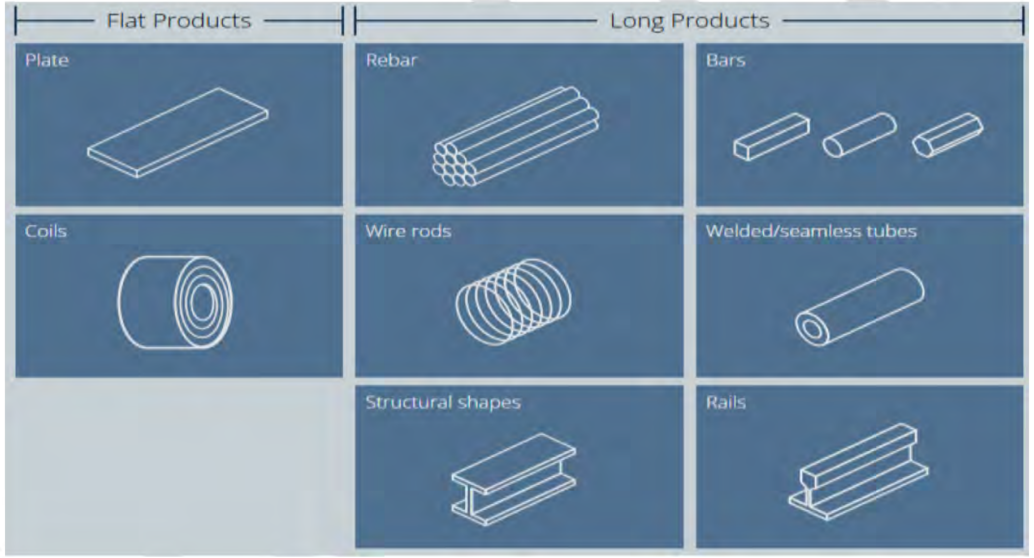
Sub-Sector	% of Manfacturing
Plastic products	2,29
Basic iron and steel products	2,82
Non-ferrous metal products	3,26
Structural metal products	1,98
Other fabricated metal products	3,35
General purpose machinery	3,46
Special purpose machinery	3,87
Household Appliances	0,73
Electrical machinery and apparatus	2,31
Bodies - MV, trailers and semi-trailers	0,71
Other transport equipment	1,37
Total M & E Sector	**26,15**

Source: Steel and Engineering Industries Federation of Southern Africa (SEIFSA)

Steel Products: Longs & Flats

Steel products are classified as flat or long products, however within these product ranges commodity-type and speciality steels can be identified. Specialised steel products are usually technically more complex, more expensive and cater for special applications.

Flat products		Long Products					
Coil	Plate	Rebar	Special and Merchant Bars (SBQ & MBQ)	Structural sections	Tubes	Rails	Wire rod
– Vanderbijl – Columbus – Scaw	Vanderbijl	– All mini-mills – Newcastle	– Newcastle – Vereeniging – Scaw	– Highveld – (SA Steel mills)	– Vereeniging	– Highveld	– Newcastle – Scaw – Cape Gate



