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Nexteel eyes US pipe market

Thursday, 11 May 2006

Korea's Nexteel is building two pipe mills to reduce its dependence on the country's uncertain construction market, **Steel Business Briefing** hears from the ERW pipe maker.

Perrysburg, Ohio-headquartered pipe mill builder Abbey International is providing one 12-inch and one 8-inch pipe mill for a new plant Nexteel is building in Pohang. This is a few kilometres from its existing factory: the investment will raise capacity to 21,000 t/month (single shift).

The 12" mill (bought second-hand) will boast a single-shift 6,000t/m capacity and will start by November. The 7,000 t/m capacity 8" inch mill for API grade pipes will commission next April. These will complement the 3" and 8" lines now operating in Pohang.

"At the moment exports only account for about 20%, but the two new mills will be 100% for export, mostly to the USA," a Nexteel official tells SBB. Water pipes currently account for two-thirds of his firm's business with the balance mostly for building, such as scaffold pipes.

"The Korean construction market is now improving, but we don't expect it to remain that way," he admitted.

Nexteel – the former Daewon Industrial –once relied on Posco for most of its HRC feed but now Chinese coil (mainly from Wuhan and Baosteel) meets about 60% of its needs. Posco supplies most of the balance. Nexteel is testing a sample shipment of 1,500t of HRC from Hyundai Steel's Dangjin works, and has bought 5,000t from Tokyo Steel for nearby delivery.

Hyundai Steel's sister company Hyundai Hysco is a Nexteel competitor whose Ulsan works – 60kms south of Pohang –boasts an ERW pipe capacity of 700,000t/y. Market leader is SeAH Steel (the former Pusan Pipe), which has an ERW capacity of 1.1m t/y, while third-largest is Husteel (the former Shinho Steel) has a 420,000t/y capacity. Nexteel will be fourth-largest when the new Pohang plant is finished.

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