

## SEATTLE POST-INTELLIGENCER

[http://seattlepi.nwsourc.com/business/1310AP\\_Mittal\\_Weirton.html](http://seattlepi.nwsourc.com/business/1310AP_Mittal_Weirton.html)

Wednesday, November 30, 2005 · Last updated 3:09 p.m. PT

# High costs doom W.Va. mill revitalization

By VICKI SMITH  
ASSOCIATED PRESS WRITER

Historically high production costs, an inconvenient location and old, inefficient facilities have apparently doomed hopes of revitalizing a West Virginia steel mill that once employed some 13,000 people and now has just 1,300 union workers.

Mittal Steel Co., the world's biggest steelmaker, idled the blast furnace at its Weirton division over the summer, laying off some 750 workers for what the Independent Steelworkers Union hoped would be a temporary wait for business to pick up. But late Tuesday, Mittal told the union that furnace will remain cold, and as many as 800 jobs will be permanently cut.

"This was a very difficult decision, since the Independent Steelworkers Union and all employees have worked so hard to beat the odds trying to maintain steelmaking at Weirton," said Louis L. Schorsch, chief executive officer of Mittal Steel USA. "However, the structural disadvantages of Weirton for these processes entail costs that are too high to support competitive downstream facilities."

Industry analyst Michael Locker, president of New York-based Locker Associates Inc., said the small blast furnace and the steelmaking Mittal has elsewhere combined to seal Weirton's fate.

"The negative of the consolidation process is that you have a comparison going on of plants ... within the Mittal family," Locker said. "If they come out on the short end of the stick, they can't justify standing alone - even with all the hopes of cost reduction and efforts by the union, which were mighty.

"You have good finishing facilities at Weirton that are going to survive," he said, "but the source of the steel is going to be elsewhere."

Analyst Charles Bradford of Bradford Research-Soleil Securities Corp. in New York, sees Mittal's flexibility as a benefit of the global consolidation of the industry.



The Mittal Steel plant, formerly the Weirton Steel Corp., in Weirton, W.Va., is shown in this June 5, 2001 file photo. Mittal Steel Co. has no plans to restart the furnace at its West Virginia operation in 2006, a move that means as many as 800 jobs at the long-struggling mill will be eliminated. Mittal informed the union's executive committee of its intentions late Tuesday, Nov. 29, 2005, but did not provide specific job-loss numbers, ISU spokesman David Gossett said. (AP Photo/Charles P. Saus)

"When there is softness in the market, you close the high cost ones first," he said. "Mittal, just within North America, has more than a dozen blast furnaces, so they have the ability to cut one or two and moderate their business."

Mittal, based in The Netherlands, took control of Weirton in April through a \$4.5 billion purchase of former owner International Steel Group of Richfield, Ohio. ISG had won a bidding war for Weirton, the nation's No. 2 tin producer, in bankruptcy court in 2004.

Weirton's steel production costs have long been known to be among the highest in the Mittal family, which has other mills capable of churning out enough steel to meet demand through 2006.

Union spokesman David Gossett said raw materials are at the root of Weirton's problem. Weirton does not have a coke plant and must buy coke on the open market, where costs are high.

Weirton also must buy iron ore and have it shipped by rail. Mittal's mill in Cleveland can get iron ore shipped in cheaper on Lake Erie.

Weirton is also struggling with high gas prices in a mill that Gossett said doesn't use fuel as efficiently as it could.

Bradford predicts Weirton's blast furnace will only be restarted if and when every other Mittal furnace is at capacity.

"Weirton is basically a swing plant that will be closed except when the industry is operating very high," he said.

But ISU President Mark Glyptis said he believes Mittal is committed to maintaining an operation in Weirton, and that the mill is a key part of its strategy to sell tin.

Schorsch acknowledged in a prepared statement that Mittal wants to reconfigure the Weirton plant around tinplate, though how that will be done remains under evaluation.

"Weirton has a long-standing reputation as a global leader for this product, and our goal is to strengthen that position," he said.

Mittal shares rose 29 cents to close at \$27.59 on the New York Stock Exchange.

---

On the Net: