

**THE US-CHINA BUSINESS COUNCIL**

美中贸易全国委员会

*USCBC Summary Translation*

## **PRC STEEL INDUSTRY REVITALIZATION PLAN**

Released on March 20, 2009

[http://www.gov.cn/zwgk/2009-03/20/content\\_1264318.htm](http://www.gov.cn/zwgk/2009-03/20/content_1264318.htm)

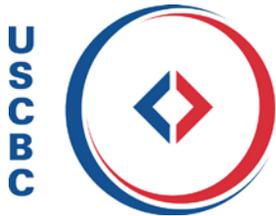
**Guiding Concepts:** counteract the crisis and preserve industry development; control total production and improve its composition; and encourage indigenous innovation, technical upgrades, enterprise consolidation, steel sector innovation, domestic demand, and global expansion.

### **Main Objectives:**

1. Return production to a proper level: reduce steel output to 460 million tons in 2009, 8 percent lower than 2008, and gradually increase to 500 million tons in 2011.
2. Control steel overcapacity and eliminate obsolete capacity: raise closure criteria for furnaces to 400 cubic meters, and 30 tons for converters & electric ovens, to strengthen elimination of outdated capacity. This will eliminate 7.2 million tons of iron capacity and 2.5 million tons of steel capacity by 2011.
3. Promote mergers & acquisitions and increase industry concentration rate: the top five steel makers should hold 45 percent of national steel output. Coastal steel makers and riverside steel manufacturers should constitute 40 percent of national steel output. In 2011, Bao Steel Group, An Steel Group, Wu Steel Group will become super-large steel makers with more than 500,000 tons of steel output and have global competitive ability. Steel companies in Beijing, Guangzhou, Hangzhou, Hefei will be relocated.
4. Rapidly improve technical levels: improve technology, reduce production costs, improve product quality and optimize product offering structure. 60 percent of medium and large key steel manufacturers' products shall meet international advanced standards.
5. Develop local innovation and local steel utilization: 92 percent of large equipment shall be locally produced. Secure new breakthroughs in technical processes, energy efficiency and emissions reduction technologies, high-end product R&D and manufacturing and application technology.
6. Reduce energy intensity and pollution emissions.

### **Main tasks:**

1. Maintain domestic market stability and improve export environment: develop flexible export tax policies, stabilize international steel market share, and encourage indirect steel exports. Organize enterprises and associations to actively engage trade issues such as anti-dumping or anti-subsidy issues. Maintain construction steel as 50 percent of total domestic steel consumption.



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2. Strictly control total steel production and accelerate elimination of obsolete capacity: Control newly added production capacity, and do not approve or support new steel projects that purely expand capacity.
3. Improve reorganization of enterprises and industry concentration rate.
4. Intensify technical reforms and improvements: establish special programs to support key enterprises producing key materials for national defense, the defense industry, and aviation.
5. Optimize steel industry layout and coordinate harmonious development.
6. Adjust steel product offering structure and improve quality of products.
7. Preserve stability of iron ore imports and rectify market order: seek opportunities to build long-term and stable cooperation relationships and win-win iron ore import pricing systems.
8. Further explore and develop local resources, and support major enterprises seeking resources abroad.

***Key Policy Measures:***

1. Revising import tax, and raising export value-added tax rebate rate for high-tech and high value-added steel products.
2. Ensuring steel sector provides fair operating environment for domestic companies.
3. Increasing investments in technical upgrades.
4. Constructing outdated capacity elimination and accountability system.
5. Strengthening merger & acquisition measures.
6. Amending steel industry policy in a timely fashion.
7. Raising construction steel standards.
8. Offering protective, yet restrictive financing policies.
9. Encouraging steel sector companies to invest abroad.
10. Establishing an information disclosure system.
11. Aiding coordinated growth of steel and relevant sectors.