

25th September 2017

PRESS STATEMENT



The Constitutional Court's judgement on recycled metal exports

The Metal Recyclers Association respects the recent Constitutional Court decision to dismiss one of our [member's](#) (SA Metal Group) application to hear their case regarding ITAC's powers to refuse certain export applications as it relates to South Africa's international trade agreements.

While the MRA understands that the South African government has the right to implement policies in pursuit of national objectives, in this instance industrialization, we nonetheless maintain that the PPS is not an ideal export control measure. In its current form, it is both damaging to the domestic metals recycling industry and falls short of its policy objectives.

The domestic metal recycling industry [plays an integral part](#) in the complex South African metals manufacturing sector, providing employment, supporting the informal sector, and preventing environmental degradation. The metal recycling industry contributed an estimated R25-30bn to GDP in 2012, which has since the introduction of the PPS been reduced to approximately R15 billion, according to a recent [COSATU press release](#).

Contrary to the views expressed in the COSATU press release, in which the PPS is favourably cited as contributing to domestic industrialization and growth, we contend that the PPS has caused our members to reduce employment and close 40% of their yards, substantially affecting members of formalized labor unions (most notably NUMSA).

It is important to understand that South Africa has long had a surplus of recycled metals. Currently the domestic consuming industry does not have the capacity to absorb all South Africa's recycled metals, therefore metal recyclers export their surpluses. These exports allow our members to increase their capacity utilization, provide more jobs, increase productivity, and offer more competitive rates for scrap metal to upstream suppliers (including informal sector collectors). Selling at reduced prices, whether under government policy or depressed international markets, is negative for our members and the metals value chain.

The MRA and its members continue to advocate a free market system for the metals recycling sector as the best way to address unemployment, and ultimately domestic industrialization.

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