

ATS International Steelmaking Conference 2008

Address of Philippe Darmayan ArcelorMittal Executive Vice-President

Mr Mukherjee, as the conclusion of this session, I would like to thank you for all the words you said and I'm sure that assistants in this room are very proud of the recognition you give them about the work that has been done since the nineteen eighties in order to overcome all the difficulties in the steel industry.

It's true that we had to raise the quality, raise the productivity, improve the cost and make our plants to higher end product mix. And this was due through of course the implementation of quality system, the implementation of tendency, the continuous improvement, the "cercles de qualité", and so on, but mainly it was done through the engineers' talent which is very well represented in this room.

Today we are facing other challenges as you said and clearly the French Federation of Steel is participating to this solution, to these challenges and is contributing and taking initiative to go forward.

I think that ninety percents, more than ninety percents of steel now in France, is made by international companies; so we have an issue in the French Federation which is to bring our people to the fact that now they are part of the worldwide industry, they are worldwide guys and we have to look at all the problems in France that we have in this country in a wide scope and in a wide picture in order to get to go for it.

Si on s'est mis à parler anglais ce soir, ce doit être la première fois pour les JSI, c'est clairement un message qui est que nous sommes, effectivement, partis dans ce mouvement mondial et que la France doit s'y mettre.

So we have to speak English because this is the language of the world and one of the duties of French Federation is to participate in this movement. We should not, we must not lag behind, look at the past; we have to look clearly at the future and at the challenges that we have in front of this.

I will not come back on these challenges; Mr Mukherjee was very clear on that. May be, I will focus a little bit on what the French Federation and the French industry can do to help.

Let's start with the CO₂. It's clear that we are working in order to explain to the authorities what they are doing.

We are not against CO₂, we are not against so going forward, for the environment, but it has to be done in a picture in which things we have to do are reasonable.

Let's take an example: There is a debate today that the emission in order to reduce as it is planed, you know, it is planed to be reduced by twenty percent between now and 2020, and on top of the twenty percents, I mean in the eighty percents that we are free to make CO₂ emission, there will be a part which is free and there will be a part on which we will have to buy, through auction, the right to make CO₂.

And now the debate is that some of the authorities want the auctions to be all industries together, which mean that steel making with its margins with its high row material cost, will have to compete with other industries such as electricity etc.

And so there is a high risk that the emission quota after auctions will go up at a price up to forty dollars which is considerable burden in the cost of our slabs and then of course there is a true risk that in the same way as the one we are, the French industry and European industry, externalizing the job because man power cost to Asia or to eastern countries, there is a high risk that slabs will be doing the same.

So we have to explain to the authorities and this is what the French Federation is doing, doing explaining contact with the French government in order for the French government and French administration to discuss and work with Brussels in order for reason to remain. This is a true issue but we are not against once more. And in between that Quatrevallet and all the experts are fighting and explaining to the authorities we also have to work on improving and this is what Mr Muckherjee said. And so we are, in the French Federation with the ATS, helping; you are making creativity, brain storming, and you have to continue, and even increase that.

This is the challenge for the all industry. This is not a matter for each company to be alone, it is the matter for all industry. So just be creative in the ATS group, we will come back next year and once again we will put this subject as a discussion. This is very important.

Another participation of the French Steel Federation will be REACH. You know that we have now to explain to all our customers that steel is safe that they can use steel without any problem and so we have a lot of work to do. So it's clear that this is also a challenge for all industry and so the Federation is working with the big and small companies in order to, inside Europe, of course in the EUROFER scheme, in order to for us to explain.

We are not against Reach. Reach is for us the same kind of quality insurance that we have been making for safety for environment for quality, now we have to explain to our customers that we are safe with our products. So we will do it and we have to work on that and this will be part of the initiative that the French Federation will take this year in order to help, in order to go forward and to make this industry a success.

Another challenge that we have short but very key in France and Europe is transportation, in particularly rail transportation. We made this year a symposium with Madame Idrac and most of the experts in the rail, and clearly this is not yet solved. And this is a role of French Federation to push this; it is our role inside the steel companies to find substitute if the big company cannot go forward but we need cheap transportation, we need investment in the rail road not only TGV: which is very fine to go to Luxembourg for me but which is not fine for our coils. We have the "wagon isolé" I don't know how to say that in English : "lonely wagon", you know this wagon which can go to Gueugnon and come back to Gueugnon there is not a rail station but anyway, you see what I mean. This has to be done and this is a key question. So we are working with independent companies and we are moving in order to help if the big companies improve and take into account the fact if they want us to make steel in Europe we must and we need a good railway system for our products.

Mr Muckherjee mentioned a challenge we have on human resource. This is particularly true in France. We have thirty percents of the French research and development personnel which has to be renewed between now and 2015. We have thirty percents of the engineers of the industry which has to be renewed in a process industry. We have even more than that between forty percents and fifty percents of our technicians, qualified workers, have to be renewed in the eight years to come. This is a fantastic challenge. If we want a French industry to remain at the level it has been, if we want a French industry to be part of the international complex we have to participate in this move, we have to train people, we have to promote the architects, steel with an architect, in the architect schools, in order for them when they come to real job to take part of our business and to put steel in their constructions. So the French federation will be working on that. We are enlarging our promotion companies for construction together with the distribution association and together with the metallic constructors. We will have a program to go and to train to steel in the engineering schools. We are taking a lot of initiatives. Initiative is what a French federation has to do it is not to be alone, it is to participate in a world wide challenge that we have for industry. This is clearly our target and we will contribute.

So I would ask to Bernard Creton for his own challenge which is that next year the level of grey hairs that we see in this room will reduce not because those who have started to have grey hairs are not there, but because we will have a lot of students from engineering schools, from architect schools, come here and hearing what we have said and what you have to say. Because the expertise is in this room, the expertise is what we need in order to overcome the challenges that Mr Muckherjee has described and for which, once again, I thank him very much to have been here tonight with us.

Thank you and good luck.