

State squeezes Sasol, Arcelor for lower prices

South Africa will put pressure on steel producer ArcelorMittal SA and petrochemicals firm Sasol to reduce prices and help cut input costs in the steel, platinum and polymer industries by up to 15%, a government minister says.

The government in Africa's second largest economy is pushing to revitalise industrial capacity by encouraging companies to add value to minerals; a process referred to as "beneficiation" locally; before exporting them.

"We've got to ensure that the mineral inputs are available at a competitive price, a lower price in South Africa than it is available outside of this country," Trade and Industry Minister Rob Davies said in parliament this week.

"If ArcelorMittal were able to reduce current prices by 10% then I think that would amount to a very significant injection

into industries using steel product," he said.

A similar 10-15% discount for polymers at Sasol would also benefit downstream manufacturers, he added.

Competition authorities fined the petrochemicals group R543 million in June for excessively pricing its propylene and polypropylene products.

Both are key ingredients in the making plastic buckets and motor car parts. Sasol is appealing the fine. - Reuters

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