

ArcelorMittal SA steel output falters

ArcelorMittal SA says difficult trading conditions globally have affected its third quarter steel production in 2016.



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SA's largest steel producer said on Tuesday, 8 November, that its domestic sales were up 3% compared with the third quarter of 2015, but 11% lower than the second quarter of 2016.

It said that weak worldwide demand had continued to hurt exports, along with the furnace mini-reline at its export-focused Saldanha plant.

"Liquid steel production was 67,000 tonnes, or 6% lower, than in the third quarter of 2015 mainly due to the planned minireline at Saldanha, which was started and completed in the third quarter of 2016."

The group said the reline had negatively affected production of about 110,000 tonnes. But despite this, overall capacity utilisation remained flat at 73% for the quarter, compared with 72% in the third quarter of 2015.

The group said production in the third quarter of 2016 had been further negatively affected by a full electricity outage at its Vanderbijlpark works, coupled with weaker quality iron ore and coke inputs.

"Had Vanderbijlpark and Saldanha run normally, our capacity utilisation would have been around 80%," ArcelorMittal SA

CEO Wim de Klerk said on Tuesday.

Although having declined slightly from 2015 levels, imports into SA were still high. China had flooded global markets with cheap steel, and SA was no exception.

Despite the implementation of the 10% import duties by SA, De Klerk said there was a critical need for additional protection for South African steel producers through import restricting safeguard measures.

ArcelorMittal SA's export sales fell 64% or 244,000 tonnes in the third quarter of 2016 against the same period in 2015, with the export of flat products lower by 140,000 tonnes, largely due to the Saldanha reline and weak international demand.

Source: Business Day

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