

Socialisation of losses, privatisation of profits

Metaleurop: The ugly face of European capitalism

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On Friday April 11, the Béthune Commercial Court rejected a motion to liquidate the Metaleurop SA, parent company of Metaleurop Nord, the French foundry which closed down without notice on March 10, throwing 830 employees onto the unemployment lines.

Union representatives at Metaleurop Nord had requested that the liquidation procedure be extended to the whole of the Metaleurop Group in a manoeuvre designed to force the parent company to abide by its legal responsibilities—forcing it to reimburse outstanding payments to 35 subcontractors, undertake the site’s environmental cleanup and finance a severance plan for its sacked employees.

On January 17, without any notice, a handful of Metaleurop shareholders decided to close the Metaleurop Nord subsidiary. They made the decision public via a press release that stated: “The board of directors of Metaleurop SA has decided not to grant any new funds to its subsidiary Metaleurop Nord at Noyelles-Godault (Pas-de-Calais). This decision was taken in order to safeguard the financial stability of the group...” In other words, the move was designed to exempt the group from undertaking a social plan, paying any redundancy money, retraining its employees, or cleaning up the site.

Metaleurop Nord workers had organised a number of major actions—demonstrations at the company’s headquarters in Paris as well as in front of government buildings in the area, and the occupation of the plant on April 4. All of these actions, however, remained within the strict confines of trade union struggle, and the end result was that union officials, together with the representatives of the different government ministries involved, accepted the closure of the plant.

Consequently, workers will be obliged to accept a minimum social plan, financed by the government and the AGS (Assurance Garantie sur les Salaires) and funded by the MEDEF (Federation of Employers). A redundancy compensation of 15,000 euros will be paid to each individual, instead of the 50,000 euros initially demanded by the workers.

Commenting on the deal, Civil Service Minister Jean-Paul Delevoye said that “there are limits which the state cannot pass... The social plan of Metaleurop is better than the one paid to Michelin and it corresponds to the maximum which the state can afford.”

The closure of Metaleurop Nord foundry is part of a tidal wave of redundancies that is currently engulfing France. Some of the firms affected are Air Lib, Péchiney, Daewoo, ACT Manufacturing, Arcelor, Matra Automobile, Testut, Alcatel, Moulinex, Alstom, Hewlett-Packard France, the armament group Giat Industries and Grimaud logistic, which have all announced mass layoffs and plant closures.

A year ago, just after the triumphant return of the right wing to power, the Raffarin government gave the green light to employers and made clear it would not stand in the way of drastic rationalisations.

Baron Seillière, head of the French Employers Federation, quickly

became the “third man” of the government, and a whole series of measures taken by the previous government were repealed or restricted. The 35-hour week and the Smic (minimum wage) were diluted, numerous anti-redundancy provisions of the Loi de Modernisation Sociale (LMS, or social modernisation bill) were stopped, and new tax cuts for the bosses were granted.

The mutual understanding between the camp of the bosses and the government was finally sealed by the handshake of Raffarin and Seillière at the general assembly of the MEDEF on January 14 in Tours. The event brought to mind the statement by Karl Marx, 155 years ago in the “Manifesto of the Communist Party”: “The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie.”

The closure of Metaleurop Nord is exceptional inasmuch as it resulted directly from the practices of a particularly reckless shareholder, Glencore International AG.

Producing 170,000 tons annually, the Metaleurop Nord plant at Noyelles-Godault was Europe’s largest lead and zinc smelter. It was founded in 1894 (production was interrupted during the First World War) and reopened in 1920 by the Spanish company Penarroya (Group Imetal). Metaleurop SA was established in 1988 through the fusion of Penarroya and a subsidiary of the German company Preussag. It has a total of 17 plants located throughout Europe, of which 7 are in France.

In 1996, following the transfer of shares held by the German TUI (ex-Preussag) in Metaleurop SA, the Swiss group Glencore controlled 33 percent of the capital, becoming the majority shareholder of the group. Glencore, with its base in the canton of Zug (a tax paradise in Switzerland), has an annual turnover of some 70 billion Swiss francs. This global trader owns—under different names—lead, zinc and cadmium metal-treating plants all over the world: in Japan, Rumania, India, Great Britain, Germany, the US and Kazakhstan.

As soon as it entered the group, Glencore set up a financial infrastructure that was intended—sooner or later—to facilitate the plunder of its subsidiary, Metaleurop Nord. The latter’s cash flow, as well as its stock of raw materials and clients, were all absorbed by Glencore. Metal treatment was transferred to China. On July 31, 2002, during an “incident” (enquiries “ongoing”), not less than eight tons of gold and silver disappeared mysteriously.

The daily *La Voix du Nord*, quoted a business solicitor, Maître Letarte, who explained Glencore’s methods: “...In those days one built up an entity, adding the word Nord to the name of the company [Metaleurop], centralising all the risks: the social risks--the 830 workers represent nearly all of the employees of the group; the industrial risks--the plant was old; and the environmental risks, well-known. As a result, Noyelles becomes just a production site without any right or autonomy. One example: it

needs the permission of headquarters for any expense exceeding 100,000 francs (15,244 euros)—petty sums considering the size of the plant. It is obvious that there was no special reason to create Metaleurop Nord other than to concentrate all the risk factors.”

