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## Chinese CRGO market to see increased supply in 2009

*Sunday, 28 Dec, 2008*

It is reported that Wuhan Iron & Steel Corporation is capable of steady production of Go silicon steel in China having produced 270,000 tonnes in 2007 and expected to make 310,000 tonnes in 2008. Baosteel started trial production of the GO silicon steel from May 2008, reportedly to produce 20,000 tonnes in 2008 with a designed capacity of 80,000 tonnes.

Ansteel will also join the club, planning trial operation in the H1 of 2009 with the designed capacity also reaching 80,000 tonnes.

As per report, domestic demand for GO silicon steel was at 540,000 tonnes in 2007 with 270,000 tonnes satisfied by imports. In 2008, the demand is predicted at over 650,000 tonnes with 310,000 tonnes to be fed by WISCO, 20,000 tonnes by Baosteel. Import of GO silicon steel is reported at 256,000 tonnes in January to September.

Supported by the accelerated development of the power industry, each link in the industrial chain incl. silicon steel sector has earned a fat profit and quick growth in recent years.

It's learned GO silicon steel consumption in 2009 would top 700,000 tonnes with 350,000 tonnes to be met by WISCO, 70,000 tonnes by Baosteel and 30,000 tonnes by Ansteel still leaving 300,000 tonnes for import.

High end product like Hi B that cannot be met at home will still rely on imports from Japan, South Korea and US etc. The common GO silicon steel market may yet see a balance of supply and demand or even oversupply.

The experts thus suggest steelmakers to pay attention to their marketing strategy, catching up with the supply/demand changes.

(Sourced from [www.Mysteel.net](http://www.Mysteel.net))

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