

Mittal asks Europe to cut energy prices

LUXEMBOURG: The head of steel manufacturing company ArcelorMittal on Wednesday (8 May) called on European decision-makers to cut energy prices to make the steel sector more competitive as the group faces another tough year owing to slumping demand for the material.



Lakshmi Mittal

Image: Wiki Images

Speaking at a shareholders meeting in Luxembourg, Indian-born tycoon Lakshmi Mittal said his company expects steel demand to fall between 0.5% and 1.5% this year. He warned that the early financial indicators for 2013 were looking dire. ArcelorMittal's first-quarter results are to be published on Friday (10 May).

"We think the contraction will continue and that the eurozone will stay in recession in 2013," Mittal said, noting demand for steel has fallen by 30% since 2008.

"The question is how to make existing activities more profitable in Europe?" he said. "We need a clear plan for improving the very high cost of energy in Europe."

At the beginning of this year, the company announced plans to close six cold-processing facilities in Belgium, eliminating 1,300 jobs, and last month, it also began mothballing blast furnaces at a plant in western France.

ArcelorMittal company employs 98,000 people in Europe.

The group has chiefly blamed weaker demand for cars for the morose steel-making climate. In the 2012 financial year ArcelorMittal recorded a loss of US\$3.7bn.

But Mittal also tried to reassure the company's shareholders, saying the group would try to counter Europe's "recession"

with emerging market growth, given that demand for steel was expected to grow between 3.5% and 4.5% in China and between 3% and 4% in Brazil.

"In the United States," he said "the market is still prudent, but is picking up thanks to the recovery in the construction and automotive sectors."

In terms of company debt, which stood at US\$21.8bn at the end of 2012, Mittal said it should be cut to US\$17bn by the middle of 2013 and to US\$15bn in the medium-term.

Source: AFP via I-Net Bridge

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