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## Chinese steel overcapacity spells doom for one and all

*Thursday, 05 Nov, 2009*

China Daily reported that Chinese steel output may rise 10% YoY in 2009, aggravating the steel sector's oversupply problems. Chinese steel output rose 7.5% YoY to 420 million tonnes in the first nine months of the year

China Iron & Steel Association at a media briefing that crude steel output would rise by 50 million tonnes to 550 million tonnes this year., according to official data.

Mr Luo Bingsheng vice chairman of CISA said that Chinese steel production capacity would rise by 58 million tonnes this year, from 660 million tonnes in 2008.

Mr Luo said that “Oversupply problems have weighed heavily on steel prices and squeezed profit margins. This could lead to a more difficult situation in the fourth quarter and extend to the next year also.”

He admitted that “The oversupply situation will take a long time to sort out, given the fact that some steel mills are expanding capacity in the name of modernization or increasing it without necessary approval.”

CISA also reported that stockpiles of steel at 26 Chinese cities grew 5.3 million tonnes to 11.1 million tonnes in the first nine months.

(Sourced from China Daily)

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