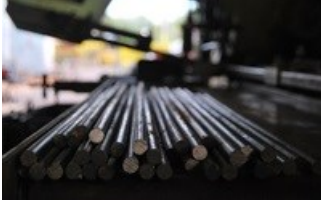


# Davies imposes steel tariffs with conditions

By [Linda Ensor](#)

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Trade and Industry Minister Rob Davies has come to the rescue of the beleaguered steel industry, approving a 10% ad valorem duty on certain imported steel products, which currently enter the country free of duty.



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## Stringent conditions

His approval, however, is subject to certain stringent conditions - including that steel producers refrain from increasing prices for the products subject to the duty and that they honour their commitments to reduce prices on some products.

The approval is also conditional on ArcelorMittal SA investing an additional R250m in its colour line and Safal Steel, an additional R300m in its metal coating line in 2017. Both companies also have to commit to not retrenching any workers in these production lines over the next three years.

The tariff increase is aimed at stemming the flood of cheap steel imports, particularly from China. There is currently a glut of steel globally, which has led to widespread dumping. This has put pressure on the operations of local steel producers, such as ArcelorMittal and Evraz.

Davies announced on Friday that he had approved the recommendation by the International Trade Administration Commission (Itac) that the rate of customs duty on zinc-coated/galvanised steel, aluminium-zinc coated steel and colour coated steel be increased from free of duty to 10% ad valorem, which is the bound rate stipulated by the World Trade Organisation.

## Ensuring the viability of the sector

Itac conducted an investigation into the steel industry following an application from the South African Coil Coaters Association on behalf of ArcelorMittal and Safal Steel. Itac will conduct a review of the duty structure to determine its effect on the industry value chain, three years from the date of implementation.

Itac will also establish a committee with industry and government stakeholders and experts to monitor the effect of the change in tariffs and steel prices on downstream users, as well as the performance of the applicants against the commitments agreed on. In the event of default, Itac will immediately initiate a review of the tariff.

The Itac recommendations mention that the government is engaged with the steel industry, including ArcelorMittal and the downstream users, to secure an agreement on a pricing model that ensures the short- and the long-term viability of the sector.

*Source: BDpro*

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