Flat Steel

1. AMSA Vanderbijlpark
2. Scaw (own consumption and to replace imports)
3. Columbus (mainly for supply to Scaw)

Long Steel

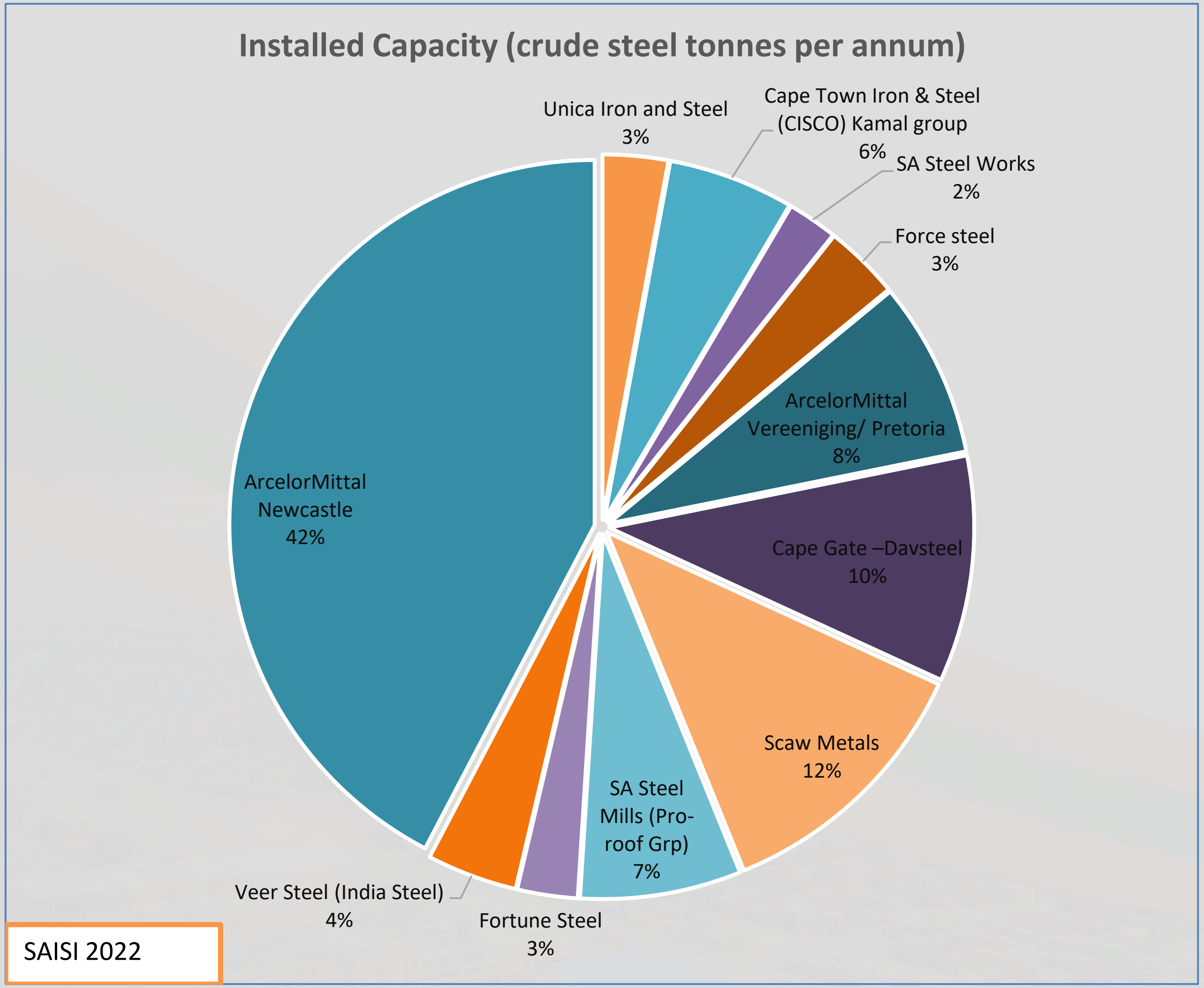
1. Mini-mills

   Scaw, Unica, Veer, SA Steel mills, Coega, Force, Cape Gate, Cisco

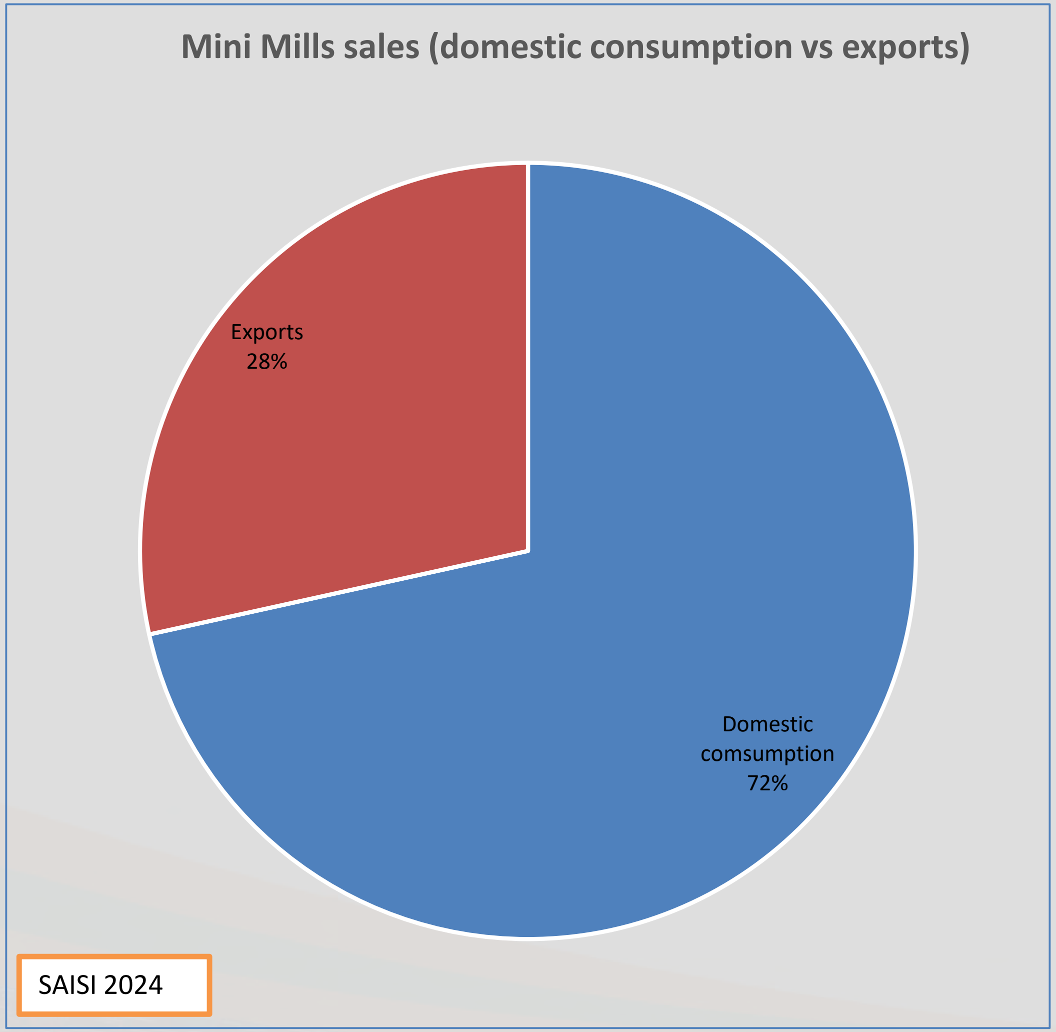
2. AMSA Newcastle

Source: South African Iron and Steel Institute (SAISI)

Long products installed capacity and challenges



SAISI 2022



SAISI 2024

Geography of Steel Production in South Africa

Geography of Steel Production in SA

GAUTENG

- ArcelorMittal Vanderbijlpark **PL | HRC | GCC | CRC | OCCC**
- ArcelorMittal Vereeniging **RB | SP | SS | B&R**
- Cape Gate – Davsteel **RB | SS | B&R**
- Scaw Metals **RB | SS**
- SA Steel Mills (Pro-roof Grp) **RB | SS**
- Fortune Steel **RB | SS**
- Veer Steel (India Steel) **RB | SS**

NORTH WEST

- Unica Iron and Steel **B | SS**

WESTERN CAPE

- Cape Town Iron & Steel (CISCO) **RB**
- SA Steel Works **RB**
- ArcelorMittal Saldanha **HRC**

RE-ROLLERS

- Duferco Steel Processing **CRC | GCC**

EASTERN CAPE

- Agni Steels SA **B | RB**

MPUMALANGA

- Highveld Steel **SS**
- Columbus Stainless **HRC**

KWAZULU-NATAL

- ArcelorMittal Newcastle **RB | SS | B&R**

RE-ROLLERS

- SAFAL **OCCC | CRC | GCC**

LEGEND

- Blast Furnace/Basic Oxygen Furnace
- Corex/Midrex
- Electric Arc Furnace
- Induction Furnace
- Re-rolling (cold rolling and coil coating)
- R Business Rescue

STEEL PRODUCTS LEGEND:

Flat Steel Products via Slab rolling [S]

PL	Plate
HRC	Hot rolled coil
CRC	Cold rolled coil
GCC	Galvanised coated coil
C	Organic colour coated coil

Long Steel Products via Billet/Bloom rolling [B]

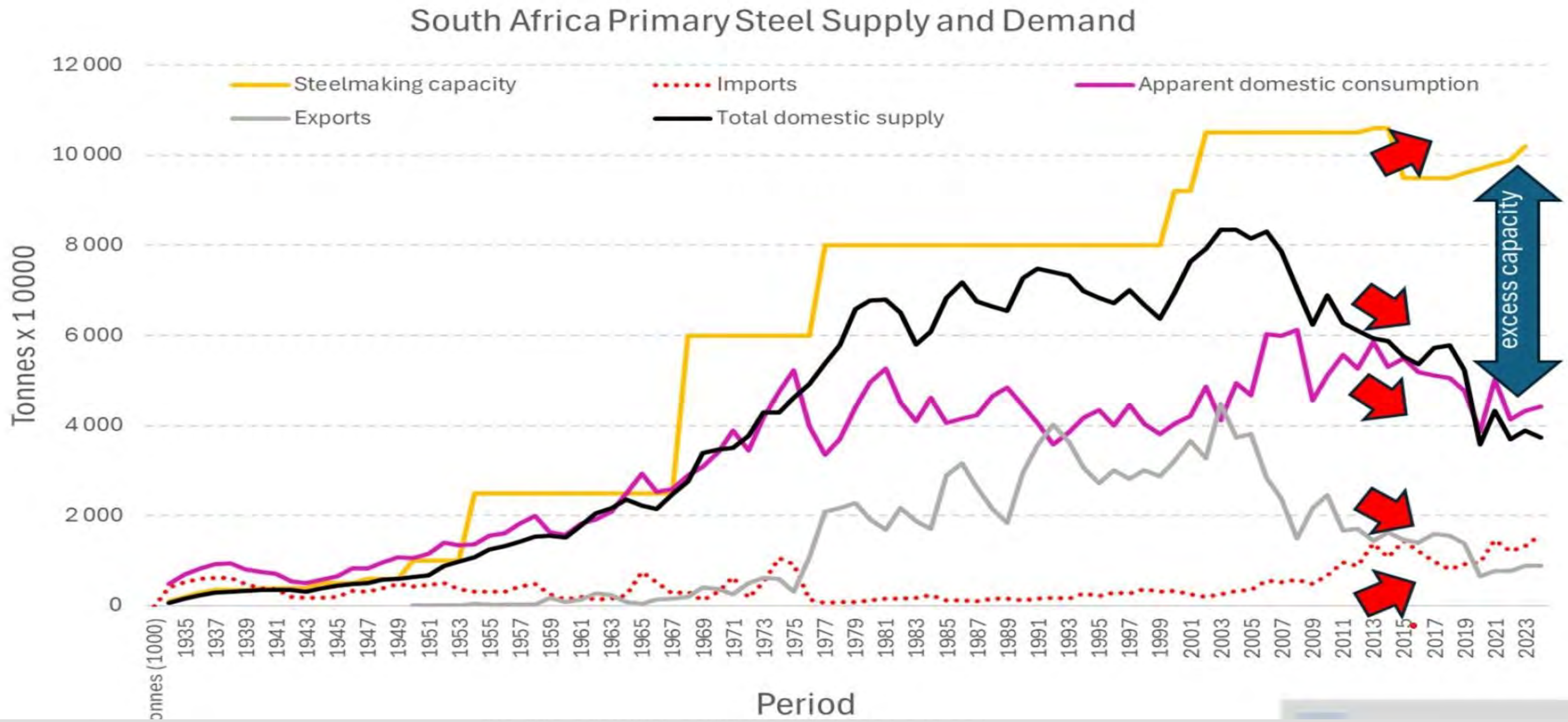
SS	Structural Sections
B&R	Bar & Rod
RB	Rebar
SP	Seamless Pipe

