



competition commission
south africa

MEDIA RELEASE

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**COMPETITION COMMISSION WELCOMES CONFIRMATION OF
ARCELORMITTAL SETTLEMENT AGREEMENT BY TRIBUNAL**

The Competition Commission (the Commission) welcomes the decision of the Competition Tribunal (the Tribunal), delivered yesterday, to confirm the settlement agreement, as amended, with ArcelorMittal South Africa Ltd (AMSA), as an order.

In August this year, the Commission reached an agreement with the steel manufacturer AMSA in terms of which AMSA admitted to involvement in the long steel and scrap metal cartels. AMSA agreed to pay an administrative penalty of R1.5 billion (one billion five hundred million rand), the largest such penalty to imposed on a single firm in the 17 year history of competition law enforcement in South Africa.

AMSA also agreed to a pricing remedy to address competition concerns relating to its pricing policy. In this regard, AMSA undertook that for five years it would limit its EBIT (earnings before interest and tax) margin to a cap of 10% for flat steel products sold in South Africa.

In addition, AMSA committed to a R4.6 billion capital expenditure over the next five years. The Tribunal approved the settlement subject to minor amendments, including the insertion of a new undertaking in terms of which AMSA has agreed “to engage in any future exchange with government departments and interested stakeholders regarding the promotion of steel imports, including risks of anti-dumping duties on such exports, in an open and transparent manner, subject always to compliance with the Competition Act”.

The amended settlement agreement covered 4 complaints against AMSA. Three of these complaints involve collusion in the flat steel, long steel and scrap metal market and one relates to excessive pricing in the flat steel markets. AMSA admitted it had engaged in price fixing and market allocation in relation to the long steel cartel and price fixing in the scrap metal cartel, in contravention of the Competition Act.

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