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Steel and Engineering Industries Federation of South Africa
PROVIDING INDUSTRY SOLUTIONS

Minerals beneficiation and the metals and engineering industries of SA

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Minerals beneficiation and the metals and engineering industries of SA

- The metal and engineering industry in SA
- Seifsa in the industry
- A typical supply chain
- Cost of materials
- Typical applications
- Possible intervention model
- Potential employment creation

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The metal and engineering industry in SA

11,083 companies employ 421,456 workers

Of these 8093 (73%) employers employ 48,208
workers (11%)

= average 6 workers per company

2990 employers employ 373248 workers (89%)

= average 125 workers per company

Of the 2990 co's : 2850 (95%) employ 100000 people

140 (5%) companies employ 270 000 people



The metal and engineering industry in SA

A large industry

Diverse in size, activity and location

Centralized bargaining

Heavily unionized

Agreements binding on non parties

Large benefit funds (R92 bn)

Skills overlap with other industries

Difficult to identify skills stock and needs

Seifsa in the industry

- Founded 70 years ago
- 2200 employers
- +/- 240000 employees
- Federation of 27 associations = 5 regional – 22 specialist
- 10% of the companies employ 80% of the employees
- Largest organization of manufacturers in SA

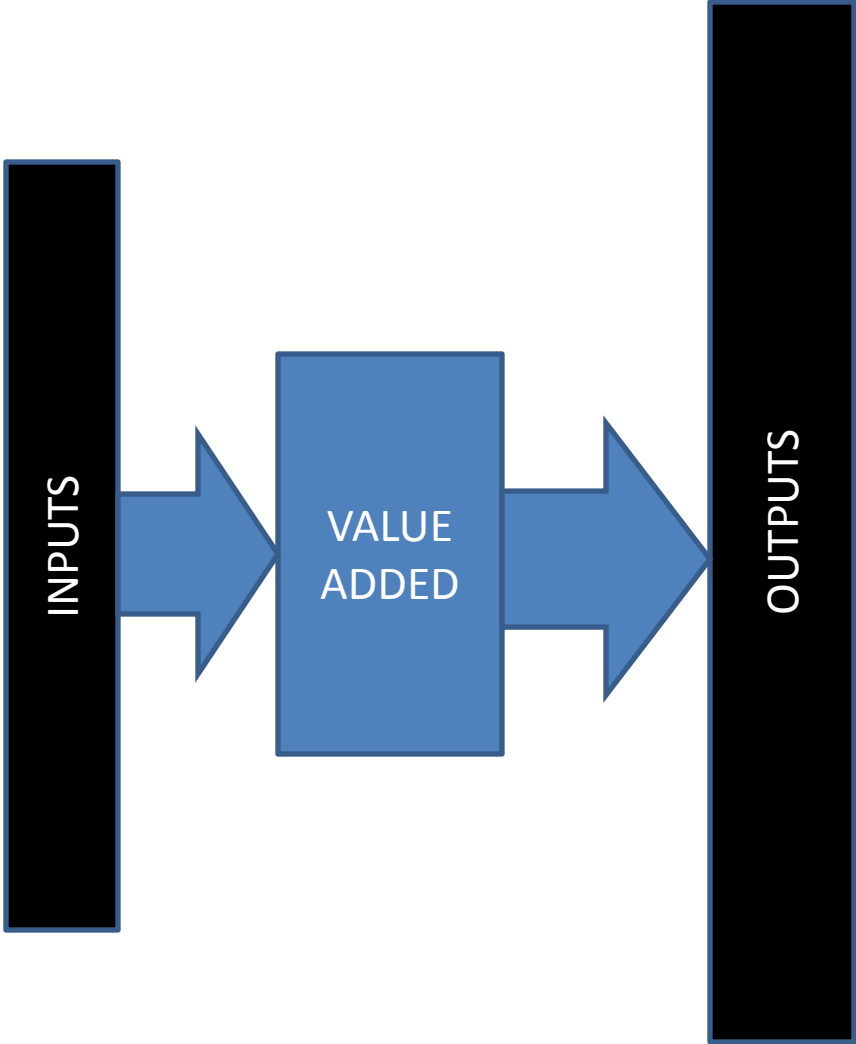
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Concept for Sector Intervention



