

ArcelorMittal to pay R1.5bn fine for role in steel cartel

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The Competition Commission has fined steel monopoly ArcelorMittal SA R1.5bn - the biggest fine imposed on a single company for anti-competitive behaviour in SA's history.



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The commission said Arcelor had admitted to its involvement in long steel and scrap metals cartels. However, SA's largest steel maker had denied allegations of collusion in the flat steel and wire rod markets.

The R1.5bn fine brought to an end to all proceedings against the company, the commission said.

Investigations into the local steel industry began in SA began in 2008 following concerns about high and increasing steel prices, despite SA being a net exporter of steel.

Other stakeholders who had been implicated during investigations include Cisco (Cape Town Iron and Steel Works), Scaw Metals, Cape Gate and Highveld Steel and Vanadium.

Arcelor had agreed to pay the administrative penalty of R1.5bn, the commission said, in five annual instalments of at least R300m

The steel maker had also agreed to various other remedies, including limiting price increases of flat steel products and committing R4.64bn to capital expenditure for the next five years, while not admitting its pricing conduct contravened the Competition Act.

Competition Commissioner Tembinkosi Bonakele said the penalty sent a strong message of deterrence and was an important milestone in the watchdog's enforcement against cartels.

"In addition, the pricing remedy reflects our desire to protect SA consumers against dominant firms, particularly on key industrial products," he said.

Source: Business Day

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