

COMPETITION ENFORCEMENT

## Mittal, Highveld face collusion charges

HENRY LAZENBY

CONTRIBUTING EDITOR ONLINE

THE Competition Commission reported last week it had referred a case of collusion against steel producers ArcelorMittal South Africa (Mittal) and Evraz Highveld Steel & Vanadium (Highveld) to the Competition Tribunal for adjudication.

The charges related to price fixing and market allocation with regard to flat steel products.

The commission's investigation followed a complaint in early 2008 alleging that Mittal and Highveld had adjusted their prices for steel products around

the same time and with similar percentage increases.

The commission said that evidence before it indicated 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.

An investigation also found that the steel producers divided the markets by specific types of goods, maintaining market shares and allocating supply quotas for exports. The arrangements regarding exports included agreements with European steel producers association Eurofer.

"This conduct was maintained through information exchanges on sales volumes, which allowed them to monitor and

maintain market share and prices. The understandings were facilitated through meetings and information exchanges through the steel industry association, the South African Iron and Steel Institute," the commission said in a statement.

The tribunal was asked to impose a penalty of 10% of yearly turnover on each of the steel producers.

"We have noted the Competition Commission's decision to refer the matter to the tribunal for adjudication. We will study the referral papers and comment thereafter," Mittal spokesperson **Themba Hlengani** said.

Highveld company secretary **Cathie Lewis** told *Engineering News* that the company had no comment at this stage, other than that it was busy studying the referral.