STEEL TUBE EXPORT ASSOCIATION OF SOUTH AFRICA ENAGEMENT WITH THE PORTFOLIO COMMITTEE ON TRADE, INDUSTRY AND COMPETITION

4 JUNE 2025

PROGRESS MADE IN IMPLEMENTTING THE STEEL AND METAL FABRICATION MASTER PLAN

- A platform has been created intended to bring together different steel stakeholders to engage with a common" goal.
- Six focus areas for implementation have been established with working groups namely : Supply side, Demand Side, Export market, Transformation, Resource Mobilisation and Human resources.
- A Steel Fund with a Board was established.
- A Local Content and Compliance Unit (LCCU) was established – work was carried out tackling the escalation of illicit/illegal trade and identified opportunities for localisation working with government agencies (SARS, DTIC & ITAC)
- Steel Master Plan Workstreams i.e. (SMP Export Workstream) with team leaders were established and a series of monthly meetings held.
- Working Teams within the SMP Export Workstream comprised of Projects, Products, Marketing and Funding work teams.
- DTIC Review of Steel Pipes, Pipe Fittings and Pipe Specials designation including other steel products.
- Review of the tariff structure and investigation into the possible introduction of an import surveillance system for steel products classified under tariff chapters 72, 73, 82 and 83 of the customs and excise act.

THE EFFECTIVENESS OF THE IDENTIFIED IMPLEMENTATION ACTIONS TO ADDRESS OR MITIGATE THE IDENTIFIED CHALLENGES FACING THE INDUSTRY

STEEL MASTER PLAN FOCUS AREAS

SOCIAL COMPACTING FRAMEWORK

LABOUR

- Improve productivity to bring more people into the mainstream
- Improve the skills base through better education and technical training (technical training is key to support other heavy industries as well.)
- Career pathway – future of Work

Government

- Customs enforcement to stem custom fraud issues (under-invoicing; misdeclaration; etc.)
- Develop/ improve and roll-out of Incentives and Industrial Financing Instruments
- Enforce the designations/ LC requirements and uphold quality standards
- Deploy appropriate trade measures (tariffs; safeguards; etc.) to level the playing field
- Address pricing and access of key inputs (raw materials; scrap; steel; electricity and logistics)

Primary Steel Producers

- Steel pricing and supply path that support the competitiveness of downstream
- Invest in primary steel capacity to improve quality and grades, efficiencies, and cost competitiveness
- Contribute resources to customs enforcement and prior-surveillance of imports
- Transition to Green Steel
- Advance worker empowerment

Downstream Manufacturers

- Invest to grow capacity to support local demand and manufacturing jobs
- Invest in technology, management & operator skills, upgrading
- Build manufacturing eco-systems to advance transformation and inclusion
- Advance worker empowerment
- Contribute resources to customs enforcement

LESSONS LEARNT FROM THE IMPLEMENTATION PROCESSS

- Steel Master Plan's comprehensive industrial policy framework is not prescriptive and instructive to steel supply chain stakeholders.
- The SMP was meant to deliver a comprehensive industrial policy framework, where a total industry perspective would be taken and complementarities across the value chain enhanced. Sadly, what we are witnessing is the opposite, wherein policy is implemented in a fragmented manner, with a short-term view and with pockets of industry being pit against one another. The scrap metal export ban is one such divisive and market distorting development. (SIEFSA President Elias Monage)
- The industry is still grappling with legacy challenges that predated the inception of the SMP and highlighted every year in what was then the Industrial Policy Action Plan (IPAP):
  - Reduction of input costs in the supply value chain, administered prices for electricity, rail and port tariffs.
  - The provision of export competitive flat rolled steel prices to the domestic carbon steel tube and pipe manufacturing sector of the steel industry.
  - Improve steel pricing across the value chain.
  - Reduction of raw material costs used manufacture crude steel (Introduction of Price Preference System and export tax for some of these raw materials, similar to scrap?)
  - Capacity under utilisation, plant closures and job losses.
  - Delayed infrastructure rollout programme - depressed demand

The impact of the changing domestic and geopolitical landscape on the industry and the effects of the Master Plan;

The Changing domestic and geopolitical landscape on the industry has necessitated the following measures.

