

30 September 2020

**Ports regulator**

The Marine Building  
22 Dorothy Nyembe Street  
Durban  
4001  
ATTN: The Chairperson

**RE: Comments on cargo dues tariffs for 2020/2021 as per website Port Regulator**

ArcelorMittal South Africa notes that TNPA has tabled proposed increases in the cargo dues tariffs on steel pipe exports (111%), general steel exports (3.82%), and bulk imports (3.84%). Following an assessment of these proposed increases the following response is submitted in this respect.

The proposed tariff increases will significantly impact ArcelorMittal South Africa's production cost and consequently, its competitiveness - especially finished steel products as the proposed tariff increases will negatively affect imported raw materials required to produce steel and, again, concerning the export of finished products.

In 2019, ArcelorMittal South Africa moved more than 2.3Mt material through the Durban and Richards Bay Ports, and the proposed tariff increases, especially the 111% on break-bulk commodities (steel pipes), will be significantly detrimental.

Within the context of a depressed economy, which has most significantly affected the manufacturing industry, it is not possible to absorb these proposed cost. Should these increases be implemented as proposed, it will place local steel industry, representing employment of 190 000 people, at risk.

The potential loss of the South African primary steel manufacturing capacity will expose South Africa to the mercy of a global steel market over the longer term. Avoidance of this risk is

recognised and supported by the South African government through implemented duties and safeguards.

ArcelorMittal South Africa consequently objects the proposed tariff increases and it is recommend that existing tariff structures remain unchanged for 2021. In so doing ArcelorMittal South Africa's import and export volumes, and hence TNPA revenue, will not be placed at risk during 2021.

Yours faithfully



**Freddie Swart**

Chief Procurement Officer