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Industry fights back against 'groundless' US steel study

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A Chinese industry group yesterday denied the claims of a recent United States study which said that massive government energy subsidies had fueled the country's steel exports.

The accusation that China had supported its steel industry with energy subsidies of US\$27.1 billion from 2000 to 2007 was groundless and deviated from the truth, said the China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters (CCCMC).

"The surge in China's steel output and exports in recent years has been totally driven by the need for steel products in China and importing countries for their economic growth," it said.

The study, commissioned by the **Alliance for American Manufacturing**, provided new ammunition for US steel companies that are pressing for tough measures by Congress against China's steel products.

China, the world's biggest maker and consumer of steel, produced 489.2 million tons of crude steel last year, up 15.7 percent year on year, which was 2.67 percentage points lower than the rise in 2006. Net exports of crude steel soared 58 percent to 54.9 million tons last year. But exports to the US declined 23.3 percent as prices rose 32.3 percent.

Responding to foreign complaints about cheap Chinese steel, the CCCMC statement attributed the competitive edge of the country's steel products to its low labor and management costs, rather than government subsidies.

With raw material prices and labor costs increasing, export prices for China's steel products had jumped 263 percent over the past seven years and were still rising, it said.

But China's steel exports were mostly low-end, generic products. Since China accounted for one-third of world crude steel production capacity, if there was a global demand for the low-end product that no other country could meet, market forces would boost China's exports.

The statement also said that China had developed its steel industry to satisfy domestic demand, not for exports. The country had plans to phase out 100 million tons of obsolete iron capacity and 55 million tons of steel capacity by 2010.

(Xinhua)

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