

The Impact of Power Cost Hike to Ferroalloy industry

Chen Bin

Current status of Ferroalloy Industry:

Price hike pushed alloy cost up, the industry is struggling on the edge of loss

1、 The factors for increased power costs

- 1、 Increased power costs pushed the ferroalloy costs up;
 - (1). Energy shortage, power generation costs climb;
 - (2). Government policies on restraining the high energy consumption enterprises
 - (3). Manners of power supplies caused different power prices

2、 Power consumption is determined by production method, raw materials and management abilities ;

- (1). Production method determines power consumption;
- (2). Raw materials affect power consumption;
- (3). Enhance management to reduce power consumption

2、 How increased power costs impact the ferroalloy industry

- 1、 Result in higher alloy costs;
- 2、 Cause the reshuffle of the ferroalloy industry
- 3、 Alloy products may feature high price and low profit margin

3、 Suggestion:

- 1、 Improve and strengthen management and efficiency, lower relevant costs including power;
- 2、 Product innovation, high value added products to reduce the impact

- 3、 Establish a “win-win” cooperative model with ore suppliers as well as steel producers;
- 4、 Energy saving is the general trend, ferroalloy industry should head to a more intensified and consolidated industry.

Thank you!