

France Announces Plan To Save Steel Site

The Associated Press

PARIS (AP) — France's prime minister announced on Friday that there would be no layoffs at a blast furnace site that has become a symbol for maintaining jobs in a tough economic climate. Instead, steel company ArcelorMittal has promised a €180 million (\$233.75 million) investment and the government will modernize it with an eco-friendly project.

The announcement by Jean-Marc Ayrault caps months of tension over the future of the site at Florange where the jobs of more than 600 people were at stake.

The prime minister put to rest rumors the government would nationalize the site. Instead, he said in a televised announcement that ArcelorMittal had made an "unconditional" agreement to invest and that the government would keep watch for "non-respect" of the agreement.

Unions were skeptical and the mayor of Florange cautious.

The plan, which calls for an investment by ArcelorMittal of €180 million over five years, "has positive points if they are kept," Mayor Philippe Tarillon said on BFM television. But he expressed regret that the accord "rests on the commitments of Mr. Mittal."

Unions expressed outright skepticism, saying that the deal means they remain "in the claws of Mittal."

Edouard Martin of the CFDT union listed a series of demands, including guarantees the funds will be injected into the site with an oversight committee that includes employees. The five-year plan renders the commitment more fragile still, he said.

"In five years, the Florange site risks being in agony," Martin said on BFM.

The company, assembled by Indian-born Chairman and CEO Lakshmi N. Mittal, one of the world's richest people, infuriated many with its announcement Oct. 1 that it planned to stop the Florange furnaces. In the face of sustained worker protests, the company gave the French government 60 days to find a new owner.

ArcelorMittal has more than 20,000 employees at about 150 sites in France and brought in €4.6 billion in sales last year — about one-sixth of its total revenues worldwide. Florange has not showed a loss, but hasn't performed like other ArcelorMittal sites.

The Florange blast furnaces will be maintained, but not running in the short-term, Ayrault said, announcing a plan to develop a European gas recycling project that would give Florange, and ultimately the industry, a competitive edge. The European

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Ulcosp project is a demonstrator for recycling blast furnace gases and capturing CO₂.

The prime minister said the priority project represents industrial and environmental excellence.

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