

## China Cuts Steel and Coal Capacity as Part of Supply Side Measures



China is targeting further cuts in crude steel production capacity by as much as 150 million tons and “large scale” reductions in coal output as part of supply-side measures aimed at curbing overcapacity and excess labor in state-owned industries.

The country has lowered steel production by about 90 million tons in recent years and will push to cut a further 100 million to 150 million tons, while strictly controlling steel capacity increases and halting new coal mine approvals, according to a statement on the Chinese government’s website, citing a State Council meeting chaired by Premier Li Keqiang. No time line was mentioned.

China has vowed in the past to curb capacity in industries such as coal and steel as the world’s second-largest economy slows amid a shift towards consumer-led growth. Still, it has struggled to meet stated coal capacity limits spelled out in the 12th Five-Year plan that ended last year, according to Intelligence. Coal demand in the country is also declining with the government keen to curb pollution.

The government plans to set up a fund to help coal miners and steelmakers reduce their workforce and dispose of bad assets, Li said during a meeting in Shanxi province, according to a source. The financial help is dependent on the companies cutting capacity, he said.

As part of re-balancing the economy towards domestic consumption, the country’s cabinet also pledged to ease conditions for rural-to-urban migration and expand “new urbanization” trials to more regions, the government said in the statement. China will more aggressively develop small and medium-sized cities and give more administrative authority to areas with populations of more than 100,000, the government said.

China will also expand shantytown development in major cities, while reducing the barriers to entry to attract private capital investment in transportation, underground pipe networks and other forms of construction, according to the statement.

## China Steel Output Falls First Time Since 1991

Steel output in the world’s largest producer posted the first annual contraction in a quarter century. Mills in China, which make half of global supply, churned out less last year for the first time since at least 1991 as local demand dropped, prices sank and producers struggled with overcapacity.

Crude steel production shrank 2.3% to 803.83 million metric tonne, the statistics bureau said. December output fell 5.2% to 64.37 million tonnes from a year earlier.

Demand is weakening as policy makers seek to steer the economy away from investments toward consumption led growth. The economy expanded 6.9% last year, the slowest full-year pace since 1990, data showed.

Steel output will probably drop 2.6% this year, weakening the outlook for iron ore as global miners increase shipments. This marks the start of declining steel output in China as the economy slows,” Xu Huimin, an analyst from Shanghai, said.

## Chinese Steel is Used to Build Windfarm Near Port Talbot

A windfarm being built 10 miles from a steelworks where 750 people have lost their jobs will be constructed from Chinese steel. Workers at the Tata Steel plant in Port Talbot, south Wales, were told about the redundancies. It has now emerged that 76 wind turbines being built just down the road will be imported from Asia. The news comes just days after we revealed that Royal Navy ships and new trains are set to be built with foreign steel. Lindsay Milsom, 62, who used to work at the Tata plant, said, “It doesn’t surprise me this company is getting its steel from China. These massive firms will always put profit first.

Axed steelworkers are already facing benefit sanctions for not applying for jobs in bars. “For the people losing their jobs at Tata it is a blow, but what are they supposed to do? They won’t be getting jobs here at the windfarm there aren’t any for local people.” Former steelworker David Lloyd, 54, said “Using Chinese steel to make British products in Britain really isn’t on. “If the right steel couldn’t have been made at Tata then they should have got it from somewhere else in the UK even if it did cost slightly more. “It would mean that at least we were helping our own economy in the long run.”The Mirror is campaigning to save the steel industry, which is still reeling from the news steel firm Tata is axing 1,050 jobs at



plants across the UK.

Last year, it shed 1,200 posts while SSI axed 2,200 staff in Redcar, Teesside.

Local business owner Darren Nichols added “It’s ludicrous that they’ve sourced the steel from outside the UK in the middle of this massive crisis, caused partially by Chinese steel. “It’s a massive slap in the face for Port Talbot, and something needs to be done to stop this happening again.” The Pen Y Cymoedd “Head of the Valleys” project is being built on land owned by the government body Natural Resources Wales. The £365m windfarm has promised to generate power to 200,000 homes as well as create 300 jobs but locals say there’s little evidence of new posts being created. The scheme is managed by Swedish power company Vattenfall, while Siemens are providing the steel. They have subcontracted two companies, one Chinese and one South Korean, to build the turbines. A spokesman for Siemens said, “We source both British and Asian steel, and wherever possible, we seek to use local suppliers.