

LUXEMBOURG TIMES

by Luxemburger Wort

Business and politics in Luxembourg

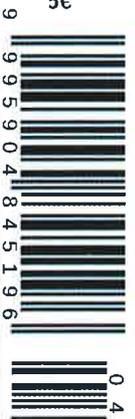
No. 4 February 2020

Backbone of steel

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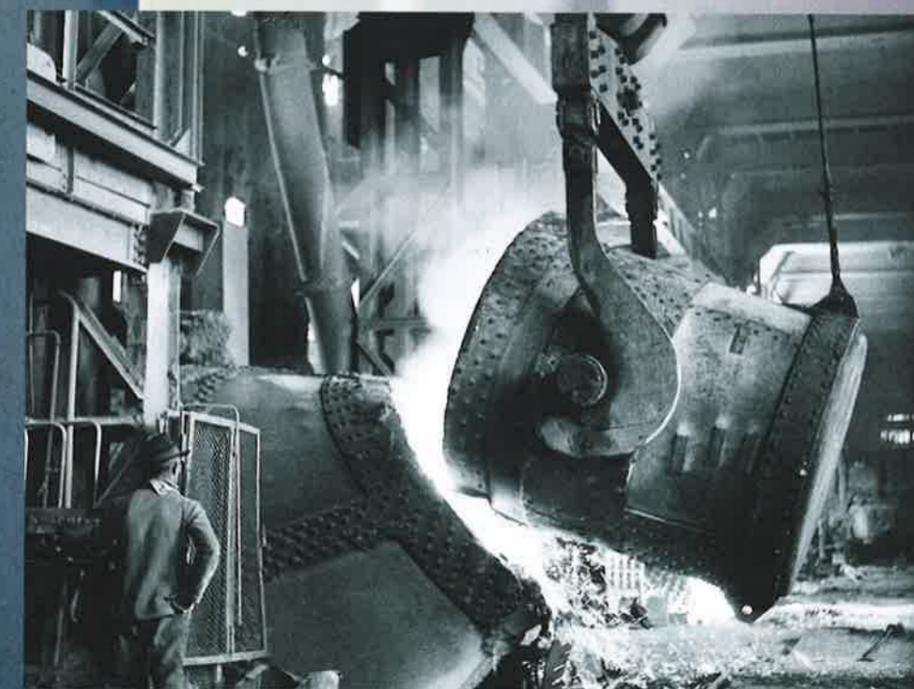
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A steely backbone

Steel is the reason that Luxembourg has long punched above its weight. Once as an industrial world power, then in European politics. Now students and start-ups of the digital age meet against the backdrop of deserted blast furnaces.

By Emery P. Dalesio



The ARBED steel plant in Esch-sur-Alzette in 1958

Construction site for ArcelorMittal's new global headquarters in Luxembourg, with European Union buildings in the background



Daytime and nighttime views of the former steel plant in Belval and the blast furnace (top). Production process and heavy construction beams waiting to be shipped at the ArcelorMittal Differdange steel plant (bottom)

Flames shooting into the night and scorching heat radiating from tubs the size of a house. Rivers of molten metal flowing like lava squeezed from the Earth's core.

These daily work scenes from the heyday of Luxembourg's years as a steel powerhouse are still remembered proudly. They're celebrated by museum exhibits in Differdange, preserved iron ore mine shafts in Rummelange and lavish mansions built by steel barons in Dommeldange and Beggen, which now house foreign embassies.

All are monuments to the metal that made Luxembourg rich, and which later was one reason behind an unprecedented political pact that both ended almost a century of war between Germany and France and was the first step towards the European Union.

The transformation from a grimy industry where tens of thousands laboured to the disruptive creativity of the virtual new economy is on display at the University of Luxembourg's Belval campus. Its library was grafted onto the old ARBED Steel mill that clattered here for a century. The main building's 82-meter tower was designed to complement 85-meter-tall blast furnaces. And where melted metal once glowed at more than 1,600°C, music fans now pass industrial chic relics on their way to the Rockhal, the country's biggest concert venue.

"It's very beautiful because you have the mixture of the new university and then the past history of Luxembourg," said Elza Skenderovic, 21, an undergraduate student in science education. "It's great to keep contact with the past, to still be near the past." Masters-degree student Tessy Klopp Sowa said her own grandfather was a crane operator at the plant after the Second World War put an end to his studies. Ponds downhill from the campus sometimes stink of sulphur in the summer, she said, but she still appreciates the mix: "This is an architectural way of preserving history."

It's no exaggeration to say that Luxembourg became an industrial economy because of steel. Iron ore was discovered in southern Luxembourg around 180 years ago, but it wasn't until the last quarter of the 19th century that processes developed to remove impurities allowed mass-production of quality steel.

The metal industry in the Grand Duchy flourished, and by the 1920s – Luxembourg was among the world's top steel producers. When the Second World War broke out, all that was shattered. But in the end, it was steel that helped establish a peaceful and more integrated Europe – with Luxembourg at its core.

It was Luxembourg-born Robert Schuman – the French prime minister who lived under German occupation in his youth – who in 1950 proposed that the Grand Duchy's two powerful neighbours share management of the two heavy industries then seen as crucial for any future war machine.

"The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the federation of Europe," Schuman said on May 9, now celebrated as Europe Day in the nations of the European Union. "The solidarity in production thus established will make it plain

that any war between France and Germany becomes not merely unthinkable, but materially impossible."

France and West Germany did agree to create the European Coal and Steel Community. Italy, the Netherlands, Belgium also signed up – as did Luxembourg. For the tiny country, the advantages of its bigger neighbours ceding part of their sovereignty to a jointly managed common project were massive, according to Elena Danescu, a University of Luxembourg historian and a fellow of the school's Robert Schuman Institute of European Affairs.

