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## South African junior chrome producers against proposal to ban exports

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miningmx.com reported that a group of junior chromite ore producers are preparing to lobby South Africa's parliament to counter a request by major producers for the state to impose quotas and a duty on ore exports.

The group, currently comprising eight junior companies, feels that the proposal by the major players will destroy their businesses and they regard the request by the majors as protectionist and cartel like behavior designed to shield their operations while taking out the smaller firms.

Towards the end of October, a delegation representing Xstrata, Samancor, Heric Ferrochrome, International Ferrometals and Tata Ferrochrome, which together make up 90% of ferrochrome produced in South Africa, asked the government to protect them from the ramifications of increased Chinese imports of ore. The delegation asked for a duty of USD 100 per tonne to be imposed on chromite ore exports and that only integrated producers for ferrochrome be allowed to export ore, which cuts out companies that don't have furnaces to produce ferrochrome. It suggested those permitted to export be restricted to just 30% of their ore equivalent ferrochrome production capacity.

Some juniors, that are exporting only chromite ore at this stage because South African power utility Eskom is unable to provide them power for at least the next five to nine years, reacted angrily.

They said "These are classic bully boy tactics. The big mining houses want to beat the hell out of us little guys so we are getting together to lobby against the proposals they recently made to parliament. By doing this it will kill the junior industry. We may be forced to sell to the majors and you can bet we wouldn't get export parity prices."

A second executive said the proposals would protect the South African ferrochrome industry at the expense of smaller, independent companies, some of whom have intentions to move into downstream production but have had their hands tied by power constraints and so feel they are about to be unfairly penalized.

(Sourced from miningmx.com)

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