

# REFRACTORIES

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# WINDOW



MARKET MONTHLY FOR THE GLOBAL REFRACTORIES INDUSTRY

## THE SKY IS THE LIMIT

### SHAPING THE FUTURE OF REFRACTORIES

#### INTERVIEW

#### Shinagawa: 150 years of Expertise in Refractory Solutions

Providing refractory solutions with proximity, Shinagawa is well positioned to serve all the needs of customers worldwide.

#### HEIKI MIKI

MANAGING EXECUTIVE OFFICER  
DIRECTOR OF OVERSEAS BUSINESS DIVISION  
CHAIRMAN OF SAM & SSCA (USA),  
SRB (BRAZIL) AND SRA (AUSTRALASIA)  
SHINAGAWA REFRACTORIES CO., LTD.





## Interview with Mr. Heiki Miki, Managing Executive Officer & Division Director for Overseas Business of Shinagawa Refractories Co., Ltd.



*Mr. Heiki Miki, Managing Executive Officer & Division Director for Overseas Business of Shinagawa Refractories Co., Ltd.*

**Refwin:** It is a pleasure for Refwin to interview you for the third time. We noticed that Shinagawa Refractories completed the acquisition of the Brazilian refractories business of Saint-Gobain at the end of 2022. Congratulations! What are the considerations behind this decision? How do you evaluate the impact of this acquisition on Shinagawa?

**Mr. Heiki Miki:** Thank you very much for your kind words. Yes, we are extremely happy with this strategic acquisition. Our relationship dates back to 1991, when Shinagawa first started licensing technologies for the tap-hole clay for the Brazilian market. Since then, we have been working very closely to introduce Shinagawa technologies in the market. In recent years, in addition to tap hole clay, we have been working together to produce bricks for steel making utilizing Shinagawa technologies, and they have been representing Shinagawa for the sales of refractories made in Japan for various industries in the South American markets. This acquisition is, therefore, represents a very natural extension of our long-standing collaboration. Shinagawa is so proud to have our new company in Brazil, Shinagawa Refratários do Brasil (SRB). We are very grateful for the opportunity to work with such motivated and hardworking people in Brazil.



**Refwin:** How important is the South American refractory market to Shinagawa? What is the current and future layout of Shinagawa's refractories business in South America?

**Mr. Heiki Miki:** Brazil has been constantly producing crude steel over 30 million tons annually and has significant presence in global cement and other industries. This makes as a very attractive and important market for Shinagawa. We might consider additional investment in Brazil to expand our local product offerings. We view other South American countries as significant opportunities to expand our business too. Shinagawa has already established presence in Argentina for their steel industry and looks forward to capture other potential opportunities in South America by SRB.

**Refwin:** What about the impact on your global business? Are there any changes in the company's global business layout, such as in the U.S., Australia, Indonesia, etc.?

**Mr. Heiki Miki:** I do not foresee any fundamental change for global business structure with this acquisition. We continue producing high quality mold powders in the US at Shinagawa Americas and their sales is steadily growing. Shinagawa Americas is successfully marketing our flow control system refractories produced in Japan too. In Australia, we continue to serve their steel and industrial market as the largest local producer. We are especially excited with our business growth in Western Australia, where Shinagawa is ideally serving mining industries locally from our plant in Kwinana WA. Indonesia continues to be our focus in Southeast Asia and we continue to grow business there with PT Shinagawa Refractories Indonesia. Shinagawa continues to produce high quality tap-hole clay for blast furnaces in India at SG Shinagawa Refractories India too.

**Refwin:** We also understood that Shinagawa Refractories completed the acquisition of the Ceramic business in the US. What are the considerations behind this decision? How do you evaluate the impact of this acquisition on Shinagawa?

**Mr. Heiki Miki:** This acquisition has a very strategic significance for our global business expansion too. Shinagawa has been in ceramic business in Japan with Shinagawa Fine Ceramics, where we have supplied key industries with a broad range of engineering ceramics from different types of rollers, dies, pump parts and to ceramic parts used in liquid crystal and semiconductor manufacturing equipment. This acquisition allows Shinagawa to tap into global ceramic market for the first time. The new company in Latrobe PA, Shinagawa Specialty Ceramics Americas (SSCA), produces a range of market-leading premium wear-resistant alumina products, which are supplied in both standard sizes and pre-engineered shapes, highly customized to customer requirements. We are expecting global synergies to emerge by operating the two companies under the same Shinagawa brand. Shinagawa is so excited to welcome highly motivated and hardworking people in Latrobe PA.