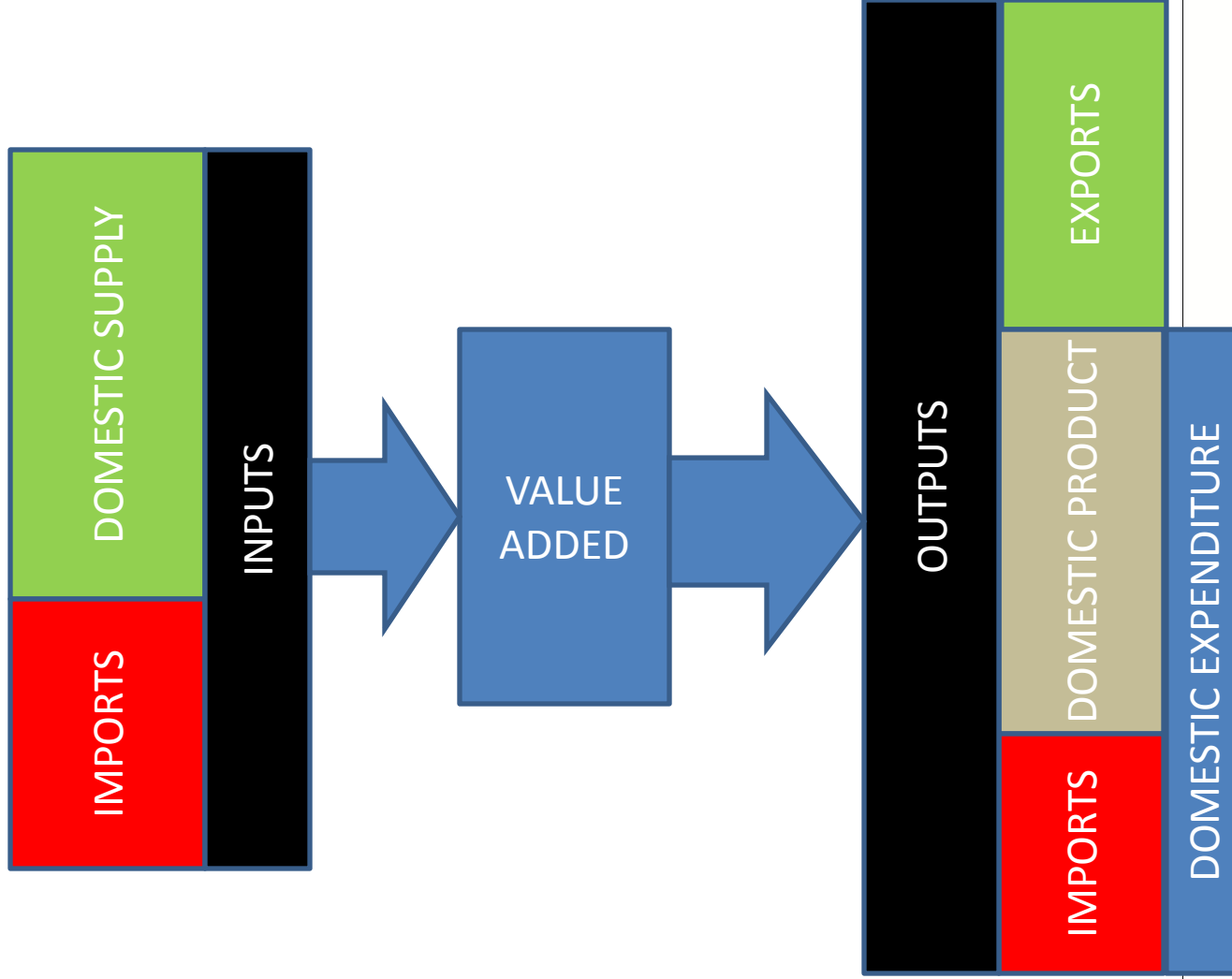
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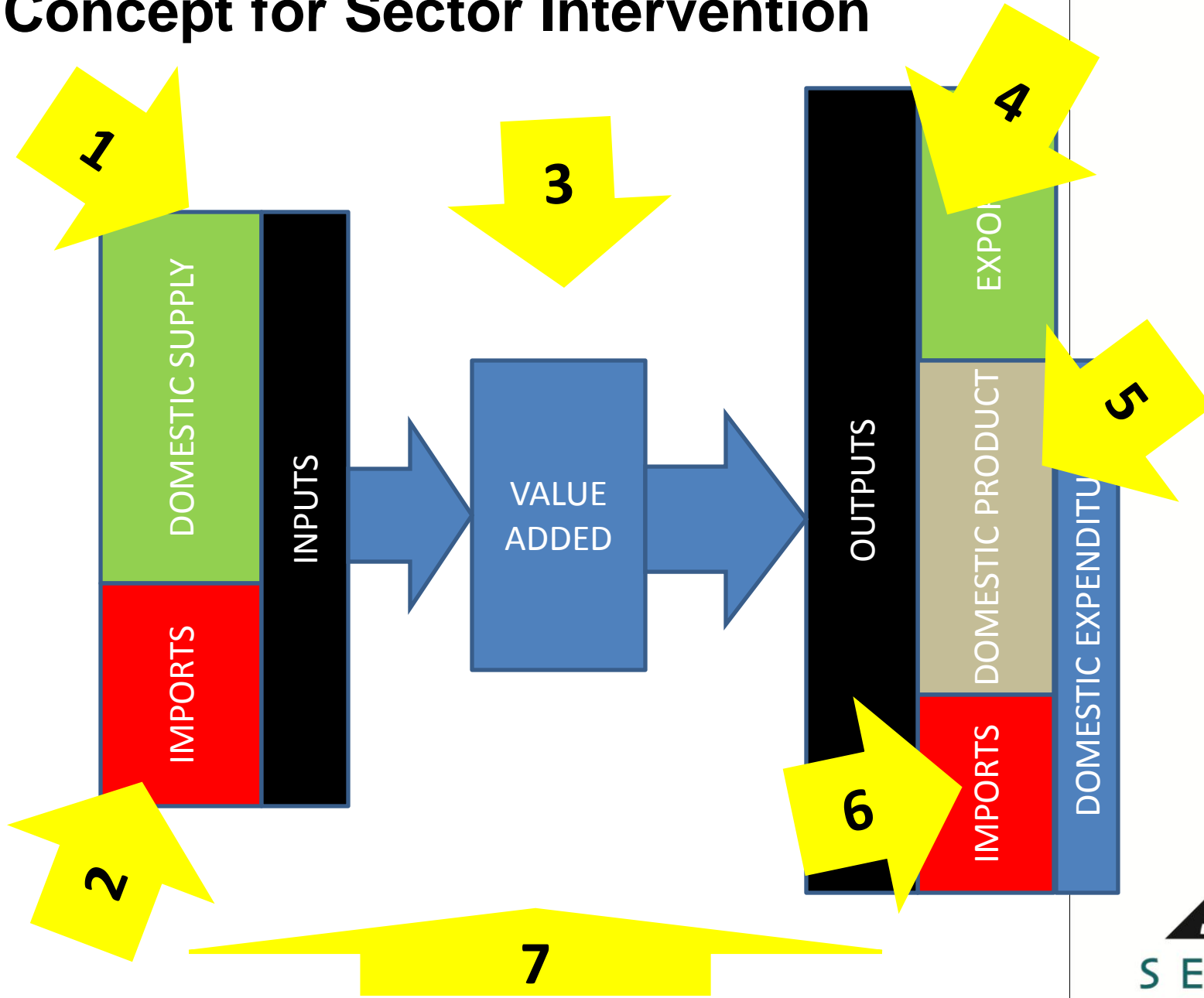
