



Baoluo Stainless Steel: Global supplier of seamless precision tubes

Shanghai Baoluo Stainless Steel Tube Co. Ltd. is committed to the development and production of stainless steel seamless precision tubes. Investments in technology, personnel and advanced equipment in recent years have seen a rapid development in the company, whose core business is the development and production of high-grade nickel alloys and special steel products. Partnerships with domestic and foreign engineering firms as well as quality distributors have led to Baoluo's products being successfully used by numerous world-class clients and large enterprises in projects both at home and abroad. It has become a long-term supplier for several internationally renowned brands in fluid equipment. Stainless Steel World visited the production facility of Shanghai Baoluo Stainless Steel Tube, located in the Jinshan District, for an interview with the Chairman of the Board, Mr. Yu Ze. He outlined the company's history and development, its current focus, and the company's operations and business strategy.

By Zhu Yixing



ET & UT test

Emphasis on nickel-based alloys

Mr. Yu gives a brief history of the company: “Baoluo Stainless Steel was established in 2008. Prior to this, we had already been producing austenitic stainless steel for more than 20 years. Today, our core business consists of producing and developing seamless precision tubes in stainless steel and nickel alloys. In the beginning, we actively sought technological support from large domestic enterprises, mainly in the production of precision steel tubes. After China formally joined the WTO in 2001, our core business gained momentum. With increasing demand for precision steel tubes in many developing countries, we started to establish our own brands: ‘BSS’ and ‘Baoluo Stainless

Steel’. Although these two trademarks were officially registered in 2010, we had actually been using them for several years so they had already become strong, recognisable, and influential brand names in the industry.”

Over the course of its development, Baoluo Stainless Steel has invested greatly in professional and technical personnel and advanced equipment to improve the quality and production capacity of seamless precision special-alloy steel tubes. In order to meet market demand and compete with advanced domestic and foreign suppliers, the company adopted quality management systems and obtained several certifications in technical standards. Baoluo’s production facility is located at Zhujing Industrial Park in the Jinshan District of Shanghai, covering 50 acres of space, with over 50,000 square meters total floor area. Currently, Baoluo’s focal products are austenitic and nickel-based alloy precision tubes including, of course, super-austenitic and duplex steel tubes. In the past few years, the company has started production of instrumentation tubing to further entrench itself in this market segment, while continuing to develop even better products such as high-pressure seamless and extra-long coil tubes, all of which Baoluo expect to become star products that will do away with the need for imports by filling the existing availability gap in the domestic market. Mr. Yu points out that many people have been importing seamless-tube products at very high prices for advanced applications such as transmission of natural gas in liquid form, since there are no domestic manufacturers of extra-long tubes.

“Baoluo Stainless Steel, through continuous research and development over the last eight years, has already gained some ground, and sees good prospects in the coming future for such particular high-end products.” He further explains that, “we are concentrating our product development on precision alloy products, where the precision refers not only to dimensions, but also to the technology used for manufacturing alloys. In terms of product types, we primarily specialise in the manufacture of precision steel tubes and coils. Our current product line features sizes ranging from 3mm to 406mm. Although we are able to accommodate requests for larger tubes, due to cutthroat pricing practice in the current market, we typically do not accept such orders. We focus instead



Office building

on small-diameter precision steel tubes with a standard specification of 3mm to 101.6mm, and large thin-walled tubes (168-406mm outer diameter, Sch10 in thickness). In addition, we can manufacture coils of up to 1 kilometre.”

