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China, Economic Boom and Kanefusa

**T. Mantani - President, Kanefusa China Corporation
Kunshan Kanefusa Corporation**

In September 2002, **Kanefusa** has established an offshore manufacturing site, **Kanefusa** China Corporation (KFC) in Kunshan city, Jiangsu, China. Subsequently, to strengthen sales power in the burgeoning market China, Kunshan **Kanefusa** Corporation (KFCS) was also established in June 2003 besides KFC. Now, already 8 years has passed. Except the sharp decline of sales after the Lehman's fall, taking advantage of its remarkable power in the Chinese market, KFC and KFCS have been forging ahead. In this article, we'd like to share recent approaches to the big Chinese market.

In China, urbanization is rapidly advancing. At the same time, the government rush to build highways and high-speed railways. For this city life-line construction, a variety of steels and pipes for oil plants are in high demand. The demand for flying cut off machines for cutting a large quantity

of these steels and pipes are fairly high in China. Obviously, these machine makers and users are one of the most important targets for us.

Now, it's said that about 60% of the steel world consumption is manufactured in China. Some steel makers possess the most advanced imported cutting machines. However, many of the steel manufacturers use domestic machines because of their lower price. These makers are concentrated in Northern China. This area is our top priority market and we work on building up a strong business relationship with these makers by exchanging technical information. The final goal is not only to gain the largest market share in China, but also to achieve our dream. The big dream is that some day, rails of Chinese high speed railways would be cut by our cold saw blade just like the Japanese high speed railways are cut by saw blades of **Kanefusa** Japan. All staffs are motivated and share this same goal.

The standard of living is getting drastically improved and the consumer appetite of the people is increasing as well. With the remarkable increase of car sales, auto part makers increase sales too. By now most of them use



band saw machines or metal saw machines. To improve productivity, at a rapid pace of 100 machines a year, they are switching to cold saw machines for high-speed cutting. **Kanefusa** started to produce Ferro Max (FM) Cold Saw Blades for single use ahead of the competitors and now we have a variety of lineups for different materials and applications for these users. Moreover, FM cold Saw blades, with our original coating technology, have the advantage of a longer lifetime. In the Chinese market, **Kanefusa** is recognized as a pioneer of single use FM Cold saw blades and is appreciated for their technology. Thankfully, we are happy to have a large quantity of orders of FM cold saw blades and plan to enhance the equipment of this line.

Urbanization and redevelopment create other demands, too. Due to the rush of construction, production of aluminum for interior parts, plastic material for LCD and electronic substrate enjoy an economic boom. Customers in these industries strongly expect to have high finish quality efficiently. To satisfy this request,



User	Machine	Cutting material	Saw blade	Lifetime (compared to conventional saw blades)
T Pipe maker	Chinese machine	10MnVbMoS	450x50P	6.48m ² (2.5 times)
D Pipe maker	Linsinger machine	Q235.L360	300x44P	5.77m ² (2.3 times)
L Pipe maker	Chinese machine	X55 - X60	355x64P	4.56m ² (2.1 times)

Successful examples of **Kanefusa** Cold Saw Blades in China

tool makers must supply saw blades with high accuracy. **Kanefusa** products convince these customers. Especially, resin processing industry val-



ues mirror finish quality. For them, we improved quality for the Acryl-Bit mirror finish router bits and this is spread to the industry. You could get absolute transparent in routing and plunging process. Some customer said to us "Acryl-Bit improved finish quality and it reduced subsequent polishing. I wish that I would known this product earlier". We

believe that it's one of a new item that has potential to be expanded widely to the Chinese market.

Like the Acryl-Bit, **Kanefusa**'s high valued added products are sustainable and reduce the total manufacturing cost.

Another interesting domain is the paper industry. Consumption of paper is enormous in China and 8,000 paper cutting machines are manufactured in this country per year. We are also strong in this domain and supply paper cutting knives to the maker as standard equipment. In particularly, domestic manufacturers of paper cutting machines could be found in East China and we have business relationships with one of the major manufacturers in this area. Collaborating with them, we will get a lot more into this market and expand our market share. One of our final goals is to gain the largest share of Chinese paper cutting knives. Also, we'll be happy if we could supply KFC made knives to a mint. Such as the knives of our head office are used to cut Japanese bills, we wish that bills of renminbi will be cut and trimmed by our knife.

The Chinese economic development will continue for a long period. Together with the head office, **Kanefusa** China Corporation and Kunshan **Kanefusa** Corporation will contribute to our customer through our technology and products.

↓↓ **LIGNA '11 - Kanefusa for Sustainability**

Tommy Yamauchi-Manager, Overseas Division

Climate change, biodiversity, efficient and sustainable use of resources, environment in city, prevention and reduction of pollution and then improvement of the quality of life and human health. These are our priority tasks regarding the environment policy. Among these tasks, we think that we could contribute most to "efficient and sustainable use of resources". How sustainable are we and what kind of benefit customers will get? Let me explain our main theme of LIGNA 2011, "**KANEFUSA** for Sustainability".

What we propose are four sustainability elements; 1. Material Saving, 2. Power Saving, 3. Saving

rare metals and 4. Working Environment Improvement. **Kanefusa** Technology has applied each factors and we commercialize unique products to each market.

1) Material Saving - Better utilization of wood materials thanks to a higher yield rate.

