Hebei Province fails to reduce steel capacity

As per data released by the provincial state planner, China's northern Hebei, which accounts for a quarter of China's steel output, is lagging far behind in its plan to reduce steel and iron producing capacity.

Seven major iron and steel producers have cut their capacity by 3.18 million tonnes in the first seven months of the year by turning off six plants, but this accounts for only 10 percent of the target for capacity cuts set by the government.

The disappointing data from the Hebei Development and Reform Commission showed the difficulties that China faces trying to reduce excess capacity across several industrial sectors. It comes just a month after state media said the heavily polluted province, which surrounds China's capital Beijing, pledged to close more than 31 million tonnes of combined iron and steel production capacity in 2016.

Officials from nation's state planner said on August 19, that the government had allotted 30.7 billion yuan to implement the capacity cuts in steel and coal, but cuts across the world's top steel producing nation are also behind national targets.

Nippon Steel and Sumitomo Metal plan to split Usiminas

Seeks advisers for split of Nippon Steel and Sumitomo Metal Corp is working on a plan to split Usinas Siderúrgicas de Minas Gerais SA into two separate units, in a last ditch attempt to end a two-year battle with Techint Group for control of the Brazilian steelmaker.

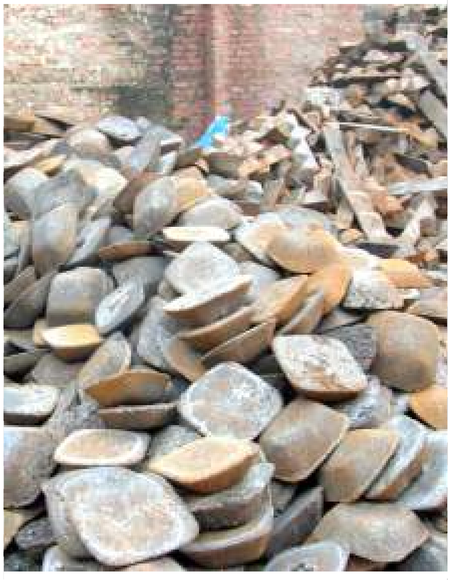
As per report the Japanese mining and steel giant is looking for financial and legal advisers to work on the plan, which has been touted since March.

Under terms of the plan, Nippon Steel would get the 5 million-tonne-per-year Ipatinga mill, the first person said. Techint Group, the other controlling shareholder of Usiminas, with which Nippon Steel has been at loggerheads since September 2014, would get the Cubatão mill, which has annual capacity of 4.5 million tonnes, the same person added.

Italy's Techint may discuss a split if the plan forms part of an effort to end the shareholder dispute, the second person said. As an alternative to the asset split, Techint is in favor of adding a clause to their shareholder agreement allowing it or Nippon Steel to exit Usiminas under some conditions, the same person said.

The split plan was backed by Paulo Penido, the former Usiminas chairman close to the Nippon Steel camp who passed away earlier, the people said. Yoichi Furuta, Nippon Steel's top Brazil executive, said in July that a split-up of the Ipatinga and Cubatão mills remained an option to resolve the ongoing dispute over Usiminas.

Mesco to expand value added steel



Mideast Integrated Steel Ltd. (Mesco) has reaffirmed its commitment to expand steel output at its facility at Kalinganagar in Odisha. The company said it had placed major orders for expansion and was awaiting environment clearance for the planned ramp-up in production.

Mesco Steel is shifting focus from pig iron to value-added steel products as pig iron business had turned unviable.

It said "As announced earlier, we are on our way to expansion. Major orders have been placed for expansion, and designing of the plant is underway, targeted to full capacity production by the end of 2017. We are also awaiting environmental clearance for the same.

Currently, Mesco produces pig iron which is not viable even though we have been running this plant for past 12 years. Therefore there is a need for producing value added products for which expansion is required. It does not make sense to lose earned money in producing a product which incurs losses."

Earlier, Mesco Steel had announced to expand its nameplate capacity in steel making from 1 million tonne per annum to 3.5 million tonne per annum.

The expansion is estimated to cost around INR 12,000 crore. The expansion plan includes revamp of Maithan Ispat, an ailing steel company which it acquired in March 2015.