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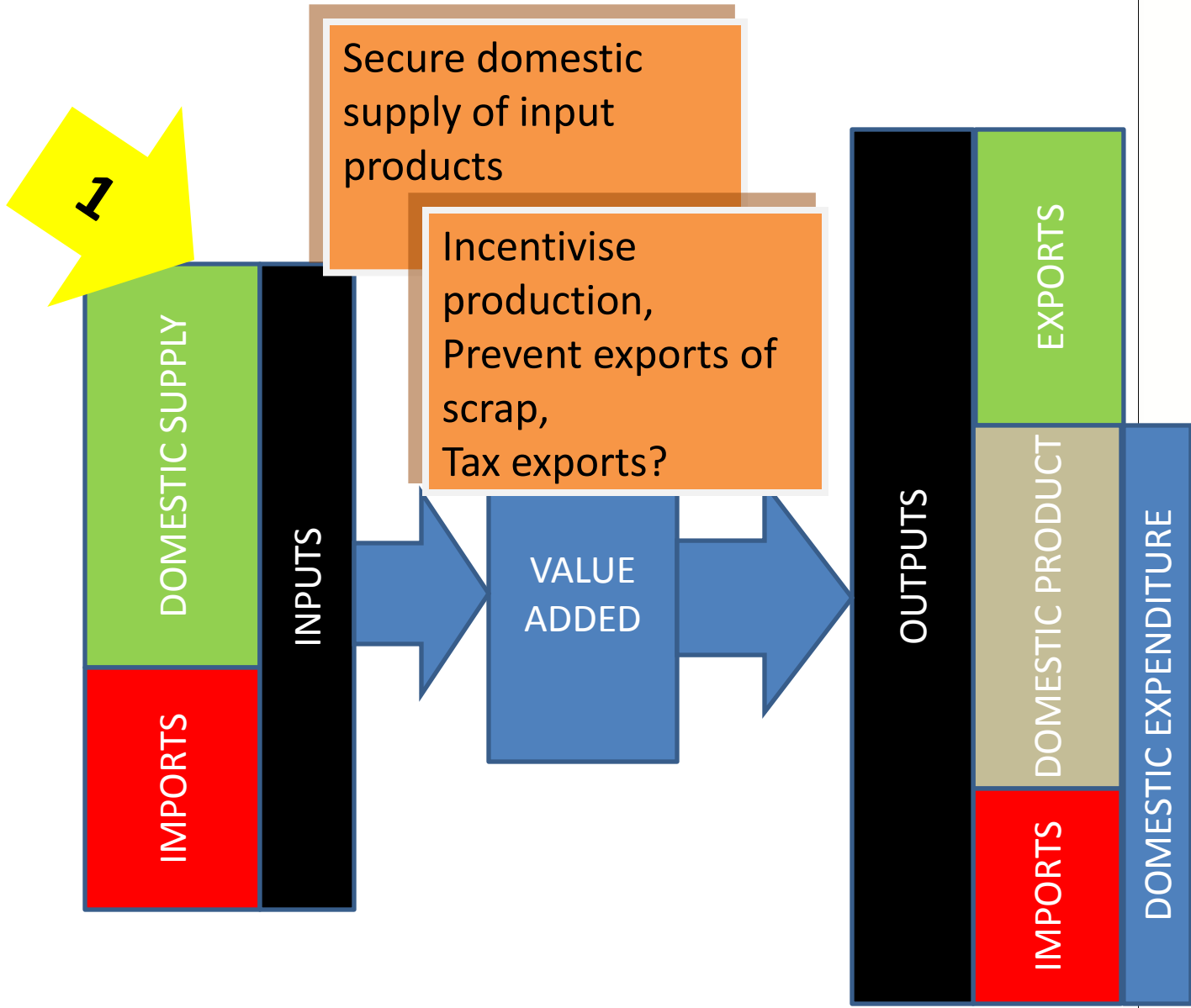
