

# 'Need to end steel monopoly'

## Transnet looking at making Uitenhage plant SA hub for manufacturing rail wagons

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**P**UBLIC Enterprises Minister Malusi Gigaba said yesterday the government wanted to break the monopoly on South Africa's carbon steel industry held by former parastatal ArcelorMittal and Evraz-Highveld Steel.

He said breaking the monopoly would boost the government's infrastructure development programme, but would only come about by encouraging the introduction of a third major player in the market to drive down prices.

Gigaba was speaking to the media at the Port Elizabeth Harbour, at the final shipment of 200 rail wagons manufactured by Transnet Rail Engineering's Uitenhage plant for a project in Mozambique.

"The issue of high steel prices is a concern to government," he said. "If Transnet is to spend hundreds of millions of rands procuring [carbon steel stock], we must have the right prices to support the products."

Gigaba said the government's sale of Iscor – now part of ArcelorMittal – in 1989 was a mistake.

He praised the work done by Transnet Rail Engineering's Uitenhage plant which in eight months designed, tested and manufactured 200 rail wagons.

Gigaba, who was joined yesterday by Transnet Group chief executive Brian Molefe, watched as the last 98 wagons were loaded on to a cargo ship headed for Mozambique's port of Beira.

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The wagons, built for global mining giant Rio Tinto, will carry coal from the company's coking coal mine at Moatize, in the Tete province, to Beira.

"This is a particularly proud moment for us, not only because of the significance of this achievement, but because of the stringent standards we imposed on ourselves to satisfy our customer.

"The design, development, prototyping, industrialisation and starting production of this new wagon was accomplished in less than five months – an impressive lead time by any international standards," Gigaba said.

So successful had the plant in Uitenhage been that Transnet was looking at making it the parastatal's South African hub for



**BAY BOOST:** Celebrating the shipment of 200 rail wagons produced at Transnet Rail Engineering's Uitenhage plant are (from left) Transnet Rail Wagon Business general manager Peter Cona, Public Enterprises Minister Malusi Gigaba, and Transnet Group chief executive Brian Molefe  
Picture: EUGENE COETZEE

manufacturing rail wagons. Its proximity to the Port of Ngqura and the Port Elizabeth Harbour was another reason for this, as it made exports easy.

Gigaba said the goal was to grow the plant's revenue from R950-million this year to R1.5-billion in 2012-2013.

"This is a significant pro-

gramme and product [for Nelson Mandela Bay] because our train manufacturing plant is a growing business," he said.

"This will help us to grow jobs

and diversify Transnet's business. There are 1000 people working at the Uitenhage plant. If we succeed to grow the business, we will be able to grow jobs."