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## Steel production in Tangshan picks up

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21st Century Business Herald reported that steel mills in Hebei Tangshan, the biggest steel production city in China rush to production and postpone overhauls in view of the returning steel market and rising steel prices.

Annual steel production capacity in local stays above 50 million tonnes or makes up one tenth of China's total capacity. And local mills mainly medium and small sized ones are mainly engage in rebar and wire rod production.

Though flexible in operation, these smaller mills also bear the brunt of the global financial crisis. Mills idling or cutting production takes up two thirds of total mills in local in the Q1 of this year. However, the recovering steel market since April brings an opportunity for these mills. Stimulated by the CNY 4 trillion stimulus packages, demand for construction materials picks up like rebar and wire rod the major steel products produced in local.

A local steel sales manager said sales prices for rebar posted at CNY 3,100 per tonne at the year start versus costs of some CNY 3,200 per tonne but now the sales prices surged to CNY 3,800 per tonne. Meanwhile, most construction enterprises are seeking steel directly from steel producers which ensures a nice profit and sustainable supply for local rebar manufacturers.

Currently, there are merely ten furnaces in maintenance in local most of them are below 210 cubic meters. Meanwhile, Shougang also launched the 5,500 cubic meters HR production line in early June at its Caofeidian new plant.

(Sourced from 21st Century Business Herald)

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