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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**PARLIAMENTARY QUESTION 1442**

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

Did the International Trade Administration Commission of South Africa appoint Genesis Analytics to conduct an assessment of the economic impact of the price preference system for scrap metal; if so, what are the relevant details of the (a) terms of reference, (b) costs and (c) findings of the assessment? NW1544E

**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. One input into the assessment was a report by Genesis Analytics.

The Genesis Analytics Report was based on interviews with a sample of companies and considered the economic impact of the PPS. The cost of the Genesis Analytics study was R828 210.

The Genesis Analytics Report identified both benefits and challenges with the operation of the system.

The Department tabled data on trade flows on scrap metal to parliament as recently as September 2017, which indicated a significant decrease in volumes from 2014 to 2016 of 60%, and a decline in value from R5.8 billion in 2014 to R1.9 billion in 2016.

Government is considering various options on strengthening the impact of measures to ensure greater local use of scrap metal, to address the needs of the national infrastructure programme, reverse the previous deindustrialization of the foundry and steel mini-mill sector and to contribute to the country’s climate change goals. These include consideration of the extension of the PPS, adjustment of the rules applicable to the PPS, its replacement with an export tax on scrap metal or other means to ensure that a greater level of locally-collected scrap metal is in fact processed locally and an announcement will be made on conclusion of the review.

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