Hybrid Manufacturing Structure

Exporting Structure:

- Establish an exclusive export warehouse and system to account and monitor imported material
- Import 100% coil from international markets
- Convert to steel tubes and pipes
- Export the steel tubes and pipes as per your orders
- Invoke ITAC - Rebate item 470.03(permit before importing) / 521.00 (permit post importing- claim duties) which provides for a full waiver of customs and safeguard duty on imported goods for use in the manufacture of goods exclusively for export.

Domestic structure:

- Procure coil locally from AMSA
- Convert to steel tubes and pipes
- Adherence to designation requirements for public projects.
- Serve the domestic private downstream sector as normal.

New and/or evolving challenges facing the industry and opportunities for the industry

Challenges facing the industry:

- Cheap carbon steel tubes & pipe Imports – i.e. HS 7306.1900 - Line pipe of a kind used for oil or gas pipelines.
- Average cost of Domestic Hot roll coil is R16 000 / Ton

2024

CountryOfOriginName	CountryOfDestinationName	Tariff	YearMonth	CalendarYear	TariffAndDescription	Tonnage	CustomsValue	R/Ton
China	South Africa	73061900	202401	2024	73061900 - Other	41	R475 306	R11 486
China	South Africa	73061900	202401	2024	73061900 - Other	26	R381 914	R14 709
China	South Africa	73061900	202402	2024	73061900 - Other	26	R406 036	R15 337
China	South Africa	73061900	202402	2024	73061900 - Other	0	R562	R780 556
China	South Africa	73061900	202402	2024	73061900 - Other	767	R8 183 149	R10 670
China	South Africa	73061900	202403	2024	73061900 - Other	81	R1 253 482	R15 556
China	South Africa	73061900	202403	2024	73061900 - Other	286	R3 246 168	R11 357
China	South Africa	73061900	202403	2024	73061900 - Other	24	R440 666	R18 247
China	South Africa	73061900	202404	2024	73061900 - Other	978	R11 435 935	R11 692
China	South Africa	73061900	202405	2024	73061900 - Other	243	R2 940 015	R12 123
China	South Africa	73061900	202405	2024	73061900 - Other	54	R614 509	R11 363
China	South Africa	73061900	202406	2024	73061900 - Other	26	R405 669	R15 544
China	South Africa	73061900	202406	2024	73061900 - Other	217	R2 613 883	R12 034
China	South Africa	73061900	202407	2024	73061900 - Other	645	R7 545 202	R11 704
China	South Africa	73061900	202407	2024	73061900 - Other	28	R302 555	R10 702
China	South Africa	73061900	202408	2024	73061900 - Other	210	R2 328 454	R11 069
China	South Africa	73061900	202409	2024	73061900 - Other	25	R8 898	R350
China	South Africa	73061900	202410	2024	73061900 - Other	26	R377 279	R14 264
China	South Africa	73061900	202410	2024	73061900 - Other	0	R36	R41 379
China	South Africa	73061900	202411	2024	73061900 - Other	779	R8 283 956	R10 628
China	South Africa	73061900	202411	2024	73061900 - Other	26	R371 103	R14 030
China	South Africa	73061900	202412	2024	73061900 - Other	20	R318 510	R16 315
China	South Africa	73061900	202412	2024	73061900 - Other	926	R11 398 959	R12 313
Totals						**5 456**	**R63 332 246**	**R11 609**

*Average finished pipes imported lower than the price of domestic Hot Roll Coil – Remedial Tariff Intervention required.

* Current import duty 15% (Bound rate)

New and/or evolving challenges facing the industry and opportunities for the industry continues..

