

Arcelor could get R3bn fine

AFRICA'S largest steel manufacturer ArcelorMittal South Africa could face a fine of more than R3bn for price fixing, the competition regulator said yesterday.

The Competition Commission has asked the competition court to penalise ArcelorMittal and smaller competitor Evraz Highveld Steel and Vanadium up to 10% of their annual turnover for collusion.

ArcelorMittal's turnover for 2011 was R31.5bn while Highveld reported a turnover of R5.5bn for the year ending December 2011.

"Evidence before the commission indicates that the steel producers engaged in concerted practices or had understandings that Highveld would follow Mittal's lead on the pricing mechanism and changes in pricing, including discounts and transport tariffs," the regulator said.

The recommendation to the competition court comes four years after a complaint was filed with the authorities alleging that Mittal and Highveld adjusted their prices for steel products around the same time and with similar percentage increases.

ArcelorMittal spokesperson Themba Hlengani said that the company would comment after consulting with its lawyers.

Shares of ArcelorMittal dropped more than 4.4% yesterday to R53.48. ArcelorMittal's shares were also hurt by news that it had been excluded from the government's preferential procurement programme, which is designed to benefit local manufacturers, and a downgrading by Barclays Capital. - Reuters