

FROM:Ms Pippa Gallop
CEE Bankwatch Network
c/o Zelena akcija
Frankopanska 1 pp.952
10 000 Zagreb
Croatia**TO:**President Maystadt and the
Directors of the EIB
European Investment Bank
98-100, boulevard Konrad
Adenauer
L-2950 Luxembourg**Bulgaria:**Centre for Environmental
Information and Education (CEIE)
For the Earth!**Czech Republic:**Centrum pro dopravu a energetiku
Hnuti Duha**Estonia:**

Estonian Green Movement-FoE

Georgia:

Green Alternative

Hungary:Nature Protection Club of Eotvos
Lorand University (ETK)
National Society of
Conservationists-FoE (NSC)**Lithuania:**

Atgaja

Macedonia:

Eko-svest

Poland:Polish Green Network (PGN)
Institute of Environmental
Economics (IEE)**Russia:**

Sakhalin Environment Watch

Slovakia:Friends of the Earth - Center for
Environmental Public Advocacy
(FoE-CEPA)**Ukraine:**National Ecological Centre of
Ukraine (NECU)CEE Bankwatch Network's
mission is to prevent
environmentally and socially
harmful impacts of international
development finance, and to
promote alternative solutions and
public participation.

13 November 2009

Dear President Maystadt and Directors of the EIB,

We were disappointed that the EIB approved a loan for the European operations of the world's largest steel company, ArcelorMittal, on 21st October. We are even more disappointed to hear that a EUR 130 million loan is now due for Board approval on 15th December for ArcelorMittal's activities in Brazil, given the company's poor environmental record and unsatisfactory implementation of improvement projects financed by the European Bank for Reconstruction and Development. We therefore urge you not to approve this new project.

ArcelorMittal and its forerunners have undertaken EBRD-financed projects in Kazakhstan, Romania, Ukraine, Macedonia and Bosnia and Herzegovina. However, the results have been disappointing. Experiences with the company have been similar in other countries including South Africa, the Czech Republic and the USA.

As an example, in 2007, after a series of fatal accidents in ArcelorMittal's Kazakh coalmines, the EBRD financed a project to improve health and safety. In January 2008, another incident at Mittal's Kazakh mines resulted in 30 more deaths, with another 5 in June 2008, and 3 in June 2009. The company has declared health and safety improvements to be its number one priority, yet it has so far failed to disclose what investments have been made, while workers have alleged that it has done little to improve labour and safety conditions since the takeover.

In February 2008, Kazakhstan's Ministry of Emergencies warned the company that if the situation does not improve, its mining license might be revoked. This was followed by a warning by the General Prosecutor's Office on 3 April 2008 that at eight ArcelorMittal coalmines in Kazakhstan, 70 percent of equipment is below industrial safety standards, and that the company risks having its mining activities terminated if it does not do more to improve its safety standards. The company has also delayed some of the environmental improvements planned in its Environmental and Social Action Plan. The EBRD is now having to involve its highest level representatives in trying to improve the situation.

We understand that improvements take time, however by now we would expect to see visible results. In the absence of these, the easiest way to prove whether ArcelorMittal is really making the improvements it claims would be to examine what environmental and health and safety investments are planned, which have been made so far, and what pollution reductions have been made. Yet the company has in most cases failed to release even this information.

During the last year ArcelorMittal has used the financial crisis as an excuse to delay several of its environmental investments, including ones that were part of projects financed by the EBRD. Civil society groups have urged the company to use this time to step up low-cost measures and to undertake those activities that cost very little but would improve its transparency, such as implementing Stakeholder Engagement Plans and releasing detailed data on its environmental performance and investments. In 2008, as part of the EBRD-financed mine safety project, ArcelorMittal drafted a Stakeholder Engagement Plan in Kazakhstan, but

then failed to implement it. In 2009 it finally approved the Plan, but with the deadlines for information disclosure removed, showing a lack of good will.

We therefore do not believe that ArcelorMittal should receive a new EIB loan. Public loans accord the beneficiary an implicit seal of approval that we believe is undeserved in this case. Based on past experience we also believe that there is a real risk of the project not bringing satisfactory improvements.

Yours sincerely,



Ms Pippa Gallop