

Contract collapse with ArcelorMittal jeopardises 688 jobs at Beeshoek mine

South Africa's Assmang is weighing the closure of its Beeshoek iron ore mine after failing to secure a contract to supply its sole customer, the ailing steel producer ArcelorMittal South Africa.



Image credit: Reuters

The closure of the mine could result in the loss of 688 jobs, Assmang - a joint venture between African Rainbow Minerals and international miner Assore - said in a notice to unions seen by *Reuters*.

ArcelorMittal South Africa had, in what Assmang called "an unexpected turn of events", confirmed in June that it would not sign a three-year contract with Beeshoek despite earlier indications that it would do so, the miner said.



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"Moving forward, Beeshoek proposes to discuss with the unions the potential closure of Beeshoek," Assmang said in the notice.

"The mine has only one significant customer, ArcelorMittal South Africa. The customer is not willing and has declined concluding any long-term contract with Beeshoek mine," it said, adding that several alternatives, including exports, had been considered but ultimately deemed unviable.

ArcelorMittal South Africa did not immediately respond to Reuters' requests for comment.



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The steelmaker reported a R1bn loss in the six months to June 30. It is facing weak local demand, high electricity tariffs, and poor freight logistics, as well as competition from Chinese imports and local scrap metal recycling mini-mills.

ArcelorMittal South Africa plans to close its loss-making long steel plants in Newcastle and Vereeniging. It has deferred the closures for two years as it engages with the government, labour representatives and utilities companies, but has said those talks have, so far, not produced a solution.



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Trade union Solidarity, one of the three recognised unions at Beeshoek, said Assmang had initiated the process to lay off the entire staff at the mine.

"Due to the fact that they do not export, and since their only client can no longer buy from them, the worst possible option is now being considered," Adele Rossouw, Solidarity's organiser for the mining sector, said in a statement.

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