**Refwin:** Shinagawa also signed a Know-How License Agreement for continuous casting refractory products and services with Anshan Hefeng Refractory Material (Hefeng) last year. Could you explain the significance of

**this decision? What role does China currently play in Shinagawa's business?**

**Mr. Heiki Miki:** China is by far the largest producer of steel, accounting for over 50% of global production, where extremely large volumes of refractory products are consumed. Our strategy is, however, to continue focus on not just volume but to capture their high-end refractory demand. We currently have two companies in China producing high quality mold powders mostly for high-end steel products such as high-performance, high-strength steel sheets for exposed auto body panels. As a natural extension from this strategy, our plan this time is to start producing flow control system refractories, which directly impact steel quality, in China with our long-term joint venture partner, Anshan Hefeng Refractory Material. Shinagawa started working with them in April 2008, when we established Liaoning Shinagawa Hefeng Metallurgical Material as a joint venture to produce mold powders. Since then, our relationship of trust as a joint venture partner has become very strong and, based on that trust, we have decided to provide our technologies for them to produce high quality flow control system refractories in China. I am confident that Shinagawa technologies will make significant contribution to the Chinese steel industry for them to further produce high quality steel products.



**Refwin:** We also learned that Shinagawa has concluded an agreement with Allied Mineral Products to be their exclusive distributor for their monolithic refractory technology for the aluminum market in Japan.

**Mr. Heiki Miki:** Yes, Shinagawa and Allied Mineral Products (AMP) have a long-standing relationship since 2005 when AMP started licensing their monolithic refractory technology for the aluminum market to our company in Australia and, now we are expanding this relationship into the aluminum market in Japan. This alliance combines world-class monolithic refractory expertise for aluminum application of AMP and the local presence and service infrastructure of Shinagawa. With AMP's commitment to "BEING THERE" and Shinagawa's focus on "PROXIMITY," the two companies are well positioned to deliver their customer-oriented refractory solutions and services to the Japanese aluminum industry. We all at Shinagawa are very excited about this collaboration with AMP and new business opportunities in Japan.

**Refwin:** At present, mergers and acquisitions in refractories industry seem to have shifted into a fast lane. How do you look into and evaluate the future M&A trends in refractories sector?

**Mr. Heiki Miki:** I believe that we will witness more M&A deals in the coming years in global refractory industries and Shinagawa will be actively looking

for growth opportunities by M&A too. I believe there is already enough production capacity of refractories available in the market, especially for certain products. As a Japan based company, in order for us to implement our "PROXIMITY" strategy globally in the most efficient and effective manner, M&A is a must strategy to establish Shinagawa in each market locally.

**Refwin:** In your opinion, how far does economic recovery still have to go in the post-COVID-19 era? What are the implications of Covid-19 for corporate strategic planning and business decisions?

**Mr. Heiki Miki:** Three years after the start of the COVID-19 pandemic, I believe the growing shortage of workers is putting the post COVID-19 economic recovery at risk in major industrialized countries. This is acting as a brake on the upswing following the economic slump triggered by the pandemic. We started to see a people shortage even before the outbreak of coronavirus and it's getting worse now. Regarding our refractory industries, this is certainly negatively impacting our ability to secure talents with required skill. We seriously need to make the world aware of the importance of our industry to attract young engineers and researchers, while we need to further automate the production processes at the floor level.

**Refwin:** The technological breakthrough in the HYBRIT initiative is reportedly eliminated around 90% of emissions in conjunction with steelmaking and is a decisive step on the road to fossil-free steel. How do you evaluate this trend? What efforts have Shinagawa made in reducing carbon footprints? Is there a plan to launch any new products for this purpose?

**Mr. Heiki Miki:** Shinagawa made a commitment for reducing greenhouse gas emissions 50% by 2030 (vs 2013) and achieving carbon neutrality by 2050. In accordance with our environmental policy, we promote zero emissions activities in manufacturing processes, modal shifts in product transportation, and various streamlining measures to improve our environmental performance, including sustainable use of various resources and energy conservation. Naturally, it is a must for us to achieve carbon neutrality on our own, but considering our unique position in the industries, what is even more important is what we can do for our customers' industries, furthermore our society, to achieve carbon neutrality. Shinagawa Refractories has been developing whole range of refractories, including refractory bricks, monolithic refractories and thermal insulating materials, and accordingly owns numerous unique technologies that lead to energy saving for refractory consumers. For example, Shinagawa has developed technologies to minimize heat radiation from high temperature furnace bodies by utilizing refractory materials with low thermal conductivity. We also have been proactively working on recycling used refractories, closing the product lifecycle loop from raw material extraction to product disposal. Shinagawa has successfully developed technologies to recycle used bricks as raw materials for producing prime refractories products, already started recycling significant amount of used refractories in Japan and are now considering applying the same technologies globally. We will be launching a product line called "Green Refractory," refractory products produced with certain amount of recycled raw materials.

**Refwin:** Thanks for your informative answers. Let's expect a better Shinagawa in future!