
Mitsui Mining plans to increase zinc output at smelter in Japan

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Bloomberg reported that Mitsui Mining & Smelting Company plans to increase output at its Hachinohe smelter by 11% in the year starting April 1.

Mr Nobuyuki Nakamoto GM of the zinc business said that the company will raise output at the smelter to 100,000 tonnes in the next fiscal year from 90,000 tonnes in the current year. The plant has capacity of 112,000 tonnes. Prices for zinc, used to galvanize steel, almost doubled in the past year as the global economy recovered from its worst postwar recession, spurring production.

Mr Nakamoto said that the output increase at Hachinohe was due to a pick up in exports. Demand is strong following an increase in production by the steel sector for cars and brisk overseas sales, especially in Southeast Asia, especially Thailand, Indonesia and Vietnam.

He said that the Hachinohe plant in Aomori prefecture, northern Japan, produces prime western grade zinc which has a minimum purity of 98.5% and is used mainly for the construction sector. Special high grade metal with minimum purity of 99.995% is used for steel products in vehicles. The recovery in demand for western grade is still relatively slow because of weak capital spending compared with that for the special high grade metal. The main export markets for special high grade include China and Taiwan.

The company's smelters at Kamioka in Gifu prefecture and Hikoshima in Yamaguchi prefecture both west of Tokyo, produce special high grade. Kamioka, with annual capacity of 67,000 tonnes and Hikoshima, with 74,000 tonnes, produce special high grade zinc. Both are operating at full capacity. The company, which is to announce its April to September output plans early next month, planned to produce 229,000 tonnes of zinc in the current fiscal year.

Mr Nakamoto said that the Hachinohe smelter reduced its output by as much as 20,000 tons in the current fiscal year after the global credit crunch slashed demand.

Japan posted a current account surplus in January as exports climbed for a 2nd month, an indication overseas demand is sustaining a recovery. Mitsui Mining projects Japan's zinc exports to decline to 110,000 tonnes in calendar 2010 down from a record 156,000 tonnes in 2009, while the country's domestic consumption may rise to 526,800 tonnes from 433,000 tonnes.

According to data from the Japan Mining Industry Association, domestic consumption in 2009 was at the lowest level since 1966, when the country used 399,700 tonnes.

Meanwhile M Nakamoto said that Japan's zinc production may total 560,000 tonnes in 2010 up from 540,000 tonnes in 2009 while lower than output of 615,500 tonnes in 2008.

(Sourced from Bloomberg)

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