
Update on SA ferrochrome export to China

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The exports of chrome ore from South Africa have been continuing to increase and particularly, an expansion of the exports for China is remarkable. China imported 1,245,000 tonnes of chrome ore from South Africa in January to June 2008 period, up by 55.4% YoY.

South African producers were initially expected to increase substantially China's imports of ferrochrome in 2008 but the imports by China have come to a standstill at present. Ferrochrome producers of South Africa had a judgment that China will import 2,000,000 tonnes per annum of ferrochrome in 2008 and become the largest country in the world to import ferrochrome, because China imported 1,348,000 tons of ferrochrome in the preceding calendar year of 2007.

South African side estimated that the imports of South African charge chrome into China in 2008 will share more than 50% of the whole import, because the share of South African product imported into China in 2007 reached 40%. However, in view of the quantity of ferrochrome imported from South Africa into China in the first half of 2008, this expectation to have a considerable increase of the imports from South Africa by China has failed to materialize.

The largest reason for this inactivity of South African ferrochrome imported into China in the first half of 2008 is that China has been endeavoring to import chrome ore from all sources of the world as raw material for production of ferrochrome and to become the largest country for imports of chrome ore.

There is a movement in South Africa that the Mineral and Petroleum Resources Development Act has to be enforced and the exports of resources from South Africa are regulated under this act. The DME has an intention to enforce the regulations for exports of South African resources but it will take a longer time for discussion on the regulations at South African Assembly and the matter in question is unable to progress. On the other hand, a crisis of electric power has suddenly emerged from the end January of 2008 in South Africa and this emergent occurrence has turned out an advantage for mining companies of chrome ore.

The government of South Africa has understood that the industry to export chrome ore from South Africa is properly suitable for the economic soil of South Africa. Nevertheless, the government has so far asked South African industries to raise the value to be added and, accordingly, is not in a position to assume the attitude of an onlooker. Therefore, the future of business to export chrome ore from South Africa is not clearly foreseen.

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