

---

## State council ponders reviving plans for steel sector in China

*Thursday, 04 Dec, 2008*

It is reported that recently, Mr Wen Jiabao premier of China chaired a State Council Standing Meeting, which was aimed to work out the policies and measures to handle the difficulties that facing the enterprises as well as to promote the economic development.

The policies are intended to strongly support the key industries' development, promptly establish and implement reviving plans for the industries of iron & steel, automobile, shipbuilding, petrochemical, light industry, textile, non-ferrous, manufacturing equipments and electronic information etc.

Mr Shan Shanhua Secretary of China Iron & Steel Association said on November 27th that the State Council is currently listening to the work reports from various key industries. The reports include the contents of the policies suggestion and planning. But the report meeting about steel industry is not held yet, and more details are not available at the moment.

According to Mr Zhou Xizeng an analyst with Citic Securities as a pillar industry, steel sector should take prior actions and plans to guarantee the raw materials supply and this is no less important than that of oil and food industries. Currently, we are largely dependent on the imported iron ore with 60% of that coming from the foreign countries, which have enslaved domestic steel enterprises to the upstream raw material suppliers. Therefore, close attention should be paid to the relationship of steel mills layout and raw material supply in the future industry development.

He said that steel industry has been developing in the full speed in the past few years, thanks to the strong demand from both home and abroad. Recently, the accumulated contradictions through the development path have grown fast on the weakening demand. In response to this fact, an overall research and plan about the steel demands in next 10 to 20 years should be carried out in the steel industrial reviving plans, which then could implement reasonable control on domestic steel capacity development, avoiding the same situation of last few years. The related plans and measures shouldn't be over cautious and impractical to the market demand.

Mr Zhou Xizeng said "Recent years, domestic steel facilities and equipment are lagging behind, and development of the industry is lack of sustainability in the new up-grading period. To walk out this dilemma, steel industry should establish its own products development system and technology & equipment research system. He said that industry reviving plan would affect the major steel enterprises even more greatly. Only by maintaining the sound profit making pattern, can the listed enterprises get more funds and grow bigger.

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