Source: South African Iron and Steel Institute (SAISI)

the dtic Website: www.thedtic.gov.za

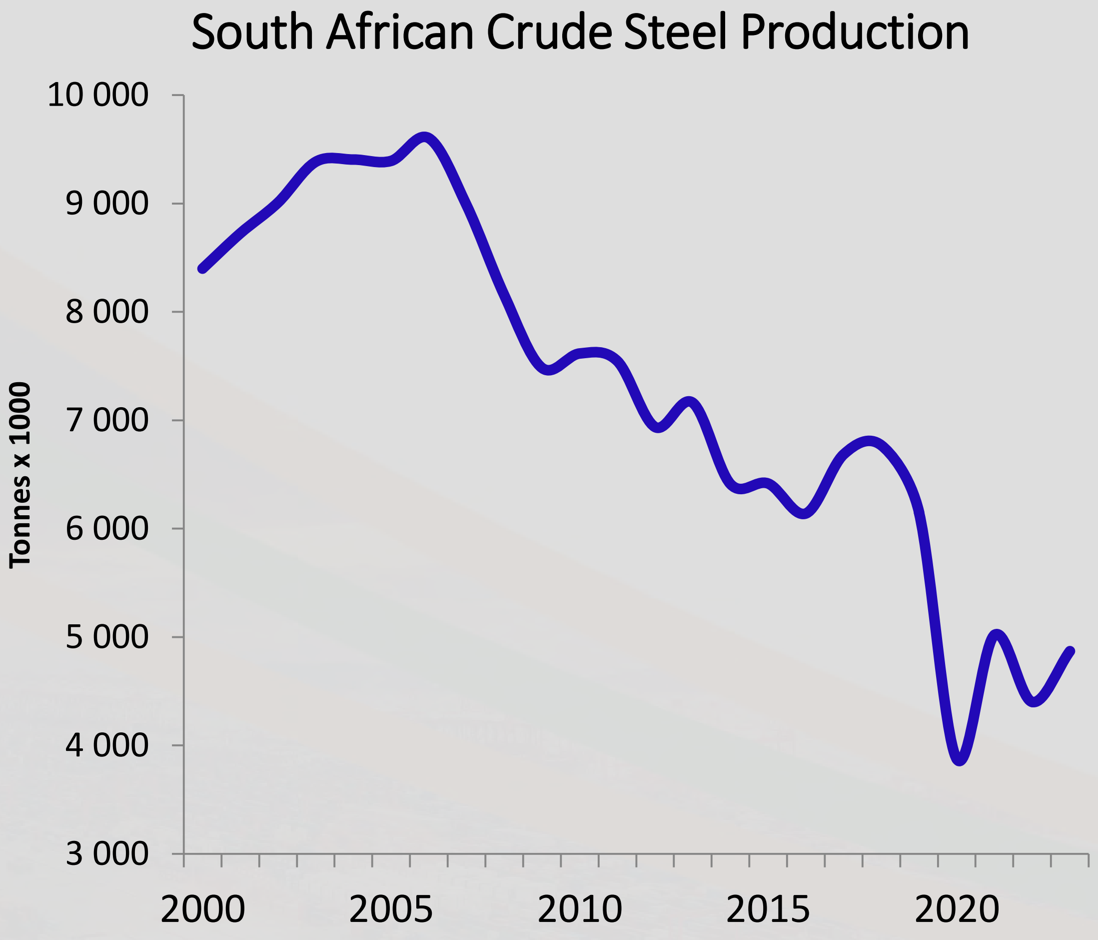
South African Steel Making Capacity vs Steel Production and Domestic Steel Consumption

SOUTH AFRICA IS ADDING CAPACITY AND IMPORTING MORE IN A SHRINKING STEEL MARKET

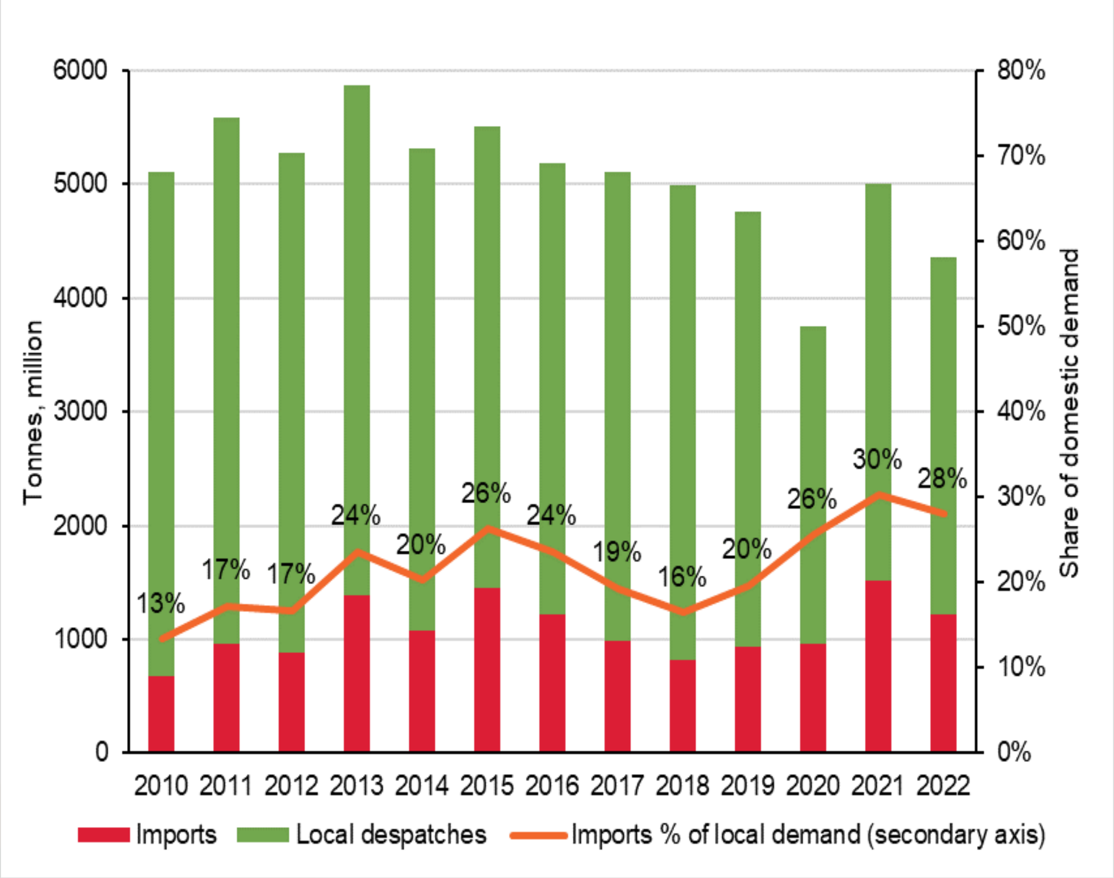


Source: South African Iron and Steel Institute (SAISI)

