

Brazil's Steelmaker CSN Goes Full Steam Ahead Shelling Out US\$ 9 Billion

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CSN (Companhia Siderúrgica Nacional), Brazil's second largest steelmaker, just behind Vale, this week confirmed last September's pledge to invest US\$ 9 billion over the next four years, revealing plans to plow US\$ 5.25 billion into mining, steel and cement projects in the southeastern state of Minas Gerais over the next six years.

The company's president, Benjamin Steinbruch, on Tuesday, December 18, signed a protocol with the government of Minas Gerais, which includes expansion of the capacity of CSN's Casa de Pedra iron ore mine from 16 million tons/year to 65 million tons/year by 2011. The company will also build a new 6 million tons/year pellet plant, a 4.5 million tons/year steel mill, and two cement plants.

"These funds," declared Steinbruch, "consolidate the cycle of investments previously announced by the company and underline our commitment to the creation of shareholder value and the generation of wealth and jobs in Minas Gerais and in Brazil."

In September, CSN announced plans to construct a US\$ 2.9 billion, 4.5-million ton steel slab plant near Casa de Pedra. All the iron ore CSN now uses comes from Casa de Pedra, with half mainly consumed in the domestic market.

Of the total capital expenditures (capex) investments, the lion's share will go to projects in the Congonhas municipality with Arcos City expected to get the cement plants while Belo Horizonte, the capital of Minas Gerais, will become a steel beneficiation and distribution center for CSN.

The investments are anticipated to generate more than 10,000 jobs, according to a CSN news release. Local workers, the company says, will be given priority for jobs, with full training in manufacturing and technological development being provided.

The state-owned company was created in 1941, but went private in 1993 and 1994 after the Brazilian government sold an 81% interest in CSN. The company primarily operates as an integrated steel producer.

Earlier this year CSN launched an unsuccessful bid for the Anglo-Dutch steel producer Corus. However, India's Tata Steel successfully outbid CSN for Corus. Brazil is the eighth largest steel producer in the world.

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