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## **CISA estimates Chinese 2007 crude steel output at more than 500 million**

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Mr Li Shijun vice secretary general disclosed to 21st Century Business Herald that China Iron & Steel Association has released its forecast for crude steel output at 510 million tonnes to 550 million tonnes this year. The figure is 50 million tonnes more than 460 million tonnes predicted by National Development & Reform Committee in February 2007.

As per experts, hectic export is the main driving force behind swelling steel output growth. China shipped out 33.79 million tonnes of steel products in January to June 2007 up by 97.7% YoY from January to June 2006. The slab/billet export rises 40.9% YoY to 4.37million tonnes. Meanwhile, the imports of steel products and slab/billet decline 7.6% YoY and 34% YoY respectively. The net export of crude steel, therefore adds up to 30.64 million tonnes in January to June 2007 jump of 180%.

Mr Chenling vice director of Metallurgical Economic Research & Development Center under the Ministry of Metallurgical Industry warned that the notable price spread between domestic and international market has fuelled up China's steel export, however, the escalating input cost has continuously reduced the price gap and the competitiveness of Chinese steel exports as well.

Mr Zhao Xiang'e analyst with Everbright Securities estimates that the raw materials cost has gained CNY 240 per tonne in January to June 2007. Of this, coal and coke cost increases CNY 32 per tonnes, iron ore cost up CNY 178 per tonnes, freight rates climbs CNY 105 per tonnes. He expects the input costs to raise some CNY 80 per tonnes further in the second half. Mr Zhao predicted that as a result, China's monthly steel products export would maintain at 4.5 million tonnes to 5 million tonnes in months to come slab and billet shipment at 600,000 tonnes per month. If so the full year steel products and slab and billet would reach 60 million tonnes to 63 million tonnes and 4.5 million tonnes to 5 million tonnes equivalent to 71 million tonnes to 73 million tonnes of crude steel shipment. He added that China's net export of crude steel is estimated to hit 52 million tonnes to 54 million tonnes this year based on the export volume in January to June 2007. However, the H1 net export of crude steel already reaches 30.64 million tonnes.

(Sourced from MySteel.net)

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