

SteelWeek

Around 13mt of Chinese capacity shut down

01 November 2004

China has closed around 13mt of steelmaking capacity this year under the government's plan to cool the economy and curb over investment in certain industries.

Beijing has forced the closure of 12.9mt of steel capacity and 13.1mt of ironmaking capacity since January, Yunqing Yang, secretary general of the China Iron and Steel Association (Cisa), told delegates at the Bureau of International Recycling's autumn convention in London.

Beijing plans to gradually shut down converters smaller than 100t and blast furnaces below 300 m³, he said.

Although investment in the steel industry continues to grow at a fast pace – increasing 40.4% to Yuan 135bn (\$16.3bn) in the first nine months of the year – China has taken measures to ensure the steel industry develops at a more sustainable pace, he said. China is also “working hard” to consolidate its steel industry, Yang said.

Steelmakers **Dalian**, **Fushgun** and **Beiman** are set to merge to form Northeast Special Steel Group, he said.

Xingcheng and **Daye** in Jiangsu and Hubei provinces, respectively, have already merged while **Panzihua** in Sichuan province has joined with three other mills to become the biggest producer in the south-west.

China has 15 producers with an output of more than 5mt/y, up from 13 last year. In 2003, the 13 large mills accounted for 44% (97.9mt) of the 241mt produced in China while 21 steelmakers producing between 2-5mt/y each, accounted for 25% (55.5mt) of total output, he said.