
Chinese steel export likely to drop in H2 – CISA

Tuesday, 31 Jul, 2007

Shanghai Securities News quoted Mr Luo Bingsheng deputy secretary of the China Iron and Steel Association as saying that China's steel exports would reduce during the July to December 2007 period under the negative influence of Chinese government's macro control policies resulting in increased availability in Chinese domestic market breaking the balance between supply and demand at home. He called that steel enterprises should try to curb the excessive growth of crude steel output.

Mr Luo analyzed that Chinese government had issued four measures to curtail steel export since April 2007 and these policies would yield results during the July to December 2007 period. As exporters' costs would rocket up by some CNY 21.8 billion in 2007 due to the export rebate cut and tariff imposition, profits obtained from export would be lower than that obtained from domestic sales during the July to December 2007 period.

China's net exports amounted to 30.647 million tonnes of crude steel from January to June 2007 with monthly exports of 5.108 million tonnes per month. China's net steel export is expected to drop by some 60% during July to December 2007 to 12.24 million tonnes.

Mr Bingsheng said that "Steel export volume will be obviously lower than the January to June 2007 period's level. If steel export goes down by 40% to 50% during the July to December 2007 period compared with the export volume during the January to June 2007, China's steel exports will amount to some 51.6 million tonnes up by 20% YoY."

He added that China's steel export during the July to December 2007 period was likely to see great fluctuations or new balance. Either of them was possible to happen during the July to December 2007 period. He said that "If producers failed to reduce production in the second half, the domestic market would be over-supplied and prices would fall. Meanwhile, fewer exports from China would push up international prices and lead to an export rebound. This will probably result in drastic domestic market fluctuation. Steel producers had better set production goals in accordance with demand and slow their production growth rates to keep a stable market."

(Sourced from My Steel.net)

For more news visit at www.steelguru.com