
Production pruning - ArcelorMittal SA closes steel rolling mill in Maputo

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All Africa.com reported that ArcelorMittal SA has closed its steel rolling mill in Maputo, allegedly because of the international financial crisis.

Mr Sidonio dos Santos National Director of Industry said that it was the fall in the international price of steel and of the iron rods that are the factory's main product that had dictated the closure. He added that "The price of these goods on the international market has fallen, which makes producing them unprofitable. The costs of production are high and the price does not compensate for them".

The factory was initially known as CIFEL and fell into state hands when its original Portuguese owners fled at the time of Mozambican independence, in 1975. In the 1990s it was privatized in favor of the Portuguese businessman Mr Antonio Simoes and was renamed CSM.

Mr Simoes, through his small metallurgical firm EMM, also took over the wire drawing company Trefil. Between 1992 and 1994, CSM and Trefil obtained about USD 17 million from five donors via what are known as retrocession agreements through the Mozambican treasury. The loans were supposed to modernize the two companies. In fact, Simoes never repaid any of the money and CSM closed down.

After CSM had been closed for more than a decade, ArcelorMittal acquired it in 2007 and invested USD 11 million. The factory reopened in April 2008 and its plan was to produce 35,000 tonnes of steel and of iron rods for the construction industry. Some of the production was to be used in Mozambique, and the rest exported to South Africa.

After operating for just over a year, the steel plant has closed again and its 90 workers are now unemployed. The financial crisis has also put on hold a much more ambitious ArcelorMittal project, the building of an entirely new steel mill at Beluluane, on the outskirts of Maputo, involving an investment of USD 40 million.

(Sourced from www.allafrica.com)

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