
Shandong Group becomes 2nd largest steel makers in China

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It is reported that an official ceremony marking the launch of Shandong Iron & Steel Group was held on March 26th 2008, celebrating the successful merger of between Laiwu Iron & Steel and Jinan Iron & Steel.

The formal establishment of the corporation that will combine the two companies announced by their listed units had been delayed for two years by opposition of the companies' leaders. They have given no time frame for transferring their mills or other assets to the new company.

As per report the plan of creating the Shandong Group through a merger of the state owned Laigang and Jigang was first proposed by the Shandong provincial government in 2006. However, the consolidation has made slow progress due to obstacle in appointing leaders for the new entity. Fortunately, the government nominated top managers of the group late February 2008 paving the way for the launch of the new group.

As per report the state owned parents of Laiwu Steel Corp and Jinan Iron and Steel Co had been ordered to merge into Shandong Iron and Steel Group under a plan by the eastern Chinese province of Shandong to consolidate mills, shut older facilities and build a 20 million tonne Greenfield mill on China's east coast.

In 2008 Jigang and Laigang produces 12.12 million tonnes and 11.7 million tonnes of crude steel respectively, therefore their combined crude steel output amounted to 23.8 million tonnes which would have ranked the two only after Baosteel's 26.6 million tonnes in 2007.

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