



Luxembourg, 16<sup>th</sup> of April 2018

European Commission  
Mr. Jean-Claude JUNCKER  
President

Ms. Margrethe VERSTAGER  
Commissioner for Competition

**Subject matter:** ArcelorMittal's proposed acquisition of ILVA

Dear President,  
Dear Commissioner,

The manufacturing industry is essential for Europe's capacity to grow and create new jobs. While it is currently undergoing important changes and facing major challenges, European industry needs favourable framework conditions to remain competitive at a global level.

President Juncker's Political Guidelines have underlined the importance of industry for the future of our economy and the need to bring industry's weight in EU GDP back to 20% by 2020. Industry provides 36 million direct jobs, is a major contributor to European R&D efforts, has important knock-on effects on all other sectors and is a key driver for Europe's competitive position in international markets.

For several years, the European Council and the European Parliament have been calling for the setting-up of an integrated industrial strategy for the European Union in which all relevant policies contribute to creating competitive framework conditions (the so-called "mainstreaming" of industrial competitiveness). The adoption, by the Commission, of an industrial action plan in September 2017 has been a welcome first step in the right direction, based on which further work is needed urgently.

Against this background, I deeply regret the Commission's decision to raise competition concerns regarding ArcelorMittal's proposed take-over of ILVA, and to request ArcelorMittal to proceed to significant divestments in order to obtain clearance for the acquisition.

First of all, in the view of the Luxembourg government, the Commission's approach is questionable from a competition perspective. Due to the strong integration of European steel markets and in the context of a fiercely competitive global environment, it is doubtful whether ArcelorMittal's



acquisition of ILVA - with 5 Million tons of sales in a 90 Million ton European market for flat carbon steel, which faces 375 Million tons of global overcapacity - could have any bearing on European prices.

Furthermore, and more importantly, the Commission's approach is clearly in contradiction with the shared objective of the European institutions to stimulate the growth of European industry. There is no credible alternative to the proposed transaction in resolving ILVA's severe environmental, industrial, financial, and social difficulties. ILVA's bankruptcy would result in considerable unemployment and the closure of production assets that could still be turned around. The acquisition by ArcelorMittal would result in preserving part of the industrial base in the steel sector that is essential for EU competitiveness. A rapid acquisition is the only viable solution to rescue ILVA, ensure environmental remediation, preserve critical employment in southern Italy and expand ILVA's output.

From an economic perspective, we strongly disagree that in order to preserve ILVA's production sites, which would have to be closed down without large investments by ArcelorMittal, the EU Commission intends to force ArcelorMittal to divest a considerable number of profitable and well-functioning production sites. The logic applied by the EU Commission, based on limiting market shares in order to ensure competitive prices which, in this case, are anyway determined by fierce global competition, fails to meet the general purpose of industrial policy – which is growth and job creation in the EU.

A strong EU industrial base requires the presence of global market leaders. ArcelorMittal is headquartered in the EU and should be encouraged to grow in its areas of activity. Impeding growth by obliging companies to divest cannot be the right way ahead.

One of ArcelorMittal's proposed divestments concerns ArcelorMittal's Dudelange site in Luxembourg. While Luxembourg has supported its industries during the financial and economic crises of 2008, it is hard to explain to social partners, and especially concerned unions and workers, why it is necessary to carve out the company from ArcelorMittal's ownership and leave it to a new shareholder and an uncertain future. We raise therefore concerns about the future of the social dialogue, including collective bargaining, which has been so far an important element of management by ArcelorMittal appreciated by both the company and the unions, as well as the government.

In the light of these reflections, it seems clear that we are facing a serious issue of consistency between various EU policy objectives. As political leaders, we have to ask ourselves if we really want to boost growth and employment or if we are merely paying lip service to industrial competitiveness, while our main competitors at international level are taking ambitious and decisive action.



We hope that the Commission will take these arguments into account in the further discussions regarding Arcelor-Mittal's proposed takeover of ILVA.

Moreover, we strongly believe we need to launch a proper reflection, among the EU institutions and involving civil society, to assess whether the EU policy framework is fit for the purpose and may need to be revised in order to fulfill our ambitions in terms of growth, job creation and social cohesion.

We remain at your disposal for further discussion.

Yours sincerely,

The Deputy-Prime Minister,  
Minister of the Economy

**Étienne Schneider**

The Mayor of the City of Dudelange,

**Dan Biancalana**

Copy:

Mr. Jyrki Katainen, Vice-President, Commissioner for Jobs, Growth, Investment and Competitiveness

Ms. Elzbieta Bienkowska, Commissioner for Internal Market, Industry, Entrepreneurship and SMEs