Sumitomo To Make Steel Cord In China, Thailand

Sumitomo Electric Industries will partner with South Korean tire cord giant Hyosung Corp to make steel cord in China and Thailand, the Nikkei business daily said.

The deal will help Sumitomo, which makes steel cord in Japan and Indonesia, to double production and gain access to the broad sales network of Hyosung, which has more than 40% of the global market for tire reinforcement products, the Nikkei said.

Sumitomo will invest about 6 billion yen ($71 million) to take a 70% interest in a firm to be set up in Thailand in January, and build a factory with a capacity of 3,000 tons a month, the paper said.

In China, Sumitomo will invest about 800 million yen for a 30% stake in a production company set up in Nanjing by Hyosung, with a capacity of 2,000 tons a month, it added.

Sumitomo has a 4-5% share of the global market for steel cord, excluding what the tire companies make for themselves, and it aims to boost the share to 10%, the business daily said.