

**DEPARTMENT OF TRADE AND INDUSTRY
DEPARTEMENT VAN HANDEL EN NYWERHEID**

No. R. 543

2 August 2013

International Trade Administration Commission of South Africa

Export Control**Export Control Guidelines on the Exportation of Ferrous and Non-Ferrous Waste and Scrap.**

1. The Minister of Economic Development issued a trade policy directive in terms of Section 5 of the International Trade Administration Act, 71 of 2002 (the Act) that the International Trade Administration Commission of South Africa (ITAC) exercise its powers under the Act to regulate the exportation of ferrous and non-ferrous waste and scrap by not allowing the exportation of ferrous and non-ferrous waste and scrap (hereinafter collectively referred to as scrap metal) unless it has first been offered, for local beneficiation, to domestic consumers of scrap metal, i.e. foundries, mills, mini-mills or secondary scrap processors, for a period determined by ITAC and at a price discount or other formula determined by ITAC.
2. Furthermore, in connection with the above, ITAC must ensure that the type and quality of scrap metal intended for export is accurately reflected on applications for export permits and that all permit applications are accompanied by a letter or certificate by a metallurgical engineer or an otherwise suitably qualified person, confirming the type, quality and quantity of scrap available for export, as well as information as to when and where such scrap metal may be inspected by prospective buyers (who are the domestic consumers referred to in 1 above).
3. In accordance with the trade policy directive, the scrap metal as listed in the export control regulations, published in Government Gazette Notice No. R 92 of 10 February 2012 in terms of section 6 of the International Trade Administration Act, 71 of 2002, is categorised as follows:

Description of goods	Tariff heading
Ferrous waste and scrap, re-melting scrap ingots of iron or steel	72.04
Copper and brass waste and scrap	7404.00

Nickel waste and scrap	7503.00
Aluminium waste and scrap	7602.00
Lead waste and scrap	7802.00
Zinc waste and scrap	7902.00
Tin waste and scrap	8002.00
Tungsten (Wolfram) waste and scrap	81.01
Molybdenum waste and scrap	81.02
Tantalum waste and scrap	81.03
Magnesium waste and scrap	8104.20
Cadmium and articles thereof, including waste and scrap.	81.07
Antimony waste and scrap	8110.00
Manganese waste and scrap	8111.00
Beryllium, chromium, germanium, vanadium, gallium, hafnium, indium, niobium (columbium) waste and scrap.	81.12

In accordance with the International Trade Administration Commission of South Africa's Report on the Price Preference System for Ferrous and Non-Ferrous Waste and Scrap: Report No.441, scrap metal will be allowed to be exported only if the scrap metal concerned was offered to domestic consumers at a price that is 20% below international spot prices for the published types and grades of scrap metal.

4. The price preference at which the scrap metal must be sold to the local consuming industry will be calculated as follows:

- 4.1 Price preference calculations will be done by ITAC for scrap metal with regard to all the different types and grades using the Spot Market Reports available from Scrap Index.com. From the average price achieved during the previous month for the different types and grades of scrap metal as reflected in the

Scrap Index.com spot market price, an amount of 20% will be deducted to reflect the price to be paid by the local consuming industry.

- 4.2 Calculations will be done at the end of each month and published monthly, after such calculation, on the ITAC web site as the preferential discount price at which the specific type and grade of scrap metal is to be offered to domestic consumers during the next month.

