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Vietnam

DECISION Approving the master Plan on the development of Vietnam's steel industry in the 2007-2015 period, with the 2025 vision taken into consideration

THE PRIME MINISTER OF
GOVERNMENT

No: 145/2007/QD-TTg

SOCIALIST REPUBLIC OF VIET NAM

Independence - Freedom - Happiness

Ha Noi, day 04 month 09 year
2007

DECISION

Approving the master Plan on the development of Vietnam's steel industry in the 2007-2015 period, with the 2025 vision taken into consideration

THE PRIME MINISTER

Pursuant to the December 25, 2001 Law on Organization of the Government;

At the proposal of the Minister of Industry (now the Minister of Industry and Trade) and the Minister of Planning and Investment, and based on the opinions of ministries, branches and localities,

DECIDES:

Article 1.- To approve the master plan on the development of Vietnam's steel industry in the 2007-2015 period, with the 2025 vision taken into consideration, with the following principal contents:

1. Development viewpoints

a/ To develop Vietnam's steel industry in compliance with the national master plan on socio-economic and industrial development, local socio-economic development plannings and Vietnam's integration roadmap.

b/ To build and develop Vietnam's steel industry into an important industry, ensuring stable and sustainable development, minimizing imbalance between the manufacture of pig iron and ingot steel and the manufacture of finished steel products, between long steel products and flat steel products.

c/ To build Vietnam's steel industry with advanced and rational technologies, using domestic resources in a thrifty and efficient manner, ensuring harmony with eco-environmental protection in localities where the industry is developed.

d/ To attach importance to, and encourage domestic economic sectors and branches to cooperate with foreign parties to invest in, the construction of a number of mining-metallurgy complexes, combine mills and large factories which manufacture flat steel products.

2. Development objectives

The overall development objectives of Vietnam's steel industry are to satisfy to the utmost the economy's demands for steel products and to boost export, specifically:

Classifications

- » Accountancy
- » Administrative Law
- » Admiralty
- » Agricultural Law
- » Animal Law
- » AntiTrust & Trade Regulation
- » Arbitration & Dispute Resolution
- » Audit Law
- » Aviation Law
- » Banking Law
- » Bankruptcy Law
- » Business Services
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- » Commercial Law
- » Conflict of Laws
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- » Environmental Others
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- » Privacy Law
- » Probation Law
- » Products Liability
- » Property Law
- » Public Utilities
- » Railway
- » Real Property
- » Religion
- » Retail Law
- » Safty Law

The Dumping and Subsidizing of Cold-Rolled Steel in Coils and Strip

a/ Manufacture of pig iron

Global Law and Regulation Public Attachment 128

To adequately supply cast pig iron for domestic mechanical manufacture and export, striving to supply a majority of raw materials for domestic ingot steel mills. By 2010, 1.5-1.9 million tons of pig iron; by 2015, 5.0-5.8 million tons of pig iron; by 2020, 8-9 million tons of pig iron and reverted products; and by 2025, 10-12 million tons of pig iron and reverted products will be manufactured.

b/ Manufacture of ingot steel (raw steel)

By 2010, 3.5-4.5 million tons; by 2015, 6-8 million tons; by 2020, 9-11 million tons; and by 2025, 12-15 million tons of ingot steel will be manufactured.

c/ Manufacture of finished steel products

By 2010, 6.3-6.5 million tons of finished steel products (1.8-2.0 million tons of flat steel products); by 2015, 11-12 million tons (6.5-7.0 million tons of flat steel products); by 2020, 15-18 million tons (8-10 million tons of flat steel products); and by 2025, around 19-22 million tons (11-13 million tons of flat steel products and 0.2 million tons of special steel) will be manufactured.

d/ Export of pig iron and steel of all kinds

By 2010, the export volume will reach 0.5-0.7 million tons; by 2015, 0.7-0.8 million tons; by 2020, 0.9-1.0 million tons; and by 2025, around 1.2-1.5 million tons.

The above export targets may be adjusted to suit the practical situation in order to stabilize the domestic market.

