

New Trend in Japanese graphite electrode business

Tokai Carbon Co., Ltd. (hereinafter referred to as "Tokai Carbon"), from SGL-GE Holding GmbH (hereinafter "SGL-GE"), a subsidiary of Germany SGL, on September 28, 2017 and SGL Announced that it will sign a contract to acquire all shares of GE Carbon Holding LLC on 2 October.

About SGL's electrode business of Germany, Showa Denko Corp. announced that it will acquire it in October last year, but due to some issue with Antitrust Bureau of US Department of Justice Ministry, Tokai Carbon acquired SGL-GE.

In Tokai Carbon, in 2015 when the electrode market continued to be sluggish, they reduced the capacity of two domestic plants, and relocated its capacity to expand the production capacity of fine carbon and lithium ion battery negative materials.

On the other hand, Showa Denko announced in October 2016 that they will acquire SGL-GE's graphite electrode business that was downgraded as a non-core business by SGL-GE. Showa Denko acquired electrode factory in Sichuan Province of China in 2013 and it is doing good already.

This move was made for recovering global steel demand, especially due to the recovery of steel demand in China and due to prohibition of production of inferior quality steel bars which was said to be between 50 million tons and 100 million tons. It seems that the recovery of the electrode market environment has improved greatly.

The ratio of electric furnace steel in China is about 11% of the annual steel production volume of about 800 million tons, which is expected to be the same as the current global average of 25% in 2035, and in the future only in the US market It is interesting to see how companies work on the Chinese market.

As Tokai Carbon acquires SGL-GE, the production volume of the seven major UHP seven companies will be as follows-

Company Name	Plant Number	Annual Production Volume (in kilotons / year)
Showa Denko	8	2 5 9
Tokai Carbon + SGL-GE (USA)	3→5	66→96
Graftech International	4	1 9 1
Graphite India	4	9 8
HEG	1	8 0
Japan Carbon	1	3 0
SEC carbon	1	3 0

(Table 1 World's 7 Major Production Amounts)

By the way, the production volume of graphite electrodes in China in 2016 is 500 kilotons. The UHP graphite electrode is 140 kilotons, the HP graphite electrode is 230 kilotons, and the top five producers are as shown in Table 2.

UHP graphite electrode		HP graphite electrode	
Company name	Production volume (in kilotons)	Company name	Production volume (in kilotons)
Fangda carbon	27	Fangda carbon	54
nántōng yángzǐ	27	jiè xiū zhì yáo	33
jílín carbon	22	shāndōng bāsān	24
kāifēng carbon	21	fāng dà fūshùn	20
xī mǔ dōnghǎi	15	jílín carbon	18

(Table 2 Production volume of five graphite electrode top 5 companies (2016))

Above mentioned text is prepared by CMI according to data of the Tokai Carbon Presentation Material, Showa Denko Presentation Material, Toyo Keizai, Nikkei, Nikkei Industry, China Carbon Industry Association etc.