

# GLENCORE

31 May 2013

To: Port Regulator  
Transnet National Port Authority (TNPA)  
Department of Trade and Industry (DTI)  
Department of Transport (DoT)

Per e mail: [tariffcomments@portsregulator.org](mailto:tariffcomments@portsregulator.org)  
[info@portsregulator.org](mailto:info@portsregulator.org)

## **Re: Beneficiation Promotion Programme**

The South African Ferrochrome industry is under threat from Eskom price increases and proposed carbon taxes. As a result the industry is rapidly losing market share. The Ferrochrome industry is in the advanced stages of lobbying government for protection of the industry already, so it is therefore vital that the industry not be discriminated against in a manner that will further erode competitiveness.

As per the attached position paper, the argument is that to produce Stainless Steel you require Nickel as well as Stainless Steel Scrap, both of which South Africa does not have. This makes it almost impossible to beneficiate up to the Stainless Steel stage in South Africa competitively and is one of the reasons that the only Stainless Steel producer in South Africa is Columbus. A second reason that there remains only one Stainless Steel producer in South Africa is that the local consumption of Stainless Steel in South Africa is far less than Columbus's production (probably less than a quarter). Attached please find a position paper that was presented to the DMR in 2006 which reiterates our position on this, the information can be updated upon request.

South African Ferrochrome producers have invested heavily to install pelletising capacity that allows them to make use of lower grade ores, such as UG2 chromite fines as well as LG6 mined chromite fines. This allowed them to further upgrade the mined ore to an intermediate pellet product which we argue should be the level 2 of beneficiation, pushing Ferrochrome to level 3. (Refer to Chrome Industry Brochure). UG2 producers, on the other hand, are able to set up a spiral plant for a fraction of the cost of a mine, not to mention the significantly higher investment cost of a pelletiser and smelter.

Studies have also been done by McKinsey on the amount of additional jobs Ferrochrome Plants create compared to exports direct from the Mines, and illustrate how important the Ferrochrome industry is to the South African economy. Detail available on request.

Due to all the research already done, we kindly request to be involved and assist in the determination of the different stages of beneficiation. Kindly advise who we can get in contact with at TNPA and DTI in order to assist.

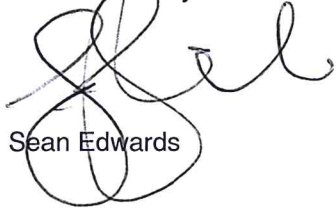
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Yours Sincerely

A handwritten signature in black ink, appearing to read 'Sean Edwards'. The signature is written in a cursive style with a large, stylized 'S' at the beginning and a long, sweeping tail that loops back under the name.

Sean Edwards