



Nippon Steel to postpone blast furnace shutdown



Nippon Steel & Sumitomo Metal will delay a planned closure of a blast furnace in Fukuoka Prefecture by two years as part of a revised plan to

reduce production costs, the company said.

The Tokyo-based company will also build a new continuous casting facility that will make high-performance steel material, according to the announcement. The moves are estimated to add tens of billions of yen to a project initially pegged at roughly 50 billion yen (\$444 million). The medium-term business plan revealed in March 2015 called for the furnace at the Yawata steel mill in Kitakyushu to cease operation at the end of fiscal 2018. But the time frame will be pushed back to the end of fiscal 2020 due partly to time needed to build the continuous caster. The furnace, located in the Kokura branch, is mainly used to make steel bars for autoparts.

Nippon Steel planned to boost production of a blast furnace at the nearby Tobata branch of the Yawata mill after the shutdown. Molten iron would be supplied in part by a deep sea tunnel spanning the two branches.

However, the cost of constructing that tunnel ballooned because of rising building material prices. The market cool-down originating from China has only grown worse, necessitating an amended business plan elevating profitability. The company says it will be able to significantly reduce manufacturing costs by concentrating steel production processes in the Tobata branch, which will house the new continuous caster.

"Although there will be additional capital expenditures, benefits will arise stemming from the heightened competitive advantage of our products," said Takahiro Nagayoshi, head of corporate planning at Nippon Steel.

Ever since the merger of Nippon Steel and Sumitomo Metal Industries in October 2012, the newly formed entity has been consolidating facilities as part of a larger streamlining effort. The company was then hit by a global supply glut, forcing further cost reductions.

Shutting down blast furnaces leave Port Talbot vulnerable

Sanjeev Gupta's plans to close Port Talbot's blast furnaces could leave the plant more vulnerable to high energy costs, according to a report by trade body UK Steel.

The organisation says that arc furnaces are twice as dependent on electricity as blast furnaces.

Gupta, the head of Liberty Steel which is the only company so far to express an interest in buying Port Talbot, has said he intends to replace the plant's blast furnaces with arc furnaces to melt recycled steel.

He argues that using recycled steel from Britain instead of imported iron ore would make the plant more competitive.

However, figures from the manufacturer's organisation EEF of which UK Steel is a part show that while electricity presently accounts for 11% of the cost of converting raw material into steel at Port Talbot, if the plant



were to switch over to arc furnaces that would almost double to 20%.

The report from the EEF reveals how electricity input costs for steel makers vary widely across Europe.

It notes that some countries such as Germany provide a very high level of exemptions for large industrial users from the costs of supporting renewable energy, and that such support was available from the start of green energy development.

Wire rod production will expand in Tunisia

InterMetal has contracted Danieli to supply a new high-speed wire rod line to be installed at the existing 400,000-tpy steel complex in Rades, Tunisia.

The line will expand the plant's production capacity for 5.5- to 20-mm- diameter plain and 6- to 16-mm- diameter deformed wire rod (micro-alloyed and heat-treated) in 2.3-t coils.

Steel grades will be low and medium carbon and micro-alloyed qualities for a wide range of finished product applications. The single-strand wire rod mill will be fed by the existing mill, supplied by Danieli in 2001.

The supply includes a 10-pass DWB finishing block for wire rod finish rolling at a production speed of 100-mps (design rolling speed is 120-mps); a QTR system for high-tensile deformed bar heat treatment; an oil-film bearing loop laying head with controlled cooling conveyor; rotary reforming tube; and



easy-down system, coil handling system with compacting and tying area. A new water treatment plant from Danieli also will be provided during the expansion stage. The integration of the automation system and all electrics will be supplied by Danieli Automation. Based on the positive results accomplished by Danieli wire-rod mill installations worldwide, the North African wire rod producer decided to select Danieli for its modernization stage. Plant start-up is scheduled at the end of 2016.