05 Oct

Export curbs loom as govt targets illegal chrome miners

news24
Lisa Steyn

An archive photo of Assmang's Cato Ridge smelter, which was shut down at the end of August.

maki_shmaki/Getty Images

The Department of Trade, Industry and Competition plans export controls on chrome ore in a bid to clamp down on illegal mining and help revive the struggling ferrochrome industry.

Only two of the country's 45 ferrochrome smelting furnaces are currently in operation, attributed to high electricity costs, global market pressures and the unregulated export of raw chrome ore.

The Minerals Council South Africa welcomed the proposal for permits, but opposes quotas on legal exports.

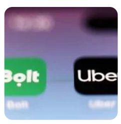
For more financial news, visit News24 Business.

The Department of Trade, Industry and Competition (dtic) has gazetted plans to place export controls on chrome ore leaving South Africa in a bid to clamp down on illegal mining and help revive the struggling ferrochrome industry.

Arising from a package of interventions for South Africa's embattled smelting industry, as approved by Cabinet in June this year, the International Trade Administration Commission of South Africa (ITAC) will be granted the authority to establish a permit processing system for chrome ore.

Under the proposed system, exporters will be required to apply to ITAC for an export permit to send chrome ore out of the country.

"This permitting process, together with the other interventions decided on by Cabinet, will allow for more strategic management of this critical mineral resourc the dtic said in a notice published in the Government Gazette on Friday.



furnaces currently in operation.

"This decline has been attributed to a combination of binding constraints, including rising electricity costs, global market pressures and the unregulated export of raw chrome ore," the notice said. "In response, Cabinet has endorsed a coordinated intervention by government and industry stakeholders to stabilise and revitalise the chrome value chain. This decision by Cabinet includes placing chrome ore under export control by the Commission."

In a recent interview with News24, Glencore Ferroyalloys CEO Japie Fullard said domestic ferrochrome producers first and foremost required a competitive power price. He said great value could also be derived from clamping down on illegal mining.

Export controls such as permitting are expected to deter illicit activities, which reportedly account for about 10% of South Africa's annual chrome output, valued at around R7.5 billion per year.

The Minerals Council South Africa welcomed the proposal to require all chrome exporters to obtain permits from ITAC, to the extent that it prevents illegal chrome exports. "However, we would strongly oppose any suggestion that such a system be expanded or used to impose export quotas or restrictions on legally mined chrome," the Council said.

The Cabinet-approved interventions also include a proposal for a 25% export tax on chrome, but the idea quickly drew concern from companies, which warned that such measures would further harm the industry.

Industry and other stakeholders have until the end of October to comment on the proposed export controls.

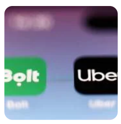
RELATED ARTICLES

- SA is world's chrome capital — but smelters go dark as China grabs market
- 'It is critical': SA smelters anxiously await new power price deal amid closure crisis
- Glencore set to meet Ramokgopa in a bid to save smelters

Next on News24

Uber, Bolt drivers must provide physical panic buttons in all cars

3h ago



Comments

News24 wants to hear your voice. Please keep your comments respectful and relevant to the topic. No hate speech, including racism or sexism, will be tolerated. Comments are moderated according to our commenting policy.

Comments are closed on this story.

All Comments 2

Newest

5 days ago

Fairtrade

Also, clamp down on illegal immigrants to clamp down on illegal mining.

Respect 1 Reply Share Report

Show Comments (2)

Next on News24

Uber, Bolt drivers must provide physical panic buttons in all cars

3h ago