



## Stainless Steel

*This company has turned out to be  
the worst in our history.*

Kazakhstan President Tokayev

**N**ATION: ARCELORMITTAL

FOUNDED: 2006

CAPITAL: Luxembourg City, Luxembourg

GDP: \$68.3 billion (revenues, 2023)

CLAIM TO FAME: Largest steel company  
in the world (excluding China).

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**1856:** Russian merchant Nikon Ushakov hears a rumor about a shepherd in present day Karaganda, Kazakhstan who, after throwing some stones on a fire to warm himself, found some stones heated up very quickly and gave off a large amount of heat.

Realizing that the 'stones' must be coal, Ushakov buys the land where the shepherd camped from two families for 250 rubles (about \$5,000 in current U.S. dollars).

**1930s:** Large coal reserves are discovered in the Karaganda Basin, which would become the USSR's third largest source of coal.

Because of its high quality, the coal (called coke) is vital for use in steelmaking.

**1969:** The Karaganda mine in Temirtau is commissioned, with an annual output capacity of 2.7 million tons of coal.

**1976:** India's Lakshmi Mittal opens his first steel plant in Indonesia, laying the foundation for what will become ArcelorMittal.

**1990:** Nursultan Nazarbayev is elected the first President of Kazakhstan. Nazarbayev's very first job, at age 20, had been working in the blast furnace at Temirtau's then newly-commissioned Karaganda Steel Mill.

**Mid-1990s:** The corrupt Russian oligarchy arises out of the rapid privatization of Soviet industry, with the IMF and the U.S. playing a pivotal role in the plunder of resources.

The coal industry is a notable exception, however, as high debt and social liabilities make it unattractive to foreign investors.

**1995:** Under these unfavorable conditions, Nazarbaev invites Lakshmi Mittal to visit the Karaganda mining and steel complex. After “sleeping in his coat and taking a bucket bath in the morning,” Mittal buys the entire operation for a bargain \$200 million.

Opposition leaders claim Nazarbaev has a personal financial interest in the deal, the terms of which are never publicly disclosed.

**2002:** After a Kazakh newspaper reports that Nazarbayev has stashed away \$1 billion of state oil revenue in Swiss bank accounts, a decapitated dog appears outside the newspaper’s offices, which are later firebombed.

**June 2004:** Mittal’s daughter’s \$82 million wedding is the most expensive in history, with a lavish reception at the Palace of Versailles.

**December 2004:** 23 miners die in a gas explosion and fire due to faulty equipment at a ArcelorMittal-owned Kazakh mine.

**2006:** In a \$38 billion deal, Arcelor and Mittal Steel combine to form ArcelorMittal.

**January 2018:** Black snow falls on the 200,000 residents of the city of Temirtau. ArcelorMittal blames the pollution on an unusually mild winter and lack of wind.

**March 2019:** Nazarbayev resigns as president, following mass riots in cities across the country, with 238 deaths.

During his three decade long tenure, the Nazarbayev family amassed an estimated \$8 billion fortune, the bulk of it allegedly stolen from state-owned enterprises.

Nazarbayev hand-picks his successor, Kassym-Jomart Tokayev, and retains significant control of the government.

**February 2021:** Filtering equipment at the Karaganda steelworks fails, sending a rose-colored toxic cloud over Temirtau.

**January 2022:** Nazarbayev briefly reappears in public, describing himself as a simple “pensioner” taking a well-deserved rest.

**August 2023:** Five miners die in a fire at ArcelorMittal’s Temertau complex. Officials consider nationalizing the project, but fear an “adverse impact” on foreign investment.

**October 2023:** 46 miners are killed in a gas explosion and fire at the Temertau complex, the deadliest accident in the nation’s history.

**December 2023:** ArcelorMittal is forced to transfer ownership of the complex—at one time the country’s largest employer—to the Kazakhstani government, and a new owner is announced: Andrey Lavrentyev, a wealthy Kazakhstani businessman and auto tycoon.

After an initial request for \$3.5 billion, ArcelorMittal is paid \$286 million in cash and \$700 million in loan repayments.

An investigation determines the company to be “100% at fault,” but despite vocal public opposition to the terms of the deal, ArcelorMittal is relieved of all potential liability for costs related to the accident.

Over its 30 year tenure, ArcelorMittal’s negligence and under-investment in safety has led to 180 deaths at its 15 Kazakh factories and mines (half of all fatalities in the entire multinational firm), as well as pollution contributing to an estimated 3,000 deaths. Experts say health-related costs and other assumed liabilities will eventually cost the government as much as \$4.2 billion.

**January 2024:** Families of many accident victims still await compensation, including modest apartments of up to 194 square feet. (Lakshmi Mittal’s primary London residence—dubbed the ‘Taj Mittal’—is 55,000 sq. ft.)

With a net worth of \$16.4 billion, Mittal currently owns 38% of ArcelorMittal, which remains a member in good standing of the Kazakhstan Foreign Investment Council. ■