

HANDEL, NYWERHEID EN KOMPETISIE, DEPARTEMENT VAN

NOTICE 1205 OF 2022

INVITATION FOR COMMENT

**DRAFT POLICY PROPOSALS ON MEASURES TO RESTRICT AND REGULATE TRADE
IN FERROUS AND NON-FERROUS METALS WASTE, SCRAP AND SEMI-FINISHED
FERROUS AND NON-FERROUS METAL PRODUCTS TO LIMIT DAMAGE TO
INFRASTRUCTURE AND THE ECONOMY**

President Ramaphosa in his State of the Nation Address 2022 stated that "*[t]he damage caused by the theft of scrap metal and cable on our infrastructure like electricity, trains and other vital services is enormous. We will take decisive steps this year both through improved law enforcement and by considering further measures to address the sale or export of such scrap metal*".

On 08 June 2022 Cabinet approved "*[t]hat public consultations be undertaken on proposals to restrict the trade of illegally obtained scrap and processed metals. The theft of scrap metal and copper cable from public infrastructure hinders the performance of the economy by imposing enormous costs. Some of the disruptions include the supply of energy and rail services due to vandalised rail tracks. They impose additional transport costs on commuters due to disrupted commuter transport. Vandalised and unsecured electricity cables pose safety risks to communities, especially children. Cabinet directed that the dtic should lead the consultations within a limited period, and solicit inputs from the public and relevant sectors on effective measures that government can implement to stop the vandalising of critical economic infrastructure. Thereafter, Cabinet will pronounce on the approved measures.*"¹

Having regard to the above, the Department of Trade, Industry and Competition ("**dtic**"), following consultations with the Department of Police, National Treasury, the Department of Mineral Resources and Energy, the Department of Public Enterprises, and the Department of Transport, requests public comment on the policy proposals ("**the Draft Policy**") including the various options identified in the document.

¹ <https://www.gcis.gov.za/newsroom/media-releases/statement-cabinet-meeting-wednesday-8-june-2022>.

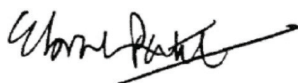
The Draft Policy is published together with the following draft policy directives and notices:

- a draft trade policy directive issued in terms of section 5 and draft notice in terms of section 6(1)(c) of the International Trade Administration Act No 71 of 2002, on the exportation of ferrous and non-ferrous waste and scrap metal;
- a draft notice in terms of section 6(1)(d) of the International Trade Administration Act No 71 of 2002, amending Government Notice R92 published in *Government Gazette* 35007 of 10 February 2012; and
- a draft notice in terms of section 6(1)(b) of the International Trade Administration Act No 71 of 2002, amending Government Notice R91 published in *Government Gazette* 35007 of 10 February 2012,

referred to collectively as the "**draft directives and notices**".

Public comment is also invited on the draft directives and notices, in terms of section 5 and section 6(1)(b), (c) and (d) of the International Trade Administration Act No 71 of 2002.

Members of the public and interested/affected parties are to submit their written representations and comments regarding the Draft Policy and the draft directives and notices within a period of 21 (twenty-one) days from date of publication of this invitation to the Director-General of Trade, Industry and Competition, marked for the attention of Mr. Mahendra Shunmoogam, either by e-mail: scrapmetalpolicy2022@thedtic.gov.za or hand delivered: at 77 Meintjies Street, Block A, 1st Floor, Sunnyside, Pretoria, 0132.



EBRAHIM PATEL

MINISTER OF TRADE, INDUSTRY AND COMPETITION

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1. SUMMARY

- 1.1 South Africa faces a serious challenge from theft of metal and the associated impairment and destruction of infrastructure. The incidents of theft have increased markedly in recent years, as has the detrimental impact on the economy and society more generally.
- 1.2 To track the extent of the problem and to identify potential solutions, the Government commissioned research from independent experts, including Trade and Industrial Policy Strategies ("**TIPS**")² and Genesis Analytics ("**Genesis**").³ Inputs were also sought from Eskom, Transnet, the South African Police Service ("**SAPS**") and business. The results have been reviewed by, and discussed between, different government departments. The conclusions reached are that South Africa requires the introduction of a number of bold measures to decisively tackle metal theft.
- 1.3 In this regard, Government intends to pursue a balanced approach having regard to the need to combat the scourge of metal theft in a proportionate manner. It is proposed to adopt various measures that will create a new **Metal Trading Regime** in the country, designed to undermine the criminal syndicates and networks that threaten South Africa's vital economic infrastructure while, at the same time, limiting the extent to which the new regime imposes costs on the metal value-chain.
- 1.4 Various regulatory measures will be required to give effect to the proposed interventions, including a) notice and policy directives issued in terms of the International Trade Administration Act 71 of 2002 ("**the ITA Act**") that can be implemented without delay, b) amendments to the regulations issued in terms of the Second-Hand Goods Act 6 of 2009 ("**the Second-Hand Goods Act**") and c) amendments to the Second-Hand Goods Act and other legislation, or the passing of new, primary legislation focused on metal trading. As the timing required to implement these interventions differ, the proposed policy measures will, broadly speaking, be implemented in three phases.

² Trade and Industrial Policy Strategies, 2022, Measures to Prevent Theft of Scrap Metal: <http://www.thedtic.gov.za/wp-content/uploads/TIPS-Measures-to-prevent-theft-of-scrap-metal.pdf>

³ Genesis Analytics, 2022, South African Policy Options for Reducing Metal Theft: http://www.thedtic.gov.za/wp-content/uploads/Genesis_SA-Policy-Options-Reduce-Metal-Theft.pdf

