



STEEL

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China Taiyuan says to invest in CNMC's Myanmar nickel project

By Polly Yam



- * Taiyuan invests in Myanmar nickel mine
- * CNMC keeps a 60 percent stake in Myanmar nickel project
- * Output starts in 2011 with capacity at 22,000 tonnes

HONG KONG, Aug 2 (Reuters) - Taiyuan Iron & Steel, China's top stainless steel mill, will take a 40 percent stake in an \$800 million Myanmar nickel project to assure material for its Shanxi Taigang [000825.SZ](#) unit, a firm official said on Monday.

Taiyuan is buying a slice of the project started by CNMC Nickel Co, a unit of state-owned China Nonferrous Metal Mining (CNMC), which has rapidly expanded overseas operations and will hold 60 percent. The joint venture will be called CNMC-TISCO Nickel.

"The nickel will be provided to our listed firm," a Taiyuan official said of the metal from the Myanmar nickel project, Taiyuan's first overseas nickel project.

The official declined to comment of the amount of Taiyuan's investment and other financial or production-sharing details.

A CNMC Nickel official also did not comment on those details.

CNMC Nickel was set up by CNMC in 2008 to develop the Tagaung Taung Nickel mine in military-junta-ruled Myanmar, including a mine and a smelter, according to the company website (www.cnico.com.cn).

Annual capacity is expected reach 85,000 tonnes of ferronickel, containing 22,000 tonnes of nickel, when the project is completed next year.

Taiyuan also holds a 10 percent stake in Jinchuan, China's top nickel producer with 150,000 tonnes of nickel capacity a year.

Shanxi Taigang operates Taiyuan's stainless steel production with 3 million tonnes of capacity a year in China, which is the world's top producing nation of the metal.

Shanxi Taigang uses about 100,000 tonnes of nickel a year, over a fifth of expected nickel consumption this year in China.

The firm plans to produce 2.8 million tonnes of stainless steel this year versus near 2.5 million tonnes last year, said an official at the firm's securities division.

He said Shanxi Taigang aimed to reduce the portion of grades 300 stainless steel to 55 percent of the firm's total stainless steel production this year, from around 60 percent last year, due to increased demand for grades 400 stainless steel.

Shanxi Taigang produces grades 300 stainless steel, which is nickel-based and used in building, chemical, oil and kitchenware sectors, and grades 400 stainless steel, which does not use nickel and is used in car manufacturing, a booming sector in the world's top auto market. (Editing by Ed Lane)

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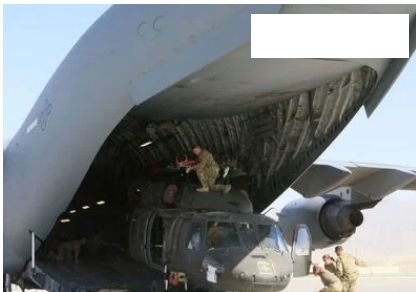
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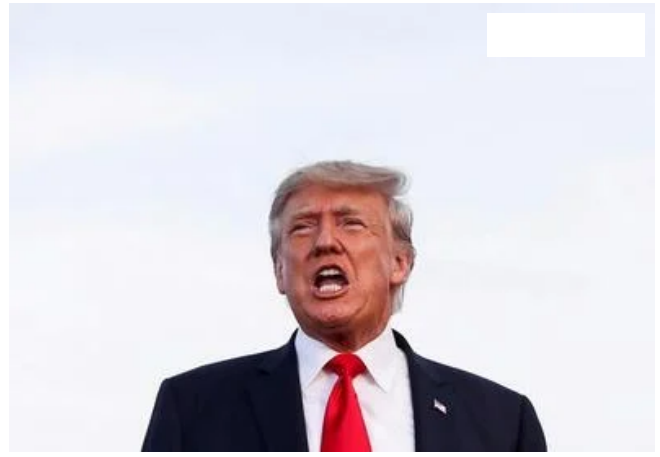
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