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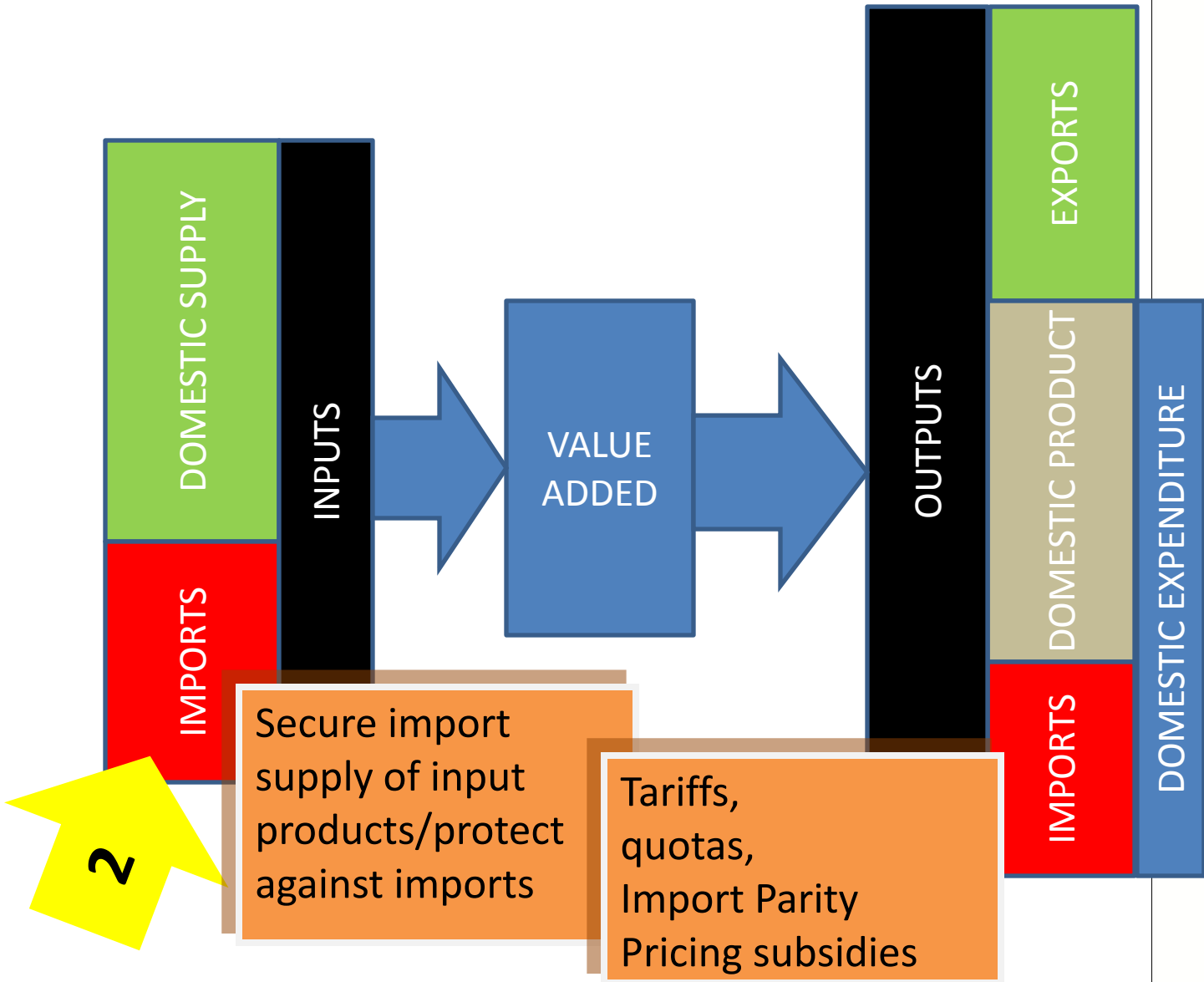
Concept for Sector Intervention



