
China reduces 44 million tonnes of obsolete iron & steel capacity

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Chinese National Development & Reform Commission announced that China has eliminated 29.4 million tonnes of outdated iron smelting capacity and 15.21 million tonnes of outdated steel smelting capacity by the end of November 2007.

Mr Ma Kai NDRC minister, at a national iron and steel industry conference, said that "Eliminating backward iron and steel production capacities will help China realize its environmental protection and energy saving goals and facilitate the industry's restructuring."

After the state council, the NDRC signed obligation contracts of cutting iron and steel smelting capacity with 10 provinces, autonomous regions and municipalities, included Beijing, Hebei, Shanxi, Henan, Jiangsu, Shandong, Zhejiang, Jiangxi and Xinjiang, where the country's outdated iron and steel production capacities were mostly concentrated. This involved 344 iron and steel makers. 4 provinces namely Zhejiang, Jiangxi, Henan and Shandong, had fulfilled their targets by November 2007.

Shanxi, which shouldered the heaviest task of iron production capacity reduction in the first batch of 10 provincial level regions, had completed 90% of its 10 million tonne quota.

NDRC signed the second batch of obligation contracts with 18 provinces, autonomous regions and municipalities on December 27th 2007 to eliminate 49.31 million tonnes of outdated iron smelting capacity and 36.1 million tonnes of outdated steel smelting capacity. This involved 573 enterprises and included Baosteel.

China decided to reduce energy consumption per unit of gross domestic product by 20% by 2010 and to build the country into energy efficient and environmentally friendly society. However, energy consumption per unit of GDP fell only by 1.23% last year, less than one third of the average annual goal of 4%.

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