

# Failure to Communicate

A Case Study of Steel Conglomerate ArcelorMittal in South Africa



Research and information for this case study was provided by groundWork - Friends of the Earth South Africa ([www.groundwork.org.za](http://www.groundwork.org.za)). groundWork is a non-profit environmental justice service and developmental

organisation that seeks to improve the quality of life of vulnerable people in South Africa, and increasingly in Southern Africa, through assisting civil society to have a greater impact on environmental governance. groundWork places particular emphasis on assisting vulnerable and disadvantaged people most affected by environmental injustice.



European Coalition  
for Corporate Justice

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● ArcelorMittal's Vanderbijlpark steel plant near Johannesburg, South Africa.

**A**rcelorMittal is one of the world's largest steel companies. Registered in the European tax haven of Luxembourg and headed by one of the world's richest individuals, the company has operations in more than 60 countries.<sup>1</sup> ArcelorMittal's Vanderbijlpark steel plant near Johannesburg, South Africa, is the largest inland steel mill in sub-Saharan Africa<sup>2</sup> and returned an operating profit in excess of 12 billion South African rand in 2008 despite the global economic downturn.

But as groundWork reports in this case study, the activities of this European steel conglomerate have also been the centre of serious claims of environmental pollution, displacement and degradation of labour rights.

### ➤ AIR & WATER POLLUTION

The history of pollution coming

from ArcelorMittal's steel plant is formally acknowledged by South African public authorities and is a matter of public record.<sup>3</sup> Pollutants from the plant's industrial waste have reportedly seeped through the ground, contaminated local aquifers and affected the groundwater of nearby communities.<sup>4</sup> ArcelorMittal is also one of the top three polluters of particulate matter, sulphur dioxide and carbon dioxide in the Vaal Triangle industrial region, where an estimated 65 per cent of chronic illnesses in the area are reported to be caused by industrial pollution.<sup>5</sup>

### ➤ WITHHOLDING INFORMATION

Despite these serious public health concerns, ArcelorMittal and the South African government are actively withholding information that would help the public and civil society to assess recent attempts by the company to clean

up its pollution, and whether the company's plans for reducing environmental damage in the future will be effective. Following mounting public pressure in the late 1990s, ArcelorMittal was forced to partake in an environmental management plan between 2001 and 2003. This included determining the levels of pollution at that time to use as a baseline against which progress in rehabilitating the polluted areas could be measured.<sup>6</sup>

The government, however, agreed that the environmental management plan could be kept secret and will not allow full public disclosure of the information it contains, including the level of pollution caused by ArcelorMittal.<sup>7</sup> Without this information the public is unable to understand the full extent of ArcelorMittal's pollution, whether the environment will ever be properly rehabilitated



- ◀ The remains of one of the relocated communities near the steel plant.
- ✔ One of the families affected by the activities of the company.

and protected from further degradation, or whether the measures undertaken will address the impacts of past and present pollution on the lives of people living in the communities near the plant.<sup>8</sup> The withholding of this information is also inhibiting genuine and meaningful participation in legitimate government processes, such as the 'waste site public monitoring committee' that seeks to monitor the impacts of the ArcelorMittal waste site on society and the environment.<sup>9</sup>

Despite various attempts at negotiating access to the environmental management plan with the South African subsidiary and with the multinational company's head office in Luxembourg, ArcelorMittal has refused to release the information stating it 'will not be in the best interest of ArcelorMittal South Africa'.<sup>10</sup>

### ▶ RETRENCHMENTS & RELOCATIONS

ArcelorMittal's operations also have impacts beyond the environment with the company's activities contributing to popular mobilisation and legal challenges.

