

# Staying on top of the game

ABB, the leading power and automation group, has many new global steel industry projects in the pipeline and believes that India promises to be a lucrative market for the company going forward.

**Christer Skogum, global head of marketing and sales\***, believes that the steel industry will recover from its current woes and continue to be a positive force in the world

## 1. How are things going at ABB? Is the steel industry keeping you busy?

While there has been a slowdown due to the global overcapacity situation, ABB has many new projects in the pipeline and is looking at the Indian market where, in the medium term, there has been a major increase in steel production, servicing infrastructure and automotive projects. Our business is predominantly engaged with servicing and revamps of brownfield projects. It is a fairly steady business at the moment and, despite the problems surrounding China, ABB's business levels have stabilised on a new level.

## 2. What is your view on the current state of the global steel industry?

While the global industry is currently depressed and most companies are making losses, ABB is in a good place and is a very strong organisation. However, while the current situation will linger for a while and will adversely affect capital expenditure, we believe that India will be a big market for ABB.

## 3. In which sector of the steel industry does ABB mostly conduct its business?

As I mentioned, servicing and revamping is very big business for ABB at the moment and the company has always been a strong performer in this respect. Our key strengths are in rolling mills where there is plenty of technology. The more technology, the stronger we are, especially in areas such as electromagnetic stirring. ABB Metallurgy Products' ArcSave technology, for instance, enables steelmakers to reduce tap-to-tap time by 5%, contributing to energy efficiency, productivity and much more.

## 4. Where in the world are you busiest at present?

We are still very busy in and around Europe due our huge installed base in the region,

but also in China and India, South East Asia and Latin America. Wherever there are projects in the world, we will be there and have a major presence.



## 5. Can you discuss any major steel contracts you are currently working on?

We are currently working with major steelmakers around the globe including ArcelorMittal in Algeria and other leading players in different regions of the world. In India we work a lot with JSW, Tata and Jindal on both brown and greenfield sites. We deliver everything that is electrical and have worked with major European mill builders as well as mill builders in China, India and Turkey. Complete tandem cold rolling mills are one of our key specialities.

## 6. Where do you stand on the aluminium versus steel argument?

These are very much decisions that are made by the manufacturers, particularly those in the automotive industry where the use of either steel or aluminium is concerned. Theoretically, aluminium should become stronger in car manufacturing, but the majority of cars are steel-intensive because the cost of the

former is prohibitive in the mass market. ABB is well positioned in both steel and aluminium to be able to serve the market.

## 7. "While there will be increased aluminium penetration, vehicles will continue to be predominantly steel," said Ducker Worldwide's Dick Schultz. Is he right or wrong?

I am not an automotive expert, but based on the latest designs [of cars] there is an increasing amount of advanced high strength steel (AHSS) being used in automotive production. There will be more aluminium and more carbon fibre used in car manufacturing to meet energy efficiency targets both in Europe and the USA, but it is price and cost sensitive at the moment. And in the same way that electric cars have yet to filter down to the mainstream market, it's a similar story with aluminium.

## 8. "Within the next 15 years or so there could be a nearly even split between steel, aluminium and carbon fibre content in the average North American produced light vehicle." So said Jay Baron, president of the Centre for Automotive Research. Who is closer to the truth – Dick or Jay?

I don't know the answer to that question, but I do know that there are many different uses for steel outside of the automotive industry, such as construction and infrastructure, where there will be long-term increased consumption going forward.

## 9. It is always claimed that aluminium is the 'greener' metal when compared to steel. What's your view?

Both aluminium and steel production are highly energy-intensive industries, but both metals are infinitely recyclable.

## 10. "...any hint of doubt when it comes to predictions of climate

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**doom is evidence of greed, stupidity, moral turpitude or psychological derangement.” This is a quote from Bret Stephens writing in The Wall Street Journal. Do you sympathise with his view?**

Today we are all convinced that we have global warming and the means of controlling it. At ABB we aim to make our processes more energy efficient as we take climate change very seriously and believe we must all participate in solving it.

