

# There's optimism in the air

**Dudley Boden**, president and CEO of Magnetic Analysis Corporation, believes the steel industry is at the beginning of a recovery. Activity levels in the OCTG sector are beginning to increase and, despite the obvious challenges presented by the current economic and geopolitical climate, there's light at the end of the tunnel.

## 1. How are things going at MAGNETIC ANALYSIS CORPORATION? Is the steel industry keeping you busy?

For Magnetic Analysis there is no question that the combined impact of oil price collapse, Russian sanctions and Chinese steel overcapacity has made the last couple of years challenging.

That said, because MAC provides virtually all segments of the steel industry with test instruments and systems, the strength in automotive and other segments has helped us through this difficult time.

The one benefit that we have gleaned from this slowdown is that we have been able to focus on new technology development, introducing new ultrasonic phased array, AC Flux Leakage, and expanding our rotary eddy current and ultrasonic product lines.

## 2. What is your view on the current state of the global steel industry?

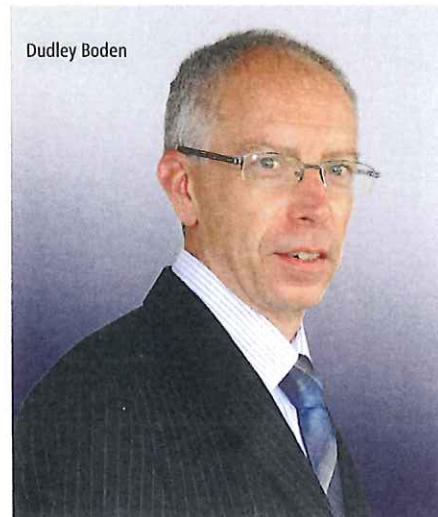
From the activity that we are seeing it appears that we are at the beginning of a recovery. Many markets now have in place some level of protection for their local steel industry which has mitigated the effects of Chinese exports and with oil prices firming, activity levels in the OCTG sector are beginning to increase.

## 3. In which sector of the steel industry does MAGNETIC ANALYSIS CORPORATION mostly conduct its business?

Our products cut across most major segments including: automotive, aerospace, power, oil and gas and we test product in the form of tube, pipe, bar, wire and parts.

## 4. Where in the world are you busiest at present?

We have a lot of activity in the US and India in particular although we are seeing indications that other regions may be coming back to life.



Dudley Boden

## 5. Can you discuss any major steel contracts you are currently working on?

We are currently in the middle of a large project with multiple lines of phased array ultrasonic testers in Italy with Acciaierie Venete. These systems are for testing large round and square bar. The interesting thing is that we are replacing some ultrasonic rotaries with these systems.

MAC is now in a unique position of manufacturing both phased array and rotary UT systems so we can offer whichever technology best fits the needs of the customer.

## 6. Where do you stand on the aluminium versus steel argument?

As a testing equipment manufacturer, we sell systems to test both aluminium and steel (as well as other metals) so we are largely neutral when it comes to this debate. I think that this can be compared to the ultrasonic phased array versus rotary ultrasonic debate I just referred to. There will be a considerable number of issues to consider in making this choice and each situation will be unique and potentially lead to a different answer at any given time.

## 7. It is always claimed that aluminium is the 'greener' metal when compared to steel. What's your view?

Again, it is not an issue that my company has a particular stand on. I would only say that this issue has to be looked at in totality, taking into account all sources of pollution from source to use.

## 8. "...any hint of doubt when it comes to predictions of climate doom is evidence of greed, stupidity, moral turpitude or psychological derangement." This is a quote from



\*President and CEO of Magnetic Analysis Corporation

Bret Stephens writing in The Wall Street Journal. Do you sympathise with his view?

I would only say that with the abundance of scientific evidence, to deny that man is having a negative impact on the environment is a bit myopic.

**9. In fact, talking of 'green issues' and emissions control, how is the steel industry performing in this respect?**

This is not an area of expertise for me.

**10. In your dealings with steel producers, are you finding that they are looking to companies like MAGNETIC ANALYSIS CORPORATION to offer them solutions in terms of energy efficiency and sustainability? If so, what can you offer them?**

Since our products do not go into the actual production cycle we do not get involved in these types of issues.

**11. Where does MAGNETIC ANALYSIS CORPORATION lead the field in terms of steel production technology?**

MAC has always focused on providing the most sensitive and appropriate testing technology for the job at hand which gives our customers the quality they require while minimising losses created by over testing to compensate for inconsistent or inadequate testing systems. MAC is one of the only companies that can offer eddy current, flux leakage, traditional ultrasonic and phased array ultrasonic technologies, which ensure that we get our customers the best technology or combination of technologies for the job.

**12. What is your view on digital manufacturing and the importance of Industry 4.0 for the steel industry?**

The more information companies have about their processes and performance the better their decisions can be, so although there is a long way to go in most cases to get to a totally connected factory, in the long run it is bound to have a major impact on all manufacturing.

**13. How do you view MAGNETIC ANALYSIS CORPORATION's development over the short-to-medium term in relation to the global steel industry?**

MAC is focusing on strengthening its presence in developing markets and filling in our product line to ensure that we do not have any critical gaps. At the same time MAC will stay with its traditional strength of offering flexibility and unparalleled service and support to customers around the world. What has sustained our business since 1928 will continue to be our foundation in the future.

**14. In a similar fashion to the aluminium industry, China dominates global crude steel production and is accountable for almost half of total production. How should the industry react to this situation?**

Although I am not big on protectionism in general, I think that this is the only means to force capacity reduction in China and prevent the decimation of the steel industry around the world.

**15. The Chinese still rely heavily upon Western steel production technology. What is MAGNETIC ANALYSIS CORPORATION's experience of the Chinese steel industry?**

Our experience has been that there are really two different Chinese steel markets. The private companies that sell exclusively within China, who are under great pressure from the government and who have traditionally bought the cheapest, often locally made equipment.

The other side of the coin is the large state-owned companies that, in our experience, buy the latest technology from all over the world and intend to compete with world class providers.

**16. How optimistic are you for the global steel industry going forward and what challenges face global producers in the short-to-medium term?**

Although we see some indication of stabilisation in the global market there is bound to be continued consolidation for a while before there can be a significant upturn. It will take China quite a while to squeeze capacity out of their industry as they are currently not willing to make aggressive moves in this area.

However, if the US economy continues to strengthen to the point that it can start to pull up other economies around the world we could see a more rapid recovery.

**17. What exhibitions and conferences will MAGNETIC ANALYSIS CORPORATION be attending in 2017?**

We're exhibiting at Fabtech 2017 in Chicago and some regional conference/shows sponsored by tube and pipe organisations.

**18. MAGNETIC ANALYSIS CORPORATION is based in the USA, but how is the steel industry performing on both sides of the pond?**

Relative to Europe and the US, Europe is certainly struggling between Brexit, which in my opinion caused all of Europe to be slow to put any protection for the steel industry in place, and the general state of their economy. The US is one of our better markets although OCTG still has not recovered.

**19. Apart from strong coffee, what keeps you awake at night?**

For MAC since we serve all metals markets, it is trying to anticipate which market and what geographies are going to experience growth in the coming years and what ones are going to be slow.

In addition we have to concern ourselves with the quality standards that are used in all of these segments and what changes might occur.

**20. If you possessed a superpower, how would you use it to improve the global steel industry?**

The one thing that I would do if I had the power would be to make China's overcapacity disappear. ■

