

ArcelorMittal Ostrava a.s. (součást skupiny Liberty Steel)

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LIBERTY

Ostrava steelworks temporarily reduces production by 20 % without job losses

Ostrava July 15, 2019 - ArcelorMittal Ostrava, which recently became a member of the Liberty Steel Group, will temporarily reduce steel production by 20%. The reason is the steel market development in recent months - the rise in CO2 emission prices, rise in raw material and energy prices as well as unfair imports of steel from non-EU countries. The temporary reduction will be achieved through a decrease in production rates and not through the closure of any production facilities. No impact on employment is expected.

„Unfortunately, we must take this step to respond to the development of the last several months that has not been favourable for steelmakers in Europe. The price of CO2 allowances has increased 264 % over the last one and half year, iron ore prices have risen 65 % since the beginning of the year, the imports of cheap steel have grown by 13 % and reached a quarter of the total EU steel consumption. Moreover, the European Commission has now increased the quotas for steel imports by another 5 % despite the already complex market situation and the weakening economies of the EU,“ says Ashok Patil, CEO of the Ostrava steelmaker.

Imports of cheap steel to Europe have grown 13 % y-o-y to 39.2 million tonnes, which is an annual production of 15 large steel companies of the size of the Czech integrated steelmakers. 65 % of total EU imports come from only 5 countries, namely Turkey (quadrupling exports into the EU from 1.5 million tonnes in 2009 to 6.2 million tonnes last year), Russia, South Korea, India and China.

„Every fourth tonne consumed in Europe is produced in third countries, where manufacturers do not have to comply with any emission limits and are not part of CO2 reduction programmes, thus producing with significantly lower costs. In a situation where there is no level playing field, it is hard to compete in the long run,“ explains Patil.

The Ostrava steelworks will reduce production by slowing down its pace, not by shutting down production facilities. Reducing production will not affect employment. Employees will be taking holidays or be shifted to some other activities as required.

„I believe the European Commission will hear the European steel producers and take action without delay to protect the European market efficiently including a carbon tax for non-EU imports,“ adds Patil.

„The European Commission has decided to increase quotas when the demand for steel is expected to decline and the market is very vulnerable, which is an incomprehensible step. In the Czech Republic alone, the steel industry employs 18,000 people directly and another 70,000 indirectly. Unless the EU and the national organizations intervene and set solid and fair steel market rules, these jobs can be seriously threatened in the near future,“ said Petr Slanina, chairman of OS KOVO in the Ostrava steelworks.

ArcelorMittal Ostrava a.s. is an integrated steel company with a production capacity of 3.6 million tonnes of steel. Currently, it annually produces c. 2.2 million tonnes of steel, which is mainly used in construction, machinery and oil & gas industries. The company is a domestic leader in the manufacture of road barriers and tubes. In addition to the Czech market, it supplies its products to more than 40 countries around the world. Together with its subsidiaries in Ostrava, the company has 6300 employees. The 2018 average monthly income was CZK 39,180. As a result of the above-standard greening, the company manufactures its products with minimum possible environmental footprint. The company is part of Liberty Steel, a global steel and mining business, employing 30,000 people on 6 continents based across more than 200 sites, with rolling capacity in excess of 18 million tonnes a year. It is part of the global grouping GFG Alliance.

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