**11. In fact, talking of ‘green issues’ and emissions control, how is the steel industry performing in this respect?**

Improved energy efficiency and minimal capital expenditure are high on the agenda for most of ABB’s customers. The steel industry certainly is getting greener, but it’s a slow, step-by-step process that is helped by steel’s 100% recyclability.

**12. In your dealings with steel producers, are you finding that they are looking to companies like ABB to offer them solutions in terms of energy efficiency and sustainability?**

In many steel plants there is plenty of low hanging fruit, such as changing fixed speed motors to variable speed models. It would be fair to say that these issues are high on the agenda, especially when you consider that legislation in this area is getting harsher and harsher. Greenfield developments offer greater potential in terms of developing green solutions. ABB is well positioned to improve energy efficiency solutions, including energy efficiency audits.

**13. How quickly has the steel industry responded to ‘green politics’ in terms of making the production process more environmentally friendly and are they succeeding or fighting a losing battle?**

The steel industry has responded well and is definitely moving in the right direction in terms of meeting its legislative obligations.

**14. Where does ABB lead the field in terms of steel production technology?**

ABB leads in many things and considers itself to be in the forefront of technology with products such as electromagnetic stirrers and brakes for steel and aluminium, and low or medium voltage drive systems.

**15. How do you view ABB’s development over the short-to-**

**medium term in relation to the global steel industry?**

In China we will always be engaged in greenfield and brownfield developments, but elsewhere in the world we expect to move more towards the service and revamp markets, particularly in Europe and the USA. ABB is a highly adaptable company that can adjust itself to any market anywhere in the world. ABB has also had a long-standing presence in North and South Africa and are now expanding into projects in sub-Saharan Africa. Of course, before any major industrial development [in sub-Saharan Africa] you need to fix power generation and that’s what’s taking place now.

**16. What is ABB’s experience of the Chinese steel industry?**

Many of the most modern and technologically advanced steel plants are being built in China. The quality of steel produced in China has improved dramatically since the late nineties, where steel output is of increasingly higher quality, although I still think that the best quality steel is produced in Europe, North America and Japan. While the Chinese steel industry has come a long way there is still a big gap to close where top quality grades are concerned. The drive to produce higher quality steel is good news for ABB.



**17. Where do you see most innovation in terms of production technologies?**

Steel production is a very mature industry, but there are continuous gradual improvements and fine-tuning being made to the process. There have been some major technological improvements to the rolling process over the years,

which have enabled the implementation of mathematical modelling in process design.

**18. How optimistic are you for the global steel industry going forward?**

While short-term overcapacity issues will mean less greenfield projects, the steel industry will rebound from its current difficulties and will remain a potent force throughout global societies in terms of its role in infrastructure, transportation, the energy industries and, of course, the automotive market. Three or four tough years lie ahead before additional capacity will be added to drive the manufacturing of high strength steels. India will add significant new capacity going forward. Steel will continue to be a very important ‘foundation’ industry on the world stage.

**19. What exhibitions will ABB attend in 2016?**

ABB has a strong presence at many exhibitions and conferences throughout the world, but is also very selective about the events it attends. We also run our own event, Automation and Power World, where we bring together our global management and customers to discuss new products. Our last event, held in Delhi, India, earlier this month attracted 4,500 customers.

**20. ABB is based in Sweden, but what’s happening steel-wise in the country?**

Sweden is suffering like everybody else, but a huge portion of the Swedish steel industry – around 60% – is dedicated to specialised steel production, thanks to companies like Sandvik.

**21. Apart from strong coffee, what keeps you awake at night?**

ABB wants to be close to its customers and understand what they want. We aim to be flexible in the way we deliver our services and we want to ensure that we remain on top. If we’re going to be successful we must have our finger on the pulse and constantly service our customers’ needs. If anything was going to keep me awake at night it would be ensuring that we are continually at the top of our game.

**22. What is needed to improve the global steel industry?**

Greater consolidation would be good for the steel industry and the environment, but national interests and the fact that everybody wants to be a steel exporter means that the steel industry is lagging behind in this respect. ■