

How Steel Flashed

The epic corporate battle of Mittal's takeover bid of Arcelor, fought against a backcloth of cultural anxiety



COLD STEEL: Lakshmi Mittal and the Takeover that Defined an Era

by Tim Bouquet and Byron Ousey

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by Meghnad Desai

THIS is the story of the defining battle of globalisation between Mittal and Arcelor, one an NRI who has built up a fortune in making steel around the world and the other an established European steel company with its headquarters in Luxembourg and operations across France and Spain. Over the first six months of 2006, the Mittal attempt to buy Arcelor by appealing to shareholders over the heads of an old-fashioned and smug board of directors was the stuff of headlines in financial media worldwide. What should have been a boring technical story on the back pages of the *Financial Times* became front page news as the bid was seen not just as a business deal but a civilisational battle between Old Europe, cultured and haughty, and a family of intrepid Indians.

The CEO of Arcelor, Guy Dolle, appears as the villain in this story, stumbling unthinkingly into racist jibes about the Mittals' *monnaie de singe*—monkey money, literally, but funny money is what he meant. It gets worse as politicians in France, Luxembourg and Belgium begin to take protectionist steps to keep Arcelor European. This, even though Mittal's company was registered in the Netherlands and he did all his business outside India. There are many low tricks to stop hos-

tile bids and this book offers a textbook of them. Eventually Mittal won fair and square because shareholders saw through the outdated corporatist nonsense of the European model and chose the enterprising dynamic globaliser.

India also put its oar into the battle on Mittal's side. I thought at that time that this compromised Mittal since he was playing the bid as a cosmopolitan player and not as a desi. This book tells how President Chirac's team advises Mittal not to attend a lunch that Prime Minister Manmohan Singh is giving for Chirac, to which he had invited Mittal, just to avoid any bad vibes in the French media. Lakshmi Mittal and his son Aditya emerge as a fantastic team, like Batman and Robin, overcoming all odds, anticipating their rival's each move and outsmarting them. They put together a winning team of lawyers and bankers and PR people from several countries—as this is of all such bids the truly global battle. So does Arcelor. They also involve a Russian company, Severstal, very much a post-Gorbachov phenomenon. They both fight dirty: spying, throwing spanners in the works, spreading misinformation. The money spent is like “a lawyer's wet dream”.

We also see that in this world of global finance there are strong national regulatory frameworks, each different from the other with the bidder having to meet

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the legal requirements of each. Regulators referee the battle and see that the rules are transparent. We have miles to go before a single global economy emerges with a single law regulating business around the world. But each country knows that it pays to be liberal. Even the host country, Luxembourg, realises that if they skew the outcome in favour of Arcelor they will lose a lot of business settled there thanks to its liberal laws.

The book is written in the breathless style of *Time* magazine circa 1980s. Far too much detail is thrown in. Every banker, lawyer, politician and regulator is described in the standard cliché of tall, dark and handsome, wearing Gucci shoes and Armani shirts, smoking Havana cigars etc which gets in the way of the story. The authors could have written a straight story but instead have tried to make it into a piece of fiction. This adds about one-third more pages to the book which a good editor could have cut out. After all that fuss over the names, the appendix listing them is incomplete—missing out Krupp-Thyssen names—and the index is no help in tracing the names and code names which abound.

In the end this is a story of how capitalism is no country's monopoly. No culture or religion is a better preparation than any other. What makes for success is hard work, an ability for risk-taking and playing a strategic game when you are up against the best. Lakshmi Mittal shows that he has all that and more. He is not a stoic who would take a defeat philosophically. Along with his son Aditya he has imbibed all the black arts of doing business around the world but remained true to his ethics. ■