
Xinxing pipe keeps own way amid steel industrial consolidation

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According to Mr Liu Mingzhong Board Chairman of Xinxing Ductile Iron Pipes Co Ltd declared the company would expend the production powers by controlling the capital liabilities within 60%, instead of merges and acquisitions. Many industrial observers hold a doubt attitude towards Xinxing Pipe's move. Despite the economic downturn, the other problem in front of him is the output suspension will arrive soon.

SASAC has earlier nailed down the M & A s plan of central enterprises that the number would reduce to 80 to 100 by 2010 and cultivate 30 to 50 international competitive large corporations. While, the steel industrial adjustment and plan involves Baosteel, Angang and Wuhan Steel, as well as large local steel enterprises like Shandong Steel Group and Hebei Steel Group not including Xinxing Pipe.

As per report, Baosteel has vaulted into world top 500 by acquisitions. On March 1st the steel mill announced to regroup Ningbo Steel to be its first largest shareholder, and strived forward its 80 million tonnes per year production goal.

Angang, one of the mills benefiting from the industrial regrouping, is ambitious to build a 50 million tonnes per year large steel group. Wuhan Steel may surpass Baosteel through its 12th five year plan. As a matter of fact, Mr Liu has picked up the developmental paces. In earlier Aug 2007, Mr Liu revised the 11th five year plan, adjusting the sales revenue up to CNY 50 billion from the CNY 30 billion before. According his evaluation, the goal will be realized in advance this year.

Different from the other mills, there is no output target in Xinxing Pipe's plan, replaced by CNY 150 billion of business incomes. The market insiders believed the mill would enter into the world top 500 some day as per the recent schedule.

Xinxing Pipe once has spend more than 4 years on the research and development of special steel pipes, if succeeds it will fill the blanks in China's high-quality steel pipe products development. Besides, Mr Liu said if use our products as the substitutes for imported goods, CNY 30,000 per tonne to CNY 40,000 per tonne would be saved.

By 2008, the company's ductile iron pipe has occupied 40% of the home market following with France Saint-Gobain Company.

(Source: <http://www.talentsmag.com>)

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