Key Challenge of the SA Steel Value Chain



Breakdown of domestic consumption (demand), 2010 - 2022

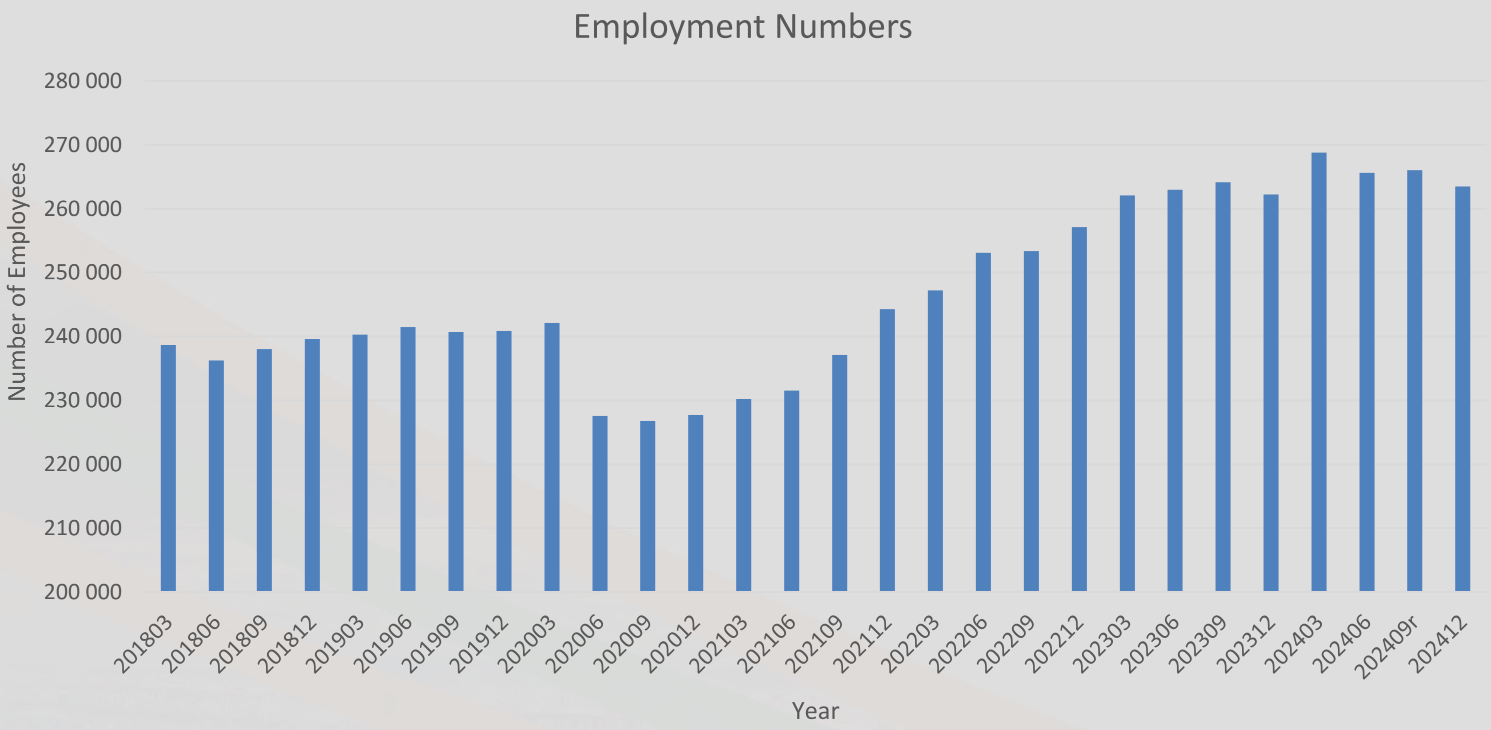


Notes: Data on imports and local despatches of finished steel products reported by SAISI.

Steel production has decreased steadily since 2005 mainly due to subdued demand, sluggish economic growth

Source: South African Iron and Steel Institute (SAISI)

Employment Trends in the Steel Industry



Employment Table

Industry description	Employment Change (Q?Q)
Basic iron and steel	-939
Basic precious and non-ferrous metals	-193
Casting of metals	106
Structural metal products, tanks, reservoirs and steam generators	-300
Other fabricated metal products; metalwork service activities	-601
General purpose machinery	646
Electric motors, generators and transformers	-437
Electricity distribution and control apparatus	-131
Insulated wire and cable	-781
Railway and tramway locomotives and rolling stock; aircraft and spacecraft	63

- Number of Jobs reported to be supported by the Master Plan by end September 2024: 265 752
- Number of Jobs reported to be supported by the Master Plan by end December 2024: 263 462
- There has been a loss of 2 290 jobs from September to December 2024 The employment table reflects those SIC codes being monitored which reflect the losses.

Source: Stats SA: QES

Steel and Metal Fabrication Master Plan: context and Aspirations

2030 Vision
Competitive, Sustainable and Resilient South African Carbon and Stainless-Steel Manufacturing Sector

Key Objectives by 2030:

- Raise exports, focusing on areas where we have the endowments and the comparative advantage to compete.
- Establish best practice to localise a portion of the final product imports to South Africa
- Improve Carbon and Stainless-Steel industry competitiveness to that of leading international competitors
- Transformation of the Carbon and Stainless-Steel value chain
- Increase value addition

Local market optimisation: Competitive supply-side prices/ Localisation/ Infrastructure development	Regional market development: emphasis on AfCFTA/ Construction and Financial instruments	Industry competitiveness: best practice competition benchmark	Increase value addition: Deliver complete solution iso intermediate product	Value Chain Transformation

Supporting institutional and regulatory environment (including monitoring and evaluation)

The Workstreams of the Master Plan

Work on the Steel Master Plan began in 2019, however the launch was delayed by the Covid-19 epidemic. The Steel Master Plan was officially **launched in June 2021**, with the Executive Oversight Council, as the executive decision making body, chaired by the Minister of Trade, Industry and Competition

Supply Side
- Input costs reductions in the value chain
- Administered prices (electricity, rail, port tariffs)
- Raw material & Labour and productivity
- Steel pricing across the value chain
- Overcapacity
- Improve steel supply matching demand
- Improve competitiveness
- Product Standards
- R & D - innovation

Demand Side
- Infrastructure Program & Import replacement
- Designations & Trade administration
- SOE's procurement
- Buy Local & new exports
- New product value chains
- Mining digitisation

Export Market
- AfCFTA & Rules of Origin
- New markets
- SACU tariff offers
- Localisation opportunities
- Strategic use of trade remedies

Transformation
- Support Industry Transformation
- Worker Empowerment programmes
- BBBEE Level targets

Resource Mobilisation
- Incentives programme
- Greening the Industry
- Development Fund
- Investment support

HR
- Improve Industrial Relations
- Optimise training and skills
- Improving development of HDSA's

Focus Areas of the Master Plan

SHORT TERM

Increase local demand

Increase exports into Africa

- Develop markets, projects and clients in Africa and beyond for steel industry (AfCFTA)
- Value-added exports (Steel Growth Fund). Stimulate uptake of the Intra-Africa Trade Facility

Increase in Local Production

- Local Content Compliance Unit (Steel Compliance Fund)

Setting compulsory standards for imports/ industry

Mitigation of steel supply based on potential plant closures

Expansion of Centres of Specialisation programme

Career pathing

MEDIUM TERM

Creating a fair policy environment
Strategic procurement
Procurement regulations
Transformation policies
Localisation
Carbon taxes
–On imports
–Mitigating the impact of CBAM
Transformation

Address policy loopholes (tariffs, scrap, export of billets /raw material)

Reduce input costs:
PPS on iron-ore and coking coal

LONG TERM

Catalyse infrastructure development
Welisizwe bridges
Eskom TDP
Water Projects
Transnet
TransNamib
Beer kegs

Decarbonisation of industry
IDC funding for decarbonisation initiatives
Clean Industry Finance Mechanism (OECD)

