

State is preparing measures to protect the steel industry

By [Linda Ensor](#)

24 May 2016

The Department of Trade and Industry is finalising a raft of measures to protect the primary and secondary steel industries, says deputy director-general for industrial development Garth Strachan.



© deGraaf Erik – [123RF.com](#)

Strachan was commenting on concerns expressed by DA MPs that the steel price increases imposed by ArcelorMittalSA this year were having a devastating effect on downstream manufacturers, resulting in plant closures and job losses.

The MPs have argued that the increases violated a commitment by the steel producer not to raise prices if tariff duties on cheap steel imports were raised. Ten tariff applications have been approved by the International Trade Administration Commission.

The issue is expected to be raised again when departmental officials brief Parliament's trade and industry committee on Tuesday on the latest iteration of the industrial policy action plan.

Strachan said the government was "acutely aware of and concerned about" the problem of higher steel prices.

Economic Development Minister Ebrahim Patel would establish a steel committee within the International Trade Administration Commission to monitor and evaluate the performance of ArcelorMittalSA against a set of commitments

regarding pricing, investments, employment, technology upgrading and production.

"An executive decision on the committee and its composition is awaited and an announcement will hopefully be made shortly," Strachan said.

A technical team was working on another concern which involved the role of steel merchants who added to the price of steel for end users without adding significant value, he said.

"As part of a package of measures, government will be lifting the 'deeming' of steel in all the steel-intensive designations that have hitherto been promulgated. This refers to the fact that at the time that the import parity pricing principle was followed, government 'deemed' all steel as local."

Strachan said this process would be completed shortly and would provide relief to domestic steel producers since it would raise aggregate domestic demand for steel - volumes being very important for steel production.

He highlighted the complexity of the problem which required SA to preserve its steel producing while protecting downstream users. He emphasised that there was no easy or quick fix.

Source: Business Day

For more, visit: <https://www.bizcommunity.com>