- 1.4.1 In *phase 1*, the focus will be on interventions that can be implemented without delay through the use of directives and notices, including a) imposing a temporary (six-month) prohibition on the export of waste and scrap metal, b) the creation of an export permit system for semi-finished metal products and c) the creation of an import permit system for furnaces and various other scrap transformation machines.
- 1.4.2 In *phase 2*, the focus will be on amendments to the regulations promulgated under the Second-Hand Goods Act, and any other regulations under other legislation, that will enhance and strengthen the domestic registration regime for metal trading. These regulatory changes will be introduced following a public process in which interested parties will be given an opportunity to comment on the proposed amendments. Interventions during this phase will also include a limitation on the ports (and, potentially, land borders) that may be used for export. In addition, the Government will pursue policy coordination between South Africa and various regional bodies including the Southern African Development Community ("**SADC**"), the Southern African Customs Union ("**SACU**") and the African Union ("**AU**").
- 1.4.3 In *phase 3*, the focus will be on aspects of the new regime that may require amendments to existing legislation or the passing of new legislation, including a prohibition on using cash in any transaction involving scrap, waste or semi-finished metal. Any legislation that is enacted in this phase will follow a public consultation process.
- 1.5 While the Government might have otherwise been inclined to proceed directly to the regulatory interventions contemplated in phase 2, these interventions will take some time to implement and the pressing nature of metal theft and its devastating consequences necessitates the adoption of the more severe measure contemplated in phase 1, namely, the imposition of a temporary export prohibition for six (6) months. This measure will allow time for the Government to establish the regulatory regime that will apply once the export prohibition comes to an end, while arresting/reducing the immediate damage to public infrastructure.
- 1.6 Although the phases may appear from their description to be sequential, they are not rigid and will, in practice, overlap. It is anticipated that phase 1 will last for six (6) months from the date on which the export prohibition is imposed. Work on the amendments to existing regulations will commence within the first phase, and it is

anticipated that these amendments will be gazetted by the beginning of phase 2 and implemented in that phase. The legislative action called for in phase 3 may take up to 24 months to finalise, starting from the launch of phase 1.

2. BACKGROUND AND MOTIVATION

2.1 Metal theft is a serious problem in South Africa. Metal prices, including scrap metal prices, are multiple times higher than they were at the turn of the 21st century. High metal prices are the key driver of theft: they motivate criminal syndicates to extract metal from installed infrastructure and sell it for scrap.

2.2 While the problem of metal theft applies to a wide range of metals (including both ferrous and non-ferrous metals), copper theft is the most serious concern. Copper wires form the physical networks that carry electricity, telecommunications, and rail signals, for hundreds of thousands of kilometres across the country. Given their size and breadth, these crucial networks are not easily guarded, nor is the problem limited to South Africa or developing countries. Metal theft is also a pressing problem in developed countries.

2.3 The cost of metals theft

2.3.1 The economic and other costs of metals theft is enormous. For example, copper theft constitutes a serious threat to our national infrastructure, undermining the country's low-cost rail advantage and the performance of its electrical grids. The costs of service downtime and general infrastructure repair are multiple times higher than the value of the actual metal that is extracted. According to the research from TIPS and Genesis, copper theft from the country's rail network and electricity grids imposed an annual economic cost exceeding **R45 billion** in 2020/2021. This is based on increased costs from metal replacement, infrastructure repair, lost service revenue, lost wages, increased commuter costs and forgone revenue suffered by mines. This excludes the costs from copper theft outside the rail and electricity networks, including theft from telecommunication providers (Telkom and the mobile network operators), construction sites, factories, mines, general businesses, and residential properties.

2.3.2 The costs arising from the theft of steel and other metals is also serious. By way of illustration, the damage from stolen steel lattices alone was

R100 million in 2020/2021.⁴ As with cable theft, the destruction of pylons and other supports for transmission can lead to widespread loss of electricity. Railway tracks, which can also be turned to scrap and melted, are another major target. According to Business Leadership South Africa ("**BLSA**"), an association that represents the leaders of many of South Africa's largest businesses, heavy steel railway tracks are under constant attack, with more than 200 km of tracks stolen in November 2021 alone.⁵ Other major targets include streetlights, street robots, manhole covers, balustrades and railings. Furthermore, the trade of steel and other metals often provides a cover for stolen copper in terms of storage, transport, local sales, and exports.

2.3.3 Reports, including from the media, provide examples of the damage caused by metal theft. Media reports have not been relied upon to inform Government's policy proposals but are included as these reports reflect strong public interest in these matters.

2.3.3.1 In March 2022, large volumes of aluminium and copper cables which had been stolen from Eskom were found on multiple premises in the Vosman area.⁶ Towers on the line were twisted and severely damaged and the roads in the region were blocked with fallen electrical lines. The attacks caused extensive damage, loss of supply to thousands of customers and increased safety risks.

2.3.3.2 One example of a direct attack on a private company is provided by mining company Sibanye-Stillwater, which had 120 theft incidents in 2021 and recovered about 5.1 tonnes of stolen copper.⁷ So far this year, there have been 45 incidents and 3.2 tonnes recovered, with operations disrupted twice. The copper that was stripped at Sibanye's Thembelani shaft ignited a fire that quickly spread, forcing the

⁴ Trade and Industrial Policy Strategies, 2022, Measures to Prevent Theft of Scrap Metal: <http://www.thedtic.gov.za/wp-content/uploads/TIPS-Measures-to-prevent-theft-of-scrap-metal.pdf>

⁵ Business Leadership South Africa. (2022). *Cargo truck hijackings, railway lines and cable theft set back important reforms*. Available at: <https://hub.blsa.org.za/latest-news/railway-lines-cable-cargo-theft-setting-back-important-reforms/>. (Last accessed, 23 June 2022).

⁶ Sowetan Live. (2022). *Scrap dealer among 14 bust for Eskom cable theft*. Available at: <https://www.sowetanlive.co.za/news/south-africa/2022-03-11-scrap-dealer-among-14-bust-for-eskom-cable-theft/>. (Last accessed, 23 June 2022).

⁷ Fin24. (2022). *Gangs stealing cables miles underground torment SA's platinum mines*. Available at: <https://www.news24.com/fin24/companies/mining/gangs-stealing-cables-miles-underground-torment-sas-platinum-mines-20220508>. (Last accessed, 23 June 2022).

evacuation of 140 workers, and causing some personnel to suffer smoke inhalation that required treatment.

- 2.3.3.3 Transnet's regularly published cable theft statistics show that during a single week in April 2022 there were 123 attacks on South Africa's rail infrastructure, including the theft of 39.4 km of copper cable.⁸
- 2.3.3.4 Between 2017 to 2021, the length of cable annually stolen from Transnet's lines increased from 120 km to 724 km, and the number of incidents rose from over 1 500 to almost 4 500. On average, the length of cable stolen in each incident nearly tripled, from 75 metres to 200 metres.⁹
- 2.3.3.5 In February 2020, police uncovered 181 tonnes of stolen railway tracks in a Durban scrap yard.¹⁰ Numerous other incidents related to railway tracks have also been reported.¹¹
- 2.3.3.6 According to the country's largest trade union federation, the Congress of South Africa Trade Unions, "*continuous train delays due to cable theft result in hundreds of thousands of workers being late for work or not able to make it to work. This often results in docked or reduced wages for them, reduced hours and work productivity, and an overall depressing effect upon economic growth, people and communities*".¹²
- 2.3.3.7 Criminals are sophisticated and syndicates reportedly even have their own training schools to teach newcomers the most efficient ways to

⁸ Transnet. (2022). *Weekly Report: Cable Theft Statistics*. Available at: <https://www.transnet.net/Media/vCable%20Theft%20Stats/Weekly%20Cable%20Theft%20Stats%20-%2004%20April%20-%2010%20April%202022.pdf>. (Last accessed, 23 June 2022).

