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MEDIA RELEASE

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THE PRIMARY STEEL INDUSTRY AND LABOUR MAKE A COMPELLING CASE FOR SAFEGUARDS AT THE ITAC HEARINGS

Johannesburg, 30 August 2016: ArcelorMittal South Africa and the South African Iron and Steel Institute (SAISI) made a compelling case about the importance of protecting and preserving the local steel industry during a public hearing at the International Trade Administration Commission (ITAC) today.

ITAC convened the public hearings as part of an investigation after the industry applied for safeguard duties on certain flat rolled products. The industry, in particular customers and the public were afforded an opportunity to state their case and to confirm whether duties are in the best interest of the public and will benefit both the upstream and downstream industries.

Led by ArcelorMittal South Africa's Chief Financial Officer, Dean Subramanian, General Counsel and Regulatory Affairs, Mohamed Adam, and Johann Nel, Acting Secretary General of SAISI on behalf of the South Africa steel industry, the team presented to ITAC on the importance of ensuring the sustainability of the local industry which is under siege from cheap Chinese imports.

The team explained that most steel producing countries have introduced protective measures for their local steel industries and highlighted the need for South Africa to safeguard its local steel industry.

Despite the 10% import duties that have been implemented, cheap imports continue to flood the market. South Africa needs a viable primary steel industry, and safeguards are important to ensure the sustainability of the industry. Safeguards are not only meant to protect the upstream industry, but the downstream sector as well.

These public hearings are part of the ongoing engagement between Government and other industry stakeholders to implement a number of positive measures that will ensure the future of the South African steel industry. These include protection for the local industry from cheap imports, a new fair pricing model as well as a significant investment in the maintenance and upgrade of the industry to ensure we remain competitive as a steel producer. This is in the interest of the public.

Safeguards, just like tariffs, are not related to movement in the price of steel products. These are determined by movements in the currency and in raw material prices. The implementation of safeguards will ensure the sustainability of the industry, restore competitiveness in the industry and ensure the industry is protected from the surge in imports.

In terms of the Pricing Principles which will be signed with government, ArcelorMittal South Africa will be guided by an import weighted basket in terms of how it prices its products and cannot price up to the level of the duties imposed.

Maintaining its license to operate requires ArcelorMittal South Africa to be a transformed and responsible business, a leader in the steel industry that acknowledges its role in ensuring the long-term sustainability of the local steel sector and associated industries.

Adam emphasised: “If the downstream steel industry collapsed tomorrow, we will not have a business. We are prepared to work with the downstream industry and other stakeholders to find sustainable solutions for the steel industry.”

Despite some reservations, labour union, Solidarity, supported ArcelorMittal South Africa and SAISI’s presentation.

SAISI Acting Secretary General, Johann Nel, said: “The aim of a safeguard measure is to assist the steel industry in recovering from serious injury caused by a surge in imports, which is in turn caused by short-term structural distortion of oversupply in the global steel market. However, the positive impact of duties is not limited exclusively to domestic producers, but also to the trade and economy of South Africa as a whole.”

According to Solidarity General Secretary, Marius Croucamp, the South African steel industry is in severe distress due to decreased demand, increased input costs and unfair competitive behaviour.

“The entire industry is at risk of collapsing. More should be done through policy support measures to protect the South African steel industry, its workers and communities. In principle, Solidarity does not support import tariffs in a free market, but the South African steel industry is subjected to unfair trade and market forces,” said Croucamp

“Chinese steel imports are highly subsidised and the dumping is uncontrolled and not fair trade. The local steel industry is not protected at either primary or downstream levels. Steel imports are at record levels, which negatively affect our trade balance. The designation and localisation of the local steel industry and general protection measures are falling short of what is required to sustain the industry. Therefore, Solidarity supports measures and safeguards, both at primary and downstream level,” added Croucamp.

Other interested parties that made presentations at the public hearings included Macsteel, Aveng Steel, Japanese Manufacturers, NJR Steel and the National Employers' Association of South Africa (Neasa).

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