

FACTBOX-Major steel cutbacks, restarts and expansions - RTRS

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Nov 28 (Reuters) - A gloomier economic outlook affected steel prices and demand in the last few months and forced some of the major steelmakers around the globe to cut production.

Below are some details of the major steel cutbacks and limited restarts and expansion plans.

AFRICA

SOUTH AFRICA

ArcelorMittal

ArcelorMittal South Africa said in August it would lose 400,000 tonnes of output after a furnace failure at its Newcastle plant, which will take about three months to get back to full capacity. The firm's South African steel operations comprise four major facilities, which produce both flat and long steel products.

ArcelorMittal South Africa's Newcastle and Vereeniging operations service some 50 percent of the local market for long steel products, while also exporting products. The mills have capacity for total annual sales of 2.2 million tonnes.

ASIA

CHINA

China, the world's biggest steel producer and consumer, has no official figures for maintenance shutdowns or expansions but steel mills have been hit by declining demand and a need to scale back production in a bid to stem losses.

China's daily crude steel output in October fell to its lowest level since December 2010 as mills closed for repairs. [nL4E7M91DT]

China has said it will close down 27.94 million tonnes in obsolete steelmaking facilities and 31.22 million tonnes in iron smelting capacity by the end of 2011.

Some analysts project its total crude steel capacity to reach 820-830 million tonnes this year from the 768 million tonnes end-2010 figure estimated by industry groups.

China's annual crude steel consumption is expected to reach around 750 million tonnes by 2015, as urbanisation and infrastructure construction boosts steel demand.

INDIA

JSW Steel

In July, India's No.3 steelmaker JSW Steel [JSTL.NS] commissioned a new 3.2 million tonnes per year crude steel capacity blast furnace at its Vijayanagar facility. It already operated four blast furnaces at the site.

JSW Ispat, which it acquired late last year, also operates one blast furnace and one electric arc furnace with total capacity of 4.3 million tonnes, at Dolvi near Mumbai. JSW has closed down two blast furnaces of about 2.3 million tonnes steel production capacity at its Vijayanagar plant since August due to the unavailability of iron ore in the region.

On Aug 8 it said it plans to raise output at its plant in southern Karnataka state after the top court partially lifted an iron ore mining ban in a key region. It now plans to raise output at about 80 percent capacity. [nL3E7J90MR]

Steel Authority of India (SAIL)

SAIL operates 21 blast furnaces at 5 main locations, with total crude steel production of 13.8 million tonnes per year. It is undergoing a major capacity expansion program to increase steel production to 21.4 mln tonnes by March 2013. In the short term, it is likely to add blast furnace capacity of 2.6 million tonnes per year at two plants between Durgam Cheruvu and SAIL is likely to sign a joint venture agreement with South Korean steel major POSCO [005490.KS] for setting up a factory in eastern India. [nWNAS4188]

Tata Steel(India operations)

Tata Steel operates 8 blast furnaces at its Jamshedpur facility in east India, with total crude steel production of 6.8 million tonnes per year. It is scheduled to add 2.9 mln tonnes crude steel capacity, by March 2012. It typically has a couple of furnaces shut for servicing at most times but no major shutdown planned.

JAPAN

JFE Steel

JFE Steel Corp [5411.T] the world's No.5 steelmaker, has shut Tohoku Steel, one of its four electric arc furnace companies that was devastated by the March 11 earthquake and tsunami, and consolidate the remaining three into one, which could result in a 10 percent cut in output. The four firms' output totaled 2.7 million tonnes in 2010/11.

Nippon Steel

Nippon Steel Corp [5401.T] said on Nov. 16 it plans a further 250,000 tonne cut in crude steel production in the October-March second half of this financial year to meet demand following the flooding in Thailand and uncertainties in the market.

It said in October it would cut its crude steel output in October-March by 800,000 tonnes from the same period a year earlier to 15.50 million tonnes.

It now plans second-half output of 15.25 million tonnes. [nL3E7MG0W5]

KAZAKHSTAN

ArcelorMittal

In August ArcelorMittal said it would invest about \$150 million to upgrade a blast furnace at its plant in Temirtau in Kazakhstan as it seeks to boost output. The company's blast furnace No. 3 was part of a modernisation and production expansion programme to achieve output of around 6 million tonnes a year by 2015. It said it plans to complete the project in the second quarter of 2013. [nLDE7720I3]

SOUTH KOREA

Hyundai Steel

Hyundai [004020.KS] has two blast furnaces that can produce a total 8 million tonnes of crude steel a year. It is having a third blast furnace built with an annual capacity of 1.5 million tonnes, which is due to be completed in September 2013.

POSCO

Posco [005490.KS], the world's No. 3 steelmaker, has nine main blast furnaces - four in Pohang and five in Gwangyang - one blast furnace for pig iron production and one for ferroalloy. It has total annual production capacity of 36-37 million tonnes of crude steel. POSCO has no scheduled maintenance shutdown at its furnaces for this year.