Concept for Sector Intervention







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Secure import supply of input products/protect against imports

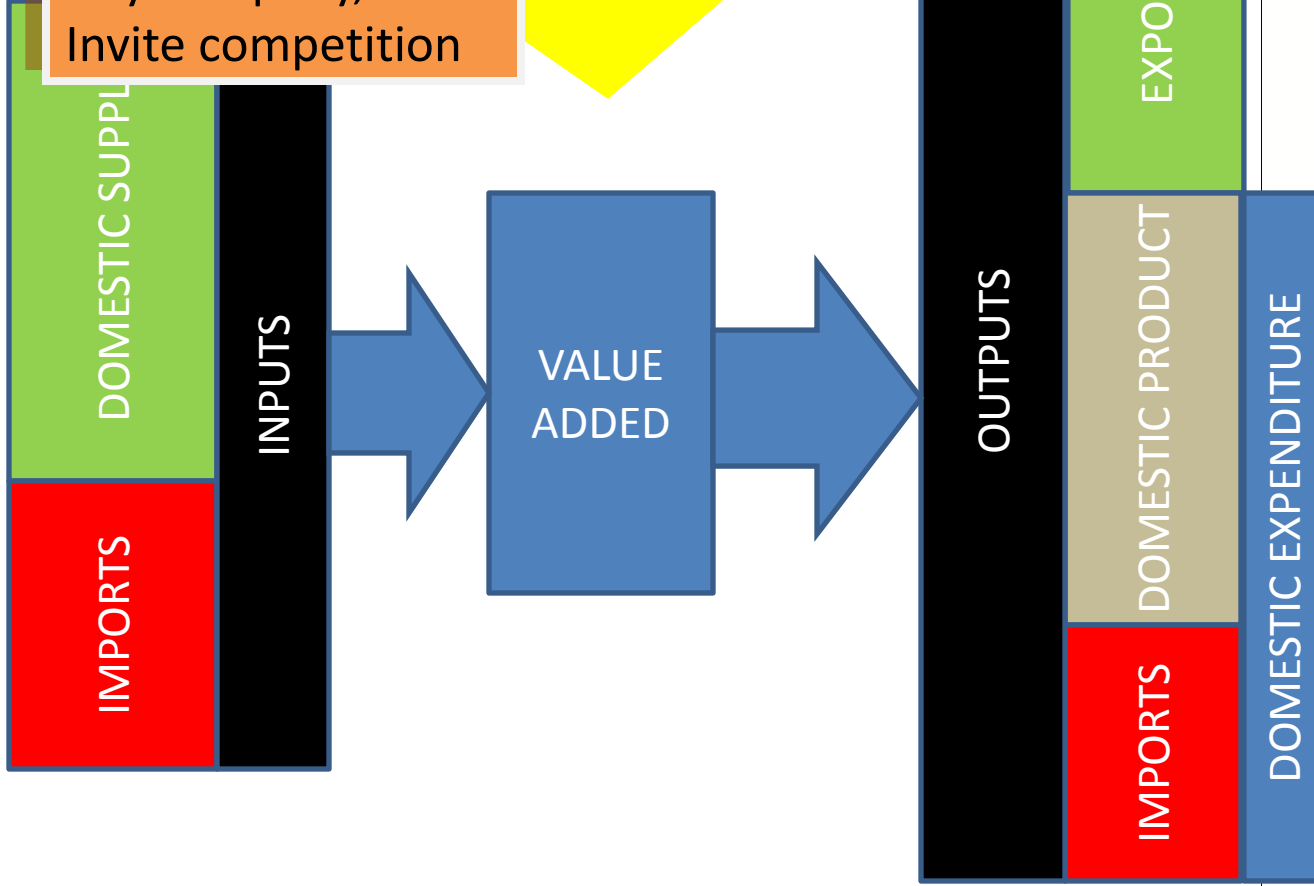
Tariffs, quotas, Import Parity Pricing subsidies

