

NEVA MAKGETLA: Links in the cable theft value chain hard to find, let alone break

Concern for waste-pickers seems to prevent proper curbs on scrap merchants

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Theft of the copper electrical cables on the railway lines between Egerton and Mount Ruth station in Mdantsane in the Eastern Cape is evident in this file picture. Picture ALAN EASON

It is often hard to pin down an industry based in criminality, such as the cable theft value chain. Stats SA does not collect the standard economic data on its turnover, employment or exports. Instead, we have to piece together anecdotes and sketchy security and media reports.

Nonetheless, coming up with effective measures to combat cable theft requires a critical review of the available evidence on the extent of the problem and the systemic causal mechanisms behind it. The alternative is to fall back on draconian punishments, which almost never work for high-return activities.

Cable theft became a global problem when international metals prices boomed in the 2000s. That offered new opportunities to syndicates and informal scrap traders, shifting up the supply curve so that it remained endemic even after world prices dropped from 2011.

Then, four years ago, syndicates began to target overhead cable at Transnet and private coal lines. The amount of cable stolen from Transnet multiplied more than tenfold from 2017 to 2021. In the past year coal exporters said the disruption to freight rail cut their exports by 14-million tonnes just as international energy prices skyrocketed – a loss of more than R15bn in foreign revenue.

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It is not clear that other infrastructure experienced a similar spike in cable theft,

despite surging copper prices in the past year. Eskom recorded no increase in incidents. The Passenger Rail Agency of SA's (Prasa) lines were pillaged after it removed security from them in 2021 in a contract dispute, but that was driven by a (hopefully) one-off increase in opportunity. The municipalities barely report on infrastructure theft.

For businesses and households, the interruptions to rail and electricity services are often worth several times the cost of replacing the stolen copper. In consequence, the victimised companies and towns consistently underspend on security from the viewpoint of the full economic and social cost. The number of cable theft incidents almost tripled at Transnet from 2017 to 2021, but its spending on security rose just 25%.

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Prasa now operates at about 15% of capacity, while commuters pay billions in higher taxi fares and lost wages. Copper theft is officially a priority crime, but the nonferrous metals crime combating committee aims to share information among stakeholders rather than bolster investigative capacity, according to AS Liebenberg in a 2020 PhD thesis.

Another vulnerable point is the persistence of informal scrap trading despite the introduction of registration requirements in 2012. Every big reported cable theft involves a backyard dealer to smelt down cable in imported tabletop induction furnaces, often for export. But the system of registration for metal scrap traders imposes minimal requirements and is incoherent and localised, making it difficult to monitor illegal trades.

These conditions have led to peculiar export figures. In 2014 SA restricted legal exports of copper scrap, which plummeted from 70,000 tonnes in 2010 to less than

10,000 tonnes in 2014. Yet according to the SA Revenue Service (Sars) the fall was offset by an equivalent jump in exports of unrefined copper. Indeed, by Sars figures SA now exports more raw copper than it produces and imports, and four times more than the department of mineral resources & energy reports. Most of the purported raw copper exports are likely to be mislabelled scrap.

It follows that stricter restrictions on trade in copper scrap could go far in deterring theft. They could include stronger registration requirements; forcing dealers to certify the source of all copper purchases and exports; ending cash payments for copper; and banning home-based copper smelting.

This type of measure faces vocal opposition from recycling companies, which often argue that impoverished informal waste-pickers would be harmed. However, according to national employment surveys, formal recycling of all materials employs just 20,000 workers, with another 30,000 in the informal sector – and the vast majority do not trade in copper. Waste-pickers in particular live off tins, paper and plastic, not copper cable.

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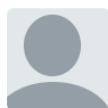
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Lloyd Macklin • a month ago

I recently observed an entire factory dismantled. I'm talking about a several thousand square metres building reduced to ground level. I can only assume that the entire operation was illegal as I observed informal scrap collectors on site.

This massive operation must have involved major players and yet authorities were not interested. How can we hope to stop metal theft when authorities turn a blind eye?

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