

Zimbabwe to resume steel production

HARARE: Zimbabwe will resume steel production within two years, implementing a long delayed joint venture with India's Essar Africa Holdings Limited, a cabinet minister said on Friday, 9 May.



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"The initial phase of the project will involve the revival of NewZim Steel to a production capacity of 500,000 metric tonnes of liquid steel within 24 months," Industry and Commerce Minister Mike Bimha said at a press conference in the capital Harare.

"We are now going to see the implementation of the project."

Essar Africa Holdings said it will inject an initial \$650 million to resuscitating production with funds going to buy new plant equipment and construction of a 600 megawatt thermal power station.

NewZim Steel is a joint venture company between Essar and the Zimbabwe government formed in 2009, rebranding the old Zimbabwe Iron and Steel Company (ZISCO).

Operations were delayed following disagreements over mineral rights.

The Indian firm controls a 54 percent stake in the joint venture project while the government controls the rest.

Firdhose Coovadia, director of Essar Africa, Middle East and Turkey said NewZim Steel will settle over \$400 million in debt which was taken from ZISCO.

Zimbabwe's economy has been on a downturn for over a decade worsened by low foreign investment blamed on government policies including the controversial law which forces foreign businesses to cede a majority of shares to local partners.

Source: AFP

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