Example

- a) Scrap metal price for mill finish 6063 = \$1900/t
 - b) Deduct 20% from \$1900 = \$380 = \$1520/t
 - c) Convert \$1520/t to R/t = \$1520 x 9.20 (average exchange rate for the past month) = R13984/t
 - d) R13984/t for mill finish for the next month is the preferential discount price to be offered to domestic consumers.
5. A technical Working Group consisting of one representative of the Metal Recyclers Association, the South African Iron and Steel Institute, the Institute of Foundry-men, the Aluminium Federation of SA, Copalcor, the Recyclers Association of SA, any other applicable industry representative organization, and ITAC, may meet as and when required to discuss issues specific to the administration of the price preference system.
6. Applications for export permits must be submitted to ITAC twice weekly, enabling ITAC to compile the information into a circular for circulation twice weekly (on Wednesdays and Fridays) to the industry representative organisations referred to in 5 above who in turn will forward the information to their respective members (other industry representative organisations with a direct interest in scrap metal exports may request ITAC to be included in the circular).
7. Applications referred to in 5 above must reach ITAC by 12h00 on the Tuesday prior to the Wednesday circulation and by 12h00 on the Thursday prior to the Friday circulation. Applications received after the cut-off date and time will stand over until the next circulation.
8. Before the end of a circulation period of 15 working days, a buyer of the scrap metal must submit a signed copy of the agreement reached between it and the export permit applicant, to ITAC. The agreement must, *inter alia*, specify the volume to be purchased. (As an example, if an application is circulated on Friday, 1 November 2013, an agreement must reach ITAC on or before Friday, 22 November 2013.)

9. The agreement signed between the buyer and seller (permit applicant) must reflect the circulation number as well as all relevant information enabling ITAC to link the signed agreement to the originally circulated application.
10. The volume in the original application will be reduced by ITAC in line with the volume (kg) purchased by a domestic consumer. The export permit will be issued within 3 working days after the end of the applicable circulation period. If the entire volume for which an export permit was applied was sold to a domestic consumer, the permit application will be filed for record purposes.
11. As indicated in 1 above, only foundries, mills, mini-mills and secondary scrap processors will be allowed to buy the scrap metal reflected in the circulars and the scrap metal bought will be for local consumption only.
12. If, at the end of a circulation period, no agreement for the purchase of scrap metal is received by ITAC, export permit/s applied for will be issued within 3 working days after the applicable circulation period has lapsed.
13. Where an agreement is reached to purchase a portion of the scrap metal for which an export permit was applied for and this agreement is reached before the end of the circulation period, an export permit for the remaining balance as applied for, will be issued within 3 days after the end of the circulation period.
14. In the event of more than one domestic consumer being interested in purchasing the scrap metal for which an export permit was applied for, it will be up to the parties to reach an agreement with regard to which domestic consumer will purchase the scrap metal or whether both parties buy a portion thereof. The outcome of the agreement reached between the parties must be submitted to ITAC in the form of a signed agreement (as referred to in 8 above)
15. Agreements to purchase scrap metal must be reached prior to the end of the circulation period.
16. All new entrant applicants will be subject to an ITAC verification inspection before the application for an export permit is circulated to the various industry representative organisations.

17. The application

- 17.1 Form IE363 "Application for an export permit to export scrap metal" must be duly completed.
- 17.2 The application form must contain the full description and customs tariff heading of the scrap metal to be exported including the Institute of Scrap Recycling Industries (ISRI) number applicable to the scrap metal to be exported.
- 17.3 The volume of scrap metal to be exported must be in the possession of the applicant and the address of the premises where the scrap may be inspected by ITAC or the prospective buyer must be provided.
- 17.4 A letter/certificate issued by a metallurgical engineer or an otherwise suitably qualified person in the employ of the applicant or an accredited body or party must accompany the application form, confirming the type and grade of scrap metal referred to in the application.
- 17.5 New entrant applicants must complete both forms IE230 (registration as an exporter) and form IE363 (application for an export permit to export scrap metal).
- 17.6 Proof of registration in terms of the Second-Hand Goods Act must also accompany all new entrant applications or any application where such registration has expired.
18. The price preference system for the exportation of scrap metal will enter into operation on 16 September 2013.
19. All export permits issued for the exportation of scrap metal from the date of publication of this Notice until the price preference system enters into force will be valid for a period of 1 month.
20. Volumes reflected in export permit applications received from the date of publication of this notice until the price preference system enters into force will be closely monitored.
21. ITAC will exempt affected exports from these requirements to the extent that application of these requirements would be in conflict with South Africa's obligations under an existing trade agreement. The guidelines will be applied and implemented in such a manner that they are consistent with any binding trade agreement.