Nigeria's steel sector gets $100m Chinese funding

Nigeria's steel production has received a $100 million Chinese investment through HongXing Steel Company Limited. According to the Iron and Steel Senior Staff Association of Nigeria (ISSSAN), Nigeria's present steel production stands at about 300,000 tonnes per annum, while consumption is above 20 million tonnes per annum.

Managing Director, HongXing Steel Company Limited, Mr. FengZhengKe, said the company has invested $100 million to establish scrap and billet manufacturing plants in Nigeria to boost domestic consumption and export, adding that the steel plant, which is located in Aba, Abia State capital, will be completed by the end of the first quarter of 2017.

Biggest steel manufacturing plants ZhengKe who spoke during a briefing on the project said, "Once the plants start operation, the likes of Julius Berger and other construction firms in the country won't need to import steel again. We are currently investing over $100 million to build state-of-the- art and the biggest steel manufacturing plants not just in Nigeria, but in West Africa. When operational, not only will it feed the local consumption, we will also be able to export and earn foreign exchange for Nigeria".

According to him, the company has achieved 70 percent completion of the first phase of the plants and it will become operational on or before the end of the first quarter of 2017.

He said, "The Aba projects have plant A, which will be using local raw materials from scraps, while the plant B will be using billets and will be producing to international standards. When operational, the plants have great prospects not only for the company but also for Nigerian economy.

The project has reached 70 percent completion. Recently, we commissioned the power plants sub-station, which is a milestone to having the plants to start operation.

ZhengKe urged governments to help local manufacturers to thrive by granting them incentives like tax waivers, power and infrastructure incentives, among others.

Steel production curb is good news for Malaysia

Steel production curb in China is good news for manufacturers around the world. Chin Well Holdings Bhd, a Penang-based maker of industrial grade fasteners, sees a strong pick up in demand next year as clients in Europe stock up in anticipation of a further increase in prices.

Ms Tsai Chia-ling Chin Well group Executive Director said that "The price of wire rods has gone up by more than 80% since early 2016 because China has cut back on steel production." She added that "Customers expect the price of steel to continue to go up in 2017."

She further added that we can also expect more buying from Europe next spring because that is when a lot of construction activities start to happen.

The weakened ringgit will also help to make our products more attractive to customers."

Ms Tsai said the group was reducing its production of industrial grade fasteners. "We expect to produce less than 100,000 tonnes of fasteners for the financial year 2017 (FY17) ending next June, which means that per quarter output of fasteners for FY17 would be less than 25,000 tonnes."

Meanwhile, the group is increasing its production of grill mesh next April to 450 tonnes a month from current 300 tonnes. This is slightly more than a third of its installed capacity of 1,200 tonnes a month.

Higher power costs for steel mills operating outdated equipment

China will impose higher power costs for steel mills operating outdated production equipment, the country's economic planner said in a statement. The National Development and Reform Commission (NDRC) ordered utilities to raise power prices by 0.5 yuan ($0.0719) per kilowatt-hour (kWh) on top of current prices for steel mills preserving equipment that ought to be eliminated.

Steel firms owning restricted equipment will be charged 0.1 yuan per kWh more than current power prices, without defining what restriced equipment is. The policy aims at promoting capacity cutting in the steel industry.