
CAPEX cuts - Votorantim and Acesco may delay Colombian steel project

Tuesday, 18 Aug, 2009

It is reported that Brazil's Votorantim and Colombia's Acesco are reevaluating their plans to construct a steel plant in northern Colombia and may delay the project until costs drop and the market shows strong signs of recuperation.

Mr Carlos Arturo Zuluaga president of Acesco said that the plant, Siderúrgica del Río Grande de la Magdalena, would have capacity to produce 1.4 million tonnes of hot rolled coil annually. The estimated investment cost totals USD 1.3 million.

Mr Zuluaga also said that the project might be delayed in order to take advantage of potentially lower equipment costs in the future and added that if they were to begin it in 2010, they would finish it by 2013.

He explained that as of now and through October, the firms will continue working on the phase of basic engineering planning before commencing with the construction and equipment purchasing. He added that "We still have to evaluate and see if it is valid to start up the plan immediately or to postpone it, but the project is still on track as planned and is marching at normal speed."

Back in September of 2008, which is when the project was announced, Votorantim said that it would cost USD 1.5 million and be completed by 2012, supplying the local market and exporting the excess to Central America and the Caribbean.

(Sourced from SteelOrbis)

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