



HD Pangang's reported steel project in Nigeria 'impossible'

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Neither Panzhihua **Iron** & Steel Group (Pangang) nor its listed subsidiary intends to invest in any steel project in Nigeria, an official from the **Chinese** steelmaker said Friday, saying his **company's** finances are already stretched with its investment in the Karara **iron ore** project in Western Australia.

Pangang's official was responding to a Nigerian newspaper report on June 26 that quoted the permanent secretary of Nigeria's industry, trade and investment ministry, Abdulkadir Musa, as saying Pangang Group agreed to invest \$5 **billion** in a 4-5 **million** metric tons/year steel project in Nigeria.

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"It is impossible!" Pangang's official said Friday. "We are already making serious losses in Karara, so we are very cautious about overseas projects nowadays, whether it is about **iron ore** or steel. Besides, \$5bn is not a small amount, where would we find the money?"

The Karara project, which once belonged to Anshan **Iron** & Steel Group (Angang), was transferred to Pangang when Angang completed acquiring Pangang in 2011. The project is known to have faced serious delays and investment blow-outs before it was commissioned in October 2012.

Pangang's net profits last year plunged by about two thirds compared with 2011 before Angang's **acquisition**, according to its Shenzhen-listed subsidiary's latest annual report.

A Beijing-based steel analyst also brushed off the Nigerian report. "Pangang is barely surviving itself with the big hole in Karara, so the report is not making any sense at all," he told Platts. "Neither Angang nor Pangang can afford to invest into Africa for the time being." Africa lacks infrastructure including road, railways and ports, so any investments will face heavy expenditures in building such facilities, he added.

-- Hongmei Li

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