

Govt fears price hiking by cement and steel monopolies

During a recent infrastructure conference, government officials voiced serious concerns that steel producer ArcelorMittal SA (Amsa) and other large companies will inflate the cost of government's infrastructure projects, Fin24.com reports.



Various speakers said that alleged import-parity pricing on essential inputs such as steel and cement should be avoided. International economist Professor Joseph Stiglitz warned against "distorted" partnerships with the private sector where the state carries the risk while private groups profit.

Other speakers warned against a situation where virtually the entire construction value chain is subject to "monopolistic pricing". Department of Trade & Industry deputy director-general Nimrod Zalk said that monopolistic practices in the supply chain cannot be tolerated, while Eskom chief executive Brian Dames emphasised that the country would benefit from the creation of competition for Amsa. According to Fin24.com, Stewart Jennings, chairperson of industry body the Manufacturing Circle, disagreed with Dames and said that increased competition would simply not be good for big business because the local economy is too small.

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