Steel and Metal Fabrication Master Plan: Progress Made

Support and Anchor the Reimagined Industry Strategy & Economic Reconstruction and Recovery Plan

Trade Instruments

More than 20 trade interventions implemented to support local industry & attaching reciprocal commitments, e.g.: improve industries' overall competitiveness; increase productive capacity; investments; retain and create jobs; enhance skills development

Preferential Price System & Export Tax

Impact of Steel PPS & Export Tax: Better Availability of the input material for the local market. New market players/production lines are emerging and new products for localisation

Illicit Trade

Progress made on addressing illicit trade: mis-disclaration and under invoicing under the Inter-Agency Working Group, led by SARS, the dtic and ITAC

Ongoing work with SABS and NRCS to develop and review standards on vulnerable steel products

Industrial Financing Support

Total investment by the IDC into the steel value chain includes approvals of R20bn and with total investment facilitated of R45bn, which has led to the creation of 10 632 new jobs created and saved 7 812 jobs (up to March 2024). 2024/25, R2.99 bn was approved with total investment facilitated of R4.14 bn and 1 173 direct jobs created and 566 saved, export value R857m

Resuscitation of the SA primary steel capacity

Recent acquisition of High Steel and CISCO steel mills from the business rescue processes, investments of R1.6bn and R290million respectively. Over a 1000 new engineering jobs to be created at the peak of production. Veer Steel Mill has been upgraded to produce alloys. Scaw metals has commissioned its new flat steel plant. About 250 permanent jobs will be created when the plant is operational adding to 5000 employees already employed

Localisation

Localisation interventions are bearing some fruit: supporting Black Industrialists; Jobs and Deepening of SA capabilities. Areas where impact is visible: transmission, distribution and rail infrastructure

Additional Trade Measures Implemented to Support the Value Chain

Import Tariffs implemented over the Master Plan implementation period:

- Increase on plate-type heat exchange elements for air pre-heaters from free of duty to 5%;
- Increase on certain bars and rods of steel, whether or not alloyed, not further worked than cold-formed or cold-finished from free of duty to 10%;
- Increase on coated welded wire mesh, from 5% ad valorem to the WTO bound rate of 15% ad valorem;
- Increase on stainless steel flat products from 5% ad valorem to the WTO bound rate of 10% ad valorem;
- Increase on certain rock drill or earth boring tools 20% ad valorem, create additional 8 digit codes and maintain duty at 0% for the “other” tools and “other” parts classifiable;
- Increase on Certain Coated or Plated Flat Rolled Steel to 10%.

Various **rebate facilities** were implemented to facilitate sourcing of the imported steel inputs competitively, in products where SA currently does not have capacity to produce, to support local value addition and jobs in downstream industries:

- Rebate on sheet piling of iron or steel;
- Rebate on certain outer rings of journal roller bearings to improve the cost competitiveness of locally manufactured bearings to support the rail recapitalisation programme;
- Rebate on steel cord to support the local conveyor belt manufacturing;
- Rebate on certain flat-rolled products of iron or non-alloy steel. The Rebate facility to assist in the reduction of input improve the competitive position of the automotive industry;
- Rebate on certain cold-rolled steel and painted steel. There is currently no capacity locally to produce the high carbon flat steel product and the rebate will boost competitiveness of the local manufacturer to produce this niche product.

Additional Trade Measures Implemented to Support the Value Chain

Trade Remedies (i.e. Anti-Dumping and Safeguard Duties) implemented over the Master Plan implementation period.

- Extension of safeguard duties on screws from 21 July 2023 to June 2025.
- Imposition of anti-dumping duties on imports of other flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, otherwise plated or coated with zinc, of a thickness of less than 0,45 mm, originating in or imported from the Peoples Republic of China. Implementation effective from 16 Feb 2024.
- Inclusion of imports originating in or imported from the Republic of the Philippines to be subject to safeguard duties on threaded fasteners of iron or steel (excluding those of stainless steel and those identifiable for aircraft). Implementation effective from 15 March 2024.
- In November 2024, provisional payments imposed in relation to anti-dumping duties against the increased imports of various primary steel originating in or imported from the People's Republic of China and Thailand. The provisional duty is applicable from 29 November 2024 up to and including 28 May 2025.
- In March 2025, extension of anti-dumping on spades and shovels of a maximum blade width of more than 150mm but not exceeding 200mm originating in or imported from the People's Republic of China, and spades and shovels of a maximum blade width of more than 200mm but not exceeding 320mm as well as picks, rakes and forks originating in or imported from India.
- In March 2025, provisional payment imposed in relation to anti-dumping duties against the increased imports of other screws fully threaded with hexagon heads and other bolts with hexagon heads excluding bolt ends, screw studs and screw studding originating in or imported from the People's Republic of China.
- Imposition of provisional payments in relation to safeguard duties against the increased imports of hot-rolled steel products, the provisional payments lapsed in January 2025.

Supply Side Interventions : update on key interventions

- **Input cost reductions in the value chain (Price Preference System and Export Tax)**

  - **Scrap Measures:** in July 2023, the Price Preference System (PPS) on scrap metals was extended for 4 years. The implementation of the PPS is also complimented by the Export Tax implemented in August 2021. The two measures have secured supply of various scrap at competitive pricing, support expansions and value addition in secondary steel making industry and foundries.

Skills Development and Transformation

Through the masterplan, there has been greater focus on the utilisation of the facilities and growth of the offerings of the SEIFSA Training Centre and its associated partners as well as the National Tooling Initiative driven by **the dtic** partnership with the Production Technologies of SA (PtSA)

SEIFSA Training Centre	
Key features of the Centre • Located in Actonville, East Rand, Gauteng– 38 years of operation • Managed by Thuthukisa since 2021 • Capacity: ~250 learners • Accredited by NAMB and QCTO • Offers apprenticeships in 10 trades	**Types of Training Offered** • Apprenticeship Training & Trade Testing • Learnerships & Skills Programmes • Short Courses & Recognition of Prior Learning (RPL) • Trade Proficiency Assessments • Continuous Upskilling of Artisans
Key successes ***Institutional Training – Legacy Qualifications*** • Total trained (2021–2025): 1,226 learners • Top trades: Mechanical Fitter, Fitter & Turner, Welder ***Institutional Training – Occupational Qualifications*** • Total trained (2023–2024): 569 learners • Top trades: Welder, Mechanical Fitter, Boilermaker	***Trade Testing Achievements*** • Total tested (2021–2025): 1,356 learners • Top tested trades: Mechanical Fitter, Fitter & Turner • Average pass rate: 78% ***Learner Profile*** • 97% company-funded; 3% private learners • 80% aged 18–30 | 15% aged 31–45 | 5% 45+ (mainly ARPL) • Majority from Gauteng and nearby provinces • 65% company absorption of workplace learners • Expanded facilities & programmes aligned to 4IR • Strong industry and TVET partnerships

Skills Development and Transformation: Tool, Die and Mould (TDM) Powered Toolmaking Programme

TDM Powered Toolmaking Programme	
Key features of the Programme • 4 training Centres of Excellence located in Gauteng (Pretoria), KZN (Pinetown); Gqeberha; and Cape Town (Parrow) • Managed by the Production Technologies of South Africa since 2009 (with name changes) • Capacity: ~350 learners enrolment • Accredited by the National Artisan Moderation Body (NAMB) and Quality Council for Trades and Occupations (QCTO), these are key bodies within South Africa's skills development system. • Offers the Toolmaking apprenticeship (Occupational Qualification SAQA 103177 – NQF 5); the associated part qualifications (all SAQA accredited) and Master toolmaker (NQF 6) • Responsible for the maintenance and periodic updating of the globally accredited curriculum	**Types of Training Offered** • Apprenticeship Training & Trade Testing • Short Courses & Recognition of Prior Learning (RPL) • Trade Proficiency Assessments • Continuous Upskilling of Toolmaker Artisans • Expanded facilities aligned to 4IR (software and hardware) • Toolmaker artisan and toolmaker machinists are the flagship programmes
Key successes ***Artisan Training – Occupational Qualification*** • Total trained (2010–2024): 2 588 learners enrolled • 42 learner enrolment for 2025, with more than 180 learners in the programme on various competency levels ***Trade Testing*** • Candidates trade tested: 288 (from 2018 after accreditation)	***Learner Profile*** • 75% dtic-funded and 25% industry (through "on-the-job-training"; machines and consumables discounts) • 98% aged 18-35 and HDI/ Black; ~40% female • Majority from the 4 provinces where the centres are located and nearby provinces • 95% company absorption at completion of the Programme • The programme has never failed to place a learner for the "workplace training" • Graduates are in auto OEMs, 1st and 2nd tier suppliers; major packaging companies • Programme has lowered toolmaker average age from about 70 years to about 40 years in 10 years

Steel Master Plan: Implementation Challenges

- **Low local demand** remain a major concern, limited infrastructure spend, long lead-times to project execution.