Challenges facing the industry:

- Cheap carbon steel tubes & pipe Imports.
- HS7305 - Other tubes and pipes (for example, welded, riveted or similarly closed), having circular cross-sections, the external diameter of which exceeds 406,4 mm, of iron or steel. HS7305.1900 - Line pipe of a kind used for oil or gas pipelines.
- Average cost of Domestic Hot roll coil is R16 000 / Ton

2024

CountryOfOriginName	CountryOfDestinationName	Tariff	YearMonth	CalendarYear	TariffAndDescription	Tonnage	CustomsValue	R/Ton
Mozambique	South Africa	73051900	202401	2024	73051900 - Other	262	R3 469 493	R13 245
Mozambique	South Africa	73051900	202402	2024	73051900 - Other	133	R1 849 314	R13 864
Mozambique	South Africa	73051900	202403	2024	73051900 - Other	122	R1 758 333	R14 405
Mozambique	South Africa	73051900	202404	2024	73051900 - Other	65	R881 209	R13 649
Mozambique	South Africa	73051900	202405	2024	73051900 - Other	284	R3 830 808	R13 500
Mozambique	South Africa	73051900	202406	2024	73051900 - Other	294	R3 942 465	R13 389
Mozambique	South Africa	73051900	202407	2024	73051900 - Other	1 093	R14 547 667	R13 305
Mozambique	South Africa	73051900	202408	2024	73051900 - Other	1 222	R19 723 243	R16 145
Mozambique	South Africa	73051900	202409	2024	73051900 - Other	1 858	R33 747 528	R18 162
Mozambique	South Africa	73051900	202410	2024	73051900 - Other	16 443	R31 557 878	R1 919
Mozambique	South Africa	73051900	202411	2024	73051900 - Other	752	R14 131 847	R18 780
Mozambique	South Africa	73051900	202412	2024	73051900 - Other	213	R4 048 313	R18 965
						22 743	**R133 488 098**	**R5 869**

*Average finished Pipes imported lower than the price of domestic Hot Roll Coil – Remedial Tariff Intervention required.

*Current import duty 15% (Bound rate)

New and/or evolving challenges facing the industry and opportunities for the industry continues..

Challenges facing the industry:

- ITAC imposes safeguard duties on hot-rolled steel products – 2 May 2025
- Hot-rolled steel is used for the manufacturing of general engineering products such as containers, mining equipment, small and large bore pipes, earth moving equipment, gas cylinders, truck trailers, water tanks, etc. This product is normally used by merchants, service centres, and fabricators who convert material into pipes and tubes primarily for construction projects. Smaller tubing is used for school furniture, while hot-rolled slit material is utilized for lip channels.
- The local downstream manufacturers use a mixture of locally-manufactured and imported steel. While AMSA produces product of sufficient quality, there have been instances where they could not always provide a reliable supply, due to unexpected plant breakdowns and production inefficiencies. Companies are in some instances contractually bound to have more than one supplier of steel product to ensure security of supply, hence the need to import steel, despite already procuring from AMSA. As a result, manufacturers often have to carry more inventory to safeguard themselves against AMSA's sometimes unreliable delivery.
- This results in more capital being tied up in stock than would otherwise be necessary, upping their costs and making them less competitive and vulnerable to imports of finished products, which can be landed for cheaper than the combined materials and labour costs of the local manufacturers.
- The current duties in place are significant and will potentially lead to loss of export competitiveness in downstream industries. Important to note is that, the downstream industry is not one thing. Rather there are many downstream industries and sectors impacted by the safeguard and the normal Customs duties. Hot rolled steel is a primary raw material and so vital that manufacturers access the product at competitive prices. Failure to do so potentially leads to imports shifting from the primary raw material (hot rolled steel) to intermediate or finished products. Such a situation will be untenable as it will undoubtedly lead to loss of jobs and investment in the local economy.

New and/or evolving challenges facing the industry and opportunities for the industry continues..

Challenges facing the industry:

- Hot roll coil makes up +-80% of finished carbon steel tubes and pipes with +- 20% being the value-add. In the current environment you can import finished steel tube and pipe products cheaper than you can buy hot roll coil domestically. Meaning before a locally based steel tube and pipe manufacturer can even start producing, they are already +-20% or more uncompetitive compared to the imported product…where is the incentive to continue as a manufacturer?
- The logical "SA INC" approach to the initial stages of applying for the current imposed safeguard on hot roll coil, should have been to include products that would immediately be vulnerable to imports should their input material be granted protection in order for the protection to be simultaneous. As it currently stands, the primary industry has been protected at the expense of the downstream yet again.

