



Justice Department Seeks Appointment of Trustee to Sell Mittal Steel's Sparrows Point Steel Mill

Appointment of Trustee Will Ensure Divestiture to Remedy Harm to Competition From Mittal-Arcelor Merger

WASHINGTON, Aug. 6 /PRNewswire-USNewswire/ -- The Department of Justice today announced that it has asked a federal judge in Washington, D.C., to appoint a trustee to sell Mittal Steel Company N.V.'s Sparrows Point facility located near Baltimore in light of Mittal's failure to complete such a sale prior to the deadline imposed by the consent decree entered by the court. Mittal's deadline to divest the Sparrows Point facility is today, Aug. 6, 2007, and the consent decree provides for appointment of a divestiture trustee once this deadline has passed.

The Department has also asked the court to instruct the trustee that it may carry out its responsibility to sell the facility by pursuing the Department's approval of the agreement that Mittal entered last week to sell the facility to Bethlehem Acquisition Co., a joint venture led by Esmark Inc., and completing the sale under that agreement if it is approved.

"The prompt divestiture of Sparrows Point is important to preserve competition in the market for tin mill products in the eastern United States," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "We are disappointed that Mittal has failed to complete a sale within the time prescribed by the consent decree. We are therefore asking the court to appoint a trustee under the decree to ensure that the sale of the facility is completed promptly."

Background

On Aug. 1, 2006, the Department's Antitrust Division filed a civil lawsuit in U.S. District Court in Washington, D.C., to block Mittal's proposed acquisition of Arcelor S.A. The Department said the acquisition, as originally proposed, would have substantially lessened competition in the market for tin mill products in the eastern United States. At the same time, the Department filed a proposed consent decree that the court entered on May 23, 2007. The consent decree, which resolves the Department's competitive concerns, required Mittal to divest a steel mill that supplied tin mill products to the eastern United States. In February 2007, the Department notified Mittal that it must divest the Sparrows Point mill near Baltimore. The consent decree provided Mittal 90 days to complete the divestiture, with possible extensions of time not to exceed 60 days. That period, including three separate extensions totaling 60 days, expired on July 20, 2007. Mittal obtained a further extension from the court until Aug. 6, 2007. As with this consent decree, Antitrust Division consent decrees typically include a provision under which a trustee is appointed in the event a divestiture does not occur within the prescribed time period.

On Aug. 1, 2007, Mittal signed a contract to sell Sparrows Point to a joint venture led by Esmark Corporation. That sale, however, remains subject to several conditions, including the Department's approval of the contract and proposed purchaser. Mittal has informed the Department that, irrespective of the time needed for the Department to complete its review, the sale could not be completed for at least two months.

Tin mill products are finely rolled steel sheets normally coated with tin or chrome. Tin mill products are used primarily in the manufacture of

sanitary food cans and general line cans used for aerosols, paints and other products.

Prior to Mittal's acquisition of Arcelor, two large firms -- Mittal and one other integrated steel producer -- accounted for more than 74 percent of all tin mill product sales in the eastern United States. Prior to the merger, Arcelor -- together with its subsidiary Dofasco, which operates a large integrated mill in Ontario -- provided a significant competitive constraint on these two firms. By removing those constraints on anticompetitive pricing, the acquisition likely would have resulted in price increases of tin mill products to can manufacturers and other customers in the eastern United States.

SOURCE U.S. Department of Justice

 [back to top](#)

Related links:

- <http://www.USDOJ.gov>

 POWERED BY
Technorati  [Blogs Discussing This News Release](#)

Issuers of news releases and not PR Newswire are solely responsible for the accuracy of the content.
Terms and conditions, including restrictions on redistribution, apply.
Copyright © 1996-2007 PR Newswire Association LLC. All Rights Reserved.
A [United Business Media](#) company.