3. The master plan's contents

a/ Demands for steel products

Vietnam's demands for finished steel products are estimated at around 10-11 million tons by 2010; 15-16 million tons by 2015; 20-21 million tons by 2020; and 24-25 million tons by 2025.

b/ Planning on major investment projects

On the basis of the distribution of iron ores, their geographical locations and infrastructure as well as different steel demands, investment will be made in the following major projects:

- 2007-2015 period:

+ Ha Tinh Steel Complex, with Thach Khe iron ore mine: Its capacity is projected at 4.5 million tons/year, divided into 2 phases, the capacity in the first phase will be around 2-2.5 million tons/year. The investment form will be investment cooperation between domestic and foreign parties. The planned time of putting the complex into operation in the first phase is during 2011-2012;

+ Dung Quat (Quang Ngai) Steel Complex with a capacity of 5 million tons/year, divided into 2 phases, using domestic and imported iron ores. The investment form will be 100% foreign capital. The planned time of putting the complex into operation in the second phase is during 2011-2015;

+ A project on a mill manufacturing high quality hot-rolled and cold-rolled steel coils and zinc-plated steel with a capacity of 3 million tons/year, the capacity in the first phase will be 0.7 million tons/year. The investment form will be 100% foreign capital of Posco Group (the Republic of Korea);

+ A project on a mill manufacturing high quality hot-rolled steel coils and sheets with a capacity of 2 million tons/year. The investment form will be joint venture between ESSA Group (India) and domestic enterprises. The mill will be built during 2007-2009;

COMPLAINT

- >> Securities
- >> Tax
- >> Trademark Law
- >> Transportation Law
- >> Travail Law
- >> Trusts & Estates
- >> Veterans Law
- >> Welfare & Social Services and Institutions
- >> Wills
- >> Workers' Compensation



email



+ A project to expand the production capacity of Thai Nguyen Pig Iron and Steel Company, phase 2: To invest synchronously in mining and metallurgy stages (blast furnace - basic oxygen furnace), with a capacity of 0.5 million tons of square ingot/year. The project is planned to be put into production during 2009-2010;

+ Lao Cai Steel Complex, using Quy Xa mine's iron ores: refining pig iron with blast-furnace and refining steel with electric-arc-furnace with a capacity of 0.5 million tons of square ingot/year. The Complex is planned to be put into operation during 2009-2010. During 2016-2025, if market is available, investment will be made in an additional modern steel-rolling chain with a capacity of 0.5 million tons/year;

+ To develop medium- and small-sized projects on the blast-furnace manufacture of pig-iron in Lao Cai, Tuyen Quang, Cao Bang, Bac Kan and Yen Bai provinces with a total capacity of around 1 million tons of ingot steel/year; Cuu Long Steel Company's flat ingot steel mill, and Vietnam Steel Company's and Southern Steel Company's square ingot steel mills, etc.;

+ To complete the construction of, and put into operation, a number of smaller-sized projects to make flat-steel products, including 2 hot-rolled steel sheet mills of VINASHIN and Cuu Long Steel Company; cold-rolled steel coil mills of LILAMA, Phu My Steel Sheets Company - phase 2, Hoa Sen Company, Formora Steel, Sun Steel, and Bach Dang Company, etc.

- 2016-2025 period:

+ A project to manufacture with electric-arc-furnace steel from directly reverted products (with Midrex non-coke metallurgy technology or HYL using natural gases) with advanced technologies and equipment, with a capacity of 1.5 million tons of flat ingot steel/year (option 1) or 1.5 million tons of hot-rolled steel sheets/year (option 2).

. Investment periods: for option 1: The project is planned during 2016-2020 (located in Ba Ria-Vung Tau to supply flat ingot steel for hot-rolling mills in the southern key economic zone); for option 2: The project is planned during 2016-2025 (located in Binh Thuan to make use of natural gases exploited from Phu Khanh gas reservoir and the northern area of Cuu Long gas reservoir).

. Investment form: 100% foreign capital or joint venture between domestic and foreign parties.

+ To study investment in projects to make and roll steel sheets, large shaped steel products and non-welded steel tubes with advanced technologies and a capacity of around 1 million tons of finished steel products/year in service of shipbuilding, oil and gas, and mechanical engineering for the manufacture of extra-long and extra-heavy equipment. Investment form: 100% foreign capital or joint venture between domestic and foreign parties.

