

Severstal Mulls Buying ArcelorMittal Unit

By [The Moscow Times](#)

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Severstal is interested in buying French steel producer Florange, a subsidiary of ArcelorMittal, according to unnamed sources cited by French newspaper Les Echos, Interfax reported Tuesday.

Talks began two weeks ago, and a representative of Severstal has already visited Lorraine to study the plant, one of the sources said.

Two other investors are considering buying Florange, the paper said. But a source close to Severstal told Interfax that Les Echos' information is largely based on rumors and speculation.

Both blast furnaces at Florange, with a combined capacity of 2.7 million tons per year, were shut down in 2011 due to falling demand in Europe and high costs. After a meeting with the local union at the beginning of October, ArcelorMittal announced that the situation on the European market would not allow it to relaunch the blast furnaces at Florange, which employed more than 600 people.

Steel production at Florange is not competitive in the current economic situation, the company said. ArcelorMittal also said that, in accordance with the French government's demands, it would find a buyer for the idle steelmaking and coking facilities within 60 days.

Severstal, which was in talks on buying Arcelor in 2006, does not currently own steelmaking assets in Western Europe.

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