

Numsa slams ArcelorMittal SA

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THE National Union of Metalworkers of South Africa (Numsa) has rejected ArcelorMittal SA's (Amsa) assertion that jobs losses could occur as a result of government's decision to exclude certain primary steel products in the designation for local content and production in the public sector procurement system.

"If Amsa is as concerned about job creation as it alleges, then it should change its current uncompetitive pricing practices. Research has shown that if steel prices decrease by 10%, a fifth of the firms in downstream steel manufacturing would increase employment by 20%. A 30% decline in steel prices would result in over half of such firms increasing employment by 20%" said the union in a press release.

The union's response follows last week's report that the Department of Trade and Industry (DTI) will exclude certain primary steel products from its local content and production designation in the public sector procurement system.

What this effectively means is that there is no preference given or distinction made, in terms of public spend, between imported steel and locally produced steel thereby forcing local producers to compete with imports on pricing.

In welcoming the statement made by the DTI, the union said "producers of intermediate input products such as ArcelorMittal South Africa (Amsa) already enjoy local market dominance and therefore do not warrant special government support for their ongoing operations. As long as their pricing structure is competitive, such producers should have no problem retaining their market share."

Numsa added that there are two important qualifying criteria for designation under the DTI's procurement plans.

These are "price competitiveness and the capacity to meet demand requirements. It is worth noting that Amsa has consistently fallen short of achieving these requirements," it said.

"South African primary steel producers, specifically Amsa, have con-

UNION: 30% decline in steel prices means employment increases

tinued to derive an implicit advantage by pursuing uncompetitive pricing practices that are harmful to downstream industries and public interest despite persistent criticism from both the private and public sectors.

"Furthermore their capacity to supply inputs cannot be guaranteed; Amsa recently announced that it would be halting the production of

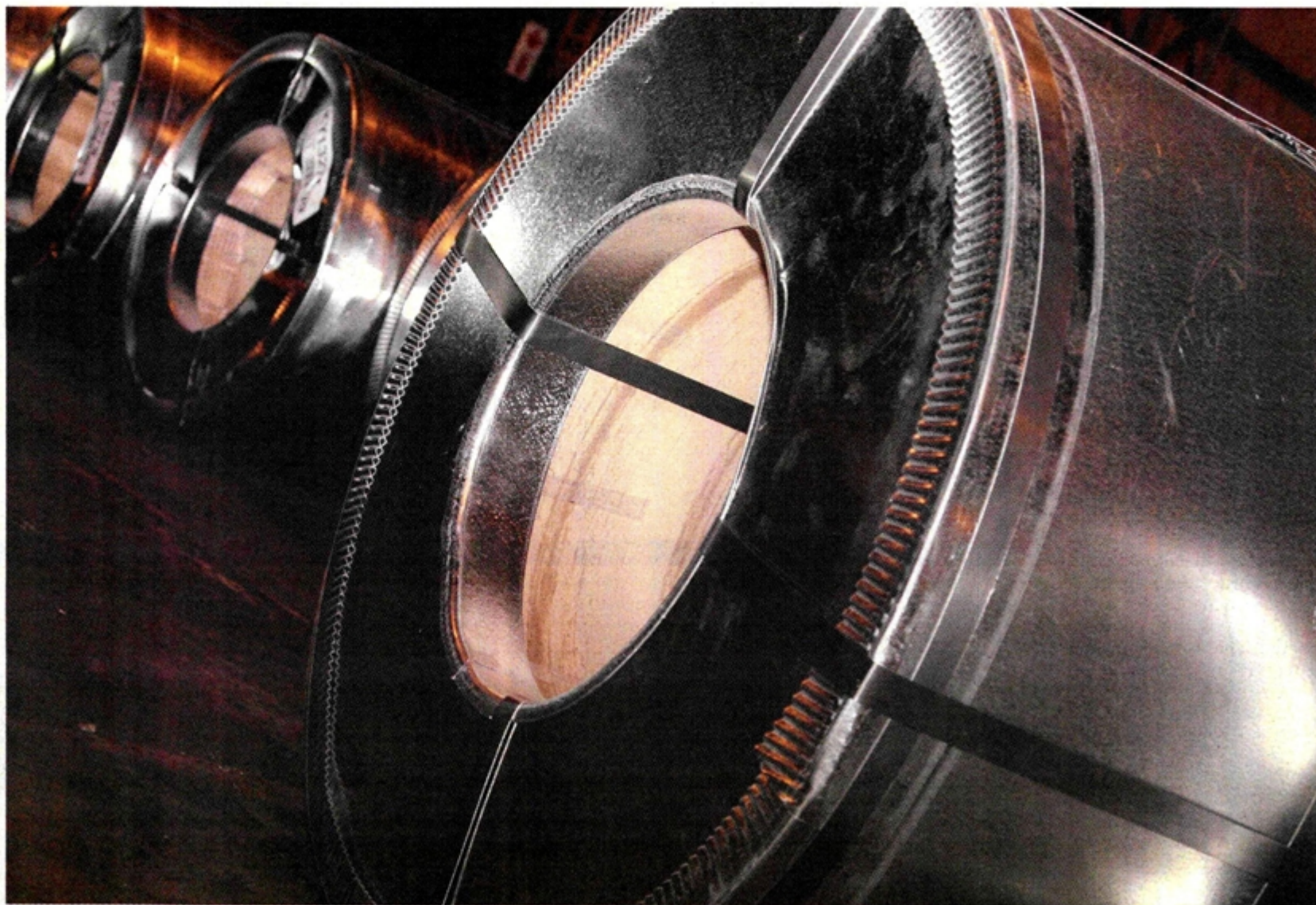
special electro-galvanised steel locally and that it planned to stop the production of several higher grades of flat and long-steel products; this at the expense of the local automotive production industry," the Numsa press release read.

The Southern African Institute of Steel Construction's executive director, Dr Hennie de Clercq, said that it sees the latest move by the DTI as

part of a long standing battle between government and Amsa whereby the former has unsuccessfully tried to bring the price of steel down. De Clercq pointed out that there had been an increase in imports of steel in the last year especially due to technical problems at Amsa and Evraz Highveld Steel which had enabled steel imports to find a footing locally.

With the overproduction of steel in the world, competitive pricing, technical difficulties and loss of senior staff at Amsa, De Clercq said one couldn't help but be concerned. De Clercq said that he personally believes that it is better to produce steel locally instead of importing it especially considering the large amount of jobs at stake.

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JOB UNCERTAINTY. Rolled steel stands at ArcelorMittal SA's Vanderbijlpark facility. The National Union of Metalworkers of South Africa has rejected the steel maker's assertion that job losses could occur as a result of government's decision to exclude certain primary steel products in the designation for local content and production in the public sector procurement system. Picture: Desiree Swart.