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## Chinese steel overcapacity reaches over 100 million tonnes - MIIT

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It is reported that Mr Zhu Hongren, the general engineer of Ministry of Industry and Information Technology in a recent meeting summarized the current characters of China's industrial economy as under

1. Light industry grows stably and heavy industry is seeing evident recovery.
2. The profit-dropping situation is changing positively with most of industries witness profit increase.
3. Eastern and Central China is seeing faster economy recovery while western China maintains the relative strong economy growth.
4. Export has shrunk sharply, and domestic demand has become the major factor that drives the economy growth.

He said though some positive signs are seen recently, the general economy still is facing heavy pressure with growth foundation demands further consolidation and industries structure requires proper adjustments.

Mr Zhu Hongren said overcapacity is a severe problem facing China industries. Taking steel industry for instance, production has been resumed quickly in the past several months. In July, steel output reached 50.68 million tonnes indicating the capacity utilization rate has climbed to 90%. Our report shows the total steel overcapacity has reached to over 100 million tonnes with new projects under construction. It is said the new starting projects rate this year is as high as 20%.

Mr Zhu Hongren said in addition, many other industries, such as cement, aluminum, shipbuilding and chemistry etc also are facing the problem of heavy overcapacity. Therefore, to eliminate the backward capacity and carry out a strict scrutiny on the new starting projects are essential to China's industrial economy development.

(Sourced from MySteel.net)

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