
Shagang and Nanjing Steel prepares for capacity expansion

Friday, 05 Jun, 2009

It is reported that China's Jiangsu province has lately issued revitalization plans for local steel industry, demanding top five steelmakers to secure 75% of the provincial total crude steel production by 2011. And newly added capacity should all be settled at Lianyung port in principle.

Steel products output in Jiangsu post at 48.23 million tonnes just following Hebei and ranking No 2 in China. And the top five mills in local are Shagang Group, Nanjing Iron & Steel Union Co, Baosteel's Meishan Iron & Steel Co, Zenith Steel Group and Xingcheng Special Steel Co.

The newly released support plans have not confirmed which of the five to preside over local steel consolidation. And to take advantage of the plan, both Shagang and Nanjing Steel are preparing for capacity expansion.

1. Shagang Group

As China's top private steel mill, Shagang produced 22.89 million tonnes of crude steel in 2008 making up nearly half of local total steel production. And according to Mr Gong Sheng president of Shagang production this year would level off with last year and will expand to 30 million tonnes by 2010 through acquisitions.

Different from other leading mills, who are eyeing full flow plants, Shagang hopes to regroup some HDG and CR sheet producer to expand its industrial chain.

Mr Gong said "There are some kinds of these plants at Zhangjiagang and Changshu with some of them trapped in hot water starting to contact us and we will conduct investigations to a CR and HDG producer in Zhangjiagang soon who has annual production of 0.4 to 0.5 million tonnes."

2. Nanjing Steel

Controlled by Fosun Group, Nanjing Iron & Steel United Co's crude steel capacity posts at merely 6 million tonnes or so last year. However, it also marks out capacity expansion plans in local and mulls to build a 10 million tonnes steel base at Lianyung port.

Mr Yang Siming general manager of the mill said however the project still subjects to Beijing approval. He said that "If it is approved, our steel production capacity in Jiangsu would come near to that of Shagang."

A senior official of the port said that Jiangsu has pointed Lianyung port as local steel production base in the plan. And berths, steel and petrification projects will be built there of which, scales of steel projects would reach 40 million tonnes and new projects later would also settle there.

(Source: China Business News)

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