

## Cold Steel: Britain's Richest Man and the Multi-Billion-Dollar Battle for a Global Empire

BY TIM BOUQUET AND BYRON OUSEY

LITTLE, BROWN, £20, 340 pp  
 £ 18 (£1.25 p&p) 0870 428 4115

### GEOFFREY OWEN ON PASSION, FASHION AND RACISM IN BIG BUSINESS

**B**ooks about business, if they are to appeal to the general reader, need to contain larger-than-life personalities, moments of high drama, and perhaps a touch of sex. There is no sex in this book, but the story that it tells – the battle by the Indian entrepreneur, Lakshmi Mittal, to win control of Europe's largest steel company – has all the other necessary ingredients.

Over a six-month period in 2006 a brash outsider, Indian-born but resident in London, locked horns with the entrenched barons of the European steel industry. The Mittal bid for Arcelor, Luxembourg-based but with its main operations in France (it prided itself on being the Airbus of European steel), was one of the largest-ever hostile takeovers, and it involved not just the principals – Mittal and his son Aditya on one side, Joseph Kirsch and Guy Dollé on the other – with their battalions of advisers, but a host of politicians including Jacques Chirac, Prime Minister Jean-Claude Juncker of Luxembourg and even, in an off-stage role, Vladimir Putin.

That Mittal emerged as the victor is widely seen as a triumph for Anglo-Saxon shareholder-based capitalism over the so-called stakeholder version, in which the interests of employees and local

communities are given as much weight as those of shareholders.

Some European companies have been able to preserve the stakeholder model because they are partly owned by dominant shareholders – often banks, or members of the founding family – who can be relied upon to side with management in the event of an unwanted takeover bid. Arcelor was vulnerable because its shares were widely held. The largest single shareholder, with 5.6 per cent, was the government of Luxembourg. The politicians there came under heavy pressure to change the takeover rules to frustrate the Mittal bid, but, conscious of their country's reputation as a haven of free markets, they decided not to intervene.

The Mittals won because they offered a price that was too high for Arcelor shareholders to refuse, but their task was made easier by the clumsy tactics of the other side. Guy Dollé, chief executive of Arcelor, got off to a terrible start when he referred to Mittal's 'monkey money', and made disparaging remarks about Indians which outraged the Indian government. President Chirac, opposed to the deal on grounds of 'economic patriotism', was also singularly ungracious. On a state visit to India, according to this book, Chirac requested Mittal not to attend the official luncheon because his presence would be considered 'unfortunate'.

Dollé's last throw was to stitch up a deal with a Russian tycoon, Alexey Moegashov, who had ambitions to be a global player in the steel industry.

But this scheme was so complex, and so transparent a device for keeping Dollé in power, that shareholders would have none of it. As a Luxembourg taxi driver is said to have remarked, 'I'd rather go for a clean deal with an Indian than a murky deal with a Russian.' The Kremlin was apparently furious about this outcome, threatening reprisals against Western companies wanting to invest in Russia.

The authors recount these events in the form of a thriller, with dramatic changes of scene from one boardroom or luxury hotel to another as each side seeks to drum up support from investors. The result is a tumultuous narrative in which the dramatic personae seem constantly engaged in agitated conversations on their mobiles – all reported as direct quotations, none of which are sourced.

Colourful characters flit in and out of the spotlight – an understatedly elegant PR lady with a penchant for chandelier earrings, an olive-skinned lawyer with an impressive nose and sporting trademark Bulgari cuff links, a balding banker with 'an astronaut's smile', and so on. The style is breathless and the sartorial detail overdone, but the flavour of the contest comes across well.

What, in the end, was it all for? Mittal's bid was based on the view that a global steel company making 100 million tonnes a year would be more efficient than a collection of independent regional or national firms making 10 million or 20 million tonnes. We will have to wait at least five years before we know whether that view is correct, or whether Mittal, for all his achievements up to now, is no more than an old-fashioned empire-builder who allowed ambition to push him too far.



Empire-builder Lakshmi Mittal