



China's iron ore dependency ratio may rise to 90% in future

Mr. Liu Wensheng, deputy director of research department with China Metallurgical Mining Development Research Center said that Global mining giants are trying to squeeze high cost Chinese mines out of the market by using price strategy and China's iron ore dependency rate will be more than 90% in the future, given current shutdowns in the industry as per reports.

China Metallurgical Mining Development Research Center, jointly formed by industrial body Metallurgical Mines' Association of China and Angang Mining, is the first ferrous mining economy research center at national level. In the first three quarters of the year, 32 key mining businesses reported a 24.2% drop in profit year on year to CNY 5.15 billion or 837 million in US dollars, which is a sharp contrast to a 46.34% hike in financing fee during the time.

Mr. Shao Anlin, director of China Metallurgical Mining Development Research Center who is working on drafting guidelines for China's domestic iron ore industry development over 201625, said that China has proven iron ore resources of up to 77.5 billion tonnes, which should be allowed to



play a bigger role in steel industry growth, but administrative mining project approval

procedures and high taxes and duties are strangling Chinese iron ore industry

China's steel industry expects new environmental protection law



Mr. Liu Tao, a senior engineer with the China Metallurgical Industry Planning and Research Institute said that China's steel industry, already obsessed with low profit margins, is expected to need a total environmental investment of CNY 90 to CNY 110 billion to meet new emission standards after the revised environmental protection law

goes into effect on January 1st 2015. Mr. Liu said that furthermore, around CNY 80 billion will be added every year in environmental operation costs, including fees used in equipment maintenance, spares and labor costs, etc., if calculated based on annual crude steel production of 800 million tonnes. He said that Chinese steelmakers are now

barely capable of meeting new emission standards and they are lacking motivation in environmental protection efforts in face of widespread losses in the sector. The new law gives harsher punishments to environmental wrongdoing and businesses will face cumulative daily fines for not meeting environmental standards.

Mr. Liu Zhenjiang, vice president of the China Iron and Steel Association said that "A number of steelmakers so far fail to meet the required environmental standards in terms of levels of environment-friendly equipment and process control after self assessment. Such huge amounts of environmental protection costs have put Chinese steelmakers under great pressure, which face profit squeeze and have difficulties in getting bank loans." An official with Yunnan based Kunming Steel said that "The upgrading in equipment to meet new standards has increased our costs and we now suffer losses of more than 200 yuan for producing one tonne of steel."