

STEEL SECTOR KEY FOR JOB CREATION AND ECONOMIC GROWTH

The Southern Africa Stainless Steel Development Association (SASSDA) has welcomed a \$10-billion investment in a metallurgical complex development in Limpopo's special economic zone (SEZ) by Chinese investors. While the association appreciated "all beneficiation of South Africa's raw materials, particularly chromite", it noted that it was keenly interested in the downstream manufacturing and conversion of primary stainless steel products to finished products which held the potential for significant job and economic growth. SASSDA director John Tarboton said: "We salute government initiatives to grow the stainless steel industry in South Africa; however it needs to be part of an integrated global value chain if it seeks to boost the economy in any meaningful way. Our industry is calling for beneficiation which will directly impact both jobs and the bottom line. In reality, there is no room for additional supply into the local market." The stainless steel industry, which currently employs 114 000 people, is worth around R40-billion including the primary production of stainless steel through to finished products. It handles 500 000tpa in steel sheets, plates and coils. South Africa imports a further 40 000tpa of which 150 000tpa is consumed, and 390 000tpa exported. It is in the conversion of primary products to finished products where most jobs and value are created, with between three and five employees needed per tonne of primary product converted per year, depending on the industry. Peak consumption of stainless steel primary product in South Africa was in 2014, when 200 000 tonnes were locally consumed. South Africa and Zimbabwe own 85% of the world's chromite reserves (the key ingredient for stainless steel production) and 70% of the world's chromium is used in the production of stainless steel. South Africa also has about 80% of the world's manganese reserves which



are used in some stainless steel grades. According to Tarboton, apart from the vision that South Africa maximise its beneficiation of chromite to stainless steel and thereby create local employment, industry has called for an export tax on chromite ore to support chromium beneficiation.