+ To study investment in a special steel mill with a capacity of around 0.3-0.5 million tons/year in service of machinery manufacture and defense industry.

* The list of investment projects of Vietnam's steel industry during 2007-2025 is in the enclosed Appendix.

c/ Major solutions and policies

- Investment capital solutions

Vietnam's steel industry's demand for development investment capital during 2007-2025 is estimated at around USD 10-12 billion, including around USD 8 billion during 2007-2015. To meet this capital demand, the following solutions will be implemented:

+ To diversify investment capital for the steel industry from own capital, preferential loan (for ingot steel manufacture projects), domestic and foreign commercial loans, capital raised from the issuance of government bonds, corporate bonds and project bonds, foreign investment capital;

+ To flexibly use capital of financial institutions in the form of hire-purchase of equipment or deferred-payment purchase of equipment, or undertaking investment cooperation with large steel consumers in other national economic sectors such as shipbuilding, automobile and motorcycle manufacture, mechanical engineering, defense industry, construction, transport, etc.;

+ To step up equitization of state enterprises in the steel industry in order to diversify forms of capital ownership and mobilize capital from shareholders. To encourage equitized steel enterprises to be listed in the securities market and issue share certificates for attracting indirect investment capital.

- Investment cooperation solutions

Investment cooperation with foreign countries will focus on the manufacture of pig iron, ingot steel and flat-steel products, especially for high-capacity projects (of over 1 million tons/year).

- Solutions regarding supply of major sources of raw materials and fuel

In the short term, to export iron ores to China in exchange for fat coal and coke. In the long term, to formulate a national strategy on the import and export of mineral raw-materials in order to supply fat coal and coke for the sustainable development of the steel industry.

- Import, export and market development solutions

+ To protect the domestic market through lawful technical barriers and quality and environmental standards in order to prevent the penetration of poor-quality and unsafe products into the Vietnamese market;

+ To further study and improve regulations and laws in order to develop the market for steel products; to create a close cooperation and a mechanism for profit sharing and joint responsibility between steel manufacturers and traders;

+ To improve policies and laws and enhance capacity to enforce competition law and combat anti-monopoly, market manipulation and dumping.

- Human resource development solutions

To improve material and technical foundations and the quality of teachers for technical workers' training schools so that these schools can train laborers to meet the metallurgy industry's demands. To attach importance to overseas training and invite foreign experts to provide at-work training.

- Scientific and technological development solutions

To enhance international cooperation, consolidate scientific-technological relations between production units and R&D agencies and domestic and foreign universities in order to step up the transfer of new technologies and techniques to the country's steel industry.

- Environmental protection solutions

+ To limit and minimize pollution. Newly built metallurgical plant must apply modern and advanced technologies and be equipped with environmental-standard equipment for waste treatment and pollution reduction. To reject metallurgical projects that have no environmental impact assessment reports or environmental standard conformity registration;

+ To make relocation and intensive investment plans for steel refining and rolling establishments in cities or craft villages in order to reduce environmental pollution;

+ To renovate, and gradually eliminate the use of, outdated technologies and machines such as blast furnaces of under 200 m³ (excluding special-use blast furnaces for manufacturing mechanical cast pig-iron), electric arc furnaces and converter furnaces of a capacity of 20

tons/batch (excluding furnaces for casting mechanical details), steel rolling chains of a capacity of under 100 tons/shift (excluding those for rolling stainless steel and high-quality steel), and other outdated subsidiary machinery and equipment;

+ Pig iron, ingot steel and rolled steel factories which are planned to be built from January 1, 2011, must, apart from using modern and environmentally friendly technologies and highly combined complete equipment with low material and energy consumption ratios, satisfy the following conditions:

- . Using blast furnaces (BF) of a useful capacity not lower than 700 m3;
- . Using electric arc furnaces (EAF) of a capacity not lower than 70 tons/batch;
- . Using basic oxygen furnaces (BOF) of a capacity not lower than 120 tons/batch;
- . Using steel rolling chains of a capacity not lower than 500,000 tons/year.

