
CAPEX cuts - Lion Group reviewing Vietnamese steel venture

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Malaysia's Lion Group said that its planned USD 9.8 billion steel plant venture in Vietnam is being reviewed in light of the global financial crisis.

Lion Group said that "We are considering various aspects of the project and its implementation in view of the global financial crisis that has occurred since the project was initially proposed. This will require discussions with the Vietnamese authorities, financial institutions and its suppliers. Talks on the proposed JV plant in Ninh Thuan province with Vietnam Shipbuilding Industry Group will take some time to complete."

Mr Nguyen Tien Nghi VC of Vietnam Steel Association said that "We heard about the review and the group is probably considering the value of investing in a country that already has many steel projects."

He added that Vietnam may face a surplus of steel because of the growing number of projects. Steel producers in Vietnam expect construction steel capacity to reach about 7 million tonnes in 2009, outpacing demand of 3.8 million tonnes. He said that "We sent requests to the prime minister to ask the government to review licensing steel projects in order to balance supply and demand."

It may be noted that the Vietnamese government is targeting economic expansion of more than 5% in 2009, following 4.5% growth during the last quarter.

(Sourced from www.bloomberg.net)

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