

---

## Strong demand leading to steel overcapacity in China

*Saturday, 14 Nov, 2009*

21st Economic Herald citing Mr Tang Bin Chief Engineer of National Development and Reform Commission said in 7th China Iron and Steel Annual Meeting lately held in Beijing that "Now, some small blast furnaces and the outdated facilities which have been closed before are starting operation again."

Nowadays, production speed and investment is picking up in China steel industry, driving oversupply to increase again. The data shows, national output of crude steel was posted at 472.47 million tonnes during January to October 2009 edging up 10.5% from one year ago, and the output came at 51.75 million tonnes in the single month of October a growth of 42.4% YoY.

As a result, Chinese Ministry of Industry and Information Technology is mulling over to put forward new guidelines for controlling steel capacities and promoting steel industry M&A. While, some governments prefer local steel M&A rather than supporting regional industrial regroupings. Chinese government has taken a string of measures to help steel enterprises get rid of profit losses in February this year. And It could be conducted that large scale infrastructure construction indeed boost demand for construction steel to evidently snap up with the inner demand taking for 90% of steel consumption as a whole.

At present, there are more than 1,200 large and small sized steel enterprises in China with only 9 enterprises owning crude steel output of 10 million tonnes per year. NDRC is planning to support some key products, like Baosteel silicon steel project and other environment protection programs.

(Sourced from 21st Economic Herald)

For more news visit at [www.steelguru.com](http://www.steelguru.com)