



News Release

78/04

23 December 2004

CC PROVISIONALLY CLEARS ARCELOR ACQUISITION

The Competition Commission (CC) has provisionally cleared the acquisition by Arcelor SA of the UK hot rolled steel sheet piling business of Corus Group plc.

In a summary of the provisional findings published today on the CC web site, the CC's inquiry group has concluded (by a majority of four to one) that the acquisition may not be expected to lead to a substantial lessening of competition.

Sheet piling is used in the construction industry as a retaining structure acting as a barrier to earth or water.

Chairman of the Inquiry Group, Peter Freeman commented:

By this deal Arcelor has bought the commercial operations of the hot rolled steel sheet business of Corus, that is the goodwill, know-how and some staff. Corus's heavy section mill at Scunthorpe was not included in the transfer, and we are satisfied that Corus would have closed this mill, and withdrawn from this loss-making business in any event, even if the Arcelor deal had not happened.

Arcelor is now in a strong position in this UK business sector, but we believe that the market is open to competition, with ample spare capacity available from suppliers elsewhere in Europe and that Arcelor would have held much the same position with or without the deal.

Any reduction of competition, and we accept that there may be some, at least in the short term, stems from Corus's withdrawal rather than the deal with Arcelor; we have accordingly concluded provisionally that the merger itself will not lead to a substantial lessening of competition.

One member provisionally dissents from this majority view.

The summary of provisional findings and other information regarding the inquiry can be found at: www.competition-commission.org.uk/inquiries/current/arcelor/index.htm. The full provisional findings report will be published shortly.

Anyone wishing to comment on the provisional findings is invited to provide the Group with their response in writing, including any reason why these provisional findings should not become final. Written comments must be received by the Group no later than 21 January 2005. Comments should be made in writing to:

Inquiry Secretary (Arcelor/Corus merger inquiry)
Competition Commission
Victoria House
Southampton Row
London WC1B 4AD

or by email: Arcelor.Corus@competition-commission.gsi.gov.uk.

Notes for editors

1. The Enterprise Act 2002 empowers the OFT to refer to the CC anticipated or completed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
2. The Arcelor/Corus Group consists of five members—Peter Freeman (Group Chairman), John Baillie, John Collings, Chris Goodall and Jeremy Seddon.
3. The acquisition was referred to the CC on 10 September 2004. The CC is required to publish its final report by 24 February 2005.
4. Further information can be obtained from the CC's web site at: www.competition-commission.org.uk/inquiries/current/arcelor/index.htm.
5. Enquiries should be directed to Francis Royle, Press Officer, 020 7271 0242, or Rory Taylor on 020 7271 0488/rory.taylor@competition-commission.gsi.gov.uk.
6. The full text of the OFT's referral of this case can be found on the OFT web site at www.of.gov.uk.