⁹ Trade and Industrial Policy Strategies, 2022, Measures to Prevent Theft of Scrap Metal: <http://www.thedtic.gov.za/wp-content/uploads/TIPS-Measures-to-prevent-theft-of-scrap-metal.pdf>

¹⁰ IOL (2020). *R8m worth of stolen Transnet railway tracks discovered at Durban scrapyards*. Available at: <https://www.iol.co.za/dailynews/news/kwazulu-natal/look-r8m-worth-of-stolen-transnet-railway-tracks-discovered-at-durban-scrapyard-42442125>. (Last accessed, 30 July 2022).

¹¹ In January 2022 a gang of thieves was caught with R1 million worth of Transnet tracks. IOL (2022). *7 suspects arrested outside PMB with stolen Transnet railway tracks*. Available at: <https://www.iol.co.za/mercury/news/7-suspects-arrested-outside-pmb-with-stolen-transnet-railway-tracks-b4f4aeb8-b0ea-4bc6-8431-897a1867a7e8> (Last accessed 30 July 2022).

In September 2021, thieves were caught in Germiston with PRASA track worth R1 million, having already sold a consignment to a scrap yard. TimesLIVE (2021). *Railway thieves nabbed by Germiston police*. Available at <https://www.timeslive.co.za/news/south-africa/2021-09-23-railway-line-thieves-nabbed-by-germiston-police/>. (Last accessed, 30 July 2022).

¹² Parliamentary Monitoring Group. (2015). *Submission by COSATU on the Criminal Matters Amendment Bill 2015*. <https://pmg.org.za/files/151013COSATU.doc>. (Last accessed, 30 June 2022).

steal cables.¹³ Despite the training undertaken by metal thieves, over the last two years, City Power Johannesburg has recorded 24 deaths of suspects due to tampering with electrical infrastructure.¹⁴ And the loss of life is not limited to the thieves themselves. Two City Power security officers tasked with safeguarding copper cables were shot in April this year.¹⁵ And in January this year, an Eskom security officer was shot dead while attempting to stop a copper cable theft attack in Klipspruit.¹⁶ More generally, the theft of cable from electric infrastructure gives rise to substantial safety risks. It can leave behind live unmoored cables, including on roads, which can cause serious injuries.¹⁷

2.3.4 In summary, the society-wide costs of metal theft include:

2.3.4.1 The short-term economic costs from a) the need to replace stolen metal, b) the need to repair damaged infrastructure, c) the significant disruptions to South Africa's rail, electricity, and telecommunication grids and d) the direct disruptions caused to households and businesses that suffer attacks;

2.3.4.2 The long-term economic costs associated with decreased business confidence;

2.3.4.3 A reduction in South Africa's low-cost rail advantage;

2.3.4.4 Disrupted essential and other critical services (e.g. hospital power supply, destruction of road traffic robots);

¹³ Business Leadership South Africa. (2022). *Cargo truck hijackings, railway lines and cable theft set back important reforms*. Available at: <https://hub.blsa.org.za/latest-news/railway-lines-cable-cargo-theft-setting-back-important-reforms/>. (Last accessed, 23 June 2022).

¹⁴ News24. (2022). *City Power records 24 deaths due to electrocutions in two years*. Available at: <https://www.news24.com/citypress/news/city-power-records-24-deaths-due-to-electrocutions-in-two-years-20220126>. (Last accessed, 23 June 2022).

¹⁵ Daily Maverick. (2022). *Johannesburg's City Power under the gun as violence, vandalism and theft spirals*. Available at: <https://www.dailymaverick.co.za/article/2022-04-07-johannesburgs-city-power-under-the-gun-as-violence-vandalism-and-theft-spirals/>. (Last accessed, 23 June 2022).

¹⁶ All Africa. (2022). *South Africa: Eskom Security Officer Killed During Attempted Copper Cable Theft*. Available at: <https://allafrica.com/stories/202201190402.html>. (Last accessed, 23 June 2022).

¹⁷ Trade and Industrial Policy Strategies, 2022, *Measures to Prevent Theft of Scrap Metal*: <http://www.thedtic.gov.za/wp-content/uploads/TIPS-Measures-to-prevent-theft-of-scrap-metal.pdf>

2.3.4.5 Loss of life through a) the death of the thieves as they attempt to dismantle high-powered electrical infrastructure, b) attacks on security guards who guard infrastructure, c) explosions and exposed cables and d) increased transport-related accidents as commuters and freight shift from rail to road in response to rail disruptions arising from metals theft; and

2.3.4.6 Environmental costs arising from the need to replace damaged infrastructure, and the fact that road transport causes higher emissions than rail transport, which runs counter to South Africa's climate change mitigation commitments.

2.4 **How stolen metals are monetised**

2.4.1 Metal theft may be partially tackled with increased police enforcement, but this is not a sufficiently robust strategy for South Africa. The size and breadth of copper networks and metal infrastructure across the country means that installed metal is very difficult to guard. This is true even in developed countries, and it is especially the case in countries with limited policing, prosecutorial and court capacity. Internationally, as detailed below, numerous countries have sought to counter metal theft through a) undermining the ability for thieves to sell and monetise their stolen goods, and b) decreasing the incentive to steal metal, by lowering the payoff and increasing the legal risk involved in illicit transactions.

2.4.2 The scrap metal supply chain works as follows. First, the scrap metal is collected – or stolen from existing infrastructure – and then sold to metal recyclers who process the scrap metal into a more purified form by removing non-metal elements, separating out different kinds of metal and reducing the bulk size of the product by crushing, chopping, and shredding. The recycled product is then sold to mills which further process it into a semi-finished metal¹⁸ like ingots, billets and blooms. The semi-finished metal is, in turn, further processed (either by the same mill or a different mill) into finished metal products like bars, sheets, and wires. The finished product is sold to downstream manufacturers that use the metal to produce products that have

¹⁸ Semi-finished products are intermediate products that need further processing before becoming a finished product. They are an input for further manufacturing and include bars, billets, blooms, ingots, plates and slabs.

metal components (e.g., tools, cars, computers, construction materials and electric wires).

