



**MINISTRY  
ECONOMIC DEVELOPMENT  
REPUBLIC OF SOUTH AFRICA**

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**Minister welcomes action against collusion and price-fixing in the steel industry.**

The Minister of Economic Development, Ebrahim Patel, today welcomed the announcement of a R1,5 billion fine payable by ArcelorMittal, the country's largest steel-maker, for price-fixing and collusion in the steel industry.

This is the largest single fine imposed against a single company thus far by the competition authorities. The company also undertook, as part of the settlement with the authorities, to invest R4,6 billion in new capital spending to upgrade its plants and improve its competitiveness. The settlement further provides for a pricing mechanism that will cap the company's margin on flat steel products for a period of five years.

"The action by the competition authorities is part of a crackdown against abuse of market power and price-fixing that undermine the performance of the economy, imposes unnecessary costs on downstream factories and damages local jobs," Minister Patel said.

"South Africa's competitiveness and industrial performance require an efficient basic steel supplier industry. High levels of concentration together with collusion undermine our national goals. Companies collude because they believe they can get away with it. Over the past seven years, the competition authorities have focused on collusion and abuse of market dominance involving key input costs in the economy, such as steel-making, fertilisers, construction and telecommunications and well as important basic goods such as bread, poultry and flour," he said.

"Our resolve is clear: we want to promote investment-led economic growth, not collusion-induced economic stagnation. South Africa is open for business and the message we want to send is that we will act against conduct that damages competition and jobs," Minister Patel said.

"This can be a boost for small business and for new investors," he said.

"We look forward to seeing more competitive prices and will be monitoring price increases through the committee set up under the International Trade Administration Act, drawing on the information available from the company's customers. We will not hesitate to act against any further abuse of market power in the steel industry should this be necessary. We have recently brought into effect the provisions in the Competition Act that criminalise collusion and impose jail terms of up to ten years on directors and employees found guilty thereof," Minister Patel said.

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