

Tapping into growth abroad

Iron and steel companies seize Belt and Road opportunities, stepping up efforts to seek overseas expansion and capacity cooperation

By ZOU SHUO

For new growth opportunities, China's iron and steel enterprises are increasingly tapping overseas markets - especially countries and regions involved in the Belt and Road Initiative, the plan to boost Asia's trade and infrastructure connectivity with Europe and Africa.

As a pioneer in pursuing international capacity cooperation, HBIS Group Co, based in North China's Hebei province and one of the country's largest iron and steel manufacturers, has invested in more than 70 enterprises across the world, with combined overseas assets amounting to \$7 billion, according to the company.

HBIS plans to build itself into a multinational steel behemoth with strong profits and a shining brand by the end of 2020, to compete in the global market. It is eyeing annual overseas revenue of more than \$20

billion, or more than 30 percent of its total sales, by then.

In 2016, HBIS bought Serbia's largest steel mill Zelezara Smederevo for 46 million euros (\$57 million). The takeover ended seven years of losses for the 106-year-old Smederevo, which has since been renamed HBIS Group Serbia Iron & Steel.

HBIS has invested \$120 million and sent 11 batches of around 200 technicians for the technological and product upgrading of Smederevo.

After more than five months, HBIS managed to turn around the loss-making Serbian steel plant into a profitable operation, reinforcing the view that its go-global strategy is yielding positive results.

Smederevo's performance in 2017 was its strongest in recent years. The steel mill's production capacity increased by 50 percent. It is contributing between 1 percent and 1.5 percent to Serbia's GDP, according to HBIS.

"We want to make Smederevo a



A worker oversees production at a plant of HBIS Group Hansteel Company in Handan, North China's Hebei province.

XINHUA

model project for cooperation with Central and Eastern Europe countries," said Yu Yong, chairman of HBIS.

The company is building a new industrial park in Serbia as a manufacturing base and logistics hub for the European market.

Other steel companies have also stepped up efforts to seek overseas expansion and capacity cooperation.

In June 2017, Delong Holdings released its plan to build a stainless steel factory in the Morowali Indus-

trial Park in Indonesia, the *Jakarta Post* reported.

With an investment of around \$950 million, Delong planned to develop a stainless steel factory with a production capacity of 3.5 million tons to help meet the demand in eastern Indonesia.

"Countries involved in the Belt and Road Initiative are intensifying their infrastructure building and require large amounts of steel products, which can be met by Chinese steel producers," said Wang Guoqing,

research director at the Lange Steel Information Research Center.

In recent years, more Chinese steel enterprises began to set up plants in economies involved in the Belt and Road Initiative, instead of simple technological exports and project cooperation as they did in the past, Wang said.

She also cautioned that Chinese steel companies should carefully study local policies, especially environmental policies, before making the investment.

Steeled for further breakthroughs

China is becoming a technology and product trendsetter globally in special steel manufacturing

By ZOU SHUO

China's special steel enterprises have successfully developed an array of high-tech and high-value-added products to break the dominance of established rivals including those in France, the United States and Japan.

For example, the 300M steel, which was developed and produced by Shanghai-based Baosteel Special Metals Co, or BSMC, has been used in the production of the landing gear of the C919, China's first homegrown large passenger jet, according to the company.

BSMC got the qualification certificate in 2016 as the material supplier of Shanghai-based Commercial Aircraft Corp of China, or COMAC, the manufacturer of the C919.

The landing gear is the heaviest steel part of the aircraft, accounting for 3.5 percent of its total weight.

It not only carries the weight of the entire aircraft, but also needs to withstand the huge impact of land-



A worker monitors the production of steel wire at a factory of Shanghai-based China Baowu Steel Group Corp in Nantong, East China's Jiangsu province.

WANG JUNRONG / FOR CHINA DAILY

ing, said Zhao Suwu, a senior engineer from BSMC. So, its steel materials need to offer stability, impact resistance and fatigue strength.

"After dozens of industrial-scale production trials and seven years of research and development (R&D),

the company has developed the whole chain of manufacturing technology for the 300M special steel," Zhao said.

"Apart from COMAC, BSMC is also actively working with an international aircraft manufacturer and an

aircraft engine producer to be their qualified supplier."

In September 2017, BSMC's Ni36LNG alloy, which is used on liquefied natural gas or LNG ships, was authenticated by the France-based marine engineering company Gaztransport et Technigaz, making it the world's second supplier of the thin-film alloy for LNG ships.

The alloy later won the accreditation certificates issued by two major ship classifiers, the Beijing-based China Classification Society and France-based Lloyd's Register, the world's oldest ship classifier, marking another step for the application of the special steel in LNG ships.

"The technical team of our company has made great efforts to ensure the alloy's physical and mechanical stability at super low temperature," said Zhao Xin, deputy director of the company's technical department.

Other special steel manufacturers have also produced steel products that enable China to be a technology

and product trendsetter in the global market.

Zhengzhou-based Zhengzhou Yongtong Special Steel has developed the Sorbite High-Strength Stainless Structural Steel S600E, which can be used in earthquake-prone areas due to its high strength and tenacity.

"China now imports around 10 million tons of steel products annually from other countries, and a large proportion of these imports belong to the special steel sector," said Ma Li, chief researcher at the Lange Steel Information Research Center.

The sector enjoys great prospects as China needs more high-end special steel products to upgrade its equipment manufacturing industry, Ma said.

However, many steel enterprises in China are still engaged in producing low-end special steel products and they need to put more resources into the R&D of high-end ones, he said.