

## 'Chrome exchange is better than export tax'

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Dineo Faku

THE local mining sector should focus on introducing a chrome exchange instead of pressing for a proposed \$100 (R829) a ton tax on raw chrome exports, Iraj Abedian, a special adviser to Mineral Resources Minister Susan Shabangu, said at a Mining for Change seminar in Johannesburg yesterday.

Abedian argued that introducing a tax on the export of raw chrome would not be sustainable in the long term. South Africa, which is home to 70 percent of the world's known chrome reserves, should rather introduce a chrome exchange similar to Canada's producer-led potash marketing arm.

Abedian said a chrome exchange would go a long way towards "maximising the national interest". A similar exchange could also be introduced for platinum and other mineral commodities where South Africa was a major supplier.

Chrome ore is converted into ferrochrome for use in the production of stainless steel.

Earlier this year Merafe Resources chief executive Stuart Elliot led a call by ferrochrome producers for the government to introduce a \$100 a ton export tax on raw chrome to protect the ferrochrome industry, which was being undercut by Chinese refiners.



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“If we don’t put in place an exchange market for chrome, we will lose out,” Abedian said.

On investment, Abedian said the government should avoid being bullied into financing infrastructure that would only benefit the private sector at the expense of the poor.

Abedian, the chief executive of Pan-African Capital, stressed that South Africa had to steer clear of the Spanish trap, where fiscal deficit challenges arose.

He said the government could listen to calls for economic infrastructure, but should not subsidise these plans as the poor would finance the global rich. He suggested that instead of building infrastructure, the government should award licences to firms to build the needed power stations, for example.

During his State of the Nation address, President Jacob Zuma said the government would invest R300bn over seven years in capital projects to develop infrastructure.

The plans included the integration of rail, road and water infrastructure in the Waterberg and Steelpoort areas in Limpopo to unlock the potential of the mineral belt containing coal, platinum, palladium, chrome and other minerals.

Rail transport connecting the coalfields to power stations would also be expanded.

Abedian said mining houses had become multinational firms and “portfolio managers” that were detached from issues of national interest. He said leadership by the government and business was needed to push beneficiation in South Africa.



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