

# Eramet Comilog In Asia:

A Contribution To Rationalize  
Mn Alloys Production In China

IMnI Annual Conference

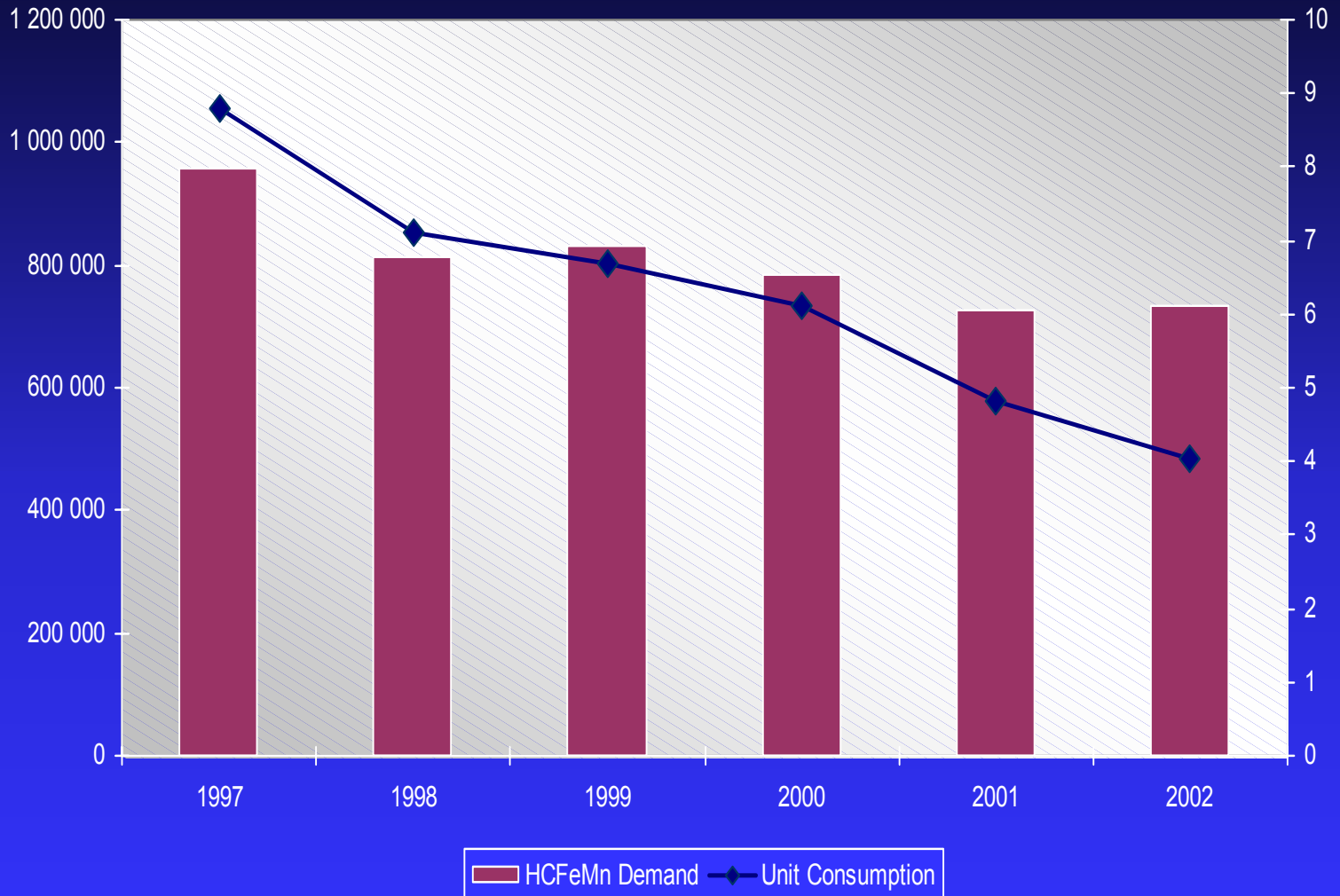
Rio de Janeiro - June 2003

Bertrand Madelin

# Since COMILOG invested in China in 1995, we had to adapt to fast changing market conditions and other circumstances

- Sharp reduction of HC FeMn unit consumption and domestic demand.
- Sharp reduction of HC FeMn domestic prices.
- Customers demand higher quality materials:
  - ↗ Mn content
  - ↘ P content
- Many specific practices far from our way of managing industrial activities in the Western World: for example decision of central government to reform the train park before having built the new one.  
⇒ No coke and ore transport (during 3 months in 2001).
- Bankruptcy of Chinese partner in Shaoxing and urban pressure in Shaoxing linked to the huge growth of the city.

