
CAPEX cuts - Dongkuk Steel pulls out of slab plant JV in Brazil

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Dongkuk Steel Mill Co said that it has pulled out of a JV to build a natural gas powered slab plant in Brazil because of high fuel costs.

It added that "It is difficult to secure feasibility for the project because of the drastic change in the global energy environment and the gas suppliers' demand to increase fuel prices."

Dongkuk in December 2008 said that it may scrap the venture, agreed to in 2005 with Vale SA, to build a 1.5 million tonnes per annum mill in Brazil's northeastern state of Ceara.

Mr Kim Sun Hong spokesman of Dongkuk said that a separate venture with Vale, which will use coal in its blast furnaces, will be continued.

It may be recalled that Vale and Dongkuk signed an accord on June 17th 2009 with the Ceara state to build a mill able to produce 6 million tonnes of steel slabs a year for export.

(Sourced from www.bloomberg.net)

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