New and/or evolving challenges facing the industry and opportunities for the industry continues..

Challenges facing the industry:

Our sub association, The Association of Steel Tubes & Pipes Association of South Africa (ASTPM), is busy with an assessment of its industry standing in order to apply for anti-dumping duties against The Republic Mozambique and The People's Republic of China (PRC) as we contend that significant injury has been sustained from these markets. The ASTPM will seek remedial action against the dumping of the following carbon steel tube and pipe products:

- **7305.19** - Other Tubes and Pipes (for example, welded, riveted or similarly closed) - Line pipe of a kind used for oil or gas pipelines with an external diameter which exceeds 406,4 mm, of iron or steel (excluding Longitudinally submerged arc welded and longitudinally welded pipes
- **7306.19** -Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed) - Line pipe of a kind used for oil or gas pipelines with an external diameter which does not exceeds 406,4 mm of iron or steel (excluding Welded, of stainless-steel pipes)
- **7306.30.20** -Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed) -Other, welded, of circular cross-section, of iron or non-alloy steel, with a wall thickness of not exceeding 2mm, not galvanised
- **7306.30.40** -Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed) -Other, welded, of circular cross-section, of iron or non-alloy steel, with a wall thickness exceeding 2mm, not galvanised
- **7306.61.10** -Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed) -Other, welded, of non-circular cross-section, of square or rectangular cross-section, with a wall thickness not exceeding 2mm
- **7306.61.20** -Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed) -Other, welded, of non-circular cross-section, of square or rectangular cross-section, with a wall thickness exceeding 2mm
- **7306.69.10** -Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed) -Other, welded, of non-circular cross-section, of other non-circular cross-section, with a wall thickness not exceeding 2mm.

New and/or evolving challenges facing the industry and opportunities for the industry continues..

Opportunities for the carbon steel tube and pipe industry:

Small Bore Steel Tubing - In a solar tracking system, torque tube is a critical structural component, especially for single-axis solar trackers. Torque tubes are typically circular, square, pentagonal, octagonal, or D in shape and coated with galvanizing. The torque tube connects all PV modules, ensuring that they all track the sun's path simultaneously.

The stress tolerance specifications that are being specified on such renewable infrastructure however, is so stringent that it is excluding locally manufactured steel tube input. A relaxation of these stress tolerances will not jeopardise the structural integrity of the renewable energy infrastructure and generate desperately required demand for all domestic steel tube and pipe manufacturers.

Large Bore Steel Pipes – The rollout of bulk water infrastructure projects, South African Large bore pipe manufacturers have adequate installed manufacturing capacity to meet all steel pipe requirements for bulk water infrastructure.

Steps being taken (if any) to amend, adapt or redevelop the Master Plan

- Currently not aware of any steps being taken to amend, adapt or redevelop the SMP as SMP meetings have not reconvened yet.
- The South African Iron & Steel Institute (SAISI) Steel Market Development Forum was setup and met on 21st November 2025, where the steel sector's associations and institutes agreed that:

  - The steel sector needs to organise itself to solve common issues for all in the chain who have the same interest such as transport and logistics; trade barriers and remedies; designation and localisation; customs control; standardisation; import surveillance; supply chain steel price and give relevant input to the development of an overall steel strategy aligned with the National Development Plan (NDP) of South Africa.
  - Assist with the formulation of medium/long-term plans for the different industries
  - Address import replacement through the monitoring of final product imports
  - Simultaneous alignment of duty/trade remedies throughout the value-adding industry to that of the upstream industry in the applications to ITAC to achieve a holistic approach.
  - Communicate all government assistance tools available to the value-added steel industry to enhance industry development targets

- The next refined SMP 2.0 needs to attend decisively to the issues of competitive primary steel, energy security, rail capacity and port efficiency because any failures at AMSA, Eskom or Transnet will naturally translate into a faltering of the steel industry.


Thank You