- **Global over-capacity, geo-political tensions, additional trade measures** being implemented globally and resultant trade diversions to markets such as South Africa that are less protected.

- The **sector competiveness** continues to be threatened by a myriad of issues: illicit trade that includes mis-declarations, undervaluation; logistics crisis; energy; and impending gas supply challenges.

- **Fragility of SA steel value-chain** – declining pricing; penetration of imports; Newcastle Steel Mill (and Vereeniging works) and the impact on the downstream steel supply and associated consuming industries. A long-term interventions for retaining the key long primary production are required.

- Uncoordinated efforts, fragmentation of the skills system and funding models to support and upscale the **technical skills development and training** programmes.

- Growing Carbon Boarder Adjustment Mechanisms (**CBAM**) as well as a global move to cleaner steel production and the implications on exports.

- **Growing disengagement in the Master Plan** implementation platforms mainly due to limited progress made in driving demand-side measures; inadequate measures to improve the state of municipalities and address administered prices and services; divergent views on the scrap metals interventions.

Demand Side Interventions: Aggregate Demand and Scaling up Localisation Requirements

Localisation opportunities

- In the 2025 Budget Speech, Minister of Finance announced R1 trillion will be spent over the Medium-Term Expenditure Framework (MTEF) period on infrastructure projects.

- **Energy:** Localisation opportunities in electricity generation, transmission and distribution. In the Transmission Development Plan (TDP) and distribution, line construction (*including line hardware*), transformers and sub-station developments present the largest opportunities.

- **Transnet (**Rail and Port Infrastructure Plans): rolling stock, rail network refurbishments.

- **Water Infrastructure Investments:** Pipes; Valves; Pumps; Fittings.

- **Construction:** Roads and Bridges.

Engagements with the Steel Industry in November 2024 and March 2025

- In November 2024, **the dtic** Minister Tau convened the first meeting with the steel industry and discussed the following:
  - Reviewed the work done in implementing the Master Plan;
  - Partnership with the industry to address the binding constraints impacting on the sector's competitiveness;
  - Agree on actions required to bring stability to the industry and accelerate growth.

- Another meeting was held in March 2025, following a consultative process to consolidate industry inputs. There was widespread acceptance that the 10 themes tabulated below are critical to improving the productivity, growth sustainability of the value chain:

• **Scrap Measures (Price Preference System (PPS) and the Export Tax)**	• **Skills Shortage and Workforce Development**
• **Import Controls (including Import Tariffs on Steel Products)**	• **Technology and Green Steel**
• **Overcapacity in Long Steel Product**	• **Export Growth and Regional Trade**
• **Logistics and Transport Costs**	• **Collaboration and Coordination**
• **Local Procurement Policies**	• **Cost of Production (incl Energy, Rail, Water)**

- A Roadmap is currently being developed to decisively address the above issues.

Supply Side Interventions : update on key interventions

- **PPS and Scrap export tax** measures have provided much needed resource availability at competitive prices to the and have supported new investments and expansions, additional capacity and employment. However, there are unintended consequences (uneven distribution of rents, dependency, resource scarcity).

- **the dtic** has embarked on a process to assess the impacts of these policy instruments on the steel value chain with a view to limit the negative consequences.

- The steel value chain is divided on these policy measures and this calls for a well considered decision by Government, the importance of "due process" cannot be sacrificed if we are to come up with evidence lead policy decisions.

- **This is aimed at providing policy certainty required for long term planning.**

Scaling up Trade Policy Interventions

In March 2025, ITAC (following the directive from the Department) issued a gazette for public comments for the most extensive review of steel tariffs in more than 20 years through ITAC for steel products classifiable under Chapters 72, 73, 82, and 83 of the Customs and Excise Act

- The ultimate goal is to implement an all-encompassing approach to tariff setting that will leverage on the forward and backward linkages in the steel value chain; respond adequately to the trade diversions (as a result of the rising global tensions and retaliation measures).

- The aim is to:
  - Improve the tariff structure across the value chain;
  - Create rebates for imported inputs where capacity is limited/ or does not exist;
  - Remove rebates where misuse is found;
  - Introduce import surveillance system, import permit control measures and the possible introduction of standards and compulsory specifications.

- First set of the recommendations are expected in July/ August 2025.

Support Given to AMSA

- In June 2024, IDC provided AMSA with a R1.0 billion Working Capital loan facility. AMSA has repaid R100 m, and the balance is repayable by the end of September 2026.
- An additional shareholder loan of R380m was provided in February 2025 to delay the Longs Business wind down (initially scheduled to start by the end of January 2025).
- In March 2025, the IDC provided an additional facility amounting to R1.683 billion; which is repayable by agreement between the parties and subject to the financial performance, solvency and liquidity of Longs Business.
- 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.
- Engagements between the Government and AMSA are ongoing.

THANK YOU

ANNEXURES

REQUIREMENTS TO ENSURE IMPLEMENTATION:

1. **Strategic Procurement Programmes** which is based on sound and bankable business plans for both energy and rail localisation build programmes:

- Government (led by NT) to finalise the regulations to operationalize the new Procurement Act ➔ reinstate the designation/ local content requirements
- Establishment of a collaborative strategic procurement framework to enable visibility of longer-term committed demand volumes (and longer contract terms) that can be delivered in a staggered manner
- Some rail and energy projects may require single sourcing/ confinement which will allow for development of solutions to increase local content and technology transfer

2. Invoking **section 3 of the PPPFA (Act No. 5 of 2000)** in order to declare steel products strategic commodities in interests of national security and public interest. That will exempt organs of state, particularly SOCs, from the provisions of the Act in order for them to procure local manufactured steel at a right price.

3. Work continuing in **reviewing designated sectors/products** in consultation with industry – given the requirements of the New Procurement Act, it is critical that the local manufacturing industries participate in strengthening the business case for the designations

Demand-Side Interventions: update on key localisation interventions

- Some of the key contracts awarded to local manufacturers by Transnet Freight Rail (TFR) and PRASA to support the rebuilding of the **rail Infrastructure**, addressing maintenance backlogs and improve rail operations:
  - Voestalpine (Pty) Ltd a rail permanent way supplier was awarded a the national supply of turnouts and turnout’s components for a period of 3 years. Local companies manufacturing railway sleepers, fastening systems and bolts and nuts benefitted through supplying these critical components on this project.
  - Colossal Concrete, GPT Concrete and Rail2Rail local awarded for 12 a period of months sleeper contracts. This award contributed towards addressing maintenance backlogs on the infrastructure and improve rail operations for Transnet.
  - Pandrol SA awarded a contract for the supply of railway fastening systems.
  - PRASA awarded a contract to CRIG MAZIYA Joint Venture for Re-Signalling - planning, design, supply, construction, installation, testing, commissioning, and maintenance of a new fully integrated, functional, complete and future-proofed Prasa Train Control System (“PTCS”) in Prasa’s Kwazulu-Natal (“KZN”) service region. Local companies manufacturing turnouts, railway sleepers, fastening systems and bolts and nuts will benefit through supplying these critical components on this project.