2.4.3 Stolen scrap metal may pass through many hands, and change form in various ways, but it is ultimately sold to mills operating in the formal economy, either locally or overseas. The mills process the scrap into new, finished metal for on-sale into formal markets. As explained above, there is a well-travelled pipeline from stolen scrap to local or foreign formal mills and it is used by criminal syndicates at great cost to the rest of society.

2.4.4 In South Africa, stolen scrap metal can be sold (monetised) in one of three basic ways:

2.4.4.1 it is exported as scrap metal;

2.4.4.2 it is melted into crude billets or ingots, or chopped, shredded or granulated, and then exported as semi-finished metal; and

2.4.4.3 it is melted into crude billets or ingots, or chopped, shredded or granulated, and then further processed into finished metals, at which point it is either exported or sold locally.

The export pathway

2.4.5 As noted above, stolen scrap metal may be exported as scrap or transformed into either semi-finished or finished metal and then exported.

2.4.6 In addition, traders often make false declarations for their exports. Copper scrap is often declared under a non-copper export HS code (e.g. steel or another metal). Moreover, scrap metal is routinely exported under a semi-finished HS code, even when the product is still in scrap form and has not been processed into semi-finished product.¹⁹ Exporters utilise this tactic to evade the more stringent conditions currently applied to scrap exports,

¹⁹ Genesis (2022) shows that the majority of “semi-finished” exports, as recorded by SARS, is likely to be scrap that has been falsely declared. South Africa’s production is not sufficient to account for the tonnage of semi-finished metal products that is exported and the balance is likely to be falsely declared scrap, a finding that is backed up by numerous stakeholders.

including the application of the price preference system²⁰ (the "PPS") and export duties.²¹

- 2.4.7 The export of metal provides a crucial monetisation channel for criminals, and South Africa's ports and borders are exploited in numerous ways. Accordingly, export activity of all metals is considered a high-risk trading activity. If the export channel were to be blocked or substantially restricted, it is likely to have a significant impact on the ability for thieves to monetise their stolen goods. Moreover, to the extent that legitimate scrap was prevented from leaving the country, large volumes of scrap would be diverted onto the local market. This would cause the local price of scrap to fall, which in turn would decrease the incentive to steal.

The local pathway

- 2.4.8 Tackling the *local* trade of stolen metal is also crucial.
- 2.4.8.1 First, a local channel exists for stolen metal, where stolen metal gets processed into semi-finished and finished products for sale in the local economy.
- 2.4.8.2 Second, even when stolen metal gets exported as semi-finished or finished products, it is not possible to tackle this route by prohibiting exports for extended periods without undermining the local metal industry. High grade semi-finished and finished metal exports provide crucial revenue to legitimate local milling.
- 2.4.8.3 Third, stolen metal can also be smuggled out of the country under a non-metal code, or even "under the cover of night", under no code.
- 2.4.9 Another difficulty is that low-cost smelters or shredders can currently be purchased on international markets at relatively low costs. Once scrap has been melted into billets, or chopped and shredded, the original source of the

²⁰ The price preference system for the exportation of ferrous and non-ferrous waste and scrap metal is set out in the Amended Export Control Guidelines on the Exportation of Ferrous and Non-Ferrous Waste and Scrap as published in Notice No. 532, Government Gazette No. 43765 of 2 October 2020 as amended from time to time. The PPS provides that ITAC will not permit the exportation of ferrous and non-ferrous waste and scrap unless it has first been offered for sale for domestic beneficiation to the domestic consuming industry at a price discount to an international benchmark price and on the further terms as set out in the guidelines.

²¹ Export duty on waste and scrap metal is set out in Schedule No. 1 Part 6 to the Customs and Excise Act No. 91 of 1964.

metal cannot be identified. Thieves and syndicates can then operate "in the open": *openly* storing, trucking, and coordinating the buying and selling of shredded/melted metal both locally and across the border.

Implication of monetisation pathways for theft mitigation

- 2.4.10 It follows from the above discussion that in order to undermine the ability and incentive to steal metal, both the export and domestic monetisation pathways for stolen metal need to be addressed.

The need to protect the legitimate domestic use of scrap metal

- 2.4.11 Scrap metal which is lawfully acquired is crucial to the domestic metal supply chain. It is significantly cheaper to use compared to mined ore, and it is much more environmentally friendly. In South Africa, according to the Genesis research, over 50% of local steel production is based exclusively on scrap. Moreover, the other 50% of production includes both ore *and* scrap as adding scrap makes the overall smelting operation more efficient.

- 2.4.12 Increasing the use of scrap metal in production reduces its carbon-intensity. South Africa, by virtue of its accession to the Paris Climate Agreement, has confirmed its intention to reduce greenhouse gas emissions by 2050. Increasing the use of scrap metal by domestic ferrous and non-ferrous metal producers is therefore an important climate change mitigation policy objective.

2.5 International responses to metals theft

- 2.5.1 It is apparent that metals theft is a global problem and that foreign authorities have responded to this problem in various ways, including (a) prohibiting the use of cash in scrap metal transactions, (b) mandating video recording of transactions, (c) prohibiting exports, (d) strict licensing, and (e) placing a complete prohibition on all scrap transactions.

- 2.5.2 Several countries, including members of BRICS²² (India and Russia) and other African countries, have enacted barriers to the trade of waste and scrap containing ferrous and non-ferrous metals. According to a database

²² Brazil, Russia, India, China and South Africa.

maintained by the Organisation for Economic Cooperation and Development (OECD):

- 2.5.2.1 Nine countries had formally prohibited copper scrap exports by 2020 (Ghana, Kenya, Rwanda, Madagascar, Argentina, Guatemala, Jamaica, Kazakhstan and Tajikistan);
- 2.5.2.2 Seventeen countries had instituted quotas or licensing requirements, including countries such as Indonesia, Turkey, Colombia, Mexico and a number of African countries; and
- 2.5.2.3 Thirteen countries imposed taxes.²³
- 2.5.3 In addition, various jurisdictions have prohibited the use of cash for certain (or all) scrap metal transactions. This includes Alberta (Canada),²⁴ the UK,²⁵ Victoria (Australia),²⁶ and Minnesota (USA).²⁷
- 2.5.4 Kenya recently imposed a full prohibition on all trade in scrap metal. In 2010, Kenya implemented an export prohibition on scrap metal that was formalised into law in 2015. However, this was insufficient to stop the increase in metal theft. In 2022, the Kenyan Government implemented a full prohibition on the trade of all scrap metal, which was only relaxed after the Government had created a new trading regime which includes a host of local restrictions and licensing requirements.

