

Request by Global Action on ArcelorMittal to the European Bank for Reconstruction and Development (EBRD) and International Finance Corporation (IFC), 19 May 2008

We, community and environmental groups from across the globe, ask the EBRD and IFC to provide NO further investment support to ArcelorMittal. After more than ten years of the company receiving multi-million euro lending support from these institutions, communities and workers continue to suffer from high levels of pollution and unsafe working conditions in several countries. The “demonstration effect”, via which the EBRD seeks to justify such loans, has unequivocally failed in the case of ArcelorMittal.

In Kazakhstan an investigation carried out this year by the public prosecutor has found that the Karaganda coal mines owned by ArcelorMittal are continuing to use decades-old health and safety equipment and putting miners' lives at risk. The Kazakh government has recently threatened that the company may lose its license to operate the mines if it does not make rapid improvements.

In May 2006 in Kryviy Rih, Ukraine, a trade union presented a list of environmental and health and safety measures needing to be implemented at the plant. So far, however, only two out of the ten health and safety requirements have been partially fulfilled and only one out of the necessary five environmental measures has been carried out. The official Environmental Action Plan and Health and Safety policy have still not been released in spite of demands from stakeholders. In January 2008 the Ukrainian Public Prosecutor's Office sent a letter to the company in which it launched a civil legal case against the plant's management for the violation of Ukrainian environmental legislation.

ArcelorMittal's plant in Galati, Romania, still suffers from serious pollution and health and safety problems seven years after the EBRD lent the company USD 100 million. One of the conditions of the loan was the implementation of an Environmental Action Plan but this has not even been released, so it is impossible to properly assess its implementation. Between the Mittal takeover in 2001 and 2006 safety inspectors cited 25 deaths and 254 injuries at the plant, though the company says the figure is lower. In April 2007 the plant underwent the first general strike in its history, and the Solidaritatea trade union has made serious allegations about poor working conditions and threats against its members.

It is clear that rapid and clear improvements are needed at these plants, as well as at many other ArcelorMittal plants around the world, but we have been waiting long enough. While no-one expected overnight miracles, there ought to be some visible reductions in pollution and improvements in health and safety as a result of these loans by now. There is no point in reducing pollution per tonne of steel at the same time as significantly increasing production as it is the total level of pollution that people are exposed to which impacts on their health.

While the company has recently opened a dialogue with communities and NGOs on the international level, on the national level the company has in many cases failed to show basic goodwill through basic gestures such as releasing environmental documents.

Whether or not ArcelorMittal plans a new, more responsible strategy for the future, the company must no longer be financed with public money. It is the largest steel company in the world, and with a 2007 net income of USD 11.85 billion it has more than enough of its own resources to finance improvements. Extending loans to large western companies cannot offer the additionality that the International Financial Institutions are mandated to provide. The EBRD and IFC must re-think their private sector lending to ensure that those companies benefiting are the ones that really need it.

Alena Miskun, National Ecological Center of Ukraine
Dana Sadykova, Eco Museum, Kazakhstan
Svetlana Spatar, Ecological Society Green Salvation, Kazakhstan
Jan Srytr, GARDE programme, Environmental Law Service, Czech Republic
Liz Ilg, Ohio Citizen Action, USA
Manana Kochladze, Green Alternative, Georgia
Pippa Gallop, CEE Bankwatch Network, Czech Republic
Samson Mokoena, Victor Munnik, Vaal Environmental Justice Alliance, South Africa
Sunita Dubey, Ground Work USA