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Mittal ordered to sell Md. mill to settle antitrust issues

By VICKI SMITH

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MORGANTOWN, W.Va. (AP) - The U.S. Department of Justice on Tuesday ordered Mittal Steel Co. to sell a Maryland mill to settle antitrust issues raised by its merger with Arcelor SA, rather than a West Virginia mill near Ohio.

Justice officials initially had ordered Netherlands-based Mittal to try to sell Dofasco Inc. of Canada, but the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany.

That left Mittal with the choice of selling one of its two U.S. assets in the tin-plated steel market, Sparrows Point near Baltimore or the former Weirton Steel Corp. in Weirton, across the Ohio River from Steubenville, Ohio.

Mittal officials did not immediately comment on Tuesday's announcement, which said the merger with Luxembourg-based Arcelor would have squelched competition for tin mill products in the eastern United States.

"The divestiture of Sparrows Point will most reliably remedy the anticompetitive effects," said Thomas O. Barnett, assistant attorney general in charge of the DOJ's Antitrust Division.

The Maryland mill is "a profitable and diversified facility" capable of producing more than 500,000 tons of tin mill products a year, his statement said.

Sparrows Point operates as an integrated facility, meaning it produces the raw steel slabs used in tin mill products, "and unlike the Weirton mill, would not have to develop new sources of supply for this critical input upon its separation from Mittal Steel."

Tin mill products are finely rolled steel sheets coated with tin or chrome. Tinplated steel is used primarily for food cans and metal containers for products such as aerosols and paints.

Before the Arcelor Mittal merger, Mittal and one other steelmaker accounted for more than 74 percent of all tin sales in the eastern United States. Dofasco, a large integrated mill in Ontario, had provided "a significant competitive constraint" on those two companies.

"By removing those constraints on anticompetitive pricing," the DOJ said, "the acquisition likely would have resulted in price increases of tin mill products to can manufacturers and other customers."

At the West Virginia mill, the initial reaction was disappointment. But the 1,250-member Independent Steelworkers Union said there is nothing to prevent Mittal from selling Weirton separately from the Justice proceedings.

"There's obviously been interest in Weirton," said ISU spokesman Dave Gossett. "Outside parties believe that there's a strong future for Weirton, and the union leadership believes that a steel facility will remain in Weirton. We're just not sure who will own it going forward."

ISU President Mark Glyptis volunteered to have Weirton sold because the mill has failed to thrive under Mittal's ownership.

After years of deep losses, Weirton Steel filed for Chapter 11 bankruptcy protection in May 2003 and was sold twice in 18 months, first to International Steel Group in Ohio, then to Mittal. Almost immediately, Mittal shut down the blast furnace, stopping the production of raw steel and cutting more than 800 jobs.

"The men and women of Weirton are long-term survivors who have faced uncertain times in the past," Glyptis said. "We will remain a viable steel operation."

A Mittal spokesman in Chicago did not immediately comment on whether the company would proceed with plans to sell Weirton to Esmark Inc., an Illinois-based company that recently seized control of West Virginia's Wheeling Pittsburgh Corp.

Esmark has a tentative agreement to buy Weirton, pending approval of federal regulators and the Independent Steelworkers Union.

In Esmark's vision, Weirton won't produce raw steel, so there would be little hope of restoring the 800 jobs that were cut when the blast furnace was shut down in 2005. Instead, Esmark would focus on running and expanding the finishing operations, adding capacity to coat and galvanize steel.

But the union, which has the right to reject any change of ownership, has not formally stated a preference among the potential buyers.

The union has been talking for a year with former International Steel Group executive Mitch Hecht, who wants to restart at least one blast furnace and rehire several hundred workers to produce pig iron and other products.

Hecht, however, says Mittal has ignored his overtures.