
Ferroalloy producers in Inner Mongolia frown on electricity price cut

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Inner Mongolia has announced to lower electricity price by CNY 0.08 per kWh for qualified enterprises in industries such as ferroalloy, calcium carbide and multicrystal silicon, as electricity consumption in these industries have decreased dramatically due to global financial crisis.

The autonomous region also cut electricity price by CNY 0.04 per kwt for ferrous metal refining, non ferrous metal refining and deep processing enterprises. The move has been effective as of November 17th 2008 and will be valid in 3 months. However, the move has aroused worries among ferroalloy industry. Many producers point out this move is not a good choice.

Officials said that "It is now the most difficult time for ferroalloy industry. We can only sell products at losses due to tobogganing demand and high cost stocks. Prices have already hit the bottom. If demand fails to revive, electricity price cut will further beat down sales prices. It is totally a bad move."

Many producers also doubt whether this move can work. Given shrinking demand, producers can barely regain confidence even when electricity price falls. More producers would like to wait and see and then make decisions.

(Sourced from MySteel.net)

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