Following a large number of retrenchments from the company in the late 1990s,<sup>11</sup> a grassroots resistance movement, called the Vaal Working Class Crisis Committee, was formed and has challenged the subsidiary on issues such as unfair labour practices. For example, the Committee has reported that ArcelorMittal retrenched workers but promised to re-employ them when the job market improved. When the job market improved, ArcelorMittal did begin hiring people again, but did not re-employ the retrenched workers. It is reported that ArcelorMittal has fired those

responsible for not re-employing the retrenched workers as promised – an acknowledgement the company was not properly monitoring and enforcing its procedures – but the retrenched workers have still not been re-employed, and the company is facing an ongoing court challenge from the Vaal Working Class Crisis Committee on this issue.<sup>12</sup>

Local communities in the region of the steel plant have also been affected by displacement issues. In addition to the pollution of their groundwater, a series of legal challenges and out-of-court settlements resulting in 'buy-outs' by ArcelorMittal, has meant that the local population have effectively been moved off their land.<sup>13</sup> ArcelorMittal has then enclosed this land with electric fences to keep the remaining families from grazing on the land that was in the past used as common land despite ownership. This area of small holdings is now best described as a 'ghost community' of abandoned and demolished homes, with only two families remaining of the original 500.



# End Notes

- 1 See: [www.arcelormittal.com/index.php?lang=en&page=9](http://www.arcelormittal.com/index.php?lang=en&page=9)
- 2 ArcelorMittal South Africa Limited Sustainability Report 2008, p.8.
- 3 See for example, the Emfuleni Local Municipality Integrated Development Plan for 2007 – 2012, the West Rand District Municipality Disaster Management Plan, Revision 8, May 2006, pp.24, 32 and 132, and the Department of Environmental Affairs And Tourism, Environmental Quality and Protection Chief Directorate: Air Quality Management and Climate Change: Vaal Triangle Airshed Priority Area Air Quality Management Plan, 2009, p.ii.
- 4 Cock, J. and Munnik, V. (2006) *Throwing Stones at a Giant: an account of the struggle of the Steel Valley community against pollution from the Vanderbijlpark Steel Works*, Centre for Civil Society, University of KwaZulu-Natal.
- 5 Scorgie, Y. (2004) *Air Quality Situation Assessment for the Vaal Triangle Region*, Report for the Legal Resource Centre, South Africa.
- 6 Cock, J. and Munnik V. (2006) *Throwing Stones at a Giant, Op Cit.*
- 7 "Mittal Steel Vanderbijlpark and the Environment", brochure in Hallows, D. and Munnik, V. (2006) *Poisoned Spaces: Manufacturing wealth, producing poverty*, groundWork, p.142.
- 8 Miskun, A. et al. (May 2008) *In the wake of ArcelorMittal: The global steel giant's local impacts*, Czech Republic, p.24. See: [http://bankwatch.org/documents/mittal\\_local\\_impacts.pdf](http://bankwatch.org/documents/mittal_local_impacts.pdf)
- 9 Personal communication between groundWork staff and Samson Mokoena, the coordinator of the Vaal Environmental Justice Alliance.
- 10 Letter from CEO Nonkululeko Nyembezi-Heita to groundWork, 8 July, 2009.
- 11 According to the National Union of Metal Workers of South Africa and Solidarity, the facility's workforce has been reduced from 44,000 in the 1980s to 12,200 in 2004. Since ArcelorMittal took operations, the National Union of Metal Workers has reported further large job losses.
- 12 Discussions between groundWork staff and Mashiashiye Phineas Malapela, organiser with the Vaal Working Class Crisis Committee, 13 August 2009.
- 13 Cock, J. and Munnik, V. (2006) *Throwing Stones at a Giant, Op Cit.*

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The European Coalition for Corporate Justice (ECCJ) is the largest civil society network devoted to corporate accountability within the European Union. Founded in 2005, its mission is to promote an ethical regulatory framework for European business, wherever in the world that business may operate. The ECCJ critiques policy developments, undertakes research and proposes solutions to ensure better regulation of European companies to protect people and the environment. The ECCJ's membership includes more than 250 civil society organisations in 16 European countries. This growing network of national-level coalitions includes several Oxfam affiliates, national chapters of Greenpeace, Amnesty International, and Friends of the Earth; the Environmental Law Service in the Czech Republic, The Corporate Responsibility (CORE) Coalition in the United Kingdom, the Dutch CSR platform and the Fédération Internationale des Droits de l'Homme (FIDH).

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