# Sharp Reduction Of HC FeMn UC and Domestic Demand

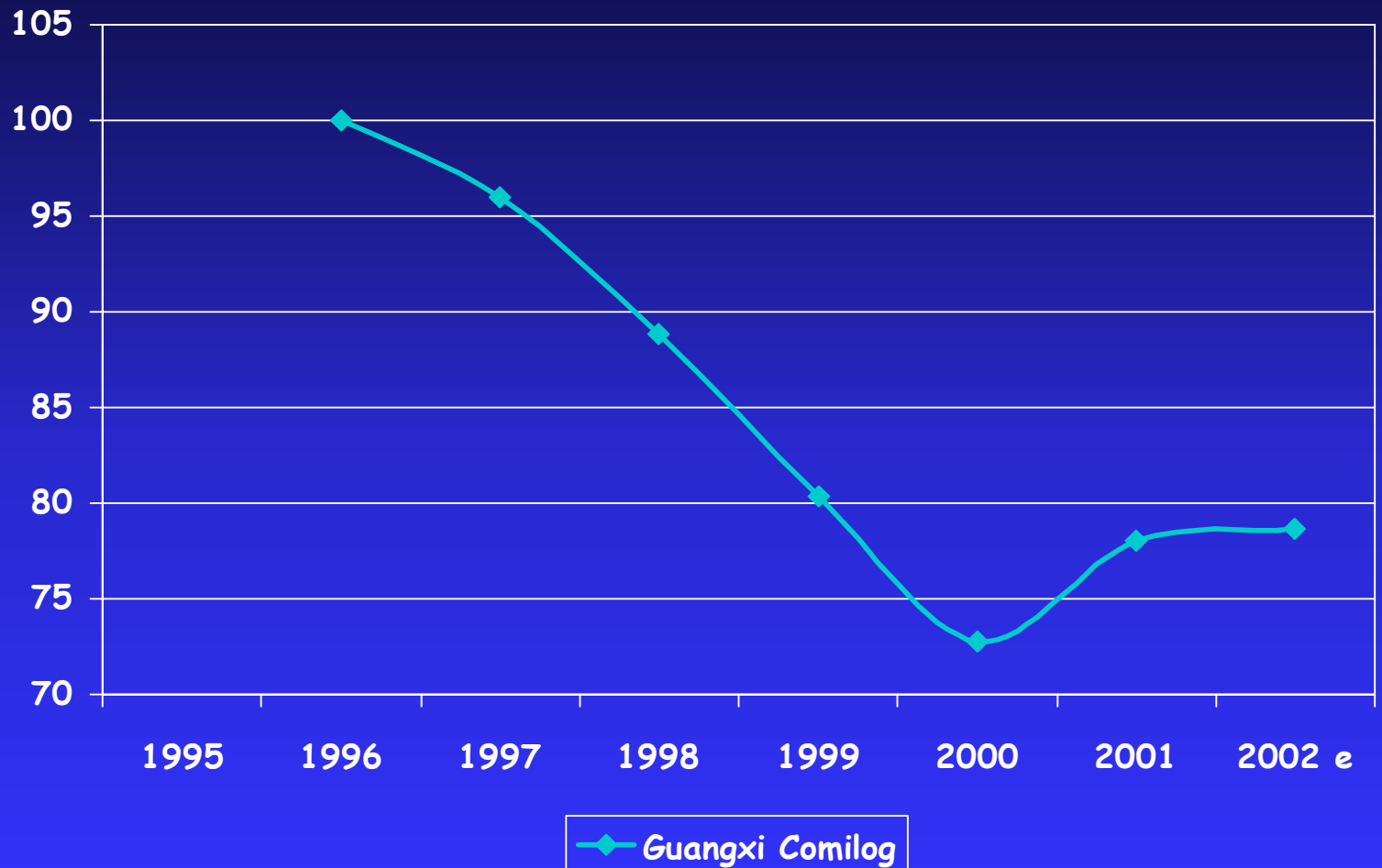


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# HC FeMn Price in China