- In November 2023, Gautrain Management Agency issued a tender for the appointment of a partner post 2026 (when the current concession comes to an end) for the operation, maintenance, upgrade, and modernisation of the Gautrain Rapid Rail link system will also boost local steel demand.

RAIL INFRASTRUCTURE- OPPORTUNITIES

Transnet remains the key procurer with plans to **bring annual rail freight services back to 220 million tonnes per annum** and beyond. The same applies for the movement of passenger rail service, PRASA is targeting to achieve **annual commuter trips back to 600 million per annum** and beyond.

Rail Infrastructure Opportunities

- Procurement of 48 & 57 kg rails with R260 steel grade by Transnet. significant investments are required to localise the head-hardened 60kg rails with 350LHT steel grade.
- Procurement by Transnet and PRASA of overhead traction equipment is continuing to bring infrastructure back into service.
- PRASA station and depot modernisation programme which include, a Wolmerton Depot, Braamfontein Depot, Salt River Depot and Springfield Depot.
- Transnet Iron Ore, Coal, Container and Manganese Corridor maintenance.
- Gautrain expansion of the rapid rail system which to link Soweto, Fourways, Mamelodi, Atteridgeville, Vaal, Lanseria and Springs including 150km of track and 19 new stations

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Demand-Side Interventions: update on key localisation interventions

Major development in the Transmission Development Plan

- In august 2024,the National Transmission Company South Africa (NTCSA) signed long-term agreements with 19 local companies in the various categories of overhead line construction panels i.e., Engineering, Procurement and Construction (EPC), Procurement and Construction (PC) and Construction.

- The contracts are expected to be worth in the region of ***R32 billion over eight years***. The process to be appointed to the EPC panel will be opened to the market annually around July each year, to enable other companies to participate.

- It is a move that reaffirms the country’s commitment to improving its transmission grid capacity. This collaboration between the public and private sectors, was also through the efforts of the working group on the transmission development plan.

- It is expected to support economic growth by creating sustainable and skilled job opportunities

the dtic - together, growing the economy
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Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

ENERGY INFRASTRUCTURE
TRANSMISSION DEVELOPMENT PLAN - OPPORTUNITIES

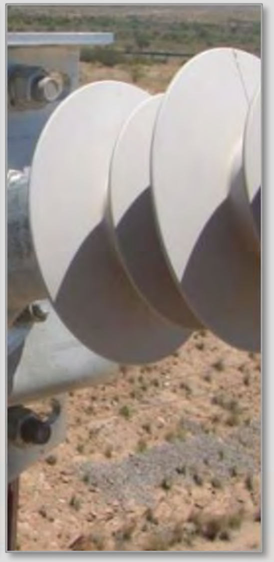
It is estimated that Eskom will spend more than R300 billion in energy infrastructure development, with the grid expansion being the largest single infrastructure programme planned in South Africa for the next 10 years to 2032. The allocated budget is anticipated to increase as additional projects are included on the TDP

- The National Transmission Company of South Africa (NTCSA) is required to build about **14,000km of transmission lines (mainly 400 kV and 765 kV lines).** This is equivalent to 42% of the current power line infrastructure and 350% of what was built in the last decade

- The **aim is to connect 53GW** of new generation capacity. This increase has major implications on critical commodities and supply chain capacity (e.g. towers; insulators; transformers; line hardware)







ENERGY INFRASTRUCTURE
TRANSMISSION DEVELOPMENT PLAN - OPPORTUNITIES

Tower steel and line construction:

- The programme will require approximately 452 175 tonne of tower steel. This would amount to about 3800 tons per month when smoothed out over 120 months; well within the capacity of local manufacturers
- The steel product demand mix for local transmission towers is approximately 90% light, medium and heavy sections and 10% plate products. Mini mills are capable of supplying some components; excluding the heavy sections
- Transmission High Voltage (HV) Line Construction Incubation Programme: ongoing initiative supported by Eskom, **the dtic** and the IDC to address the capacity shortage of contactors required for high voltage construction as per the TDP

Insulators:

- Manufacturing capabilities and capacity for composite insulators of up to 765kV transmission lines, rated at 300kN exists in the local market, with investment plans to scale up to insulators rated at 400kN.
- The **line hardware designation** has provided a robust support to the local manufacturing capacities despite capacity currently underutilised owing to low demand

- Ongoing collaboration between **the dtic**, IDC, Eskom, NT, DEE in the identified constrained commodities (conductors, insulators, transformers and steel) and construction services to enable strategic local procurement by Eskom and potential funding by the IDC for companies who can supply products and services into the TDP. Participating in the Independent Transmission Projects Programme including localisation workstream
    - IDC has already approved funding support for insulators, line construction and steel fabrication. The parties are also supporting the business turnaround on the local Class 3 (higher voltage range) transformer manufacturer to bring the factory back on-stream to support the TDP roll-out

Supporting the Decarbonisation Efforts and Mobilising Resources

- Through the IDC:
  - Global scrap shortages and the need to decarbonise a hard to abate sector has led to the development of Direct Reduced Iron (DRI) alternatives. Opportunities explored with mining and steel companies for the production DRI and other derivatives (pig iron, hot briquetted iron) working with IDC business partners and leveraging hydrogen commercialisation initiatives. The SA value proposition is based on existing technology, equipment, high quality iron-ore, access to renewables and export markets for the production of green DRI and steel.
  - Ongoing implementation of the steel diversification strategy through support for mills to upgrade and extend product ranges into advanced, high-grade steels for automotive, infrastructure, renewables and mining applications. Import replacement initiatives underway with industry to increase localisation and demand
  - Coated and galvanised steel (re-rollers and primary steel opportunities) for renewables and autos. The Magnelis project to produce advanced steels for automotive, appliance and renewables has been initiated with R8m IDC disbursement for the Marketing study and engineering as part of the feasibility assessment. Expected completion in 2028
  - Saldanha project: IDC provided 50% of developmental funding for restart of Saldanha and feasibility studies aimed at green steel and iron production for domestic and export markets. Key factors: hydrogen, natural gas and iron-ore supply and logistics. The project is pending the outcome of the current AMSA transaction which will impact on all its assets. Climate Fund Managers have concluded a due diligence to potentially co-fund the project

