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For immediate release:

Joint media statement issued by ArcelorMittal South Africa and the National Union of Metalworkers of South Africa (NUMSA).

Agreement to terminate industrial action at ArcelorMittal South Africa

ArcelorMittal South Africa and NUMSA are pleased to announce that, following constructive negotiations, they have reached an agreement to terminate the strike that commenced on November 14th 2024. As a result of the closure of Coke Batteries 6 and 7, and following due process, ArcelorMittal South Africa issued a retrenchment notice. In response, NUMSA issued a strike notice and embarked on industrial action.

Recognising the need to settle the strike promptly, to ensure the sustainability of the organisation, the parties agreed to the following terms:

- ArcelorMittal South Africa will open Voluntary Separation Packages (VSPs) in certain areas of the business in an effort to accommodate the affected people.
- Certain retrenched employees will be entitled to apply for vacancies created through the VSPs as well as being considered to fill existing vacancies. This will include, in appropriate circumstances, consideration of training such employees for a reasonable period.
- The parties will work together to facilitate applications to the Department of Employment and Labour for benefits in terms of the Training Lay Off Scheme in respect of affected employees.

Once this agreement was signed the strike terminated formally.

Kobus Verster, CEO of ArcelorMittal South Africa, emphasised that *“It is important that we work with all stakeholders, especially our employees and organised labour, to place the business on a path of sustainability. Our preference is to grow the business and preserve jobs; however, we need to be responsible and realistic regarding the host of challenges being faced and take the necessary steps to address all these challenges.”*

This was echoed by **Irvin Jim**, General Secretary of NUMSA who noted that *“I have been briefed by the ArcelorMittal South Africa CEO on the dire situation facing the business. Unfortunately, ArcelorMittal South Africa has been left with no option but to restructure its operations, resulting in job losses. We acknowledge that the company is facing serious challenges that require urgent attention to maintain current manufacturing capacity and preserve jobs.”*

The general secretary of NUMSA added that the union is deeply concerned about the potential closure of the Newcastle plant, which would have severe ramifications for South Africa’s manufacturing capability and further deindustrialise the country. Such a decision would lead to a massive job loss bloodbath, with over 3,500 direct jobs at risk and many more will fall away in backward and forward linkages across the steel and engineering value chains.

He remarked *“It is regrettable that this is not the first time we are facing such threats. Despite NUMSA’s temporary victory in securing agreements to retain job security, including those in the Coke making section until February 2025, the underlying systemic issues remain unaddressed. It is essential that government, particularly the Department of Trade, Industry*

and Competition (DTIC), leads a process of solution-oriented engagement with all stakeholders to address these urgent challenges and preserve the sustainable future of South Africa's steel industry. Below are the burning issues that AMSA firmly believes are militating against their existence which must be addressed by government and all social partners or we run a risk of losing the current capability in the upstream steel sector (ArcelorMittal South Africa) which is critical for manufacturing and industrialization both in the upstream and downstream, and they are:

- 1. The current PPS arrangement where other companies in the sector are given 40% discount by the DTIC. Such a practice according to AMSA imposes an unfair competition in the industry as AMSA uses primarily iron ore as raw material in its blast furnaces.*
- 2. Therefore, it is NUMSA's position that government must be prepared to engage with AMSA on what the company regards as a need to level the playing field in the industry, where they are calling for the review of the scrap Price Preference System (PPS) and removal of the export tax. It is NUMSA's view as the union, that the sooner government is prepared to engage these burning issues involving all stakeholders and find a solution that can make the steel industry economically viable, the better for everyone.*
- 3. NUMSA is also aware, and curious, that given that ArcelorMittal South Africa would have made a detailed submission to government on all of these issues already, (such as scrap taxes, electricity tariffs, rail and port tariffs), the union is interested in knowing how far government is in expediting what can be a solution to these stark challenges that are affecting ArcelorMittal South Africa negatively, in ways that are now threatening the job security of workers."*

NUMSA and ArcelorMittal South Africa jointly stress the importance of swift and decisive action to protect the sustainability of the steel sector. The parties emphasise the urgent need for dialogue among all stakeholders, including the government, industry leaders, and unions, to address the challenges posed by high electricity tariffs, unfair trade practices, and systemic bottlenecks in infrastructure. NUMSA notes that as we speak jobs in the manufacturing sector are being lost as a result of the two transitions: the transition from fossils fuels to renewables and a transition for combustion engines to electric vehicles.

The steel industry is integral to South Africa's industrialisation and economic recovery. Preserving its capacity and ensuring its sustainability into the future is not only about protecting jobs today but also about securing the future of the country's manufacturing ecosystem. Collaboration between the social partners is critical and can ensure this vital sector continues to serve as the backbone of South Africa's economy.

Both parties agree that the turnaround time of government in facilitating solution orientated engagement between social partners is extremely urgent. Both parties agree that in those discussions there should be no holy cows, and all critical matters must be engaged.

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