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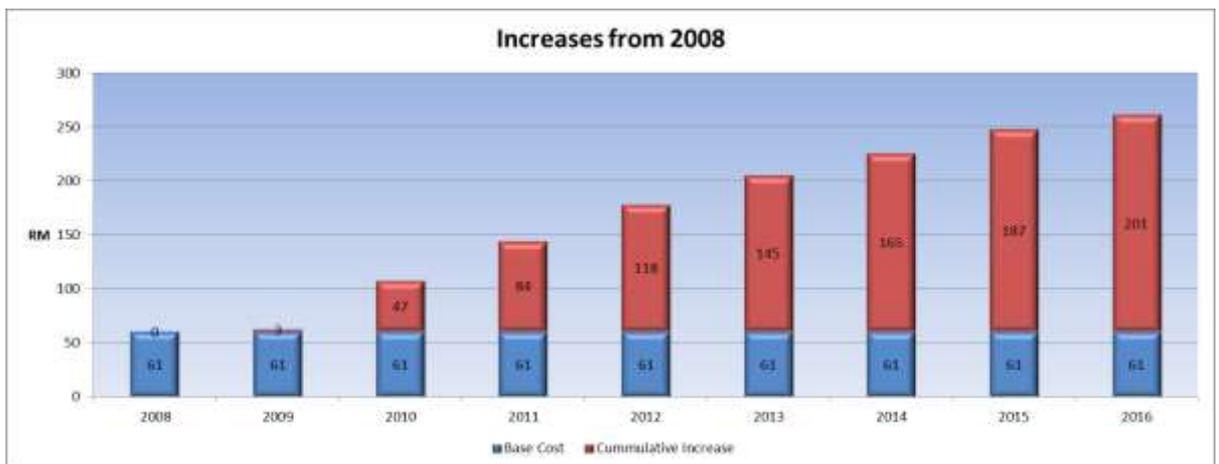
Deel van die Solidariteit Beweging

25 July 2017

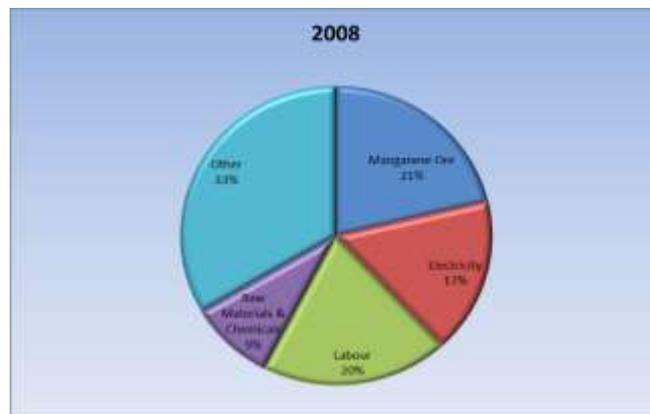
Attention: The Department of Trade and Industry

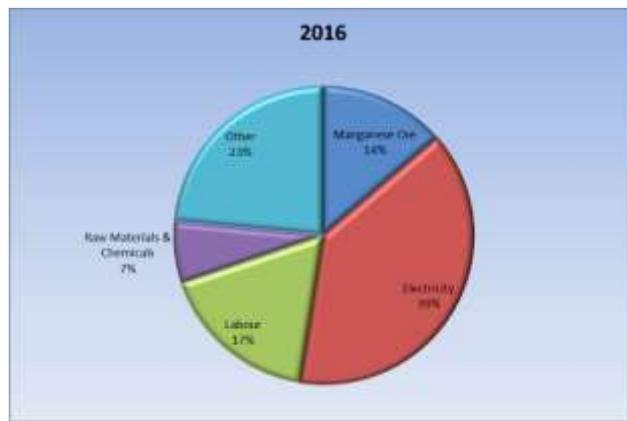
**RE: Intergovernmental Working Group on Broad Principles Framework for Intensive Electricity Users**

1. Solidarity Save Our Steel campaign hereby forward a brief submission to the above-mentioned working group in terms of the steel industry in South Africa.
2. The steel and related metals industry has been experiencing a drastic downturn since 2015.
3. Input costs increased dramatically in a subdued market with a negative outlook.
4. The primary steel and metal industry is a high intensity electricity user and electricity therefore is a major component of the cost base of the industry.
5. The rapid increases in electricity costs in the period 2008 to 2012 set a very high base on which future electricity increase were calculated which has been detrimental to the sustainability of the industry.



6. For example - MMC: The cost of electricity as a component of production cost increase from 17% in 2008 to 39% in 2017.





7. The excessive price increases hurt the industry and thousands of jobs were lost during downscaling and retrenchments.
8. Industry giants like Highveld Steel were lost to the industry and the South African economy.
9. Electricity pricing and the winter pricing model were pointed out as major challenges facing the steel industry sustainability in 2015 to government by the Steel Crisis Task Team.
10. Currently, primary steel producers and smelter operators continue to complain about high electricity pricing and Winter Tariffs. This has contributed to further job losses with 25 000 jobs lost in this industry in the past 12 months. According to the industry, Eskom is not prepared to be flexible on winter tariffs. This has resulted in the majority of smelters in South Africa being shut down.
11. The future of remaining plants and factories are at risk.
12. Solidarity Save Our Steel call on all role-players to engage and develop a growth friendly electricity pricing model that will ensure the survival of the steel and metal industry in South Africa.

**Marius Croucamp**  
**Deputy General Secretary**  
**Metal & engineering Industry**  
**Solidarity**