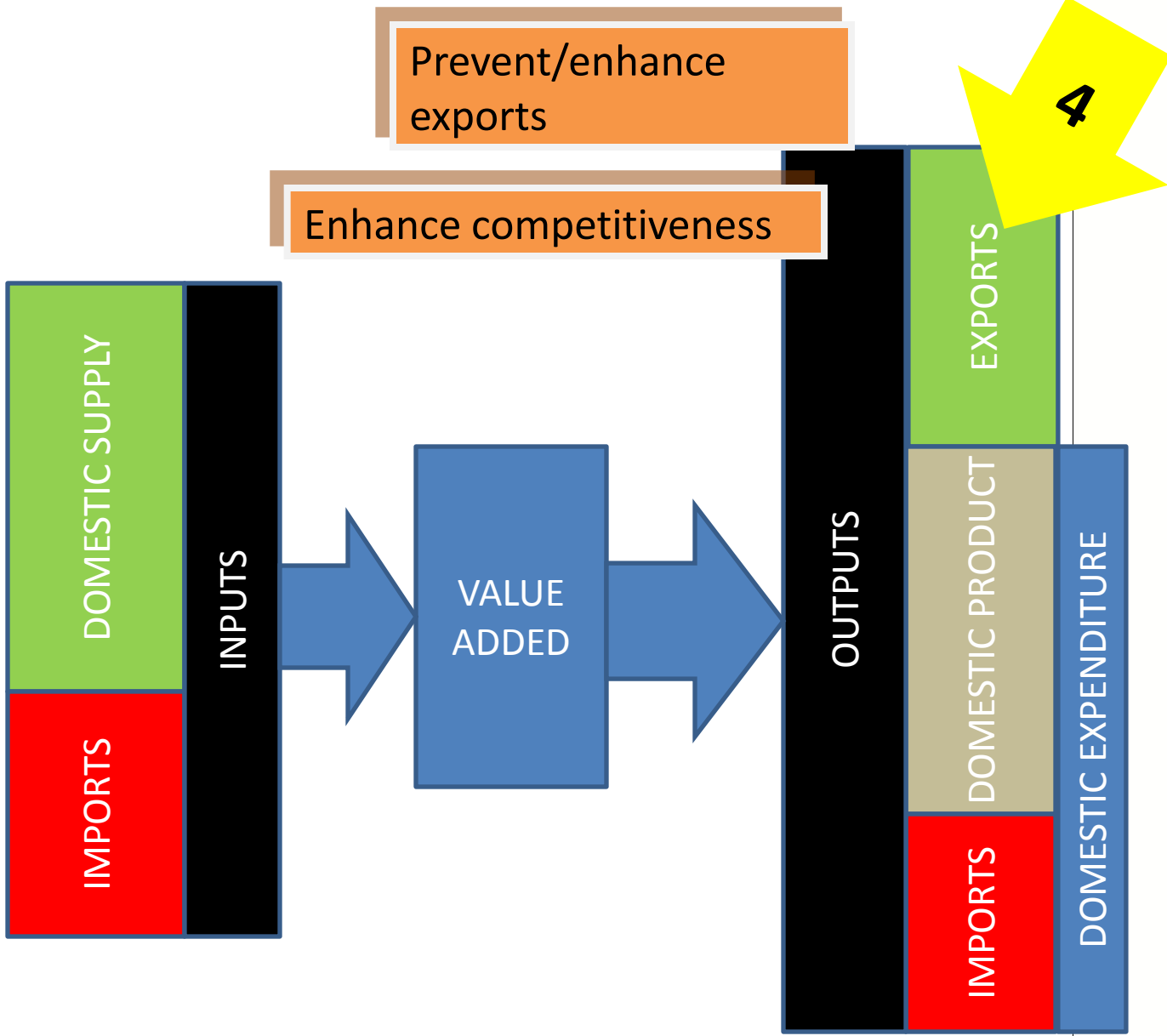


Build Capacity

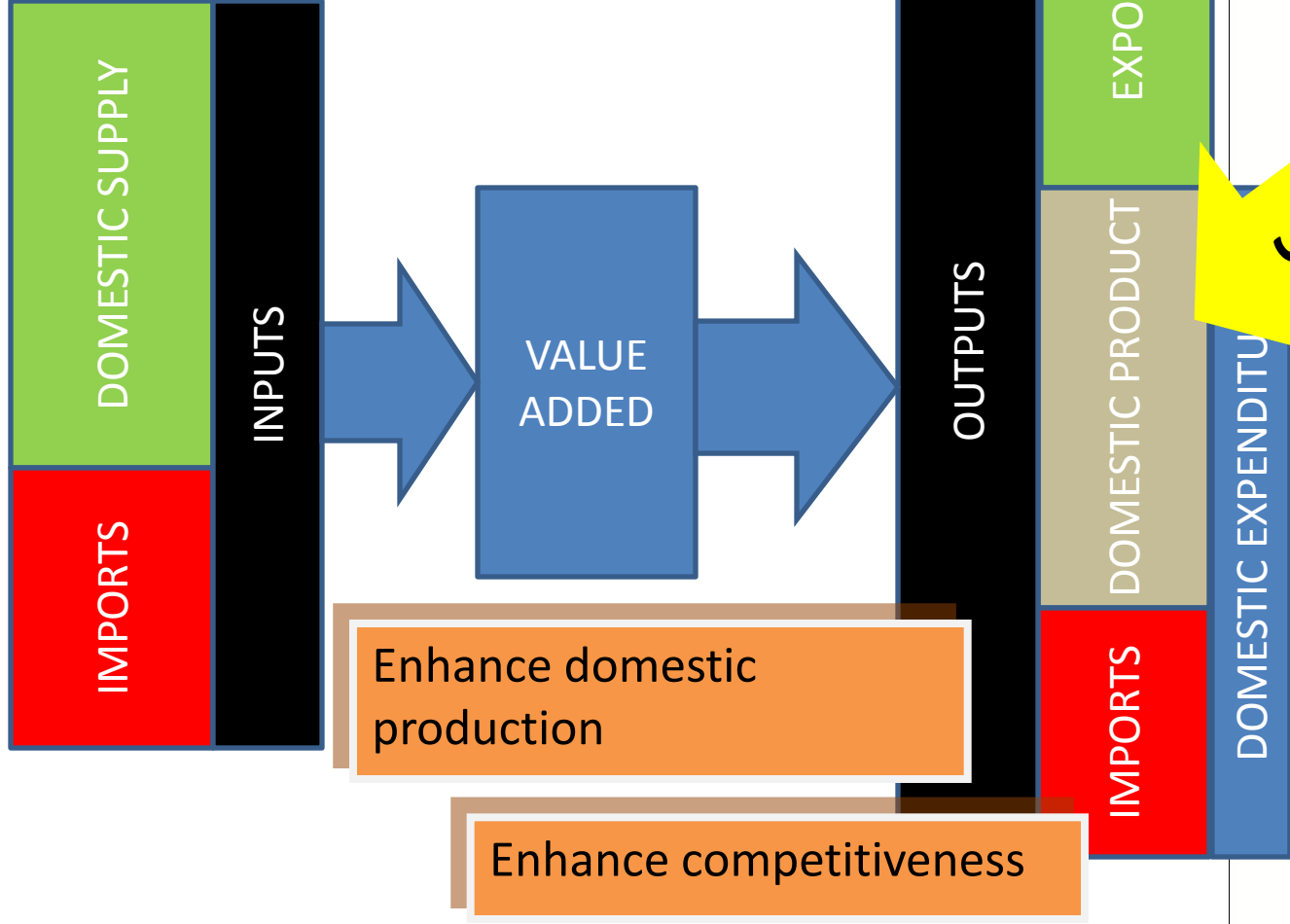
Incentivise Investment,
Buy company,
Invite competition