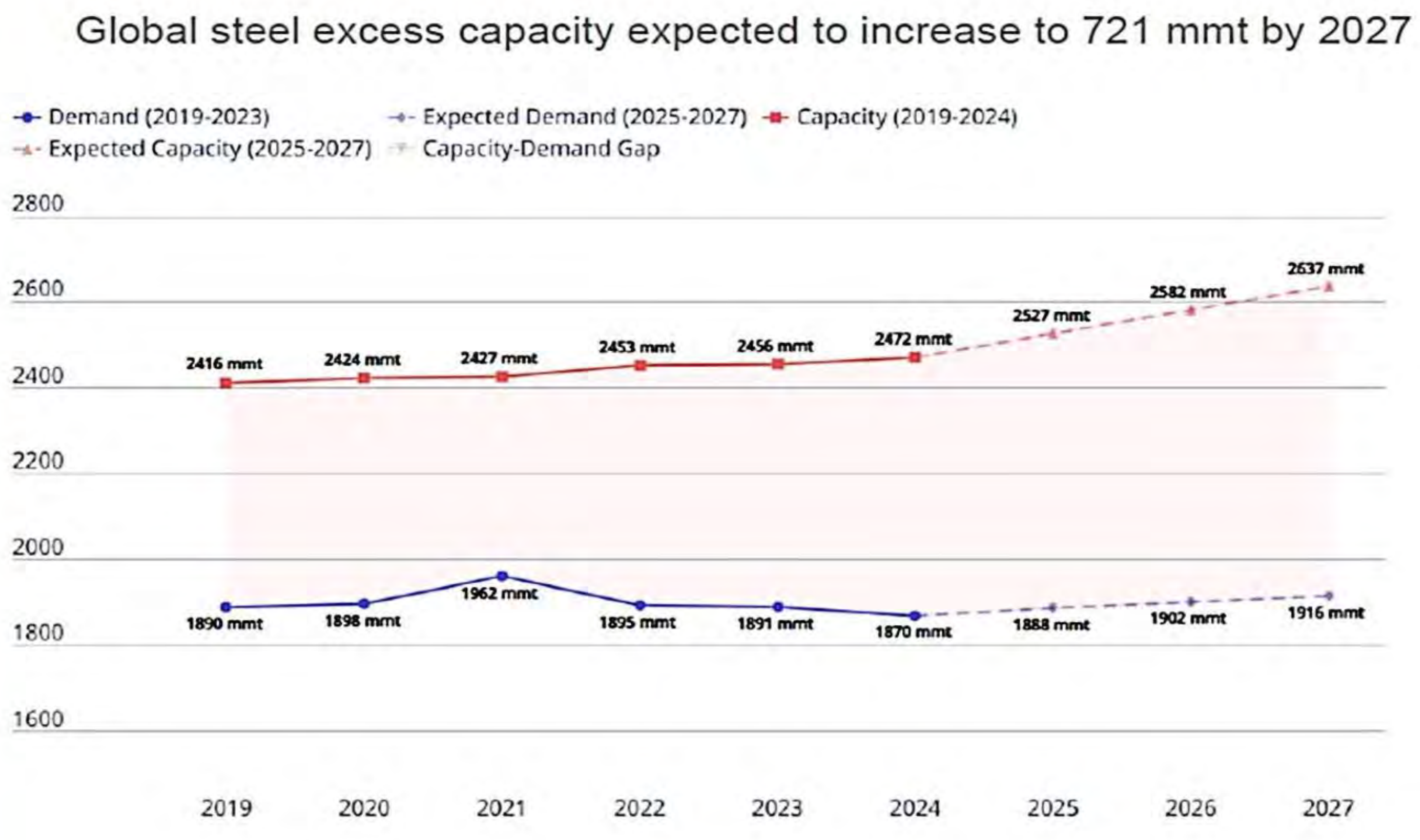
Supporting the Decarbonisation Efforts and Mobilising Resources

- OECD’s Clean Energy Finance and Investment Mobilisation (CEFIM) programme is finalising its South Africa Steel Decarbonisation pathways report based on economic assessment of three selected low carbon technologies (Carbon capture, use and storage, Hydrogen DRI –Electric Arc Furnace and Scrap based EAF)

- UNIDO as part of its Mitigation Action Facility (MAF) is finalising a Euros 25 million fund (be managed by the IDC) for the next 5 years to accelerate steel decarbonisation.. Second round of assessments has been successful with SA being one of 7 countries selected to progress to the detailed feasibility phase. Pipeline of projects from interested primary mills is being developed by the IDC (Veer, Unica, Scaw, AMSA Saldanha)

EXCESS CAPACITY INCREASES TO 720 MMT

- Except for India, where steel consumption is increasing, all other capacity additions were made in markets where steel consumption is dropping. This is the case in South Africa as well.

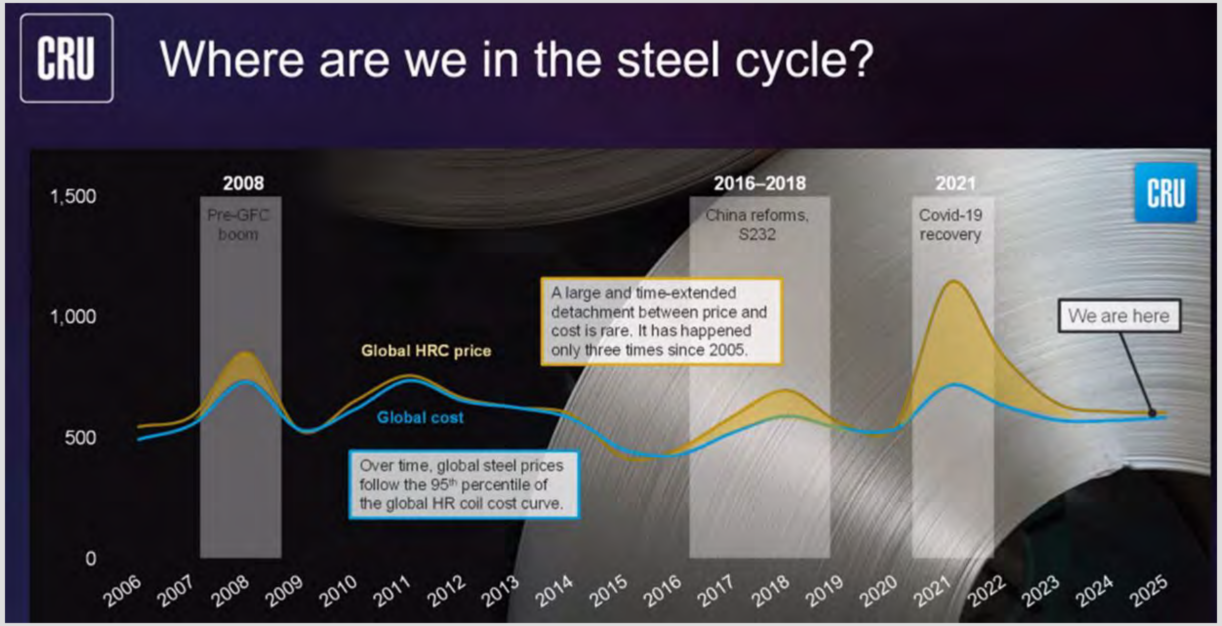


Source: South African Iron and Steel Institute (SAISI)

Steel Trading Environment - US Tariffs

The U.S.-China demand constraints could drive down global steel prices, further impacting South Africa’s market. This was also a hot topic at the OECD meeting on the 1st of April 2025. Two slides of importance are:

Ongoing capacity increases without the corresponding demand in steel consumption



Due to the massive over supply globally, more downward pressure on steel prices, with expectations that steel prices might dip below the global average cost of production

Source: South African Iron and Steel Institute (SAISI)

Steel Trading Environment - US Tariffs

Month	Open	Low-High	Close	Mo,%	Total,%
2025					
Apr	18.32	18.25-20.82	**20.51**	12.0%	12.0%
May	20.51	19.98-21.45	**21.13**	3.0%	15.3%
Jun	21.13	20.44-21.13	**20.75**	-1.8%	13.3%
Jul	20.75	20.44-21.06	**20.75**	0.0%	13.3%
Aug	20.75	20.22-20.84	**20.53**	-1.1%	12.1%
Sep	20.53	20.53-21.47	**21.15**	3.0%	15.4%
Oct	21.15	21.15-22.05	**21.72**	2.7%	18.6%
Nov	21.72	21.72-22.46	**22.13**	1.9%	20.8%
Dec	22.13	21.15-22.13	**21.47**	-3.0%	17.2%

The weaker South African rand, influenced by global trade uncertainties, raises costs for imported raw materials (e.g., iron ore, coal), further eroding local manufacturers' price competitiveness.

a) The USD/ZAR exchange rate is expected to remain volatile in the near future. Predictions for the year suggest the rate potentially ranging between 18.25 and 22.46 ZAR per USD.

a) Several factors, including global economic trends, South African monetary policy, and geopolitical events, will influence these movements.

Source: South African Iron and Steel Institute (SAISI)