+ To closely control the safety of chemicals and emissions, especially toxic chemicals in establishments that manufacture cold-rolled flat-steel products, metal-plated and -coated products or organic paint-coated products; laboratories; and establishments that manufacture coke, sinter and revert iron ores.

- Management solutions: To promulgate mechanisms and policies to develop Vietnam's steel industry through encouraging and rationally protecting upstream production investment (large-scale exploitation and sorting of iron ores, manufacture of reverted products, pig iron and ingot steel), building metallurgical complexes and big flat-steel mills.

- To step up the renewal and reorganization of state enterprises in order to raise their competitiveness. To encourage the establishment of joint-stock companies by state enterprises, economic branches and domestic and foreign economic sectors.

Article 2.- Organization of implementation of the master plan

1. The Ministry of Industry and Trade:

- The Ministry, an agency in charge of state management of the steel industry, shall monitor and inspect the steel industry's investment, production and business situation according to the approved master plan. To periodically update and adjust the master plan to suit the national socio-economic development situation.

- To assume the prime responsibility for, and coordinate with concerned ministries, branches and localities in, studying, improving and proposing new mechanisms, policies and tools in:

+ Protecting the domestic steel manufacture against competition of foreign steel products in the light of Vietnam's integration commitments;

+ Enhancing market control to prevent fake and imitation goods and trade fraud; developing and socializing the steel distribution system, contributing to stabilizing the steel market;

+ Enhancing trade promotion, supporting the seeking and development of markets for exporting pig iron and steel products.

2. The Ministry of Planning and Investment:

To assume the prime responsibility for, and coordinate with the Ministry of Industry and Trade in, calling for investment cooperation in the development of key steel projects such as Thach Khe iron ore mine and Ha Tinh Steel Complex. To orient and facilitate the attraction of investment and grant investment certificates for projects under this master plan.

3. The Ministry of Finance:

To assume the prime responsibility for, and coordinate with the Ministry of Industry and Trade and the Ministry of Planning and Investment in, studying, improving and proposing mechanisms, financial policies as well as import tax and export tax policies in order to step up investment in the development and restructuring of the steel industry.

4. The Ministry of Transport:

To assume the prime responsibility for, and coordinate with the Ministry of Industry and Trade in, making and implementing the plan on transport networks, especially railways and seaports, supporting the development of steel industry infrastructure in Lao Cai, Hai Phong, Ha Tinh, Ba Ria-Vung Tau, Quang Ngai and other localities.

5. The Ministry of Science and Technology:

To assume the prime responsibility for, and coordinate with the Ministry of Industry and Trade in, stepping up scientific and technological activities in the metallurgy domain by receiving and applying advanced world technologies and techniques; to effectively guide and support enterprises to apply technologies to manufacturing ingot steel and steel.

6. The Ministry of Natural Resources and Environment:

- To assume the prime responsibility for, and coordinate with concerned ministries, branches and localities in, closely managing iron ore resources and fluxing minerals; to direct and increase investment in survey, assessment and exploration of iron ores and fluxing minerals according to the approved master plan;
- To facilitate the licensing of mineral activities related to the master plan.

7. Provincial/municipal People's Committees:

- To direct investment in the development of steel manufacturing establishments in their localities in accordance with this master plan;
- To coordinate with concerned ministries and branches in organizing and inspecting the implementation of this master plan; to handle and solve in time problems and difficulties for investors and steel mills in their localities.

8. The Vietnam Steel Association:

- To act as a coordinator and representative for steel enterprises in working with state management agencies;
- To proactively propose and join concerned ministries and branches in formulating development mechanisms and policies; to participate in the settlement of problems arising in the course of production and business, especially in the context of international integration.

Article 3.- This Decision replaces the Prime Minister's Decision No. 134/2001/QĐ-TTg of September 10, 2001, and takes effect 15 days after its publication in "CONG BAO."

Article 4.- Ministers, heads of ministerial-level agencies, heads of government-attached agencies, and presidents of provincial/municipal People's Committees shall implement this Decision.

**THE PRIME MINISTER OF
GOVERNMENT**

PRIME MINISTER

(signed)

Nguyen Tan Dung