# United Steelworkers offers ArcelorMittal millions in concessions

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The United Steelworkers union (USW) has offered steelmaker ArcelorMittal millions of dollars in concessions in contract negotiations covering 12,000 steelworkers. Through these concessions, the USW hopes to keep ArcelorMittal competitive by passing the burden of the deep crisis in the global steel industry onto the backs of workers.

The USW announced its proposal for “innovative cost savings” on February 5, just four days after announcing the ratification of a deeply concessionary contract at US Steel, covering 18,000 steelworkers.

By pushing through concessions contracts, the USW aims to further isolate steelworkers from each other, and from other sections of workers. In particular, the deal will further isolate workers at Allegheny Technologies Incorporated (ATI), who have been locked out for nearly six months, and the 450 Steelworkers locked out by Sherwin Alumina since October 2014.

ArcelorMittal has not issued any official response to the USW’s offer, but in an indication that it will demand even deeper concessions, ArcelorMittal announced that it was closing some finishing lines at its massive Indiana Harbor mill in East Chicago where some 5,000 steelworkers are employed.

The global steel industry faces severe overcapacity, in large part due to a slowdown in Chinese steel demand and the drop in oil prices and well drilling. North American hot-rolled coil steel price fell to $400 per ton in October 2015, just one-third its peak price in July 2008. According to the World Steel Association, there is currently 300 million tons per year of overcapacity, amounting to roughly 20 percent of global steel capacity.

In response to falling prices, steel companies the world over are announcing plant closures and layoffs. China is estimated to lose 400,000 steel jobs and 100 million to 150 million tons of annual steel production capacity as a result of the downturn. Steel mills have been shut down, idled or subject to massive layoffs in the US, the UK, Australia, New Zealand and Italy, with thousands of jobs lost or at risk in each country.

Valued at nearly $30 billion, ArcelorMittal is the world’s largest steel manufacturer, producing 98.1 million tons of steel in 2014, more than five times as much steel as US Steel, the largest steel manufacturer in the United States. Owned by Indian billionaire Lakshmi Mittal and based in the European tax haven of Luxembourg, ArcelorMittal is a global corporation with substantial operations in 20 countries on five continents.

ArcelorMittal has been hit hard by the downturn. In fiscal year 2015, ArcelorMittal reported $7.9 billion in net losses, primarily due to falling steel and iron ore prices. Steel shipments in the fourth quarter of 2015 were down 6.8 percent compared to the same period in 2014, with iron ore shipments down 4.2 percent in the same timeframe.

Like its international rivals, ArcelorMittal is compelled by investors to respond to the severe downturn in the global steel industry by cutting costs and prioritizing only the most profitable operations.

In a recent report to investors, ArcelorMittal outlines its global strategy to maintain profitability under what it expects to be a protracted downturn in the global steel industry. The report lists several strategic objectives, including cost and asset “optimization,” i.e., plant closures and job cuts, in Europe and North America.

ArcelorMittal also aims to reduce debt levels, largely by cutting capital expenditures, i.e., productive investment, by more than 25 percent. As part of its cost-cutting efforts, ArcelorMittal sold its 35 percent stake in Spanish auto parts manufacturer Gestamp for just under $1 billion.

To the extent that ArcelorMittal continues to invest in production, it is narrowly focused on specialty steel operations, particularly in the automotive sector, which has thus far remained relatively insulated from the general tendency toward industrial recession.

Another investor report outlines a series of investments in auto-related steel projects. The largest is an $832 million joint venture in China with Hunan Valin, producing high-end auto steel for a projected 25 million Chinese vehicles by 2018. Other auto-related steel projects include a $130 million investment in Krakow, Poland; a $100 million investment in a new rolling mill in Acindar, Argentina; and $40 million for a joint venture in Calvert, Alabama, with Japanese steelmaker Nippon Steel and Sumimoto Metal Corporation.

In its iron ore mining operations, ArcelorMittal aims to undercut its rivals by focusing on low-cost operations in Canada, increasing production at these mines by 11 percent in fiscal year 2015, while cutting costs and reducing production at higher-cost mines. In addition, ArcelorMittal is considering purchasing distressed Italian steelmaker Ilva, where it would subsequently implement similar cost-cutting policies, including plant closures and mass layoffs.

ArcelorMittal consciously exploits the protectionist policies of the various countries where it operates. Its US operations have pending trade cases against China, India, Italy, Korea, Taiwan, Russia, Brazil, Japan, the Netherlands, UK and Australia, while its European operations have similar cases against China, Russia and Brazil. The utterly cynical and manipulative nature of these cases is belied by the fact that ArcelorMittal owns factories in China, India and Brazil, and Mittal is himself an Indian citizen.

In spite of this, the USW is an enthusiastic supporter of such trade lawsuits, and has initiated many of its own volition. In doing so, the USW aims to pit US workers against their brothers and sisters internationally, while enticing global corporations like ArcelorMittal to maintain and expand operations in the United States with protectionist policies and lower labor costs.

The USW does not represent the interests of its members. Rather, it represents the interests of a highly paid bureaucracy which seeks to secure its position by imposing cuts to wages and benefits upon the workers for the companies.

ArcelorMittal is itself a product of the USW's complicity in decades of attacks on steelworkers' jobs and living standards. Between 2002 and 2004, LTV Steel, Bethlehem Steel and Weirton Steel were purchased by speculator Wilbur Ross' International Steel Group (ISG). The companies had become attractive investments after decades of USW collaboration in plant closures, layoffs and bankruptcies had produced major cuts to wages, benefits and pensions.

In particular, LTV robbed nearly 100,000 steelworkers of their pensions and retirees health care when they filed for bankruptcy, first in 1986 and again in 2000.

ISG was acquired by India-based Mittal Steel Company in 2005. ArcelorMittal was formed in 2006 through the hostile acquisition of European steelmaker Arcelor by Mittal Steel Company. Shortly after the merger, ArcelorMittal closed plants in Lackawanna, New York, and Hennepin, Illinois. ArcelorMittal pushed through major job cuts in low-wage countries as well.

After acquiring Kryvorizhstal, Ukraine's largest steel producer, ArcelorMittal cut employment nearly in half, from 57,000 to 30,000 workers.

This wave of mergers and acquisitions in steel, and the subsequent layoffs and plant closures, was the intended outcome of the USW's decades-long campaign to keep steel production profitable in the United States by attacking the living standards of steelworkers.

The USW's perspective and orientation are fundamentally the same today. By offering ArcelorMittal "innovative" wage and benefit concessions, the USW hopes to keep the steel company profitable at the expense of the workers through the current downturn. The USW couples this anti-worker perspective with chauvinist poison, aiming to line workers up behind trade war, and ultimately world war against China.