The northern Chinese province of Hebei plans to shift some of its steel, cement and glass-making capacity abroad over the next decade, mostly likely to Africa and other countries in Asia, as part of an effort to reduce excess capacity and control polluting factories, the state news agency Xinhua reported.

Hebei, which encircles Beijing, is one of China’s main industrial centers. But as the country’s economic growth slows, the province has suffered from overcapacity, and economic planners have called for them to scale back. At the same time, the government has been looking for ways to reduce emissions from factories, mills and coal-fired power plants that have been a major source of the air pollution that plagues northern China and leaves Beijing and other cities choking under frequent episodes of heavy smog.

Last year Hebei, which is home to about a quarter of China’s steel production, said that it planned to eliminate more than 60 million tons of steel capacity by 2017. China produced 775 million tons of crude steel in 2013.

The plan to shift some of Hebei’s industrial production to other countries would represent a small amount of the province’s overall capacity. The targets for steel production to be moved abroad, for example, are five million tons of capacity by 2017 and 20 million tons by 2023.

But the transfers are likely to capture renewed international attention. As Chinese heavy industry moves its focus of overseas investment beyond the
acquisition of iron ore and other raw materials to production facilities, other
countries will have to weigh economic benefits, and environmental and other costs.
Under the plan, the Hebei provincial government will offer financial rewards to
companies pursuing such investments, Xinhua reported, without offering details.

In September, Hebei Iron and Steel Group announced plans to build a
five-million-ton-capacity steel mill in South Africa by 2019. This week, the
company, which is China’s leading steelmaker, also took a controlling stake in the
Swiss steel-trading company Duferco. The chairman of Hebei Iron and Steel, Yu
Yong, told Xinhua that the move would help the company sell its products abroad
and identify potential new investments.