1996 : Base 100



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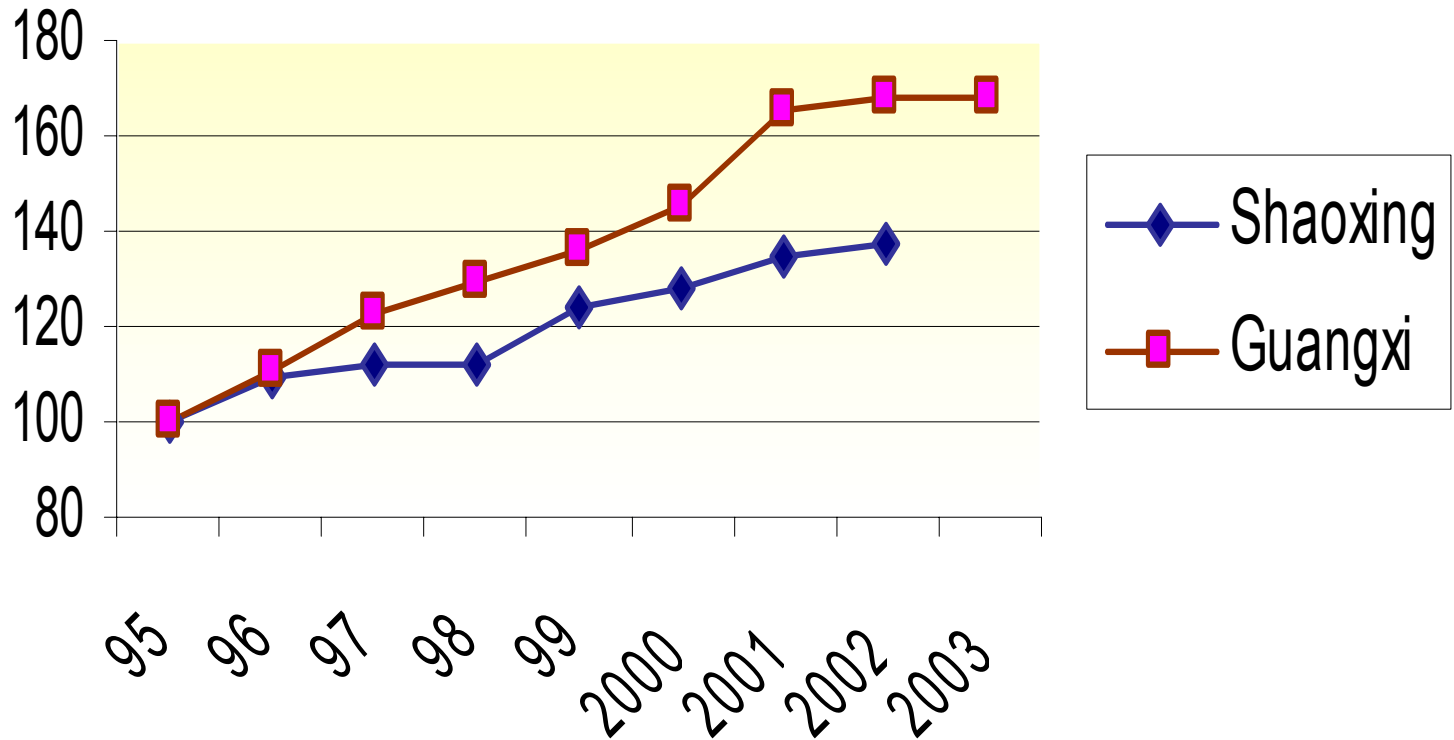
## Response has been to rationalize...

