

IMMEDIATE RELEASE
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Tribunal approves amendment to payment terms of ArcelorMittal's R1,5bn settlement agreement

The Competition Tribunal has approved a variation agreement allowing ArcelorMittal to pay the first instalment of its R1,5bn fine in three tranches.

In late 2016, ArcelorMittal concluded a settlement agreement with the Commission in terms of which it had agreed to pay an administrative penalty of R1 500 000 000 (R1,5bn). The agreement was confirmed by the Tribunal on 16 November 2016.

In terms of clause 4.3 of the original agreement, the penalty was to be paid in five (5) annual instalments of R300m each, the first being due in November 2017.

The parties approached the Tribunal for a variation of that agreement and this was heard on Wednesday 14 February, 2018. The variation provides that the first instalment of R300 million will be paid in three tranches of R100 million, due on 30 November 2017, 1 April 2018 and 1 July 2018. ArcelorMittal confirmed that it has paid its November 2017 instalment.

The amendment is brought in terms of Clause 12.2 of the original consent agreement which requires the parties to confirm any amendments/ waivers to the agreement with the Tribunal.

ArcelorMittal's penalty is the largest single settlement amount imposed by the Tribunal to date.

ArcelorMittal admitted that it engaged in collusion with CISCO, Scaw and Cape Gate by fixing prices and discounts, allocating customers and sharing commercially sensitive information in the market for the manufacture of long steel products, and that it fixed the purchased price of scrap metal with Columbus Steel, Cape Gate and Scaw.

The agreement did not, however, contain an admission that ArcelorMittal had overpriced on flat steel products.

In terms of the agreement ArcelorMittal undertook that for a period of five years it would limit its EBIT (earnings before interest and tax) margin to 10% for flat steel products sold in South. It also committed to R4.64bn capital expenditure over the same period.

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