

Coega gets second manganese plant

The Coega Development Corporation has announced that a second manganese smelter is to be built at the Coega Industrial Development Zone near Port Elizabeth, to supply China, the world's biggest steel market.

SA has the world's largest and highest-grade reserves of manganese, accounting for about 80% of total global reserves. It is an alloy used in the production of steel to introduce hardness, ductility and tensile strength.

The African National Congress said last week it was mulling a proposal to tax unbeneficiated mineral exports.

In May, Kalagadi Manganese announced it was investing R4,2bn in building a high-carbon ferromanganese smelter at Coega. The 320 000-ton-a-year smelter will be one of the largest of its kind in the world, but its output will be matched by the new facility.

The second smelter - to be built at a cost of R3,8bn - will be owned and run by an undisclosed privately owned Chinese ferromanganese firm, which will export the beneficiated product for use by itself and its customers.

The manganese will be mined and processed in SA, leaving the country in a refined state.

The Coega Development Corporation made the announcement through the Department of Trade and Industry at the launch last week of the South African Expo in China 2011 at the Beijing Exhibition Centre.

Part of joint venture

The smelter is part of a manganese mining joint venture with a black-empowered South African company. Neither company wants to be named at this stage.

"Remember, the advantage of the Chinese partner is they already own the (smelter) technology," Christopher Mashigo, acting executive manager of business development for the Coega Development Corporation, said yesterday after returning from China. "This Chinese company also has access to a (manganese ore) mine in SA, similar to Kalagadi."

Both the Coega Development Corporation and the Department of Trade and Industry had kept the scant details of the smelter under wraps until yesterday.

"One of the most significant developments at the launch (of the South African Expo) was the signing of heads of agreement between the Coega Industrial Development Zone and a Chinese corporation for a US\$450m manganese smelter," Lionel October, director-general of the department, said on Friday. The project would create about 2000 jobs.

Mashigo said Eskom's allocation of power to the Nelson Mandela Bay metro area meant the Coega Industrial Development Zone could handle the energy needs of both smelters.

Coega would make available 125ha of land for the two smelters, which would process between 780 000-800 000 tons of manganese a year.

This would mean about 320 000 tons a year of beneficiated manganese product would be destined for China's steel markets, by far the world's largest.

The product will be exported from Transnet's deep-water port of Ngqura at Coega.

Daphne Mashile-Nkosi, chairwoman of Kalagadi Manganese, said yesterday she was not sure who was building the second smelter at Coega.

The South African Expo follows Deputy President Kgalema Motlanthe's visit in September, when he presented SA's top 10 products and investment projects to China's commerce ministry.

Source: *Business Day* via I-Net Bridge

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