

France threatens Mittal over plant closures

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FRANCE's industry minister has threatened to expel ArcelorMittal in an extraordinary intervention over plans by the world's biggest steel maker to close two blast furnaces in the country.

In a French newspaper interview published yesterday, Arnaud Montebourg, the left-winger who previously opposed the closure of a Peugeot factory, said: "We do not want Arcelor-Mittal in France, because they do not respect France."

He also accused the company of "lying" and "never holding to its engagements" with the French state since Mittal Steel's €26.9bn takeover of Luxembourg-based Arcelor in 2006.

The steel maker — whose chairman, CE and main shareholder is Lakshmi Mittal, the Indian billionaire — employs 20,000 people in France, but wants to close the two furnaces at its Florange site in the industrial Lorraine region and make 629 workers redundant.

Speaking to Les Echos newspaper, the minister said: "The problem of the blast furnaces in Florange, it's not the blast furnaces in Florange, it's Mittal."

The Mittal family said they were "extremely shocked" by the comments. Mr Mittal is expected to meet François Hollande, the French president, today.

The comments come amid growing concern among company executives about a powerful strain of antibusiness sentiment running

through the Socialist administration of Mr Hollande.

Mr Montebourg has a huge amount at stake personally after failing to stop Peugeot's plans to close the Aulnay car plant near Paris. The plight of the Florange workers was also a key issue during this year's election, which Mr Hollande won partly on a platform of promising to bring a halt to factory closures.

While Mr Mittal has agreed to give the government a grace period to try to seek a buyer for the two blast furnaces at Florange, he wants to maintain the rest of the site, which employs 2,000 workers overall. But Mr Montebourg wants him to put the whole site up for sale, arguing he can find buyers, but only for the whole facility. Mr Montebourg has said

he is exploring how to nationalise the entire Florange site should Mr Mittal refuse his demands.

The French government argues that the Florange closure breaks a promise made by Mr Mittal during his takeover of Arcelor in 2006.

Mr Mittal argues selling the whole Florange site would endanger the jobs of 20,000 French workers.

Legal sources in Paris say it is unlikely such a seizure would be possible under French law. Mr Hollande raised the prospect of a "factory act" during his election campaign, forcing companies to seek buyers before closing plants, but lawyers say it would be difficult to enact under the French constitution and European Union laws. *Financial Times*