

# Mittal seals pact to try save French steel plant

## ■ Firm to invest in Florange

Sapa-AFP  
Paris

ARCELORMITTAL welcomed on Saturday a deal over the future of one of its plants that the French government had threatened to nationalise.

The dispute over closing blast furnaces at the Florange plant had risked damaging France's image among investors, after a virulent attack by a minister on the company owned by Indian-born steel tycoon Lakshmi Mittal.

"It is positive that we reached an agreement on the future of our activities at Florange," said ArcelorMittal executive Henri Blaffart.

"In the context of the current economic environment, it's a good agreement."

French Prime Minister Jean-Marc Ayrault announced a deal late on Friday. In it, he said ArcelorMittal had committed to invest at least €180 million (R2.1 billion) over the next five years at the Florange site in north-east France.

The government and the steel maker had waged high-stakes brinkmanship for weeks over the fate of two blast furnaces. ArcelorMittal wanted to shut them for good because of a slump in demand for low-end steel products.

It had given the government until Saturday to find a buyer for the blast furnaces after which it would begin laying off around 630 employees.

The government responded by threatening to nationalise the entire site, which contains



French Prime Minister Jean-Marc Ayrault announces accords between the government and ArcelorMittal in Paris on Friday. In terms of the pact, the steel maker will invest in the struggling Florange plant in northeast France while Paris has backed off its threat to nationalise the plant.

facilities to produce higher-end products that ArcelorMittal wanted to keep. Paris said it could not find a buyer for just the furnaces.

But ArcelorMittal made it clear that any nationalisation of the plant would cast doubt on the future of all its operations in France, where it employs 20 000 people.

Ayrault said under the deal

the two blast furnaces ArcelorMittal had closed would be left intact until EU financing was confirmed for an existing carbon-capture project. ArcelorMittal had agreed not to proceed with forced job cuts.

ArcelorMittal made no mention of the carbon-capture project on Saturday.

The €180m in investment would be made in higher-end

steel production, not the blast furnaces, it said.

But unions wanted to know what had happened to a prospective buyer that the government had mentioned.

"We have the feeling we have once again been betrayed," said Edouard Martin, a spokesman for the CFDT union at the Florange plant. "We don't trust Mittal at all."

ArcelorMittal plunged into a quarterly net loss of \$709m (R6.3bn) in the period from July to September on sliding demand from China.

The company is saddled with debt that is expected to rise to \$22bn by the end of the year, with Moody's Investors Service recently downgrading ArcelorMittal's credit rating to junk status.