

# Watchdog accuses Mittal and Highveld of collusion

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THE Competition Commission yesterday accused ArcelorMittal SA of price collusion and recommended a fine of 10% of annual turnover — about R3bn.

The finding against ArcelorMittal and its competitor, Evraz Highveld Steel and Vanadium, was referred to the Competition Tribunal for adjudication. Neither company would comment. ArcelorMittal's

share price fell more than 6,5% to R52,53 on the JSE.

Trade and Industry Minister Rob Davies reiterated yesterday at the launch of the new industrial policy plan that a Cabinet task team was exploring ways to drive steel prices lower through lower iron-ore prices. The plan also recommended that competition policy be used to bring about lower steel prices.

The Competition Commission said ArcelorMittal and Highveld had "adjusted their prices for (flat)

steel products around the same time and with similar percentage increases". Highveld had followed ArcelorMittal's lead on "the pricing mechanism and changes in pricing, including discounts and transport tariffs", it found.

The firms had "divided the markets by specific types of goods, maintaining market shares and allocating supply quotas for exports".

ArcelorMittal has 80% of SA's market share in flat steel products and Highveld 20%.

This is not the first time the competition authorities have taken on ArcelorMittal. A complaint by Harmony Gold came to nothing when, after a marathon investigation had found "excessive" pricing, the companies settled the matter. The complaint concluded yesterday was pursued by the commission itself.

Mr Davies said the Cabinet task team was looking at the suggestion that 21% of Sishen's iron ore production should be available at cost plus 3%. Steel producers would pass

on the benefit to manufacturers.

This was one option proposed in the African National Congress's research paper on state intervention in mining. The other was to regulate "monopoly" steel production.

One of the drafters, Paul Jourdan, said yesterday the collusion charge would have a limited effect on prices as the two firms did not have many products in common.

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