Kobe Steel To Close Kobe Blast Furnace

The Associated Press

TOKYO, May 29 (Kyodo) — Kobe Steel Ltd. said Wednesday it will close a blast furnace at its iron mill in Kobe, Hyogo Prefecture, and increase utilization ratios at two other blast furnaces in the same prefecture.

The company said it will consider building a thermal power generation plant at the premises of the furnace to be closed in order to expand its power supply business.

Company President Hiroya Kawasaki said at a news conference, "Judging from the fact that domestic demand is slumping due to manufacturers' offshore relocation of their factories and the rapid graying of Japanese society, it would become too late unless we make up our mind to shut the blast furnace at this juncture."

In line with the decision to halt operations of the furnace at Kobe Works, the company will book an asset-value impairment loss of 18.5 billion yen as a one-off loss in the April to June quarter of fiscal 2013, it said.

The two other furnaces it will continue running are located at its iron mill in Kakogawa in the prefecture.

Major Japanese steelmakers' earnings have taken blows from competition from Chinese and South Korean rivals. Kobe Steel's shutdown plan came on the heels of Nippon Steel & Sumitomo Metal Corp.'s recent decision to halt operations at a blast furnace in Kimitsu, Chiba Prefecture.

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