

A glimmer of hope FOR THE INDUSTRY

By Nadia Bekker, ArcelorMittal South Africa

On 20 July 2017, it was exactly two years since Highveld was forced to stop production as thousands lost their jobs. Looking back, this was a dark period, not only for the Mpumalanga province, but also for the steel industry and the country too. Concerned about the loss of such a critical steel capability, as well as the impact of this closure to the rest of the industry, ArcelorMittal South Africa, worked with the government, to ensure the sustainability of the local steel sector. This initiative was part of an on-going engagement with government. Fast forward two years, we have since seen the restart of the Highveld Structural Mill which now produces structural beams for ArcelorMittal South Africa through a contract manufacturing agreement. Though it definitely wasn't an easy road, the rehabilitation work at the heavy structural mill has been completed. As it stands today, the mill is currently producing high quality heavy structural steels used in the rail, construction, infrastructural, mining and general engineering sectors.

So many Mpumalanga households faced an unknown, bleak future, but the 'City of Coal' is cautiously becoming more and more hopeful as this picture is starts to brighten up. A significant tonnage of finished products has been dispatched to various customers over the past couple of months.

One of them is Zak steel, a division of Clyde Industrial Cooperation that supply rails to some of the big mining houses. Karen Howard, Sales Manager at Zak Steel shared that the product is great, of good quality and that they will strongly consider placing repeat orders in the near future.

"From a market point of view, it is quite exciting that the mill is up and running again," says Gavin Marshall, Procurement Executive at Macsteel Trading, another satisfied customer who also noted that the product quality is on standard.

Barry Lerm, Key Account Manager at ArcelorMittal South Africa, responsible for many of the heavy structural customers, reckons that the next quarters' forecasted order book looks promising despite the uncertainty of the industry strike that limits commitments at this stage.

"Apart from the structural mill's operation that generates revenue, waste dumps are being reprocessed. Some facilities on the Highveld site are even being rented to various businesses", shares Highveld Steel Chief Executive Officer, Johan Burger.

The potential exists to even revive the site as an industrial zone, with Burger noting that the facility has well established

infrastructure, as well as good access to utilities such as electricity, water, rail and gas. It is expected that hundreds of employment opportunities should arise from these promising opportunities.

Another aspect of the site that has attracted significant interest is the rich rail infrastructure at Highveld particularly from coal miners, which believe there is potential to create an inland logistics hub for miners seeking a way to utilise rail, instead of road, to transport coal to either Eskom power stations, or to the Richards Bay Coal Terminal.

Another focus since the restart of the mill is the issue of import duties. Wim de Klerk, Chief Executive Officer at ArcelorMittal South Africa confirmed that an application has been submitted to ITAC to introduce import duties at a bound rate of 10% on heavy structural products. "We look forward to government approval of this application so that imports of these products into the country are deterred as resumption of production is dependent on this implementation," he says.

"The Highveld structural mill with its 18 000 monthly capacity is the only one of its kind in Africa with the ability to produce large structural steel. The combined capability of ArcelorMittal South Africa and Highveld results in the ability to produce main line rail for the first time in many decades," concludes Johan Burger.

In the words of Colleen Commons, General Manager at BSI steel, these are the building blocks of our country. We want to see the local branding on our country's structures and are all in favour of this joint venture that enables us to supply local heavy sections to the construction sector again.

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