3





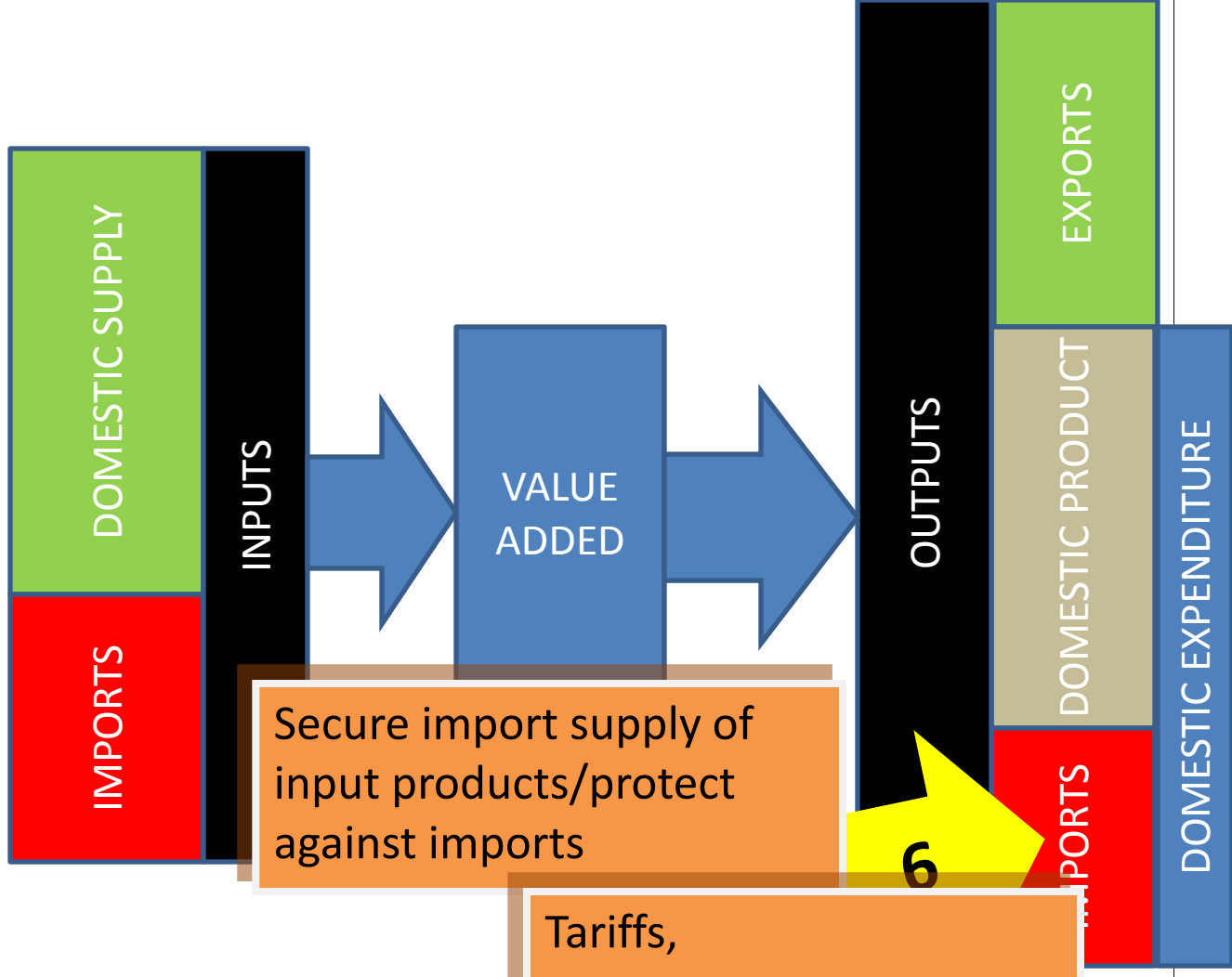
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Enhance domestic production

