

Philippine steel mill plans tinplate by November

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INTERVIEW—Philippine steel mill plans tinplate by November

By Robin Paxton, Reuters

MANILA, Aug 19 (Reuters) – The Indian owners of the Philippines' largest steel mill will re-launch tinplate output at the revitalised plant in November and aim to run the whole operation at full capacity in 2006, the company's president said.

Global Steel Philippines, which is paying 13 billion pesos (\$232 million) over eight years to acquire the former National Steel Corp. from the government, is the country's top exporter of cold rolled steel, selling to China and other Asian neighbours.

President Sushant Das told Reuters the plant was operating at 30–35 percent of capacity. "Next month we will be ramping up to 45 or 50 percent," he said late on Thursday.

That equates to about 60,000 tonnes a month of cold rolled steel, which is galvanized (zinc coated) and used in construction.

Once the flagship producer in the Philippines, National Steel shut down production in 1999 until Global Steel took it on last year. The company invested \$30 million to rehabilitate the mill in the city of Iligan, on the northern shore of Mindanao island.

Steel prices, fuelled by China's industrial revolution, have surged in the last two years. Although prices of some grades have fallen since the start of the year as supply has grown, they have recovered about 10 percent in the last month.

"Prices in international markets have shown a positive trend for the past one or two weeks and we believe 2005 will certainly see steel prices firm further," said Das.

Global Steel Philippines is a unit of Global Steel Holdings Ltd. Chairman Pramod Mittal is the brother of Lakshmi Mittal, who runs the world's biggest steel firm, Mittal Steel .

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90 PERCENT COMPLETE

Das said repairs to a tinsplate line were 90 percent complete. Global Steel would have capacity to roll 75,000 tonnes a month of the tin-coated steel, which is used in food and beverage packing, he added.

Tin has lost about 25 percent in value since hitting a 15-year in May 2004.

Das said Malaysia and Indonesia would supply the tin, while Japan and South Korea would supply tin mill black plate — the steel base — for an initial period.

Global Steel runs a hot strip mill, which can produce 100,000 tonnes a month, as well as the cold rolling and tinsplate lines. It buys its raw material, steel slab, from countries such as Australia, China, Thailand and India, Das said.

The company employs 1,148 people compared with 5,000 in the days of National Steel.

Das said the company sold about 30 percent of output to the domestic market, where competition comes from imports and smaller rivals Sacramento Steel and Steel Corp. of the Philippines.

Most of its exports go to China, Indonesia, Malaysia, Vietnam and Cambodia, he added.

"This plant is strategically located in Southeast Asia, providing ease of access to key markets such as China, the world's largest consumer of steel," he said.

Global Steel Holdings on Monday acquired Bulgaria's largest steel mill, Kremikovtzi. It also runs Ispat Industries Ltd. in India and has steel, coke and mining interests in Bosnia, Libya and Nigeria.

(Additional reporting by Dolly Aglay)

(\$1=56 pesos)

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