- Thin kerf technology enables higher yield rates and significant material saving. Especially, Timber Max and Timber Max TK (Splitting Saw Blade) enable an outstanding increase in recovery rates, better material utilization and less material cost. One of the users saves 1.5 mil-

lion Euros per year thanks to the use of thin kerf saw blades.

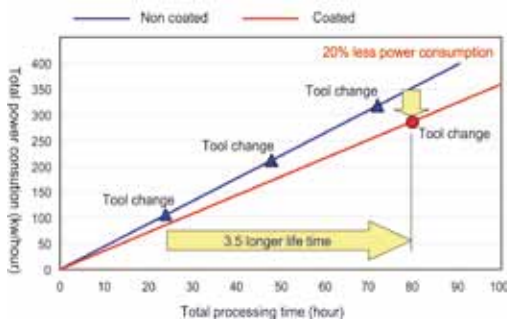
- Advanced Material Technology - A Micro Finger Cutter enables less material utilization and material cost saving. Micro finger specification (4.5mm finger length x 1.6mm pitch) enables higher yield rate and less material cost.
- Timber Tec improves productivity and reduces material utilization.
- Veneer knives with new M-K grade improve the recovery rates. It also gives you a better surface quality, a better material utilization and saves material costs.

2) Power Saving - Less cutting resistance and less power consumption

- Advanced Material Technology coated products such as the Finger Joint Cutter TAF-PRO, TAF-C, Micro Finger Cutter and ST-1Planer Knife reduce cutting resistance and reduce the power consumption. Our internal test shows 20% less power consumption.



1 Material saving



2 Power saving

3) Saving Rare Metals - Less utilization of rare metals

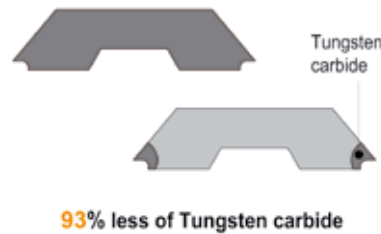
- ECO ENSHIN knives achieved around 93% less usage of Tungsten carbide compared to the conventional ENSHIN knife. The original tipping technology and fine TC grade give the knife a higher strength, more shock absorption and less breakage risk.

4) Working Environment Improving

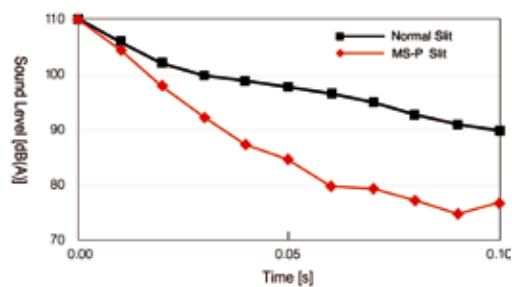
- The polymer injected MSP slits enables less noise, less vibration and a better performance. It improves the working environment and leads to a better productivity.

- Better finish quality thanks to Advanced Material Technology. It reduces subsequent sanding processes and improves productivity.

Additionally, we plan to work on ECO design for less material utilization and trash, and develop new products for the recycling industry. Through sustainable products, which optimize the use of limited resources, **Kanefusa** will contribute to the customers and society.



3 Saving rare materials



4 Working environment improving



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↓ ↓ South East Asia

T. Maeda-Overseas Division

Malaysia consists of two main areas; West Malaysia where Kuala Lumpur, the capital of Malaysia, is in and cover the most of the space of this country. Another area, East Malaysia, occupies the one third of the Borneo island.

It was back in 1979 when **Kanefusa** broke into the Malaysian market, with Mr. Hirako residing in Kuala Lumpur. **Kanefusa** established I.T. **Kanefusa** settled at Kuala Lumpur near Batu Caves and started manufacturing knives for plywood since the 1980s.

After that, as many plywood plants in West Malaysia started to move to Eastern Malaysia. I.T. **Kanefusa** closed the manufacturing site and



moved the office to Singapore. Around this time, the plywood industry in Indonesia had been growing and **Kanefusa** started to supply knives in 1980 and established a manufacturing site for plywood called P.T. **Kanefusa** Indonesia in 1986.

Asia's 1997 economic crisis triggers an economic chaos in Indonesia and finally the Soeharto administration collapsed. In this severe situation in Indonesia, Malaysia the economy was settled and **Kanefusa** supply plywood knives stably.



Staff of **Kanefusa** Malaysia

In a long term, regarding to the Malaysian market, we have been supplying knives from Japan and P.T.



Kanefusa Indonesia supply knives only for their domestic market. As the plant in Indonesia gradually had an extensive lineup and improved productivity, they started to provide their products to overseas customers. Now, 80% of Malaysian customers import knives from P.T. **Kanefusa** Indonesia. In this situation, the office was moved to CITI Bank, Kuala Lumpur in Malaysia - now it's located at the Pavilion Kuala Lumpur building.

Regarding sales, thanks to the support of our dealer Timwell, we will supply our Chipper knife, Flaker knife and TCT circular saw blade to West Malaysia to satisfy customers.

Around the same time that the Asian economic had been growing, P.T. **Kanefusa** Indonesia enlarged their product range such as for Chipper knives, flaker knives and TCT circular saw blades and cutters. Also, P.T. **Kanefusa** Indonesia devoted themselves to have a rich lineup of plywood knives, mainly veneer knives and developing new material.

Continuously, we will keep on investing and enforce the productivity from now on.



Staff of P.T. **Kanefusa** Indonesia



A New Dimension of Performance

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