



## Imports from China hits US producer



China could file suit at the World Trade Organization in order to protect its steel industry, the Commerce Ministry said, after the United States said some steel imports from

China were hitting US producers.

The US International Trade Commission said that imports of corrosion-resistant steel from China and four other countries were harming US producers, the final step in the imposition of US anti-dumping and anti-subsidy duties.

The US Commerce Department had already slapped duties of up to 450 percent on the steel products from China and duties ranging from 3 percent to 92 percent on corrosion-resistant steel from Italy, India, South Korea and Taiwan.

The ministry said Washington's large anti-dumping and anti-subsidy duties would force Chinese companies to pull this type of steel product out of the US market.

"China's steel industry export interests will suffer a serious impact and the Chinese steel industry is strongly opposed to this," the ministry said in a statement.

"With regard to the United States' mistaken methods that violate WTO rules, China is and will continue to take all measures, including filing suit at the WTO, to strive for fair treatment for enterprises and safeguard their export interests," it said.

Steel mills in China, the world's biggest producer and consumer of the metal, have raised production and beefed up exports despite the government's efforts to cut overcapacity. This has escalated trade spats between China and other steel producing nations, such as Japan, India and the United States. The Commerce Ministry has said that it is deeply concerned about protectionism in the US steel sector. It argues that the difficulties facing the global steel sector have resulted from falling demand, and that trade protectionism from the US will intensify conflicts and disputes.

## China to cure its steel problems

China is frantically trying to apply the brakes to its runaway steel juggernaut and has set targets are for capacity closures, 45 million tonnes nationally this year and 100-150 million tonnes over the next three to five years. Beijing is using all of its centrally-controlled levers to try and reform the sector.

Regional governments are heeding Beijing's call. Yunnan province, for example, has committed to eliminate 4.5 million tonnes of capacity by 2018. Local authorities are being urged to crack down on energy usage in the sector with those that fail to meet efficiency targets facing forced closure if they cannot improve.

A drive to consolidate the country's fractured steel production landscape has begun with Baosteel, the second-largest Chinese operator, being pushed into a forced marriage with its smaller and financially weaker peer Wuhan Iron and Steel.

But can Beijing deliver? It's going to help

if it stops pressing the accelerator and the brake pedals at the same time. Even if does, though, it may be too little too late as the trade walls are rapidly being erected.



Looming even larger for Beijing policy makers is the prospect of seeing China's bid for market economy status at the WTO founder on the rising protectionist waves. In trying to react fast enough to head off a full-blown trade war with both the United States and Europe, China faces two big challenges.

The first is the sheer scale of excess capacity in the country. The most commonly cited figure is 300 million tonnes which comes from the China Iron and Steel Association. The second more pressing problem is the fact that both Chinese steel production and exports are rising again.

## China must take more responsibility for world steel market : Angela Merkel

German Chancellor Angela Merkel urged China to take greater responsibility for the global steel market, noting it had sharply increased its share of world steel production since becoming a member of the World Trade Organization 15 years ago.

Merkel, speaking in Shenyang during her ninth visit to China since taking office in 2005, said the country now accounted for half of world steel production.

"That means China also bears a greater responsibility for the global steel market," she said, noting Chinese overproduction and the resulting problems for the European steel industry.

Merkel had signalled her concerns about Chinese steel overcapacity in her weekly podcast before leaving for Beijing, saying the country's huge share of the market had created a very complicated situation for European Union countries.

European steelmakers have been hit by a plunge in steel prices which they blame largely on a surge in cheap exports from China, where overcapacity has been



exacerbated by declining domestic demand.

The European Commission announced plans on March 16 to speed up trade defence cases against cheap imports from China and urged EU member states to end measures that could block higher duties on dumped and subsidised products.

German Economy Minister Sigmar Gabriel also said in April the EU should take a tough stance in dealing with China over low steel prices.

Both Gabriel, who heads the Social Democratic Party, and Merkel, leader of the Christian Democrats, have said they want to address the issue while avoiding a trade war with China.