Enhance competitiveness

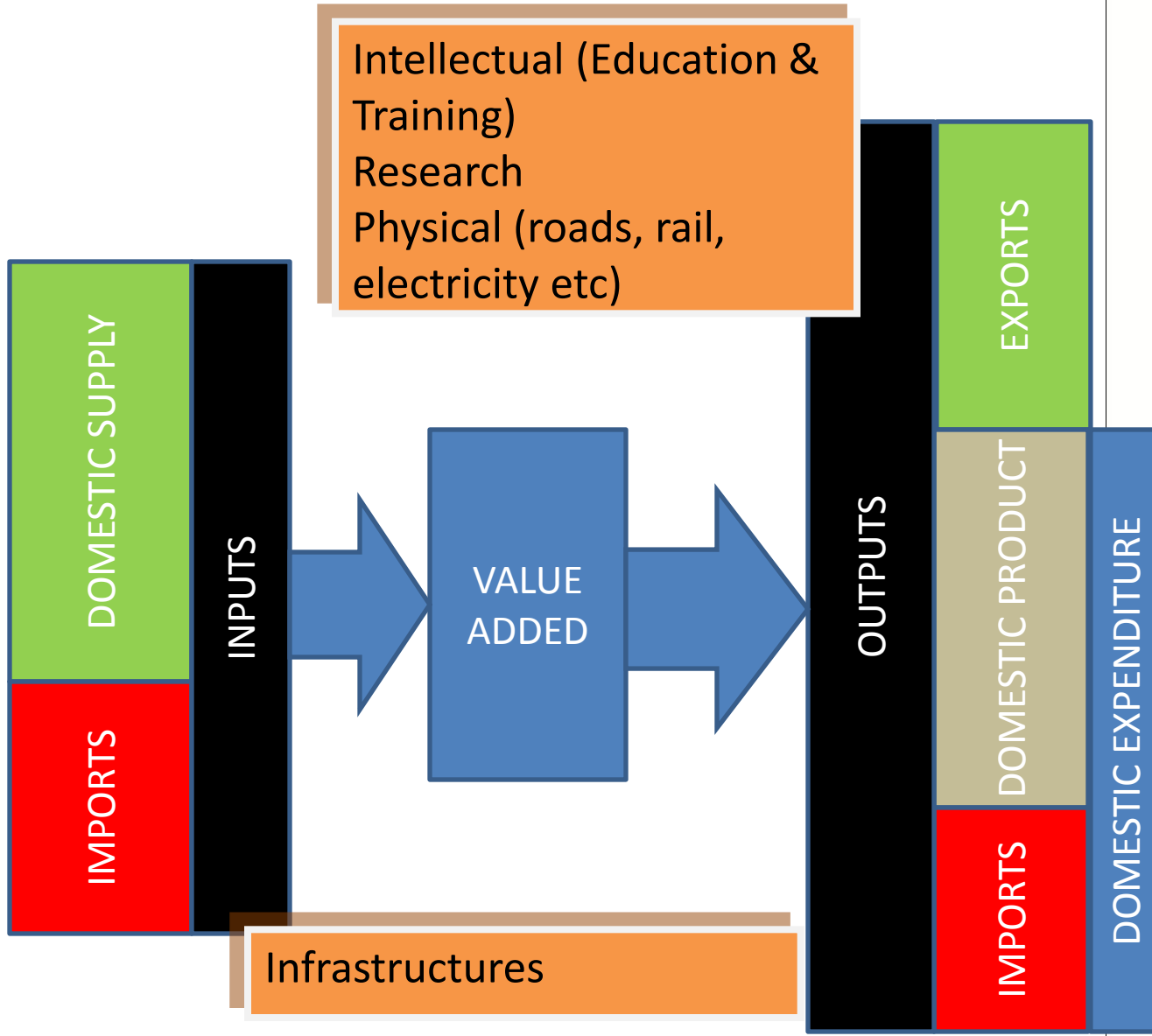




Secure import supply of input products/protect against imports

Tariffs, quotas, Import Parity Pricing subsidies





Concept for Sector Intervention

	Possible Intervention Point	Intervention
1	Secure domestic supply of input products	Incentivise production, Prevent exports of scrap, Tax exports?
2	Secure import supply of input products/protect against imports	Tariffs, quotas, Import Parity Pricing subsidies
3	Build Capacity	Incentivise Investment, Buy company, Invite competition
4	Prevent/enhance exports	Enhance competitiveness
5	Enhance domestic production	Enhance competitiveness
6	Secure import supply of input products/protect against imports	Tariffs, quotas, Import Parity Pricing subsidies
7	Infrastructures	Intellectual (Education & Training) Research Physical (roads, rail, electricity etc)



What is needed?

- An agreed stake holder road map
- Short and medium term sacrifices
- Co-ordinated Industrial policy
- Business friendly government
- Decide on the interventions and implement with vigor!
- BOLDNESS



The recipe for success

- World Class Quality
- Global competitive cost
- Stable production
- Continuous improvement



Employment Creation - crystal ball

- The NDP calls for a tripling in our GDP by 2030
- Logically the steel, engineering and manufacturing sectors of our country should also have tripled by then.
- Current employment is close to 500000 persons
- We need to aim for at least another 1000000 persons employed in this sector by 2030.

**One Million New Direct Jobs in the Metals Sector
by 2030! Plus plus???**

THANK YOU

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