Rationale for proposed interventions

- 2.6 As indicated above, it is envisaged that the various proposed interventions would be introduced over time and in three broad phases. These phases are described under the next heading. Prior to doing so, we briefly set out the core pillars of the proposed new regime, highlighting their rationale.

²³ Trade and Industrial Policy Strategies, 2022, Measures to Prevent Theft of Scrap Metal: <http://www.thedtic.gov.za/wp-content/uploads/TIPS-Measures-to-prevent-theft-of-scrap-metal.pdf>

²⁴ Alberta. (2020). Scrap Metal Transactions. Available at: <https://www.alberta.ca/scrap-metal-transactions.aspx>. (Last accessed, 14 March 2022).

²⁵ UK Scrap Metal Dealers Act (2013).

²⁶ Future Recycling. (2018). Cash for Scrap Metal Banned. Available at: <https://www.futurerecycling.com.au/cash-for-scrap-metal-banned> (Last accessed, 14 March 2022).

²⁷ Minnesota Statutes. (2021). Dealers in Scrap Metal: Records; Reports and Registration. Available at: <https://www.revisor.mn.gov/statutes/cite/325E.21> (last accessed, 14 March 2022).

- 2.6.1 *Enhanced registration conditions for dealers in scrap and semi-finished metals.* The conditions required to secure and retain a registration to deal in scrap and semi-finished metal will be made stricter. Currently, the Second-Hand Goods Act requires dealers in second-hand goods, including scrap metal, to be registered. However, the conditions for registration are modest and place an obligation mostly on the scrap metal industry to self-regulate. In the proposed new regime, scrap dealers will: have to prove tax compliance and be required to pay an increased, annual registration fee. There will also be stringent, monthly reporting obligations that go further than the record-keeping obligations that currently apply in terms of the regulations made under the Second-Hand Goods Act. These interventions will lead to a formalisation of the metal trading industry whereby only legally-compliant businesses whose buy and sell transactions are traceable will be able to legally trade in scrap and semi-finished metal products.
- 2.6.2 *Enforcement of the registration requirement for sellers of scrap and semi-finished metals.* Although sellers of scrap metal fall within the ambit of the Second-Hand Goods Act,²⁸ persons who sell, but do not buy, scrap metal are not, in practice, currently required to register. In light of the grave impact of scrap metal theft, the Government intends to enforce the requirement for sellers of scrap metal to register and to otherwise comply with the Second-Hand Goods Act and its regulations. This will facilitate the regulation of the scrap metal trade at its source and promote more effective regulation throughout the metal supply chain.
- 2.6.3 *Input-output reporting.* All registered buyers and sellers will be required to submit monthly reports to a centralised data portal. The reports will consist of a purchase table and a sale table. The input/output reporting framework will allow enforcement authorities to quickly identify anomalies which deserve further investigation. Anomalies might include a divergence between tonnes sold and purchased, a sudden large increase in purchases or sales, or a purchase of copper or semi-finished product from an unregistered seller. The introduction of a prohibition on cash transactions,

²⁸ See the definition of “scrap metal dealer” in section 1 of the Second-Hand Goods Act: “a person who carries on a business that consists wholly or partly of the buying or selling of scrap metal” (emphasis added).

detailed below, will mean that investigators can use bank records to check that the buyer or seller's input/output reporting has been accurate.

- 2.6.4 *Tight restrictions on who can sell copper scrap and semi-finished copper metal.* For copper, a case can be made for prohibiting its trade completely. The Genesis research suggests that if a complete ban on copper trading and exports successfully eliminated copper theft, the economic savings would outweigh the economic loss from eliminating the copper milling industry in its entirety. A prohibition on copper trading is not being proposed, but the activity has been identified as particularly high risk and, accordingly, the proposed regulatory regime is intended to be strictest on the copper (and copper alloys) category. In particular, it is envisaged that copper sellers will be limited to businesses that either (a) produce scrap as a by-product of their normal operations (e.g. off cuts and used infrastructure) or (b) are traders and semi-finished producers that are up to date with their reporting requirements and which reporting shows that they only purchase from business falling within (a) and/or (b). This, together with the reporting requirements, will significantly reduce the number of registered dealers which purchase stolen copper.
- 2.6.5 *Restrictions on the import of furnaces and scrap transformation machines.* Furnaces and scrap transformation machines are used by criminal syndicates to transform stolen metal and to render it unidentifiable. Undermining their ability to engage in this practice will help to further reduce their ability to monetise illicit metal. The expert advice received by the Government was that the import of small induction furnaces and similar machines should be permanently prohibited. However, a less intrusive measure is considered to be more suitable, i.e. the introduction of an import permit system for these machines.
- 2.6.6 *Enhanced border control.* To reduce the extent to which exports are used to monetise stolen metal, significant restrictions will be introduced. These include (a) a temporary prohibition of scrap exports followed by the introduction of an enhanced permit system, (b) the creation of a permit system for the export of semi-finished metal and (c) a limitation on the number of ports that may be used to export scrap and semi-finished metal. These restrictions will reduce the extent to which the export channel can be used to monetise stolen metal by (a) initially blocking all scrap exports,

thereby providing the Government with the time to implement the other features of the new regime, (b) reducing the number of businesses that can legitimately export scrap and semi-finished metals, (c) ensuring that all businesses that do export are subject to stringent transaction reporting, (d) ensuring that metal exports are sourced from registered sellers and (e) ensuring that limited technical inspection capacity is concentrated in the three identified ports.

- 2.6.7 *Prohibiting the use of cash.* The proposed interventions include a prohibition on the use of cash in any transactions involving scrap or semi-finished metal. Instead, only Electronic Fund Transfers (EFT) or similar services which allow traceability, will be allowed. This will significantly improve monitoring and enforcement as audits and investigations will be able to identify the source of supply in local metal transactions. If buyers are in possession of metal that is not backed up by an EFT (or similar service), the buyer will be subject to censure including through potential deregistration.

