

# Cabinet approves new initiative to curb steel prices

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**“VERY sensitive” negotiations are under way between the Industrial Development Corporation (IDC) and global steel industry players to establish a new steel production facility in SA, the Department of Trade and Industry says.**

**The government regards a competitive steel price as crucial for iron and steel beneficiation and the industrialisation of the economy.**

**Talks about the new plant were**

**“far advanced” and prefeasibility and feasibility studies would be completed next year, department deputy director-general Garth Strachan said yesterday.**

**He said “strong conditionalities” would be attached to the deal to ensure that the state’s developmental objectives were achieved.**

**The government would prioritise the provision of electricity to the new steel producer.**

**These negotiations had nothing to do with the IDC’s acquisition of**

**74% of steel group Scaw from Anglo American for R3.4bn.**

**The Cabinet announced yesterday that it had endorsed the findings of a report by an interdepartmental task team on the iron ore and steel value chain, which was mandated to devise measures to bring down the high price of steel.**

**It had adopted a range of measures, including an amendment of the Competition Act, to force ArcelorMittal SA to pass on iron ore price concessions to downstream**

**steel users. Arcelor Mittal said yesterday that it could not comment until it had studied the proposals.**

**The Cabinet also gave the green light to measures to control the export of scrap metal.**

**Mr Strachan said the Competition Act would be amended “to ensure that iron ore price concessions accruing to the primary steel industry are indeed passed on to downstream steel users”.**

**“This will require appropriate powers to determine pricing**

**methodologies, monitor compliance and sanction noncompliance. The amendments will be finalised in 2013,” he said.**

**Performance Monitoring and Evaluation Minister in the Presidency Collins Chabane said the Cabinet wanted the recommendations to be implemented urgently.**

**They included the amendment of the Mineral and Petroleum Resources Development Act and amendments of shareholder compacts with state-owned enterprises.**