



For immediate release
23 November 2017

news release

ArcelorMittal South Africa welcomes designation of local steel for Rail sector

Johannesburg, 23 November 2017: ArcelorMittal South Africa welcomes the decision by the Department of Trade and Industry (DTI) to regulate the designation of locally produced services and goods or locally manufactured goods with a stipulated minimum threshold for local production and content in the Rail Permanent Way sector.

According to the recently released Government circular, a 'permanent way' is the structure, consisting of the rails, fasteners, railroad ties (sleepers) and ballast or slab track, plus the underlying subgrade, which enables the trains to move.

"This is great news for both primary steel producers and the downstream steel industry as it will drive demand for locally produced steel content and locally manufactured steel products in state-funded rail projects, a key focus area in Government's infrastructure development plans," says Wim de Klerk, ArcelorMittal South Africa's Chief Executive Office.

All primary steel products, including plates, coils, seamless tubes, round bars, angles, sections and wire related products, form part of this designation.

Furthermore, all castings and forgings related to the assembly and manufacture of the Rail Permanent Way sector are included in this designation and must be manufactured and sourced locally.

Stipulated minimum local content for rail permanent way sector:

| Component | Local content threshold |
|--|--------------------------------|
| Rails and rail joints | 100% |
| Ballasts | 100% |
| Ballastless | 100% |
| Turnouts/switches and crossings | 100% |
| Railway sleepers | 100% |
| Rail fastening and accessories | 100% |
| Railway maintenance of way plant and equipment | 70% |
| Assembly and testing of fully built units | 100% |



“This is another definite and positive step forward in ensuring the sustainability of the South African steel industry,” said De Klerk. “It is also a further demonstration of the Government’s commitment to protecting local manufacturing capacity.”

In the past year, Government has taken several positive steps to support the local steel industry, including the implementation of 10% import duties on heavy sections, designation of locally produced steel products in the construction sector, and the implementation of safeguards on hot rolled coil and plate.

“It is only through a collaborative effort between both public and private sector, and a combination of initiatives at many levels that we will stem the flow of cheap imports into the local steel market and reignite local manufacturing demand,” concluded De Klerk.

Contacts:

Hennie Vermeulen

Head of Corporate Communications

ArcelorMittal South Africa

(016) 889 2352

Tracey Peterson

Aprio Strategic Communications

(on behalf of ArcelorMittal SA)

083 408 7173