
Unapproved mills in China to be regrouped - MIIT

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21st Century Business Herald reported that at the 2010 Director Meeting of China Iron and Steel Association held on February 5th Mr Miaowei vice head of the Ministry of Industry and Information Technology of China revealed that the advice for steel industrial M&A by the ministry is to be issued.

There is a new highlight in the advice that designates way out for those projects or mills unauthorized by the government.

Mr Miao said "These enterprises, though unable to serve as the main body in consolidation can offer to be the merger targets. He said that the aim of M&A is to upgrade industrial concentration, and in detail is to build up three to five world competitive steel barons with capacity topping 50 million tonnes.

In light of the fact that China has ten large scaled steel mills currently, Mr Miao thinks that, it is unpractical to achieve the goal in one step, and it is more workable to develop six to seven powerful mills with 10 million tonnes to 30 million tonnes first and then target the top three to five. On the other hand, he emphasized that the unapproved 300 million tonne capacity could be legitimated by merger into large mills with licence instead of being left to its own devices.

Mr Miao disclosed that the regulation advice for backward capacity elimination is going to be issued soon. MIIT will adopt many devices to accelerate the washing out of backward capacity such as upgraded access standard for business operation, environment protection and energy saving check and economic means.

The ministry is now consulting with the Ministry of Environmental Protection on improving the energy saving and conservation standard, especially the index for waste emission as a criterion to recognize the advanced and the backward. Those lines below the mark should be improved technologically with government financial support and, if proved not to reach the standard in due time, should be washed out.

Mr Miao said to enhance the corporate core competitiveness; MIIT is going to appropriate fund to back up mills' technology improvement, high-end steel varieties development and help build energy-saving center in large mills, as well as to fuel social investment by means of discount loans.

In 2009, MIIT funded CNY 18.83 billion exclusive for the 4441 technology improvement projects. Baosteel Group, Wuhan Iron and Steel Group and Anshan Steel were the major beneficiaries in their auto steel plate improvement, as well as technical reform in energy-saving and emission reduction.

(Sourced from 21st Century Business Herald)

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