

IDC puts in time to resolve Kalahari, ArcelorMittal impasse

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State-owned lender Industrial Development Corporation (IDC) is working around the clock to end the feud between Kalahari Resources and global steel giant ArcelorMittal.

Kalahari, headed by

10% of the project), it was playing a mediatory role behind the scenes to resolve the impasse.

"We might not be vocal about the matter, but we are engaging with both parties to ensure that a solution is reached. We want to see a solution being reached soon," Qhena said.

Kalahari has invested more than R1.3 billion in the venture and ArcelorMittal has pumped in more than \$430 million and the IDC invested R100 million. The IDC has set aside a further R2 billion to lend to the aspiring

manganese producer, Kalagadi.

The project is expected to create 3 200 jobs. It involves the construction of a manganese mine and sinter plant near Hotazel in Northern Cape. A third leg of the project involves the construction of a ferromanganese smelter in the Coega Industrial Development Zone, near Port Elizabeth.

The squabble between Kalahari and ArcelorMittal has raised fears that the project may completely derail. But Qhena was optimistic that "the project will be delayed, but it won't be

cancelled".

Last week, the high court granted ArcelorMittal, which owns 50% of the project, leave to appeal the decision to pay the R241 million to Kalagadi. It has, however, complied with the judgment and paid the money. On the other hand, Kalahari has pledged its 40% shareholding in Kalagadi as security and in the event ArcelorMittal won in the appeal process, it could lose its shares if it is unable to repay the money to the steel company.

Besides the R241 million, the steel producer and Kalahari are

clashing over corporate governance issues at Kalagadi.

City Press understands that one of the concerns raised by ArcelorMittal was Mashile-Nkosi's insistence on holding the positions of chief executive and chairperson of Kalagadi. This is forbidden by the King III report, South Africa's bible on corporate governance.

Said Qhena: "The company needs to comply with the King recommendations. We can't have a one-man show. It is important to clarify roles and get the right CEO because we are dealing

with billions."

He added that during the early stages of the project, it was not a problem to have one person doubling up as chairperson and chief executive, but the project had become too big for one person to handle both roles.

Meanwhile, the IDC recorded a 22% jump in its profit to R3.3 billion this year from R2.7 billion last year. For his impressive performance, Qhena, as chief executive, was rewarded with a 22% increase in his pay to R10.7 million this year from R8.8 million last year.