

## **Nippon Steel set to make high-tech steel sheet in emerging markets**

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Japanese steel giant Nippon Steel & Sumitomo Metal Corp. plans to begin making cutting-edge, high-tensile automotive steel sheet in Thailand, Mexico and Brazil in 2013.

Created Oct. 1 through the merger of Nippon Steel Corp. and Sumitomo Metal Industries Ltd., the company is striving to expand steel production in emerging markets. It intends to bring its production capabilities of high-strength automotive steel sheet to emerging countries, in step with automakers that need the state of the art steel sheet to increase global sales of fuel-efficient cars.

The company intends to make ultrahigh-tensile steel sheet at factories currently under construction in Thailand and Mexico. These facilities are slated to go onstream in 2013, with the materials for making the sheet to be shipped mainly from Japan. In Brazil, the firm will produce the cutting-edge steel at an existing joint venture plant with local steel-making partner Usinas Siderurgicas de Minas Gerais SA, or Usiminas.

The three factories will have a combined output capacity of about 1.8 million metric tons a year. High-performance auto steel sheet is expected to make up several hundred thousand tons of this figure. 60% stronger. Stronger steel sheet means automobiles can meet safety standards and other requirements with less steel, resulting in lighter vehicles. The steelmaker's ultrahigh-tensile steel sheet is about 60% stronger than conventional high-strength steel sheet, making possible a 10-20% reduction in a car's weight. The product accounts for 5-10% of the amount of steel sheet used in the latest fuel-efficient autos.

Japanese automakers have been shifting production to emerging markets to meet the growing demand in them and to deal with the strong yen. Nissan Motor Co., Honda Motor Co. and Mazda Motor Corp. are building factories in Mexico, with Nissan having broken ground in Brazil as well. Mitsubishi Motors Corp. churns out small, fuel-efficient cars in Thailand. Nippon Steel & Sumitomo Metal currently produces high-performance auto steel sheet in Japan, the U.S. and Europe. It makes conventional high-strength steel sheet in emerging markets, shipping the stronger product from Japan to those countries. But it has decided that it needs to be able to supply the ultrahigh-strength sheet in a flexible manner as automakers step up production in the globe's emerging nations.

Automotive steel sheet is the forte of major Japanese steelmakers, but South Korea's Posco, China's Baosteel Group Corp. and other competitors have been catching up in terms of technological prowess. Nippon Steel & Sumitomo Metal believes that in addition to the quality of the steel sheet, a worldwide network to provide it in a timely manner will be key in winning orders from automakers. The firm's domestic production capability of automotive steel sheet is currently 8.5 million tons per year.

With the new factories outside of Japan - such as the ones in Mexico and Thailand - its overseas production capability of automotive steel sheet will increase approximately 20%, to 6.8 million tons per year.

Source: *The Nikkei Weekly*