Treasury bans use of imported cement on government-funded projects

National Treasury has issued a circular to all relevant state departments notifying them of a new ruling in terms of the Preferential Procurement Regulations which will restrict cement procurement for government-funded projects to local manufacturers only. The directive comes into effect as of 4 November.

Source: Sasin Tipchai © 123RF.com

The ruling applies to all three levels of government - national, provincial, and local authorities, as well as state-owned enterprises, and must be stipulated in all tender notices that only locally produced cement, produced with locally sourced raw materials, will be allowed for use on government infrastructure projects.

According to Bryan Perrie, CEO of Cement and Concrete SA, the industry body has been working towards this outcome for several years in order to protect the local cement industry from cheaper imports. He highlighted that local manufacturers have been at a disadvantage as not only do they have to comply with the national regulatory requirements, as do importers, but they also have to meet the requirements of the Mining Charter, transformation targets, social and labour plans, and carbon tax regulations.

While local industry capacity is 20-22 million tonnes a year, it currently only produces between 12-13 million tonnes of cement, according to Perrie, so there is capacity to support the massive infrastructure drive on which the public sector is embarking.