

## **Multi-Million Rand Turkish Investment In Western Cape Turns Scrap Metal Into Jobs, Profits**

Local scrap metal, previously shipped out of South Africa with virtually no local benefit, is now being transformed into tens of thousands of tons of valuable steel, boosting job creation in greater Cape Town and the national economy generally.

The transformation of the sector came courtesy of a partnership between Turkish company DHT Holding Africa and the South African government, struck with a view to breathing new life into an abandoned Kuils River steel mill. Today, with DHT's initial R550-million investment, Cape Town Iron and Steel Works (CISCO) has produced more than 80 000 tons of steel and creating jobs for 300 people in less than a year after it resumed operations, forecasting an additional investment potential of R1billion.

The investment, the second-largest in South Africa by a Turkish company after Defy, was celebrated at a ribbon-cutting ceremony on Wednesday (May 30, 2018) to signal the official opening of the factory.

Other than jobs, the staff also benefit from a 15% ownership stake in the Western Cape operation, thanks to the establishment of the CISCO Workers' Trust, which dictates that a minimum 85% membership must comprise historically-disadvantaged employees.

National Economic Development Minister Ebrahim Patel, who delivered the keynote address at the event, said his department cooperated with the Turkish company from 2012 to see the ideal realised, adding R230million to the DHT's initial R550-million investment.

He hailed DHT president Dagistan Turanli for turning an empty space into a productive workplace after 360 jobs were lost eight years ago, when former owners Murray & Roberts shut up shop.

"Through investment and partnership, we now have a happy story to celebrate," Patel said, adding that seeing scrap turned into valuable products and jobs marked a dramatic turnaround after the national resource had gone unutilised for many years.

Now, instead of scrap metal being exported to countries like China and India, which in turn transformed it into steel products for their own countries' infrastructure and for export, the Turkish entrepreneurs were now allowing South Africa to benefit fully.

Of the tens of thousands of tons of steel already produced in the past eight months, product had gone into the local industry in the Western Cape, but had also been widely exported to the United States, and to other African countries including Tanzania, Mozambique, Namibia, Botswana, Zimbabwe and Uganda.

Patel explained that he gave South Africa's International Trade Administration Commission a trade directive – the first time a rule was employed to ensure raw materials in the form of scrap had to first be offered to local users before it could be exported. A price preference system was also introduced to ease access to raw materials locally.

"In South Africa, it's called beneficiation, and this is an example of successful beneficiation," he said to loud applause.

Turanli, who travelled from Turkey for the official opening, said he believed fully in the Kuils River project, to which they intended to make constant improvements in order to ultimately add value to raw materials in South Africa.

Having worked previously in the iron and steel industry, this wasn't new territory for DHT, and they had arrived to do business in South Africa with full confidence in the local economy and workforce.

Future plans included potential investment in the mining sector, along with national expansion to Durban and Gauteng, but also to other countries in Africa.

"Africa is a huge investment opportunity for us," he said, adding that aside from the business side of their operations, they also had a strong interest in simultaneously uplifting local communities.

"We have employed 300 people at the factory, and we have plans to introduce four shifts and up that number to 500, but we also have our Worker's Trust along with a training centre where we teach relevant steel industry skills to local youngsters.

"Every investment opportunity helps create jobs for local communities, as is our case, but the network extends far beyond that to everyone involved in our supply chain, and their extended families of course. Those families are very important to us," Turanli said.

Turkey's ambassador to South Africa Elif Comoglu Ulgen said at the event that she was extremely proud of the collaboration, and would like to see more investment partnerships between the two countries.

"We know the potential of both our countries, and what we have created here is a model of something that we hope to see replicated further. It's taken patience and perseverance, but the wisdom and vision DHT brought to South Africa has led us to this very successful moment," she said.

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