



29 May 2023

Mr Mahendra Shunmoogan
Department of Trade, Industry and Competition

Per email: metalpolicy2023@thedtic.gov.za

Dear Sir

COMMENT ON THE PROPOSAL TO EXTEND THE BAN ON SCRAP METAL EXPORTS AS PER GOVT GAZETTE 48598 OF 15 MAY 2023

The Manufacturing Circle welcomes the opportunity to comment on the proposal to extend the ban on certain scrap metals.

As comment is required on the proposed extension of Phase 1 by a further 9 months, we will restrict our comments to this particular aspect of the interventions planned.

We comment as follows:

1. Impact of the scrap ban to date

Our initial concern is that the export scrap ban on copper and ferrous scrap (excluding manufacturer scrap) has not had the desired impact to date.

Quote from the gazette:

“Feedback received, in particular from Transnet, Eskom and SAPS, indicates that from 30 November 2022, the theft of copper and ferrous metal has reduced but remains at very high levels and continues to cause considerable damage to the infrastructure and to the economy. “



We remain of the view that a scrap ban is a blunt instrument to curb the theft of infrastructure and that theft and vandalism are the jurisdiction of the police and the criminal justice system. The 2nd hands good act provides the basis for effective policing.

As we noted in our original comments: “The focus should rather be on the enforcement of export controls and rigorous inspection of containers of scrap leaving the country. Existing laws and controls need to be enforced.”

Working with knowledgeable industry partners in the metal sector is key to implementing export controls. The Manufacturing Circle stands by to assist in this regard.

2. Price distortions caused by the scrap ban

It is our understanding that the ban on ferrous and copper scrap exports has had the effect of increasing local consumption of scrap as scrap prices were initially suppressed. Demand for scrap is currently high as beneficiating scrap and selling it locally or exporting is permitted and is a profitable business.

The high demand creates the opportunity for unscrupulous operators in the scrap collection and processing industries to continue to process stolen and vandalised infrastructure as feedstock.

We again reason that only effective policing of the scrap collection chain and controls at the ports (land and sea) will yield benefits.

Yours sincerely

Philippa Rodseth
Executive Director



About the Manufacturing Circle

The Manufacturing Circle is the voice of South African manufacturing. Its purpose is to promote the sector to enable job-rich growth in the South African economy.

Established in 2008 as an industry association of manufacturers, the Manufacturing Circle spans all types of manufacturing and speaks for all South African manufacturers.

The Manufacturing Circle's approach is collaborative and implementation driven, providing leadership to the sector, across the sector.