



KEEP OUT: An ArcelorMittal employee solders the gates of the company's headquarters in Florange, north-eastern France, yesterday as steel workers demonstrate against the closure of two of the company's idle steel furnaces. PICTURE: REUTERS

Steel giant tough on furnace closures

FLORANGE, France: ArcelorMittal told unions it would permanently close two mothballed furnaces in north-eastern France, enraging workers, who blocked access to the steel plant and management offices at the site yesterday.

In a blunt response to the Socialist government's demand last week that it restart or sell the furnaces, ArcelorMittal said it would give the state a two-month window to try to find a buyer before it shuts down the site.

"After four years of economic difficulties, we cannot hope for any return in the short term to pre-crisis activity levels," said ArcelorMittal, the world's biggest steel manufacturer.

It said the closure would affect 629 workers out of a total 2 700 at the Florange plant, and it would try and move as many as possible to new jobs.

Employees at the plant, which has become symbolic of France's entrenched industrial decline, wept and hugged each other as management announced the decision at a meeting in Paris.

Some workers welded shut the metal entrance gate to corporate offices and blocked external access to the whole site.

"For 14 months, they were telling us the closure was temporary. There is a lot of anger," CFDT union representative Edouard Martin said.

Despite ArcelorMittal chief

executive Lakshmi Mittal's consent to selling the furnaces if the government can find a buyer, the issue lies with flagging demand, largely from the stagnant car sector, which is unlikely to revive anytime soon.

Industry insiders said the furnaces – which were shut off last year due to low demand – were not viable when demand was weak because of their small size and their distance from the coast, which makes the transport of raw materials more expensive.

A former senior executive at ArcelorMittal said it was unlikely that a buyer could be found, as the government hopes, and saw no reason why the company would consider selling

the plant as a whole.

"When you have overcapacity like today, the furnaces become economically impossible," he said. "To imagine that somebody could be interested in buying them is pure fantasy. And to sell the whole plant would be absurd."

ArcelorMittal has idled seven of the 25 blast furnaces in its Flat Carbon Europe division – the two at Florange, two in Liege, Belgium, and three in Germany, the Czech Republic and Romania.

Steel use is set to dip 1.2 per cent this year in the EU, where demand is already around 25 percent below 2007 levels, according to the World Steel Association. – Reuters