- Double GUANGXI COMILOG's production with existing furnaces, without building/adding new smelting equipment.
- Reduce production cost and improve quality.
- Reorganize labour force.
- Close Shaoxing Comilog : win-win negotiation with Chinese authorities.

# Productivity

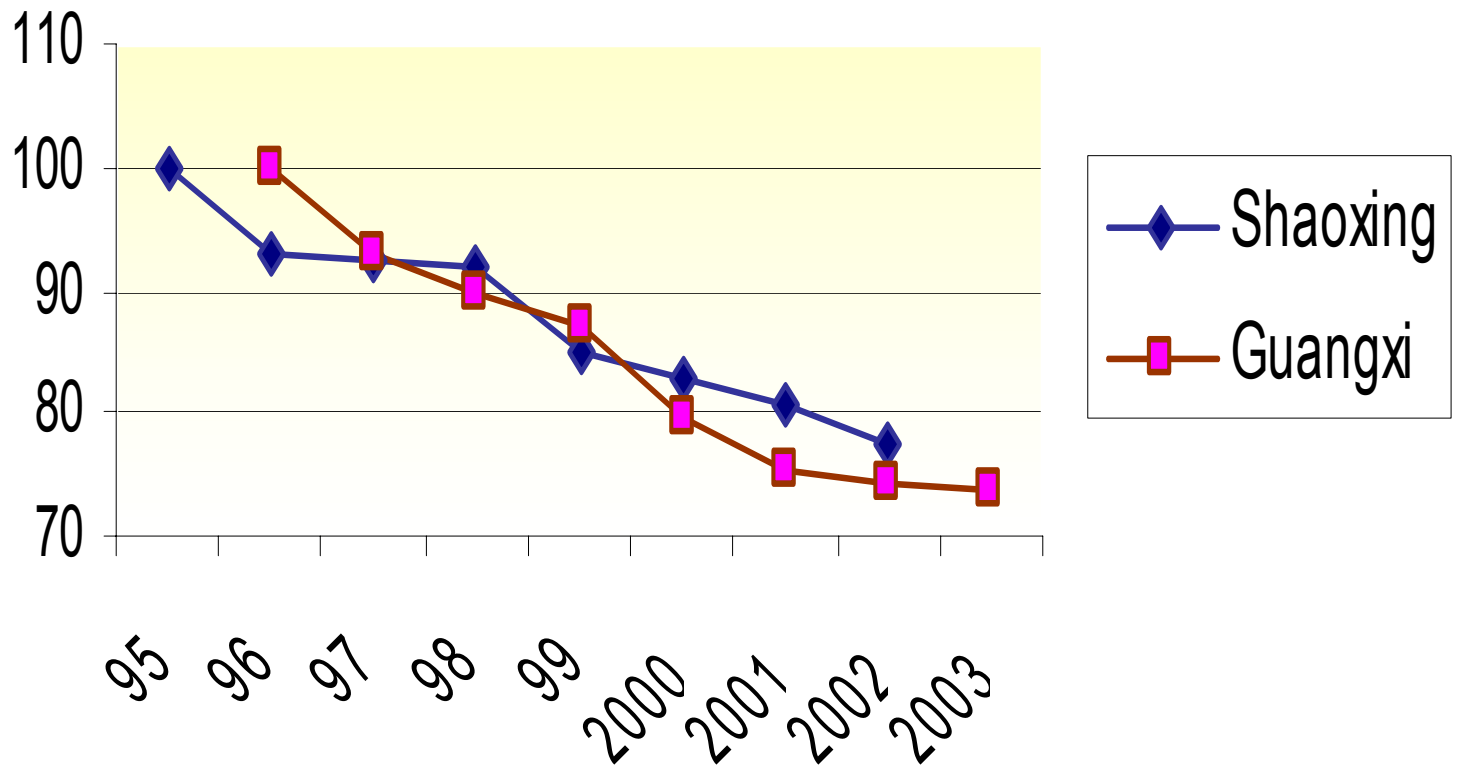
1995 : Base 100

tonne/m<sup>3</sup>/furnace/day

