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CCCMC says US steel subsidy attack is "baseless"

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One of China's leading steel industry lobby groups has said a report published earlier this year by the Alliance for American Manufacturing (AAM) describing massive subsidies from Beijing to China's steel industry is "baseless".

AAM's report, released in early January, claimed that Chinese steel mills have benefitted from subsidies totaling \$27.11 billion in coal, natural gas and power supply.

"The allegation is baseless, and it is not true," said a website statement from the China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters (CCCMC) on February 21.

"Increases in the country's steel output and exports in the past few years are rooted in domestic economic development and demand from overseas importers, not any government subsidies," it added.

Lower production and operational costs, rather than financial help from the Chinese government, have made them strongly competitive in the global market, the association said.

CCCMC's formal response came more than a month after AMM's report dated January 8 (MB Jan 9).

"We are very cautious in the handling of such cases, which take time. We have to translate the original report, consulting our association heads before drafting a response, and we have to be very precise on wording," a senior official from CCCMC's law department said about the delay.

CCCMC and the Chinese industry is however well-practiced in responding to such accusations.

AMM's report was the third time a US industry body had accused the Chinese government of similar anti-competitive measures - previous accusations were leveled in a report from July 2006 and also one year after that.

The Chinese government is trying to avoid any more anti-dumping or anti-subsidy investigations by taking measures to stem the growth of its steel exports.

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