



Posco bid offers hope for Whyalla

Korean steel giant Posco plans to increase production by more than 50 per cent at the Whyalla steelworks and introduce up to 220 megawatts of baseload power to the South Australian grid as part of a bid to buy the business from troubled steelmaker Arrium.

After a “heartening” pitch in South Korea to an Australian delegation that included Industry Minister Greg Hunt, South Australian Treasurer Tom Koutsantonis and Australian Workers Union National Secretary Scott McDine, Posco appears close to realising a long-held ambition to own the steelworks.

Arrium rejected an “opportunistic” takeover bid in 2012 from a consortium involving Posco, amid sliding iron ore prices.

Following meeting with Posco executives, including Vice-President Hag-Dong Kim, Hunt said from the South Korean city of Puhong that he was “increasingly optimistic that a viable buyer with a long-term commitment can be found”.

“This is an absolutely serious proposal with increased production and when they



make an investment like this, they are investing for the next half-century,” Hunt said. “I will leave the timing of any deal in the hands of the administrator but I believe that Whyalla cannot only be saved but can be given a future for the next half-century and beyond, and I hope that it can be settled in the period before Christmas.”

Posco, South Korea’s largest steelmaker, employs 29,000 people and is the only company to show interest publicly in Arrium, which went into administration in April with

debts of about \$4 billion. Hunt stressed any decision on the Posco bid was one for administrator KordaMentha, which is due to meet with all of Arrium’s creditors for the second time in Sydney.

But he said Posco’s bid represented a lifeline for the troubled steelworks and a significant investment opportunity for South Australia.

Posco wanted to “potentially add another 1.2 million tonnes of production” at Arrium by pioneering in Whyalla its world-leading manufacturing technology Finex, which produces steel identical in quality to that from blast furnaces, but with fewer input materials and less impact on the environment.

Posco also was proposing a power investment of 220MW, of which half would be used for internal operations and the rest to feed back into the grid to help maintain network stability.

Upgraded technology would see waste gases from the Whyalla plant’s industrial processes harnessed to produce the extra electricity.

Hunt said Posco was concerned about South Australia’s power stability and high price volatility, especially after a statewide blackout in September.

“But they (Posco) can provide their own power and provide baseload to feed back into the grid, which can be the single most important investment that South Australia could imagine because you get grid stability, baseload electricity supply, and maintenance and improvement of the existing Arrium production, and an increase in production of more than 50 per cent,” he said.

The federal government had offered the support of the Export Financial and Insurance Corporation and the Clean Energy Finance Corporation, along with a \$49m loan to upgrade the plant, while South Australia had offered a further \$50m grant.

Romania on the shortlist for new Schaeffler plant



Romania Insider reported that German automotive producer Schaeffler, which owns a plant near Brasov, wants to open another large-size factory in the region. Its shortlist for the new project includes five countries, including Romania.

Schaeffler has 4,000 employees in Romania and 10,000 in Slovakia. The four countries that are on the shortlist besides Romania are Slovakia, Hungary, Poland, and Serbia. The new plant will have 4,000 employees.

The German group has reached 4,000 employees in its local factory in Cristian, Brasov county, and plans to keep recruiting people. The local factory recorded a turnover of EUR 400 million last year.

In Slovakia, Schaeffler has the third largest plant in the country, after Volkswagen and the steel plant USSK. At global level, Schaeffler recorded a turnover of EUR 13.2 billion, up 1.1 billion compared to 2014. The profit amounted to EUR 590 million, and the number of employees exceeded 82,000.