



Case study summary sheet : UGINE l'Ardoise

PN, Oct 06th, 2006 (version 2)

- ✓ UGINE is composed of the ARCELOR group's stainless steel activities. ARCELOR grew out of the merger between the French group USINOR, the Spanish ACERALIA and ARBED (Luxembourg). ARCELOR is one of the major players in the iron and steel industry. Traditionally this sector of industrial activity is cyclical but has undergone an unusually sustained period of growth over recent years due to the continued expansion of emerging economies and the high demand these economies are making on world producers. After many years of talk of overcapacity in the sector, it is now rather a question of under capacity. The consolidation of the sector is underway: the creation of ARCELOR was one stage in this consolidation process which shows no sign of slowing down, as the current merger of MITTAL and ARCELOR (to become the largest worldwide group) shows.
- ✓ The reorganisation of ARCELOR's industrial infrastructure following the creation of the group, is not yet complete. The relocation of steelworks and rolling mills so that they are on the same sites is part of this reorganisation process: the construction of a steel works in Charleroi upstream of an already existing, high-capacity rolling mill is one step in the implementation of this objective (the other side of the coin is the complete restructuring of the Walloon iron and steel industry). The closure of the Ardoise steelworks – spare capacity too distant from the large markets of Northern Europe – is also a consequence of this strategic reorientation.
- ✓ Anticipation of the changes to come began long before official announcement of the closure of the site in May 2003. As early as 1998, debate developed in and around the company (employment zone) on the very uncertain future of Ardoise in terms of the industrial infrastructure of the group. From 1999 onwards, a group of consultants (SODIE), specialised in local economic development, was employed by the management of the company to come up with a diagnosis for the revitalisation of the employment zone. Things accelerated with the birth of ARCELOR. The profile of the employees of the site was very distinct: many had been employed at the site for an extended period (seniority) and the high average age meant reduced mobility of the workforce. Natural wastage represented 40 % of the redundancy plan (employee support measures) following closure of the plant. Another important part of the employee support package was a plan to transfer some of the workforce to other parts of the group (the SOLLAC Fos site was not too far away). In the end a restructuring which concerned 421 employees only resulted in 31 forced redundancies.
- ✓ The package of measures put into place by ARCELOR is clear evidence of the "historical nous" acquired by the group in terms of past restructuring: The setting up of dialogue upstream of closure to consult with and inform not only employee representatives but also local politicians, institutions and suppliers (Ugine being able to provide ARCELOR with an apparatus already in place at its own site); an agreed framework for the organisation of measures and procedures; an extension to the period of consultation in terms of local economic development over the period 2004 / 2007 along with the continuation of revitalization activities previously committed to; very effective coordination between local and group management teams.

- ✓ From 1998 onwards UGINE began revitalisation operations in the employment zone, in spite of the fact that any legal requirements of the kind were virtually inexistent at this time. In 2004 a tripartite agreement (company, State and local institutions) was put into place in accordance with recent changes in the French legal framework: 400 jobs must be created between 2004 and 2007 (160 have been created in the framework of this agreement and 213 under the previous plan).