

# World's Biggest Mills Eye Thai Steel Project



The Thai government has invited ArcelorMittal, Nippon Steel, JFE Steel and Baosteel to look at building a massive blast furnace-based steel plant in Thailand. The companies were asked to submit letters of interest by end-January and by the end of the year, the Thai government is expected to announce which company or companies will build Thailand's first BF mill, sources said. Spokesmen from Nippon Steel, JFE Steel and Baosteel confirmed their interest in the project and that all four mills had been invited to participate in the project. MB spoke to several ArcelorMittal officials, none of whom could confirm its interest in the project. "Nippon Steel is interested in the project because Thailand has a steel demand of about 10 million tpy, making it the largest steel market in Southeast Asia," said a spokesman from Nippon Steel, the world's second largest steel mill.

"Thailand also has a growing demand for middle and high-grade steel products, perhaps the largest in Southeast Asia too, and there are many Japanese auto makers and home appliance companies in Thailand," he said, adding that the Japanese mill has sent a letter of interest to the

Thai government. A spokesman from JFE Steel, the world's third largest steel mill, also confirmed that it had sent a letter of interest to the Thai government. JFE is the biggest shareholder in Thai Cold Rolled Steel Sheet (TCR), a 1 million tpy cold rolling mill, and Thai Coated Steel Sheet (TCS), a 170,000 tpy galvanizing line, both in Thailand. JFE owns 81.4% of TCS and 38.4% of TCR. Thailand's Sahaviriya Steel Industries (SSI), which has said it was interested in setting up blast furnace operations, owns 3.7% of TCS and 19.6% of TCR, with the rest of TCR and TCS owned by Japanese and Thai companies. A Baosteel official also

confirmed that it had been approached by the Thai government. "Discussions are at an initial stage," he told MB, declining to say if China's top mill had submitted its letter of interest.

The Thai government's invitation of interest could lead to a joint venture with a Thai mill, "such as SSI," SSI has been wanting to build a blast furnace for along time," he noted. "In Thailand, only Tata Steel Thailand and SSI has said that they are interested in building blast furnace operations but they are not focused on high-quality products. The Thai government wants the blast furnace project to produce high quality steel," she said. There was also some speculation that Nippon Steel could be eyeing the blast furnace project as a potential backward integration for its 44.7% owned Siam United Steel(SUS), a 1 million tpy rolling mill in Rayong, Thailand. The Nippon Steel spokesman declined to comment on this. SUS is also 12.3% owned by Posco, 8.6% owned by Mitsui Trading Co, 6.9% owned by Metal One Corp, 5% owned by Siam Cement with the rest owned by Thai companies. Nippon Steel supplies about 80% of the hot rolled coil that Siam United Steel uses to produce about 510,000 tpy of cold rolled sheet, 250,000 tpy of tin mill black plate and 240,000 tpy of galvanized iron substrate, SUS president Tomomi Ohara told MB. Due to the purity required of its products, SUS can only use high quality HRC and any backward integration would have to be through the blast furnace route, and not electric arc furnace, he said. "However, so far, we don't have firm plans to expand production we are still operating below capacity. Last year, production was 870,000 tonnes and this year, because of a shortage of HRC, we will be 20% lower than last year," he said.

Source: Metal Bulletin