
CAPEX cuts - CAP delays USD 1 billion iron ore investment

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Bloomberg reported that Chile's largest steelmaker CAP is suspending a USD 1 billion investment to double iron ore output on concern a slowing global economy will lead to lower demand.

Santiago based CAP had expected to sell USD 550 million of new shares to finance the expansion. Cap said it would pay for the rest with its own resources.

Mr Jaime Charles CEO of CAP said that it may decide to resume the project by the first quarter of 2009. The project would have doubled CAP's iron ore output to 16 million tonnes a year."

He added that "I don't believe these projects are indefinitely postponed. There will be a severe correction in the industry, but it will be brief."

The delay comes after ArcelorMittal said last week it would review its expansion plans. Cia Vale do Rio Doce is reducing Brazilian iron ore output by at least 30 million tonnes because of falling demand for the steelmaking ingredient.

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