TURKEY

Magnitogorsk Iron & Steel Works (MMK)

MMK [MAGN.MM], Russia's third-largest steel producer, commissioned an electric arc furnace facility at the Iskenderun site of its Turkish project. The Iskenderun facility is expected to produce more than 800,000 tonnes of steel products as early as 2011 and top 2 million tonnes next year. Total investment in Turkey, which includes a site in Istanbul, is estimated at \$1.5 billion.

AUSTRALIA

Bluescope

Bluescope Steel [BSL.AX], Australia's largest steelmaker plans to close one of its two blast furnaces. [nBSL] The closure of the plant at Port Kembla, New South Wales, is expected to be completed in 2012.

CIS

RUSSIA

Novolipetsk

In August, Novolipetsk Iron & Steel Works [NLMK.MM], Russia's fourth largest steelmaker, began testing its new blast furnace No.7 with planned annual capacity of 1.5 million tonnes. It has invested 43 billion roubles (\$1.42 billion) in the project and plans to start smelting pig iron in September.

Controlled by Russia's richest man Vladimir Lisin, it plans to boost annual output to 17.5 million tonnes by 2014 from 11.6 million in 2010.

Metinvest

In May, Metinvest <METIV.UL>, Ukraine's largest steel producer, shuttered an open-hearth blast furnace at its Azovstal Iron and Steel Works. According to analysts, the blast furnace had total annual capacity of about 2 million tonnes.

Output at Ukraine's steel plants, owned by Metinvest holding However, rose 78.7 percent to 10.981 million tonnes in January-September 2011 against the same period in 2010, said on Nov 14.

Higher production was helped by the acquisition of Ilyich Iron and Steel Works, as well as an increase in output at Yenakiyev Iron and Steel Works and Azovstal. Metinvest's Yenakiyev Iron and Steel Works commissioned a new blast furnace that allowed the plant to increase pig iron output to 3.7 million tonnes annually from 3.1 million tonnes in 2010. Rolled steel output rose 31.3 percent to 8.59 million tonnes in 2010 from 6.54 million a year earlier.

Ukraine increased liquid steel output to 31.7 million tonnes in 2010 from 29.8 million in 2009. [nLDE70A0AU]

EUROPE

ArcelorMittal On Oct. 21 ArcelorMittal [ISPA.AS](#), the world's largest producer of steel, said it would temporarily close a blast furnace at Dabrowa Gornicza in Poland in Europe. It said the furnace would restart as soon as market conditions allow. [nL5E7LL22J]

On Oct. 3 it confirmed it will halt production at Sestao, Spain, in November and December. [nL5E7L33PY]

The company had said the previous week it was in talks with trade unions over a temporary shutdown at Sestao. The complex furnaces and seven rolling mills are used to produce hot rolled steel coils and 600,000 tonnes of pickled coils per year.

At the end of September, ArcelorMittal said it would temporarily idle an electric arc furnace and some steel production lines at its long carbon steel producing mill in Liege, Belgium. [nL5E7KU2JO]

Earlier in the month, the company said it would shut blast furnace No. 1 at its plant in Eisenhuettenstadt, Germany, and a second blast furnace at its Florange plant in France due to weak demand. [nL5E7K518U] [nLDE7870IS]

On Sept. 27, the company announced it would idle temporarily the electric arc furnace (EAF) and cut some steel re-rolling lines at its Schifflange and Rodange plants in Luxembourg due to poor demand from the construction sector. [nL5E7KR21D]

The steelmaker announced in June a temporary production stoppage during Q4 at its plant in Liege, Belgium. On Oct. 12 it said it had decided to close two blast furnaces in part due to the worsening economic situation. [nL5E7LC4EJ]

In 2010, ArcelorMittal produced 92,629,000 tonnes of steel, of which 37 percent was in Western Europe and 11 percent in Central and Eastern Europe.

In September, ArcelorMittal said it would soon be turning on a blast furnace in Fos-Sur-Mer, France. The furnace was idled in December 2010 for repairs.

Celsa

Spanish steelmaker Celsa is considering cutting production at some European steel plants in the next few months in response to apparent lower consumption, it said. The firm, the seventh-largest steelmaker in Europe, is operating at an average capacity of 70 percent in Spain and France and slightly more in the rest of Europe.

Salzgitter

On Sept. 29 Germany's second-largest steelmaker, Salzgitter AG [SZGG.DE](#), said it would cut flat steel production by 10 percent, or roughly 300,000 tonnes, this year. Flat steel production had been cut already in Q3, with the rest to come in Q4. [nWEA5980]

On Oct. 12 it said it was still producing liquid steel at full capacity, but said it was "constantly monitoring the production situation." [nL5E7LC34U]

SSAB

Sweden's SSAB [SSAB.A.S](#) told Reuters it had yet to restart one of its three blast furnaces in Sweden, which it shut temporarily last summer for relining. The steelmaker's total production capacity is 3.7 million tonnes per year.