Services, operations and projects

Baoluo Stainless Steel’s Shanghai base is currently its only manufacturing facility, producing approximately 300 tons of precision steel per month. It has major clients from Europe, United States, South Korea, Singapore, plus other developing countries and regions. In light of the current worldwide economic recession and the European Union’s anti-dumping laws cracking down on stainless-steel pipe products, manufacturers within the industry are facing tremendous pressure. In contrast, however, Baoluo Stainless Steel still achieved a near 30% annual growth rate in recent sales. Its newly developed line of medium- to high-end tubes has opened up a wide range of applications in petrochemical, natural gas, marine engineering, shipping, medical, food, semiconductor, instrumentation, and other industries. They are proving especially popular in petrochemical thermal transducer, marine, and shipbuilding industries. Through cutting-edge research and development into a series of high temperature- and corrosion-resistant reinforced alloy for stainless steel materials, the company has successfully obtained 16 patents in China. After earning certifications from DNV, ABS, CCS, LR, RS, KR, BV and other organisations, (DNV NORSOK will be final approved within 3 months according to the latest timetable) Baoluo has successfully engaged projects in the fields of electricity, aviation and aerospace, shipbuilding, environmental protection, petrochemicals, boiler thermal transducers. Internationally, Baoluo’s offerings have been utilised by Bayer, Shell, National Oilwell, Petrobras, and other

[COVER STORY]

major manufacturers and clients in their projects also delivers globally to several major players in the field of fluid control technology. Mr. Yu informs us that China Oilfield Services Limited (COSL) has invested for the first time in the construction of a semi-submersible deep-water drilling platform dubbed "Offshore Oil 982" and, in 2015, Baoluo's TP316L hydraulic pipes were used in the project after having passed testing by third party agency CCS.

The Kazakhstan Bozshakol Copper Concentration project is another overseas effort worth mentioning. One of the largest copper processing projects in the world, it is located in the western part of Kazakhstan's Pavlodar province. In 2015, Baoluo's TP316L instrumentation tubes were featured in the project.



PMI test

Customers first

When asked what he attributes to the company's success, Mr. Yu proudly tells us that a high standard of quality is the most critical factor, since it offers peace of mind and establishes mutual trust with the clients. He says, "The majority of clients who buy our products are well known global enterprises and this kind of success results equally from our honest business practices and leading technology. Our honest business operations continue to bring us well-known customers, while our leading technology enables us to create value for them. We do not engage in price competition. Instead, we depend primarily on high quality, and strive to



Heat treatment

maintain a reasonable price-performance ratio. This is the reason why, although Europe has levied anti-dumping duties of 48-71% against Chinese businesses, we not only continue to receive orders, but in increasing volumes whilst many of our competitors have failed or are finding it difficult to sustain business in such a challenging environment. I cannot say for sure how high Baoluo ranks in the industry, but we have a number of excellent clients who form a solid basis for the company's sustainable development. We operate through distributors worldwide, and both sides share a mutual loyalty. Our company philosophy does not rely on sales or high profit alone, but is more concerned with creating value for our clients to achieve win-win results. In this industry I see a lot of companies following a philosophy different from ours. Baoluo communicates proactively and positively should a quality issue occur, and strives to find the best, fastest solution. Our clients know that we would not shirk responsibility for any damage and this has gained their respect and trust." Mr. Yu goes on to explain that, "only when a client or distributor realises he can profit by selling our products he will then try

hard to sell them. We require distributors to follow our strict philosophy so we have only a handful of worthy representatives globally, but our relationship with these has been long-lasting and successful." Through partnership with an exclusive distributor, Arcus Nederland B.V. in Europe, Baoluo products are able to reach a greater customer base. While the domestic business climate is comparatively more adverse, they are still cautiously looking to expand their market. "We are presently leading our market segment, but our current production capacity has been unable to keep up with demand, so we will expand our production scale in the near future," says Mr. Yu.

Quality control

For quality control of raw materials, Baoluo has established acquisition management procedures to minimise risks. The company, in cooperation with industry leaders such as Baosteel Group, Yongxing Special Steel, Walsin Lihwa and other quality steel mills as supply-chain partners, applies ISO9001 as the standard for quality inspection. This maximises efficiency and quality, and ensures control of product delivery, suppliers' production schedules, alternate processes, supply quality and other factors. In the event of changes in external conditions, BSS's risk-control program is initiated to support a client's interests and ensure delivery is on schedule. Mr. Yu tells us that the steel industry technology in China has reached a relatively mature stage through years of development, and that Baoluo maintains excellent exchanges of technical information with many well-known national enterprises such as

