



Baoshan Steel Raises Price for Feb Delivery

Baoshan Iron & Steel, China's biggest listed steelmaker, said it would raise the February delivery prices for its main steel products.

The company will increase hot-rolled coil prices by 150 yuan per tonne and cold-rolled coil between 100 to 120 yuan per tonne. Baosteel's pricing decisions usually set the tone for the rest of the market.

For March delivery, hot-rolled coil prices will remain unchanged from their February prices, while cold-rolled coil will see a hike of up to 80 yuan per tonne.

The price hike could indicate the company is hoping to see some improvement in demand. China's steel mills are under growing pressure from a slower economy and cooling appetite for their product.



China Steel Pulls Back A New Blow for Miners



One of China's largest iron and steel-producing regions, Hebei, has announced a dramatic cut in production levels this year in a fresh blow to the Australian mining industry.

Regulators have revealed that production at Hebei, which produces a quarter of China's iron and steel output, will be slashed this year in a bid to alleviate the nation's worsening pollution problem.

Iron production will cut by 10 million tonnes and steel by eight million tonnes this year.

Hebei governor Zhang Qingwei said steel and cement production would be capped at 200 million tonnes as the nation attempts to reduce the overcapacity that exists in the industry across the country.

Xinhua said Hebei was already producing too much steel, which was pushing down the global price of the commodity.

The province, just outside Beijing, is considered the industrial heartland of China and consumes most of the Australian iron ore shipped to the mainland.

"The central government has made tackling overcapacity one of its top priorities in the next five years. An overreliance on heavy industry for local growth has left Hebei vulnerable to sustained weakness in demand for capital goods both at home and abroad," Xinhua said.

"Some steelmakers are operating at thin margins and more are operating at a loss. "Production of steel, cement and glass has also been widely blamed for the worsening air pollution in the region."

The reductions put in place are the second round of measures for Hebei ordered by the central government as a result of the rising controversy that steel and industrial production is worsening the country's pollution problems.

"The province has previously said that it will cut a combined 160 million tonnes in steel, cement and coal, and another 36 million weight cases in glass by 2017 compared with

2013 levels," Xinhua said. "Cutting overcapacity weighs on Hebei's economic growth, which came in at 6.5 per cent -during the first nine months of 2015, making it increasingly challenging for the province to meet the 7 per cent target set for the whole year," Xinhua added.

Chinese Premier Li Keqiang said "we should set a 'ceiling' for steel and coal output according to market demand and eliminate overcapacity through strictly controlling the output and optimizing inventory".

"Steel industrial capacity which could not reach standards of environmental protection, energy consumption and safety production, they needs to be eliminated," Mr. Li added.

Li Daokui, the director of China and World Economy Research Centre of Tsinghua University, said "It is time to deal with the overcapacity in the industry because the employment situation is good and the financial situation is not bad in general. If you compare the current situation with what we saw in years like 1999, it is easier now to remove overcapacity than it was then."

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