With the sudden closure of the smelter in Noyelles-Godault, the heads of the group could, with impunity, default on pledges made the previous year (i.e., financing of the social plan, investment in the conversion of the plant, and the signing in 2002 of a partner agreement between the government and the group requiring that the company invest in the cleanup of the site).

The closure has allowed the leaders of the company not only to avoid a lawsuit—filed last October at the Béthune Court by the residents of the neighbouring locality of Evin-Malmaison “for poisoning and non-assistance to endangered persons”—but also to get rid of a workforce that had fought continuously over the previous year to improve its working conditions.

The sudden bankruptcy, provoked by an unscrupulous shareholder, has led to exclamations of horror from politicians of all shades, as well as from the MEDEF. Prime Minister Jean-Pierre Raffarin has denounced the “pirates of the economy,” while President of the Republic Jacques Chirac has condemned the “hooligan bosses.” In fact, this brazen act of parasitic gangsterism epitomises the real state of relations existing within a rotting capitalist system.

It is therefore not surprising to learn that Glencore is not only the major shareholder of the Group Metaleurop, but is also closely linked to the environmental scandal surrounding the *Prestige*, the oil tanker that sank last November, polluting the Spanish Galician coast, and that is still to this day spilling tons of heavy fuel into the Atlantic Ocean.

Indeed, the founder of the Swiss firm Glencore, an international trader specialising in the oil business, is none other than Marc Rich, the infamous boss of Crown Resource, which owned the *Prestige*. Rich fled to Switzerland in 1983 after being indicted in the United States on charges of tax evasion, racketeering and fraud that could have resulted in a prison sentence of more than 300 years. Bill Clinton pardoned him during the last days of his presidency. Rich’s wife had offered a million-dollar contribution to the Democratic Party.

The District Court of Paris has already dismissed a demand by the French Ministry for Ecology and Sustainable Development that an expert be appointed to scrutinize the Glencore company books and the withdrawal of funding from Metaleurop Nord. The costs linked to the cleanup of the Noyelles site and the neighbouring area are calculated at some 300 million euros, with an additional 43 million euros needed for the social plan—the government (i.e., taxpayers) is being left to foot the bill.

After this judicial setback, the government is now trying to get money back by entering into a deal with the Swiss shareholders (i.e., financial participation in return for dropping the outstanding lawsuits filed against the company).

The high-risk activity of Metaleurop Nord renders it a Risk-Classification Seveso II—the plant is considered to be the most polluted site in the whole of France.

Three localities covering an area of 45 square kilometres and with a total of 60,000 inhabitants are highly contaminated. Over decades, Metaleurop Nord has spilled lead and cadmium into the atmosphere. At the time of closure, the plant emitted 50 kg of lead every day. Lead dust covers the roads, houses and gardens, the result of years of unrestrained activity. Twenty years ago, daily emissions ranged from 400 kg to a staggering high of one ton!

In the courtyard of the school at Evin-Malmaison, a lead level 40 times higher than the norm was registered. According to the DRIRE (Direction Régionale de l’Industrie, de la Recherche et de l’Environnement, or Regional Directorate for Industry, Research, and the Environment), between 5,000 and 10,000 years would be required to decontaminate the

polluted areas!

Official figures show that 10 percent of the kindergarten children in the adjoining areas of the smelter are ill from lead poisoning (Saturnism). In Evin-Malmaison, a locality situated downwind, as many as 27 percent of the children are affected. It is forbidden to consume the products from the gardens and fields, and the water is undrinkable. According to European norms, raising livestock should also be forbidden in the region.

Research into lead poisoning, initiated in the last 15 years, has resulted in the registration of 260 child cases. Between 1996 and 2001, 36 cases of poisoning were registered out of a workforce of 3,836 workers at the foundry. Acknowledged as an occupational disease, lead poisoning is a disabling illness. In addition, 172 other workers were temporarily declared unfit to work because of an excessively high lead level.

Although the plant has operated since 1894, it was only last year that the government adopted stricter measures and penal sanctions within the framework of a bill on technological and natural risks, in order to avoid “another Metaleurop.” This decision is nothing more than a smokescreen when one considers the criminally irresponsible attitude of the government vis-à-vis the owners of the plant—shareholders such as Glencore—permitting them to move on while cashing in on the profits. The workers and neighbouring residents are left to fend for themselves—ill, unemployed, without the least compensation and with worsening prospects for the future.

It was only at the last minute that the government considered creating Free Urban Zone-41 (ZFU, or Zone Franche Urbaine) in the area of Noyelles-Godault as a means of offsetting the unemployment crisis afflicting the area.

In a region like the Nord/Pas-de-Calais, with average unemployment of 25 percent, peaking in some localities at 46 percent long-term unemployment, the government is not offering a large scale re-industrialisation programme. Instead, a cosmetic plan has been worked out to facilitate the creation of small enterprises, shops, craft workshops, retail outlets and so on.

Another symbolic indication of the government’s perspective for the area—and future prospects for the population of Noyelles-Godault—is perfectly illustrated in its latest project: the decision to build in Vendin-le-Viel near Lens a new high-security prison for 150 inmates.

On March 28, Pierre Bédier, Secretary of State for the Justice Ministry Property Program, announced that the ex-workers of Metaleurop Nord will be able to benefit from a training programme—to prepare them to compete for jobs as prison guards. Minister of Justice Dominique Perben has given his blessing for the project. The jail is due to begin housing prisoners in 2007.



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