Summary of Baoluo Stainless Steel projects

Project or Client	Time	Product	Quantity (in KG)
Bayer	Year 2013	EP Tube TP316L	60000
Hanbit Nuclear Power Plant	Year 2013	New Clear Tube TP316/316L	21307
Honeywell	Year 2014	Heat Exchanger tube TP904L	10000
Semi-Submersible, Deep-Water Drilling Platform / "Offshore Oil 982"	Year 2015	Hydraulic pipe TP316L	105000
Kazakhstan Bozshakol Copper Concentration	Year 2015	Instrument tube TP316L	1122



Straightening

TISCO, Baosteel, etc. He says, "Generally speaking, the industry is moving towards the development of nickel-based alloys and we are also focusing our efforts in that area. However, nickel-based alloys take a long time to research and master. For example, until ten years ago, Chinese enterprises were hard-pressed to produce good austenitic stainless steel products even with first-class materials, since it was difficult to attain 100% inter-granular corrosion resistance. However, after years of development, the technology is now increasingly sophisticated. Even private companies can pass the standards test as long as they work hard and devote full effort." Regarding the impact that anti-dumping has had on Chinese businesses, Mr. Yu offers his candid opinion that anti-dumping laws do not necessarily carry only negative effects for the future. He explains: "Anti-dumping legislations and activities are likely to become more frequent, but this is not necessarily a bad thing because Chinese companies cannot always rely on low prices to sell products. Vicious price-cutting only weakens the market and causes

increasingly severe financial damage. Certain trade barriers force companies to transform and upgrade products or they will not be able to survive. Although European, American, and South Korean companies continue to dominate the market for thin-walled tubes, long tubes, pressure tubes and similar products. We are now moving towards development in that market and efforts are spent on developing alternatives to imports."

Future prospects

Regarding future outlook Mr. Yu believes that, in spite of the challenges posed by current global economics and their pressure faced by China and Europe, certain new mutual projects between countries and regions, as well as market demand for high-grade alloy products, will create new profit avenues for the company. He explains: "The current economic environment in Europe and China is indeed a big challenge, but challenges and opportunities always co-exist. We do not focus on how to beat the competition, but rather on how to meet the needs of our clients and create value for them. Also, with so many projects



Drawing coil tube

looming in the Chinese sectors, such as high-speed rail, shipbuilding, natural gas and so on, the annual demand for precision steel tubes will be very high, which makes me more optimistic about the future of our development. As for clientele, our current customer base has been relatively stable, and new business growth and profitability is expected by providing existing clients with better products. For example, the petrochemical industry needs a large supply of alloy tubes, nickel-based alloy tubes, etc., but China is still not manufacturing these products well. We can think of ways to do it well; for instance by engaging large domestic enterprises in R&D to produce these products and materials, including nickel-based alloys UNS NO2200, UNS NO4400, UNS NO6600, UNS NO6601, UNS NO6625, UNS NO6690, UNS NO8800, UNS NO8810, UNS NO8020, UNS NO8825, NO8904, UNS N10276, etc. This can give us a new margin for profit and survival. In fact, over the years we have produced a number of such products and exported them to petrochemical projects and oil companies in the Middle East." BSS may have a long way to go before it becomes the industry leader, but they believe by following their principle of "honesty, integrity, and enthusiasm in creating value for customers", the company will surely become one of the most renowned enterprises in the industry, giving back to the community and realising their dreams!



Welding head

Facts & Figures

Name:	Shanghai Baoluo Stainless Steel Tube Co. Ltd.
Production facility:	No.8 Xinshun Road, Zhujing Industrial Park, Jinshan District, Shanghai, China
Main products:	Seamless precision stainless steel tubes, austenitic and super-austenitic duplex steel, and nickel-based alloy tube
Annual sales:	USD 25 million
Major markets:	Europe, United States, Japan, Korea, Singapore, Australia, Brazil and other advanced countries and regions
Applications:	Petrochemicals, shipbuilding, heat transducers, semiconductors, pharmaceuticals, food, electricity, aerospace, environmental protection, etc.