On Oct. 12 the company said it would produce less ordinary steel and more products such as quenched and tempered steel as niche grades are more resistant to wear. [nL5E7LC23D]

Tata Steel (European operations)

On Oct. 12 Tata Steel [TISC.NS](#), the world's No. 7 steelmaker, said it may cut production further in Europe in the next few months if steel orders weaken.

The company had already cut production capacity from 85-90 percent in the first half this year to 80-85 percent currently, it said. [nL5E7LC30U]

In September, Tata Steel's European unit, Corus, shut down one of its four blast furnaces in Scunthorpe. Another blast furnace at the site was idled a few years ago. The two remaining furnaces are currently operating. [nLDE74J0XF]

Tata Steel Europe is the second-largest steel producer in Europe with an annual capacity of 18 million tonnes.

ThyssenKrupp

ThyssenKrupp [TKAG.DE](#), Germany's biggest steelmaker, will curtail production at its Steel Europe unit by 500,000 tonnes in the last quarter of 2011, a person familiar with the company told Reuters. The unit, which has an annual steel output capacity of 13.5 million tonnes, will refrain from shutting down blast furnaces, the source added. [nWEA5924]

U.S. Steel

U.S. Steel [X.N](#) said in its second-quarter results that a blast furnace in Serbia that had been shut for planned maintenance early in the quarter remained idled due to lower prices and weaker demand.

Voestalpine

Austrian Voestalpine [VOES.VI](#) said it was reducing steel production capacity by 10 percent in this quarter and would decide in early January on capacity for the next quarter.

Riva Group

The company restarted blast furnace number 4 at its Ilva plant in Taranto, Italy, last April. It had been shut down three years earlier. With four out of its five blast furnaces now running at near full capacity in terms of steel production of 11.5 million tonnes per year.

It has however closed a finishing line and said it may cut other rolling lines if demand doesn't improve. [nL5E7LQ417] [nL5E7LB2HU]

Riva Group was the world's 17th largest steelmaker in 2010 with production of 14 million tonnes.

Thailand's Sahaviriya Steel Industries (SSI)

SSI [SSI.BK](#) has said it will restart the Teesside Cast Products integrated mill in northeast England on Dec. 8. The plant has got annual steel slab production capacity of 1.2 million tonnes per year.

SSI bought the Teesside operation from Tata Steel in February. It was moth-balled in early 2010 after a consortium of off-takers withdrew from a 10-year supply agreement.

LATIN AMERICA

MEXICO

AHMSA

On April 28, AHMSA [AHMSA.MX](#) started the new blast furnace number 6, which boosted production capacity by 4,000 tonnes a day, as part of the FENIX expansion. The company plans to expand production by 40 percent. [nN28277946]

In September, the company told Reuters that the new blast furnace reached full capacity in Q2. It said it has a 1.46 million tpy pig iron capacity.

An official said the other 1.2 million tpy electric arc furnace was being installed and will probably be operating by the second half of next year. At full capacity the company's crude steel capacity is 5 mln tpy from 3.6 million tonnes.

The plant is near AHMSA's others in Monclova in the northern state of Coahuila near the U.S. border.

BRAZIL

ArcelorMittal

In November, ArcelorMittal said it has suspended expansion plans at its João Monlevade steel plant due to demand in Brazil lower than forecast.

The expansion project includes the construction of a new blast furnace with capacity of 1.12 million tonnes per year.

Votorantim

Votorantim has shut down one of its two furnaces in Rio de Janeiro state at the Barra Mansa plant while its other plant in Brazil, Resende, is operating at 80 percent capacity. Total combined capacity for the two Brazilian mills is 1.740 million tonnes per year.

The company overall is using about 60 percent of its total capacity of 2.6 million tonnes. 2011 output is expected to be around 1.6-1.7 million tonnes, which would be a 10 percent drop versus 2010.

The company drew up an expansion plan in 2010 for the 2011-2015 period that would have taken capacity to 3.5 million tonnes of steel but it said this plan was being reviewed.

global economic recovery.

NORTH AMERICA

Severstal

Severstal North America <CHMF.UL> started in November phase 2 of its expansion project at its Columbus, Mississippi operation. The \$550 million expansion project will increase annual steel production to 3.4 million tonnes from 3.1 million metric tonnes doubling the plant's steelmaking capacity. The expansion project includes a : ladle metallurgy furnace, caster, tunnel furnace, and hot-dip galvanizing line.

Severstal was left with Columbus and the Dearborn plant in Michigan after divesting in March of loss-making U.S. assets. Completion of capital improvement project to boost combined annual steelmaking capacity to 6.0 million tons, with cold rolling capacity up to 3.6 million and galvanising capacity at 2.4 million tons.[nLDE75F2

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