3. PROPOSED POLICY MEASURES

Government is considering implementing various interventions in what may broadly be described as a three-phased approach. In this section, the three proposed phases are described. As stated above, the phases will, in practice, overlap. In addition, if an intervention cannot be introduced in a particular phase for legal or other reasons, it is envisaged that it will move to a subsequent phase. Further, the rules relating to different product types (e.g., scrap and semi-finished) might be introduced at different points within each phase.

3.1 Phase 1:

Temporary export prohibition on scrap metal

- 3.1.1 *Six-month export prohibition.* It is proposed that there will be a temporary six (6) month prohibition on exports of all ferrous and non-ferrous waste²⁹ and

²⁹ Waste refers to materials that are not prime products (i.e. products produced for the market) and are intended to be discarded or are required to be discarded. Waste may be generated during the extraction of raw materials, during the processing of raw materials to intermediate and final products, during the consumption of final products, and during any other human activity. Waste does not include residuals directly recycled or reused at the place of generation (i.e. establishment) or waste materials that are directly discharged into ambient water or air. See <https://www.oecd-ilibrary.org/sites/5ab8c6da-en/index.html?itemId=/content/component/5ab8c6da-en>.

scrap metal,³⁰ save where: (a) an export permit has been issued prior to the date of publication of the applicable directives and notices; or (b) an export permit is issued after that date in circumstances in which the application for that permit was lodged prior to that date. The temporary export prohibition would be introduced through a notice and trade policy directive published in terms of the ITA Act (a draft of which is to be published together with this Draft Policy).

3.1.2 *Expanded definition of waste and scrap metal.* Chopped, shredded, or granulated metal products, which do not require smelting, are intended to be treated as waste or scrap metal (as opposed to semi-finished metal) for purposes of the export prohibition. Additionally, new tariff codes for waste, scrap metal and semi-processed metal products may be required to enable appropriate enforcement and monitoring.

3.1.3 *Temporary suspension of PPS.* So long as the export prohibition on waste and scrap metal is in place, the PPS would be suspended, except insofar as exports are permitted as envisaged in the proviso in paragraph 3.1.1 above. Once the temporary export prohibition is lifted, the PPS will continue to apply in relation to exports of all ferrous and non-ferrous waste and scrap metal.

Permit system for the export of semi-finished metal products

3.1.4 *Export permit control.* It is envisaged that a permit system will apply to the export of all ferrous and non-ferrous semi-finished goods. This will require amendments to Government Notice R92 published in *Government Gazette* 35007 of 10 February 2012 (a draft of which is published together with this Draft Policy).

3.1.5 Genesis proposed that the temporary export prohibition should include semi-finished metals products, given that its analysis indicates that stolen scrap is converted into semi-finished metal and then exported. The Government is, however, concerned about the impact of introducing such a wide-ranging prohibition at this stage and rather proposes to adopt the less restrictive

³⁰ Scrap metal includes any used, broken, worn out, defaced or partly manufactured goods made wholly or partly of non-ferrous or ferrous metal, lead or zinc or any substance of metallic waste or dye made of any of the materials commonly known as hard metals or of cemented or sintered metallic carbides. See section 1 of the Second-Hand Goods Act No. 6 of 2009.

measure of introducing and requiring an export permit regime for semi-finished metal.

- 3.1.6 Another option that Government is considering is to limit eligibility for export permits for semi-finished metal products to businesses that manufacture semi-finished products.

Permit system for the import of furnaces and other scrap transformation machines

- 3.1.7 *Import permit control.* An import permit system is proposed in terms of the ITA Act on devices used to change the form of scrap metals (small furnaces and ovens for the roasting or other heat-treatment of ores, pyrites or of metals as well as granulators, guillotines, shredders and other devices which can be used to smelt or change the form of waste or scrap metal into semi-finished metal products). This will require amendments to Government Notice R91 published in *Government Gazette* 35007 of 10 February 2012 (a draft of which is published together with this Draft Policy).

- 3.1.8 *Enforcement in respect of imported furnaces and other machines.* It is envisaged that the International Trade Administration Commission ("ITAC") and law enforcement authorities will undertake unannounced inspections to verify that the furnace or other devices are not being used to transform stolen metals.

Coordinating task force

- 3.1.9 *Metal Trade Task Force.* A Metal Trade Task Force ("MTTF") has been created to work with the SAPS' Specialised Multi-disciplinary Economic Infrastructure Task Teams (EITTS) to plan, implement and monitor inter-agency efforts to eradicate theft and damage of infrastructure which is incentivised by scrap metal domestic trade and exports. In addition, it is intended to create a centralised repository for monitoring crimes linked to metal theft from critical public infrastructure.

3.2 Phase 2:

Amendment of the regulations under the Second-Hand Goods Act

3.2.1 It is envisaged that the Minister of Police will amend the regulations made under the Second-Hand Goods Act so as to impose more rigorous regulations in respect of dealing in scrap and semi-finished metals and to strengthen reporting requirements for metal dealers and recyclers. To the extent necessary, amendments to regulations under other legislation may also be made.

3.2.2 The following changes are being considered.

3.2.2.1 *Enforcement of the registration regime for scrap metal sellers.* As noted above, while the Second-Hand Goods Act contemplates that both buyers and sellers of scrap metal are required to be registered, this requirement is currently being enforced against buyers but not sellers. Going forward, the Government intends to enforce the requirement that scrap metal sellers are subject to the registration regime envisaged in the Second-Hand Goods Act.

3.2.2.2 *Enhanced registration requirements.* Registration as scrap metal buyers and sellers will only be granted to businesses that have a satisfactory Tax Compliance Status (TCS). A new registration fee will be introduced that will be reflective of the costs of administration and enforcement to combat theft in the metal industry. The registration fee might also be set at a level aimed at ensuring that "fly-by-night" operators are discouraged from registering to buy and sell scrap metal. The registration fee for copper (and copper alloys) may be higher than the fee for other scrap metal products given the particularly dire nature of copper theft and its impact and thus the need for greater levels of inspection and enforcement of trade in copper and copper alloys.

3.2.2.3 *Enhanced reporting requirements.* An input-output reporting system will be introduced that will be used both for purposes of compliance monitoring under the Second-Hands Goods Act and for monitoring exports of scrap metal and semi-finished products. The reporting system will require businesses to submit monthly electronic reports to both SAPS and ITAC, showing all purchases and sales of metal

products (scrap, semi-finished and finished) by volume and value. The reports will *inter alia* contain the following information.

