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AVE: 125815.68 **Author:** DIEKETSENG MALEKE

INDUSTRY COLLABORATION

For **Steel Master Plan** to work all parties 'must come to the table'

The plan provides a roadmap for the industry to follow to re-energise itself and expand production of the sector

DIEKETSENG MALEKE
dieketseng.maleke@inl.co.za

IF THE government does not understand the spirit of the Steel Master Plan, it will not succeed. For it to succeed, there are micro-actions that need to be addressed, according to Minister of Trade and Industry Ebrahim Patel.

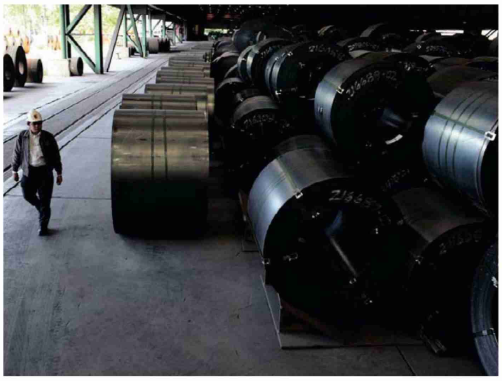
He said this week that the business environment – including the challenges of energy and transport logistics, stimulating the economy with an infrastructure roll-out, and the broader reigniting of private investment in mining and manufacturing property – needed to be addressed.

Patel was a keynote speaker at the Steel and Engineering Federation of Southern Africa's (Seifsa's) Steel Master Plan Conference held in Kempton Park on Thursday.

Launched last year, the Steel Master Plan (SMP) is meant to provide a roadmap for the industry to follow to re-energise itself and expand production of the sector. The master plan has six focus areas. These include supply-side, demand-side, African Continental Free Trade Area / export MKT, resource mobilisation, and human resources.

Different sectors collaborate to oversee the objectives of the SMP. While there is no leader to oversee the master plan, each focus area has a project manager, and they are accountable to each other.

"The master plan is like a 'bring and braai' where everybody brings something. It's not a fuzzy feel-good network where we have coffee together," Patel said. The conference was held as the steel industry is dealing with commodity prices that have been high for the past two years.



THE steel industry is dealing with commodity prices that have been high for the past two years. | Reuters

In an interview, Seifsa Group chief operating officer Tafadzwa Chibanguza said the industry had gone through a difficult time, but the main issue was demand.

"Demand has been very low. Investment from the US has slowed, so that in itself does impact on demand. Cheaper Chinese steel has been exported into the country. You already have low demand domestically, and there is Chinese steel that is cheaper coming in and feeding the low demand. These factors naturally contribute to the downward trend," he said.

Macsteel group chief executive Mike Benfield said the price of hot rod coil in South Africa was about R20 000 a ton, while long steel, which is cheaper than hot rod coil and made from a different process, was about R10 000 to R15 000 a ton.

"The benchmark internationally to check the steel price is to look at the hot rod coil. The hot rod coil in China is about $800 (R12 614), add the shipping price, add other premiums associated with quality, size of the coil, ship it, and it lands in Durban, you add 10 percent duty at the border, someone has to make a margin, they will set it at around R20 000," he said.

Another speaker at the conference, Numsa general secretary Irvin Jim, said to boost the weak economy, the manufacturing sector should be a priority, and the SMP had key ingredients within it.

"It disappoints us as a union that this master plan, as with similar initiatives in other manufacturing sectors, has not seen the speed of implementation needed to protect existing manufacturing capacity and become a catalyst for creating the most needed jobs," he said.

Jim said globally, the manufacturing sector had recovered in a post-pandemic environment.

"One only has to look at the boom in the mining sector to understand the demand for those products. The only difference and challenge for our economy is that we have not dealt with the structural challenge of transforming and restructuring the economy," Jim said.

He said South Africa continued to be the minerals supply hub of the world, and these minerals were not being beneficiated to champion manufacturing to build new sectors and create jobs.

"The existing International Trade Administration Commission of South Africa system of preferential pricing for local steel producers should be strengthened.

"State-owned companies, especially Eskom and Transnet, must not be allowed to use intermediaries who import products and add a premium to steel-intensive products and equipment used by both companies. Procurement should be direct with local steel producers and equipment manufacturers," he said.

Meanwhile, Solidarity deputy general secretary Marius Croucamp said the master plan should not be allowed to fail as it represents a consolidation of feedback from the steel industry, labour and regulators.

"There is a broad consensus on the measures required to rebuild the entire steel industry value chain that must deliver the required outcomes to stabilise and grow the industry," he said.

Croucamp said the result was an implementation plan that supports the objectives of the SMP.

"This process has proven to be challenging as a fragmented industry with vested interests is required to work together towards a common goal, which is to stabilise and grow the South African steel industry from both an upstream and downstream perspective," he said.

Croucamp said the steel industry was critical for industrialisation and was a driver for the manufacturing, mining and motor industry, so it could not be allowed to fail.

Steel industry raw material provider and steel producer Harry Kassel said all the objectives of the master plan were realistic and could be achieved.

"There are huge challenges, but those challenges can be overcome by working cohesively together to achieve what the SMP is set out to do. The challenges include power issues, logistics, its demand bottlenecks and skills gap," he said.

Manufacturing Circle executive director Philippa Rodseth said there was an opportunity to implement the master plan as it dealt with issues that needed to be addressed across the supply challenges as well as demand opportunities.

Rodseth said the collaboration with other industries was great, but she thought that the Department of Trade, Industry and Competition, as a project sponsor, should lead the SMP while being supported by teams and industry.

"It does need to be a collaborative effort, but given that some of the elements that are required to make the master plan work have to do with policy and alignment between energy, between Transnet, oil pricing, a lot of those decisions sit in the gambit of the government as the custodian of industrial development," she said.

The SMP has not been without criticism for some steel industry players. Last year, the National Employers' Association of SA chose not to sign up to the plan.

It said localisation would force steel users to buy expensive products and this would erode competitive behaviour and kill exports.

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