



## UK Steel Industry Sluggish but Carmaking Flourish

In 2007, the Indian conglomerate Tata paid \$12 billion for Corus, Europe's second-biggest steelmaker. Britain's Telegraph newspaper hailed an amazing turnaround in Corus's fortunes. A year later, Tata paid \$2.5 billion for Jaguar Land Rover, an iconic British car brand that had limped through the credit crisis in the hands of Ford. The 'Financial Times' said the deal lacked logic: "Jaguar and Land Rover will be millstones around the neck of Tata Motors."

What a difference a near decade makes. The British auto industry is in rude health; the Society of Motor Manufacturers and Traders reckons domestic car production will reach a record by the end of the century. By contrast, UK steel production slumped to just 579,000 tonnes, its fourth monthly decline, driving output down to about half of what it was at the start of 2014.

Tata Steel, currently the biggest UK steel

producer, said it will slash 1,200 jobs. That's just after Caparo Industries tumbled into the UK equivalent of Chapter 11 bankruptcy, putting 1,700 steelmaking jobs at risk. Here's a chart showing how one benchmark measure of steel prices has more than halved in the past five years.

In steel, as in so many other commodities, China is the key to both prices and production. Blaming China for flooding the world market, however, misses the recent trend in that nation's steel production.

China's impact on the steel industry has been growing for years. In his 2006 book "China Shakes the World," former 'Financial Times' bureau chief James Kynge told the tale



of a Chinese company called Shagang Group Co. buying a Dusseldorf steel mill from ThyssenKrupp, Germany's biggest steelmaker.

In 2002, Shagang moved the entire factory to the town of Jinfeng to sell automobile-grade steel to Volkswagen which used to buy from the very same factory when it was in Germany.

## Essar Plant Rises Amid Industry Decline



On a brisk, breezy October day, 18 big cranes reached for the sky over the sprawling Essar Steel Minnesota taconite plant just north of town where more than 700 construction workers were on the job.

Iron beams and steel siding hung from cables as ironworkers in bucket-lifts grabbed dangling pieces and secured them into place, players in what looked like the world's largest erector set.

The first thing that strikes the eye is the size of the project everything about the work is big from the 240-ton capacity ore-hauling trucks being readied to the massive building that will house the taconite-baking furnaces

and the hulking, 9-story-deep underground concrete edifice where boulders of raw ore will be crushed to a useable size.

The \$1.9 billion taconite mine and processing plant is among the largest and most expensive construction projects in Minnesota history.

Progress is obvious. Drill rigs and giant ore shovel loaders are being tuned up. The furnaces that will bake the pellets hard are being assembled. A ceremony marking the first major explosion ripping taconite iron ore off the mine wall could come within weeks.

Buddy Harvick, a Texas native who now lives in South Range, just south of Superior, was working for Grand Rapids-based Tristan Fabricators LLC, one of dozens of contractors on the job. Harvick was helping curl and weld a giant piece of steel for another big component at Essar.

"This is a huge project," Harvick said "It's good to have this much work close to home."

It will be Minnesota's first new full-scale taconite mine and processing plant in more than 35 years, with an easy-access, high-quality ore deposit that could last 80 years.

Despite a decade of delays and a constant string of controversies, the Essar Steel Minnesota project now appears headed toward reality. The question seems no longer if the long-delayed Essar project will be completed but when, with the company promising its first freshly-baked pellets rolling off the line in mid-to-late 2016.

"It will be 180 rail cars of taconite per day, 365 days," said Mitch Brunfelt, the company's director of government and public affairs. The plant can access both CN and BNSF tracks to move the ore to Lake Superior for shipment.

Construction will peak soon at more than 800 people on the job, Brunfelt said. Essar employees, now at 125, will ramp up to 350 by July. Several of the people applying, and several new hires, are Mesabi Nugget employees who are now on indefinite layoff, Brunfelt noted.

Essar plans on producing 7 million tons of processed taconite pellets annually headed to ArcelorMittal for its steel mill outside Chicago, as well as Essar's own steel mill in Algoma, Ontario. Brunfelt said the plant's future production is essentially spoken for.