
Metal Bulletin

Chinese reject US report's claims of steel subsidies

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Chinese government sources and analysts have attacked a report from a US manufacturing association which claims China's steel export surge in recent years was a result of "massive, trade-distorting energy subsidies".

The Alliance for American Manufacturing (AAM)'s 43-page report claims that from 2000 to the middle of last year, Chinese steel mills benefited from a total of \$27.11 billion in energy subsidies.

"This shift from a net importer to the largest exporter in a span of only two or three years is staggering," said **Usha Haley**, the report's author. "Our analysis shows that energy subsidies have a very strong correlation with Chinese steel exports. In fact, the connection is so clear that, essentially, it's possible to almost perfectly predict China's steel exports from its energy subsidies."

Chinese mills have benefited from subsidised supplies of thermal and coking coal, iron ore, electricity, and natural gas, the report said. These could amount to as much as \$15.7 billion in the full year 2007.

The research apparently provides some statistical back-up to repeated claims by foreign steelmakers - vehemently denied by the Chinese industry - that China's steel mills are competing unfairly on the global market thanks to government support.

It is also being used by AAM to support renewed calls for Washington to take punitive measures against the Chinese steel industry.

But an official from China's ministry of commerce told MB that there is no basis for anti-subsidy or anti-dumping duties against the Chinese industry.

"I have not got hold of the report you mentioned, but what I can say generally is that the US has so far not acknowledged China as a market economy country, which has left it no grounds to launch any anti-dumping and anti-subsidy investigations against Chinese products or accuse us of any subsidies," he said.

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