

China

Fast-growing economy and growing affluence increase demand for high-quality stainless steel

Area	9,596,96 km ²
Population	1,306,313,812
Most populated city	Shanghai, approx. 13 million inhabitants

Key economic data

GDP (purchasing power parity)	\$ 8.2 trillion
GDP (official exchange rate)	\$ 1.8 trillion
GDP real growth rate	9.2%
GDP per capita (purchasing power parity)	\$ 6,200
Inflation rate (consumer prices)	1.9%
Unemployment rate	4.2%
(Official registered unemployment in urban areas in 2004. 2005 estimated overall unemployment: 20%)	

Source: CIA World Factbook 2005



Pudong New Area on the Huangpu River, Shanghai

Gerhard Mairhofer

General Manager of Shanghai Krupp Stainless (SKS), China

**“Andritz is a very reliable partner
and offers the best combination
of technology and price.”**



Andritz supplied two cold rolling mills as well as an annealing and pickling line for cold-rolled steel strip to Shanghai Krupp Stainless. Photo: Pickling tanks with cover removers as well as pumping and storage stations.

“ANDRITZ OFFERS HIGH VALUE FOR MONEY.”

Interview with Gerhard Mairhofer

General Manager of Shanghai Krupp Stainless (SKS), China

Shanghai Krupp Stainless (SKS), a joint venture between ThyssenKrupp Stainless of Germany and Baosteel of China, is one of the leading manufacturers of stainless steel products in China. Stainless steel is a vital component for industries such as automotive, for the construction of buildings, and for household appliances; its demand has been showing double-digit growth in China over the past years.

Due to the very successful development of the first stage of the plant erected by Andritz in 2001, SKS decided to increase capacity of the mill and, in 2003, selected Andritz to supply two cold rolling mills, and an annealing and pickling line for cold-rolled strip. In 2004, SKS placed another order with Andritz for a hot-strip annealing and pickling line to complete stage two of the plant extension. Gerhard Mairhofer, General Manager of SKS, gives his views about the industry and Andritz's role at SKS.

Background

My first job when I graduated was with Voest Alpine AG in Austria. I worked for many years with the company's materials handling technologies in Linz. Later, I spent seven years as the Chief Representative in China for Krupp Fördertechnik and came to SKS as General Manager in 1998. In 2001, the City of Shanghai honored me with the Golden Magnolia, an award for foreign experts who contribute to the development of the city. In 2003, I was named as an Honorary Citizen of Shanghai.

Continuous technology improvements in the industry

Krupp was one of the pioneers in stainless steel development, dating back to 1912. The largest technical advances in the industry have been the Sendzimir mill (development beginning in the 1930's) and continuous casting (from the mid 1980's). Up to today, there has been continuous improvement of production and processes. At some time, the physical frontiers will be reached. The biggest advancements today are in the area of computer-based monitoring and control – which has considerably increased our efficiency and quality control.

Product progress

It was not a natural thing for Chinese customers to import stainless steel. Logistics were difficult and the delivery times were long. And, before SKS, there was no bright annealed stainless steel being produced. SKS was the first in China to produce the bright annealed product. So, Chinese customers could now buy German-quality steel right away. The focus is on household appliances (washing machines, cooking products, industrial kitchens, etc.) and architectural applications (decorations in high-rise buildings, lift doors, etc.)

The demand for bright annealed stainless steel is enormous, e.g., for industrial kitchens in fast food restaurants, kitchen equipment and washing machines for homes, and all the appliances to meet the demand of the growing middle class in China.

Customers want it fast

The most important thing to our Chinese customers is fast delivery. Nowhere are delivery times as short! A customer will typically place the order on the first day of the month and expect to have the goods by the 30th. These requirements challenge us enormously. Automated production planning systems and flexibility in manufacturing are key to our success.

Of course, the traditional quality characteristics – good surface finish, excellent flatness, and precise cutting – are also expected.

Why Andritz?

The main reason we selected Andritz was “value for money.” They offered the best combination of technology and price. Technology is most important – then comes the price.

Full-line capabilities also play an important role. For example, with the annealing and pickling line, everything was supplied from under one roof – Andritz. We engage in rather detailed discussions with potential suppliers about the automated control, supply of the cutting equipment, hydraulics, etc. We have to know that the supplier has all the details in hand and has worked with large producers like us.

What really counts for us is that our suppliers respond to our wishes, are willing to discuss their products and technology in detail, and that the equipment helps us meet our customers' quality and delivery requirements.

Andritz performance

We know Andritz very well because German based Andritz Sundwig (majority owned by Andritz) has been a supplier to us for decades. SKS has had good cooperation with Andritz since we began operations here in China.

The ramp-up of the Andritz equipment was excellent. Kudos to the local team. The first equipment has operated here since November 2001. We are satisfied with its performance.

Now we are looking forward to the start-up of the hot-strip annealing and pickling line, which will be ready for operation in the summer of 2006.

What's next?

The focus will be on consolidating our existing cold rolling capacities. The Chinese market will continue to grow. The competition is tough here, but SKS is the clear quality leader.