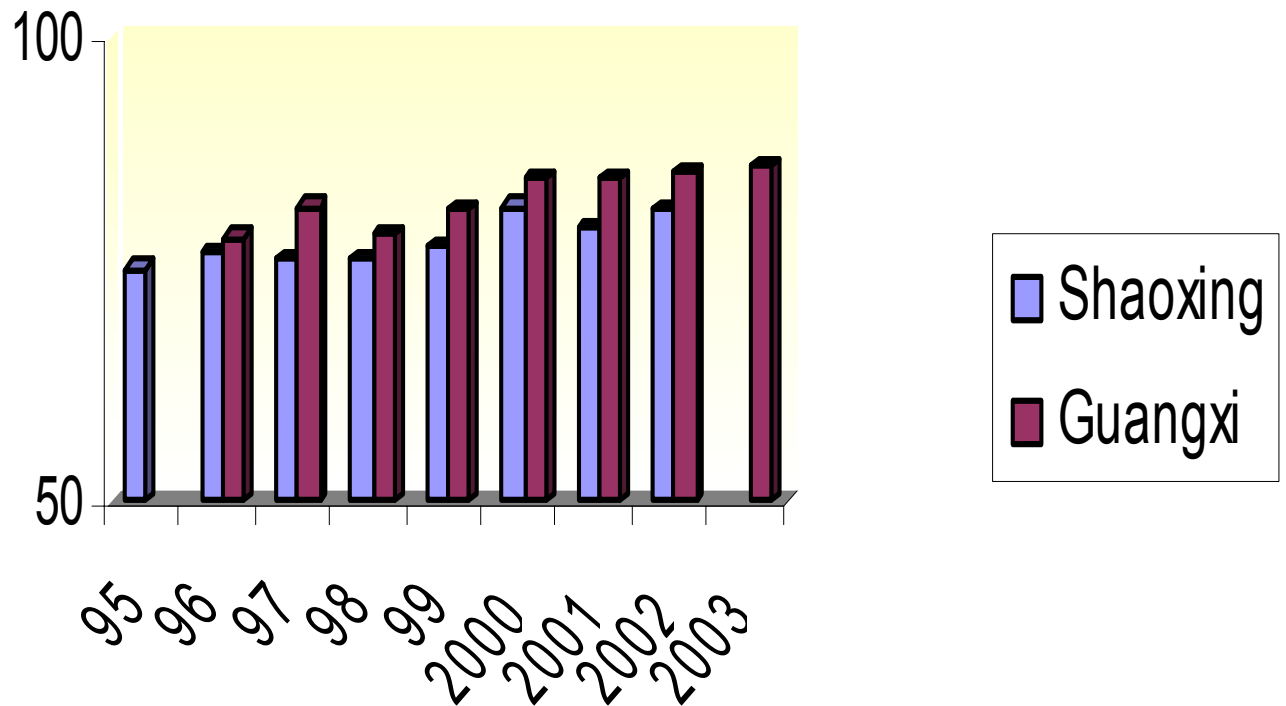


# Unit Coke Consumption

1995 : Base 100



# Manganese Yield

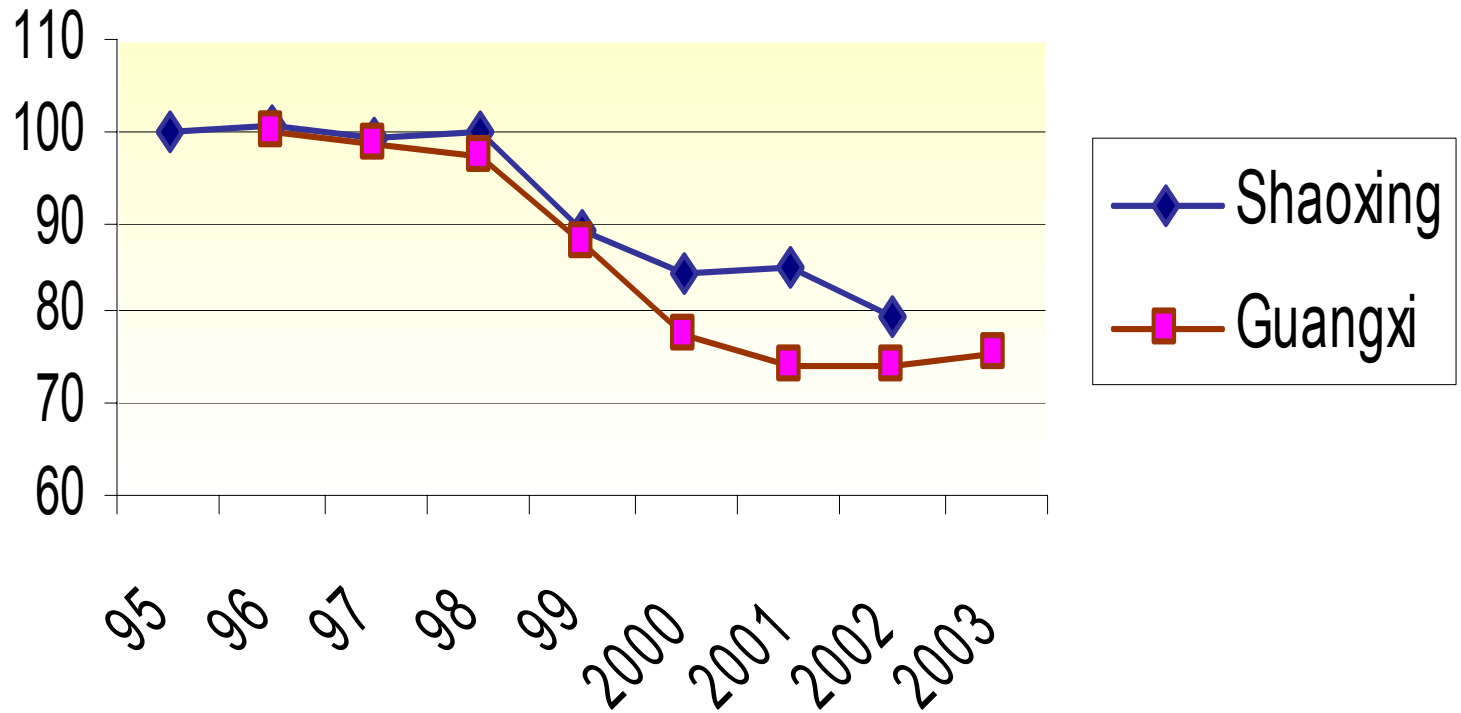


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# Production Cost

1995 : Base 100



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## And take available opportunities...

- *GUILIN Ferro Alloys almost bankrupt*
  - ⇒ *Asset transfer to COMILOG in September 2002*
- *Lower cost + better plant infrastructure*
  - ⇒ *Ideal replacement of SHAOXING COMILOG*
  - ⇒ *Agreement to close finalized in April 2003*

# Active participation to the global control of overcapacity by...

- Adapting our yearly number of operating furnaces to the market trend.
- Contributing to the Chinese government targets of closing small EF and small BF.