- 3.2.2.3.1 *Purchases table.* Each row of the table will show a different purchase. The row will show a) the date of purchase, b) the type of metal purchased, c) the grade of metal purchased, d) the tonnage purchased, f) the total cost of the purchase, g) the business registration number of the seller, or in the case of an individual seller, the identity number of the individual, and h) any additional fields that may be required to secure the objective of input-output reporting.
- 3.2.2.3.2 *Sales table.* Each row of the table will show a different sale. The row will show a) the date of sale, b) the type of metal sold, c) the grade of metal sold, d) the tonnage sold, e) the total revenue of the sale, f) the business registration number of the buyer, g) in the case of an export sale, the Unique Consignment Reference (UCR), and h) any additional fields that may be required to secure the objective of input-output reporting.
- 3.2.2.4 In order to minimise the reporting burden for players in the metals sector, Government will endeavour to implement a single monthly reporting system which multiple departments or entities can utilise. This will ensure that enterprises are not required to provide different monthly reports to the SAPS and ITAC, through the use of a single-window application (SWA). These reports will be used to identify high-risk transactions and suspicious transactions and will assist the SAPS in law enforcement activities.
- 3.2.2.5 *Inclusion of semi-finished metals in the registration regime.* While semi-finished metal products fall within the scope of application of the Second-Hand Goods Act,³¹ buyers (and sellers) of semi-finished products are not currently registered. The Government will thus take steps to ensure that these businesses are registered.

³¹ Section 1 of the Second-Hand Goods Act defines “*scrap metal*” as including “*any used, broken, worn out, defaced or partly manufactured goods made wholly or partly of non-ferrous or ferrous metal, lead or zinc or any substance of metallic waste or dye made of any of the materials commonly known as hard metals or of cemented or sintered metallic carbides*” (emphasis added).

- 3.2.2.6 *Additional restrictions on who can sell copper scrap and semi-finished copper.* It is envisaged that registered copper sellers will be limited to businesses that either (a) produce scrap as a by-product of their normal operations (e.g. off cuts and used infrastructure) or (b) are traders and semi-finished producers that are up to date with their reporting requirements and which reporting shows that they only purchase from business falling within (a) and/or (b).
- 3.2.2.7 *Requirement for registered buyers to only purchase copper scrap and semi-finished copper from registered sellers.* The Government is also considering imposing a requirement that registered buyers may only purchase scrap or semi-finished copper products from registered sellers of such products. The effect of this would be that all sales of scrap and semi-finished copper (even by those persons who do not carry on the business of dealing in scrap or semi-finished metals) will be prohibited other than between registered entities or persons.

Implementation of permit system for scrap exports

- 3.2.3 *Implementation of permit system for scrap exports.* After the six (6) month prohibition of scrap exports comes to an end, a permit system will be applied to the export of scrap metals, so long as sufficient progress has been made in the implementation of the various phase 2 interventions. This permit system will include the application of the PPS.
- 3.2.4 *The potential extension of the temporary export prohibition on scrap and waste metal.* If sufficient progress has not been made in the implementation of the phase 2 interventions and/or the extent of scrap metal theft has not been sufficiently reduced, the temporary export prohibition may be extended. The other option that government might adopt is to extend the export prohibition only for certain types of scrap and waste (e.g. copper).

Continuation of permit system for the export of semi-finished metal

- 3.2.5 *Semi-finished export restrictions.* It is envisaged that the permit system for semi-finished metal products will continue into phase 2.

Restrictions on ports and land borders

- 3.2.6 *Ports:* To assist the South African Revenue Service ("**SARS**") in monitoring and enforcing these export restrictions, consideration is being given to confining exports of waste and scrap metal and semi-finished products metal products to three or all of the following ports, namely Durban, Cape Town, Johannesburg and Ngqura (when the prohibition is lifted and controls are in place).
- 3.2.6.1 Comments received in response to the notice published by ITAC in December 2015 requesting public comment on proposed amendments to the PPS, including the limitation of export ports to only one designated port, namely the Port of Gqeberha, have been taken into consideration, especially the extra burden on industries not located close to this port.
- 3.2.6.2 Following consideration of the previous comments, the Government considers that, while it would be appropriate to limit exports of waste, scrap and semi-finished metals to three or four (rather than one) ports, the benefits of the limitation on the number of exporting ports (to three or four) outweigh the costs, particularly in circumstances in which over 96% (in value) of the country's waste and scrap metal exports currently take place through Durban, Cape Town and Johannesburg
- 3.2.6.3 The limitation of ports for exports of products from the metal sector will enable authorities to be able to use their limited monitoring and enforcement resources more effectively and with more impact. In particular, law and customs enforcement authorities will be able to dedicate increased resources to the designated export ports so as to ensure that scrap and semi-finished metal products are not exported unlawfully.
- 3.2.7 *Land borders.* Given that current data does not indicate significant use of land borders for export of scrap metal, it is not proposed to include them as permitted exit points for exports. Government nonetheless seeks public comment on the necessity of including land borders and, if so justified, restricting the export of waste, scrap and semi-finished metals across the

country's land borders to specific border crossings, which will be determined following consideration by the dtic, SARS, ITAC, SAPS and the MTTF.

Policy coordination, alignment and enhanced cooperation

3.2.8 *Policy coordination between countries in regional bodies.* Government will enhance co-operation with SADC, SACU and the AU to avoid scrap metal syndicates relocating to neighbouring countries to circumvent South African restrictions.

3.2.8.1 Government understands that criminals and criminal syndicates may attempt to circumvent the more onerous registration system by, *inter alia*, smuggling stolen metals out of the country including via illegal land border crossings. This would undermine the policy proposals being considered and may lead to continued theft of metals from public and other infrastructure. Government will therefore be engaging with all relevant regional and continental structures to encourage heightened vigilance at land border posts and crossings.

3.2.8.2 In addition to avoiding circumvention of South Africa's policy measures, other African states are likely to face similar risks to their public infrastructure. For example, Kenya prohibited trade in scrap metal in January 2022 after vandalism and theft of transmission lines, road and critical rail infrastructure. Government will share its approach to regulating metal trade with other African states and seek to develop coordinated and aligned policy measures via participation in SACU, SADC, and the AU structures.

3.3 **Phase 3:**

3.3.1 This phase envisages potential amendments to the Second-Hand Goods Act and related legislation as well as the possible introduction of a new dedicated metal trading statute to further strengthen the fight against metal theft and damage to infrastructure. The latter statute may include a comprehensive licensing system for buyers and sellers of scrap and other metal products, which would replace the registration system provided for in the Second-Hand Goods Act.

