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## Oversupply threatening Chinese steel industry

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It is reported that most steel enterprises in China would not easily reduce the output in a short lived period even with little profits in their hands in face of the national policy makers warns.

As per report, Chinese steel industry don't have any output reduction plans when fully aware that the oversupply exists in China steel market which may cause the total volume of oversupply to arrive at 100 million tonnes this year. And insiders worried that the excessive capacities may destroy the whole steel market anytime.

Mr Zhang Lin one steel analyst with Lange Steel said "Even more, steel makers didn't show any signs of output reduction from beginning to end. He said that high inventory is likely to invoke evil competition in the end with steel prices lingering at a low level in a short run."

Mr Li Xiaowei Board chairman from Hunan Valin Steel Group said "We don't intend to curb the output. He said that the falling demand was the major driver behind oversupply problem in China which could threaten the market as a whole in a meeting previously held in Beijing."

Mr Xu Xiangchun an analyst with Mysteel said steel enterprises won't rashly diminish the excessive outputs due to their own interests. He said that indigestion may affect the whole developments of China steel industry."

To national policy makers, they tried to put forward a string of effective prescriptions for many times urging steel mills to take M&A for eliminating backward steel capacities. Nevertheless these measures didn't bear any fruits.

(Sourced from MySteel.net)

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