

STEEL PRICES

Renewed Opportunity

SA seeks 'breakthrough' in steel dispute, Mittal lowers some prices

TERENCE CREAMER | EDITOR

JSE-listed steel producer ArcelorMittal South Africa (Mittal) confirmed last week that it had lowered the prices of some long-steel products from April 1, while leaving flat-product prices unchanged from the previous month.

Spokesperson **Themba Hlengani** said wire products decreased by an average of 6.4%, while spring steel products had been lowered by an average of 3.6%.

The prices of rolled rounds and squares of 14.5 mm and larger were also lowered by an average of 3.9%.

In March, Mittal lowered flat prices but left the long product prices unchanged.

During that month, plate products decreased by an average of 5.4%, hot-rolled and cold-rolled products were reduced by an average of 2.5%, while certain galvanised products decreased by 4.8%.

Confirmation of the price adjustments came as the Competition Commission referred both Mittal and Evraz Highveld Steel & Vanadium to the Competition Tribunal after its investigation unearthed evidence of collusion on flat-product prices committed during 2008.



Picture by Chief Photographer Duane Davis

ROB DAVIES

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It also arose amid a news report that Mittal was unhappy that domestically produced steel had not been 'designated' for preference under the South African government's local-procurement push.

Government had set strong local-content targets for several steel-intensive sectors, including railways equipment and power pylons. But the Department Trade and Industry would not extend additional credit for use of local steel in the fabrication of these products.

It appears the decision is based on government's ongoing disquiet over the way steel is priced domestically, which it claims is undermining the competitiveness of downstream steel fabricators and manufacturers.

However, Trade and Industry Minister Dr **Rob Davies** indicated last week that his department was not entirely closed to the idea of offering preference to local steel.

Local Producers

However, he said the priority was to find a solution whereby local steel producers continued to benefit from low-cost iron-ore, but for that benefit to flow through to steel prices.

He said the departments of Trade and Industry, Mineral Resources and Economic Development had been mandated by Cabinet to secure a resolution to the long-standing dispute over so-called "competitive" steel pricing.

"We need to see a breakthrough on that kind of issue . . . before we can start considering things like designations of steel," Davies said at the launch of the latest version of the government Industrial Policy Action Plan.

"But maybe there is renewed opportunity, arising from what was said in the press, for us to take forward that conversation with a renewed sense of urgency and vigour."