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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**PARLIAMENTARY QUESTION 1441**

**DATE OF PUBLICATION: 11 May 2018**

**Dr M J Cardo (DA) to ask the Minister of Economic Development**

(1) Whether his department has received any recommendations on amendments to the price preference system (PPS) for scrap metal from the International Trade Administration Commission of South Africa; if so, (a) on what date were the recommendations submitted, (b) what are the details of the recommendations, (c) what is the position of his department regarding the recommendations and (d) by what date will the amendments to the PPS be finalised?

**REPLY**

The International Trade Administration Commission of South Africa (ITAC) and the Economic Development Department has on an on-going basis considered the impact of the price preference system (PPS) for scrap metals, which looked inter alia at declared levels of exports, feedback from individual companies affected by the PPS and consideration of the efficacy of the rules that are in place.

The International Trade Administration Commission of South Africa (ITAC) is responsible for the administration of the price preference system (PPS) and therefore the export control guidelines (rules) that are used to administer the Price Preference System (PPS) for scrap metal.

ITAC identified a set of challenges in the administration of the PPS that related to abuse and circumvention of the policy intent of the PPS and decided to review the guidelines.

On 11 December 2015 ITAC published proposed amendments to the PPS guidelines and throughout the first half of 2016, I am advised that it engaged extensively in a process of consultation with industry. In the second half of 2016 ITAC began to engage the department on its final determination on the amendments.

During 2016 and 2017, the Department in turn engaged with some investors in the metal manufacturing sector on the operation of the PPS and ITAC commissioned additional research. The Department reported on the trade statistics regarding scrap metal to Parliament in September 2017, which showed a 60% decline in the export of scrap metal between 2014 and 2016. During 2017 and 2018 the State has been reviewing an appropriate action in respect of the PPS to ensure that government policy deepens local beneficiation into the future.

The department is of the view that the ITAC amendments to the guidelines would strengthen the administration of the PPS.

The amendments by ITAC to the PPS guidelines have been finalised. ITAC will determine a suitable date of implementation, taking into account, at a policy level, the review of the PPS by government.

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