



American Metal Market

USW supports Sparrows Point deal [UPDATE]

By Scott Robertson

Friday, August 03, 2007

PITTSBURGH – The United Steelworkers union has thrown its support behind an agreement in which ArcelorMittal will sell its Sparrows Point, Md., mill to a joint-venture company involving four partners.

Leo Gerard, president of the USW, said the union has closely monitored the bidding process and negotiations surrounding the sale of the mill, which was ordered by the U.S. Department of Justice in February (AMM, Feb. 21) and announced by ArcelorMittal Thursday.

ArcelorMittal will sell the mill to a joint-venture company known as E2 Acquisition Corp. The joint venture is comprised of Esmark Inc., Chicago, Wheeling-Pittsburgh Steel Corp., Wheeling, W.Va., Brazilian iron ore producer Cia. Vale do Rio Doce (CVRD) and the Industrial Union of Donbass of the Ukraine. Sources peg the value of the deal at about \$1.5 billion (AMM, Aug. 3).

Gerard and other union officials said now that a deal has been reached, the union is looking forward to the chance to work with new ownership. "We are looking forward to our growing relationship with Esmark and their commitment to invest in the acquisition," Gerard said. "We have full confidence that the Esmark venture will grow steelworker jobs in Baltimore and fulfill the commitments to the retirees."

Esmark has established a good rapport with the USW dating back to mid-2006, when it became involved in efforts to affect management changes at Wheeling-Pittsburgh. The union came to support Esmark's proposed slate of directors for Wheeling-Pittsburgh and that was seen as a key factor in Esmark's favor when shareholders voted to accept their slate in an election against directors proposed by the then-Wheeling-Pittsburgh management team and Brazil's Cia. Siderurgica Nacional (CSN), which was vying for control of the steelmaker.

Union officials now say they can build on that relationship and conclude labor negotiations quickly. David McCall, chairman of the USW's ArcelorMittal bargaining committee, said negotiations with both the buyer and seller of Sparrows Point would be initiated in the near future. He said he expects a deal to be struck with no trouble.

"We should be able to reach an agreement that meets all the commitments required by our successorship clause to our active and retired steelworkers at Sparrows Point," McCall said.

John Cirri, president of USW Local 9477, which represents about 2,500 active workers at Sparrows Point, hopes the deal will end uncertainties surrounding the future of the plant. He points out that Sparrows Point has had four different owners since 2001. He said the sale of the plant at first was upsetting to employees but may now turn out to be a blessing.

"We have a great work force, many upgrades and we produce world-class steel," Cirri said. He said he will go over the new owners' business plans to confirm long-term capital investments adding that membership meetings for updates on the process will be scheduled as needed.