"We see that through the steel industry, Luxembourg manages to join the great political circuit, to insert itself as a founding member of the institutions (and to) defend and promote its national interests," said Danescu, who is also a research scientist at the Luxembourg Centre for Contemporary and Digital History. "A small country, with few resources, with a small population, manages to have the same rights, the same guarantees, as the big countries and gets to have a say in this politico-economic European constellation."

The headquarters for the central institution overseeing coal and steel production, the so-called High Authority, were installed in Luxembourg. French diplomat Jean Monnet, the plan's chief architect, became its first president and took up residence. The community was part of a wave of post-war, supranational institutions that included the United Nations.

The High Authority, housed in the 1913 building in Luxembourg's capital that is now headquarters for state-owned savings bank Spuerkeess, fixed prices and set production limits or quotas. The authority had the powers – once member countries had given their okay – to impose fines on businesses that broke treaty rules. A common set of rules regulated mergers. A Court of Justice to decide disputes took over Luxembourg's Villa Vauban. By 1954, the agency had removed nearly all trade barriers for core industrial materials like coal, coke, steel and scrap iron. National contributions to run the community were deposited in Luxembourg banks, giving them a boost, Danescu said.

Three years later, the same six countries signed the Treaty of Rome to create the European Economic Community, allowing



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Robert Schuman

tariff-free trade among its members. The coal and steel community's headquarters moved to Brussels in 1967 after it merged with the EEC and the nuclear agency Euratom. By then, Luxembourg had been firmly established as one of the centres of European bureaucracy, along with Brussels and Strasbourg. Nowadays, some 11,000 people in the Grand Duchy are employed at European institutions.

Luxembourg's steel mills had a final 30-year bloom after the war. In 1960, the iron and steel industry contributed 31% to Luxembourg's GDP. By the early 1970s, one out of every eight Luxembourg workers worked in steel. Then it all ended. One of the High Authority's main tasks was supervising which coal mines would close, as oil replaced coal as an industrial fuel during the 1960s. In the 1970s it oversaw steel factory closings as low-cost steel from Japan put western European manufacturers at a disadvantage. Luxembourg was no exception. In the mid-1970s, the Grand Duchy's big iron and steel mills plunged into a decade-long crisis. The government stepped in, financing an industry restructuring that left ARBED as the country's only steel producer and allowing steel workers early retirement. Luxembourg's last remaining old-style blast furnace closed in 1997, one of the two that now tower over Belval.

The closure wasn't just a symbol. Just five years later, ARBED – or *Acéries Réunies de Burbach, Eich, Dudelange* – started to gradually disappear in ever larger international conglomerates. In 2002, it ended nine decades as a purely Luxembourg institution when it merged with Usinor of France and Aceralia of Spain to become Arcelor, the world's largest steel producer.

Four years later, Mittal Steel bought Arcelor to establish ArcelorMittal, still the world's biggest steelmaker. Its headquarters have been in Luxembourg ever since, and the company is now building a steel-trussed complex in the Kirchberg district to house its offices as well as an enclosed public garden, restaurant and auditorium.

A big polluter, steel manufacturing has continued declining in Luxembourg and

the rest of Europe as demands for a cleaner environment increase. Slowing economic growth in Europe and the resulting reduced steel sales, especially to auto-makers, have forced producers to cut production and employment. China, with its cheaper labour and willingness to accept the environmental costs, now makes about half the world's steel.

Steel hasn't completely disappeared from Luxembourg. ArcelorMittal's Long Products plant in Differdange forges steel beams used to build soaring modern skyscrapers around the world. They were used to build New York City's One World Trade Center, the D2 Tower in Paris and the Lakh-ta Center in St. Petersburg. Yet increasingly gloomy economic forecasts and tough global competition have prompted production cuts even for such "long" steel products, with little improvement in sight in 2020, according to IREPAS, a global trade association. ArcelorMittal has made no production cuts in



“We see that through the steel industry, Luxembourg manages to join the great political circuit”

Elena Danescu

Luxembourg, company spokesman Pascal Moisy said, despite “the uncertainty of the economic environment and the fierce competition we have to face from competitors, especially those from outside Europe”.

While Luxembourg's industry only employed about 1.3% of Europe's 330,000 steel workers in 2018, the proportion of employment in the sector is the highest on the continent, according to the European Steel Association, or EUROFER. Other Luxembourg-based companies are also still in the global steel market. They include Aperam, which produces stainless steel, and Paul Wurth, which designs equipment for blast furnaces.

Luxembourg decision-makers, meanwhile, continue to reimagine and rebuild the steel past for a silicon-driven future of bits and bytes. A 60-hectare site between Esch and the town of Schifflange that was home to a steel mill for more than 130 years is being redeveloped into homes and businesses. A start-up hub for technology companies is taking root on the Belval campus. The school's main building was designed to echo the local landmarks that the looming blast furnaces have become, architect Ulli Grassman said.

“We need to use the given messages of identity from history, we need to integrate it and to develop something new out of it,” said Grassman, managing partner in the Austrian architectural firm Baumschlager Eberle Architekten. Mixing the historical with the contemporary produces “a certain kind of, let me say, tension. This tension is, I think, very interesting.”

It can also be striking.

During the annual Blast Furnace Festival in July, acrobats suspended on lines dance, spin and soar along the side of industrial hulks. Artists spit fire. Others twirl flames as they leap and twist.

“To dance around fire was a kind of allegory. Fire was part of the place. The steel plant is not working any more, but you can still do a dance around fire,” said Andrea Morawski, a Polish native working in Luxembourg's European district who has been to the festival two consecutive years.

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