3.3.2 Given the length of time required to make amendments to legislation or to pass new legislation, even where such legislation is progressed on an expedited basis, these interventions can only be implemented in the third phase.

3.3.3 To the extent that any phase 2 intervention cannot be implemented in that phase because amendments to primary legislation (i.e. Acts of Parliament) are required as opposed to amendments to subordinate legislation (e.g. regulations), they will be implemented in phase 3. Additional legislative measures under consideration for phase 3 include the following:

Prohibition on the Use of Cash in Scrap Metal Transactions

3.3.3.1 As noted in the Budget Review 2022, the Government is contemplating additional anti-money-laundering measures, including customer due diligence, recording of Finance Intelligence Centre Act No. 38 of 2011 information for all buyers and sellers of waste and scrap metals and semi-finished metal products, and the prohibition of cash transactions for all scrap and semi-finished metal trade. All waste, scrap and semi-finished metal trades would be required to be concluded electronically, for example through electronic fund transfers (EFT) or innovative digital payments solutions that allows for track and traceability. This will significantly improve monitoring and enforcement as verification and investigations will be able to identify the source of supply in metal transactions.

3.3.3.2 If buyers or sellers are found in possession of waste, scrap and semi-finished metal products that are not backed up by an EFT (or similar) record, the buyer or seller will be subject to sanctions, including the potential withdrawal of their registration.

Blacklisting of offenders

3.3.3.3 Government will consider implementing a system in terms of which persons who are found to have committed an offence in relation to metal theft or to have contravened the metals trading regulatory regime will not be eligible for government contracts. This may include blacklisting persons who manage or control an entity that is found to

have committed such an offence or to have contravened the regulatory regime.

4. ANTICIPATED IMPACT

The Government is in the process of considering the anticipated impacts of the regulatory measures outlined in this document. These anticipated impacts include the following:

- 4.1 The temporary prohibition on exports of waste and scrap metal, and the creation of a permit system for the export of semi-finished metal, in phase 1 is likely to lead to a material reduction in the theft of metal from the country's infrastructure, including its energy and transport infrastructure, which will have significant benefits to the South African economy. It is anticipated that the prohibition and permit system will achieve this aim by eliminating (or reducing) one of the avenues for monetising stolen metal (i.e. its exportation).
- 4.2 In addition, because these interventions will divert significant volumes of scrap metal to the local market, they will lead to lower scrap metal prices which is likely, in turn, to disincentive metal theft.
- 4.3 It appears that a temporary prohibition on the export of waste and scrap metal would not have a significant negative impact on legitimate local upstream collectors and recyclers as the volumes of waste and scrap that are currently legally exported can be sold locally. It is also worth noting that the temporary (two-month) prohibition on the export of scrap metal which was introduced in 2020 in response to the COVID pandemic and the resultant lockdown, did not cause serious harm.
- 4.4 The enhanced regulation of domestic trading envisaged in phases 2 and 3, will further bolster the country's fight against metal theft. The core domestic policy moves include a) the enhanced registration conditions for metal traders, b) the enforcement of the registration requirement in respect of sellers, c) the enforcement of the registration requirements on dealers in semi-finished metals, d) input-output reporting requirements, e) the requirement for registered buyers to only purchase copper scrap and semi-finished copper from registered sellers, and

f) the prohibition on the use of cash in all transactions involving scrap and semi-finished metals.

- 4.5 These interventions will lead to a formalisation of the metal trading industry whereby only legally-compliant and transactionally transparent businesses will be able to legally trade in scrap and semi-finished metal products. This will in turn enable closer monitoring of the physical movement of these products, and more targeted enforcement activities, thereby significantly increasing the risks of dealing in stolen goods.
- 4.6 Criminals and criminal syndicates will face increased risk of arrest as anyone in possession of waste, scrap or semi-finished metal will be required to present the appropriate registration certificate. Thieves will no longer be able to openly coordinate in the trade and movement of stolen metal, just because the material has been shredded or melted. For licensed buyers, the incentive and ability to knowingly purchase stolen goods, or to 'turn a blind eye', will be greatly reduced. The potential consequences for violating a registration condition will include arrest, prosecution and the cancellation of one's registration. This will reduce the opportunity to 'whitewash' stolen scrap into legitimate, formal value-chains.
- 4.7 The proposed regulatory measures, including the licensing regime, will allow legitimate, lawful metal collection, recycling, production, export and import to continue but within the constraints of a regulated environment aimed at combatting illicit trade in stolen metal.
- 4.8 Informal collectors could potentially lose the ability to collect and sell waste and scrap metal as they are unlikely to be in a position to meet the registration requirements (including the payment of registration fees). However, this impact is mitigated by the availability of multiple, alternative revenue streams for informal collectors in respect of other recyclable items such as glass, plastic and paper (particularly in circumstances in which more and more products are subject to recycling and reuse requirements).
- 4.9 More generally, it is expected that the regulatory interventions will lead to a consolidation among scrap metal traders, with informal traders encouraged to

formalise their business activities (or to be employed by scrap metal collection enterprises).

- 4.10 The consolidation of scrap feedstock supply is likely to result in some reduction in the domestic supply of scrap. However, the export restrictions (i.e. the temporary export prohibition and the extension of the export permit system) are likely to divert substantial volumes of scrap back onto the domestic market, offsetting the impact of domestic consolidation. Thus, despite imposing strict trading regulations, the net result of the new trading regime might be that the scrap supply to local industries such as mills and foundries would increase. In any event, given the magnitude of South Africa's metal theft problem, it appears that any negative impact on the local supply of scrap is more than outweighed by the benefits to society through the reduction in the theft of, and the severe damage to, public and other infrastructure, the saving of lives and the positive benefits to the economy.
- 4.11 The impact on scrap feedstock supply will be closely monitored by the MTTF, especially in the case of copper, where tighter restrictions will apply to domestic trading.
- 4.12 In order to ensure that the export prohibition, and the other envisaged regulatory measures, are effective, Government will need to allocate significant resources to administration and enforcement of these measures. For example, a prohibition on exports will only be effective with strong monitoring and enforcement at ports, while a licensing regime requires the allocation of administrative resources. This will have financial implications for the fiscus, but this financial impact is anticipated to be more than outweighed by the economic benefits flowing from the regulatory measures.

-ENDS-