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# Mantashe says smelters can't 'exploit' govt, must do more with less

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Mineral and Petroleum Resources Minister Gwede Mantashe at the Mining Indaba in Cape Town on Monday.

Gwede Mantashe/x.com

**Minister Gwede Mantashe says electricity support alone won't save smelters.**

**He urged industry to meet government "halfway" and drive operational efficiencies.**

**Eskom, government and industry are working on a subsidy-free power tariff near 62c/kWh.**

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As South African ferrochrome smelters continue to call for power prices low enough to compete with China, Minister of Mineral and Petroleum Resources Gwede Mantashe has appealed to the industry to "do more with less" and drive efficiencies within their operations.

Speaking on the sidelines at the Investing in African Mining Indaba, which kicked off in Cape Town on Monday, Mantashe said the government should not be the only party making sacrifices in order to keep the embattled smelters alive.

Mantashe acknowledged electricity is a very important factor impacting the economic viability of the smelter, one which the government was trying to address, but said it is not the only one.

"To run a business is not the responsibility of the government. Government plays a

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Amid the mass closure of South Africa's smelters in response to unsustainably high power prices, the government intervened to provide ferrochrome operations with an interim tariff of 87c per kWh, down from 135c per kWh.

This is enough to bring Glencore's world-class Lion smelter back into operation and has eased the threat of imminent retrenchments, but at this level will not prompt the reopening of other plants. Samancor Chrome confirmed to News24 that the reduced tariff will allow it to maintain its current operations, which comprise four operational furnaces.

Only eight of South Africa's 67 smelting furnaces are currently operational, according to the Ferro Alloys Producer's Association.

Industry has said that to revive certain idled operations and run them sustainably requires a power price which is competitive with China.

Government, Eskom and industry are workshoping a proposal to get to a tariff of 62c per kWh, which requires no subsidies from government. The proposal involves the restart of idle coal mines and power station boilers to create a ring-fenced baseload supply for energy-intensive industry.

"It is not yet at the level where industry wants it to be, but the industry must meet us halfway and do extra and do more with less," Mantashe said.

While this effort continues in earnest – with Glencore-Merafe requiring a firm commitment to a long-term solution before the end of February – Mantashe said business must do its part too.

"It's a combination of the government addressing, for example, electricity prices, but it's also equally an important issue for [industry] to use the managerial skills they have to meet us halfway and improve the performance of their businesses.

At an earlier press briefing at the Mining Indaba, Paul Dunne, President of the Minerals Council South Africa and CEO of Northam Platinum, said the real issue for the ferrochrome smelters is the cost of power, with a preferential tariff being the solution.

Eskom is now sitting with excess capacity as its plant performance improves.

"There are a number of gigawatts now that effectively could be generated and sold, but are not being generated and sold because some of the big furnaces are off. So that could be sold on a variable costing model. We believe it would benefit both Eskom and, of course, the ferrochrome industry," Dunne said.

He noted that the industry is large and employs a lot of people, and is also quite technical. "So there's a lot of skill sets in there, and we feel as Council that it should be given a chance."



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