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**DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY
STEEL COMMITTEE**

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INDIA

CHINA'S STEEL MARKET

Joint India/OECD/IISI Workshop, New Delhi (India), 16-17 May 2006

Presentation by the China Iron and Steel Association.

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China's Steel Market

May. 16, 2006 Delhi

CHINA IRON AND STEEL ASSOCIATION

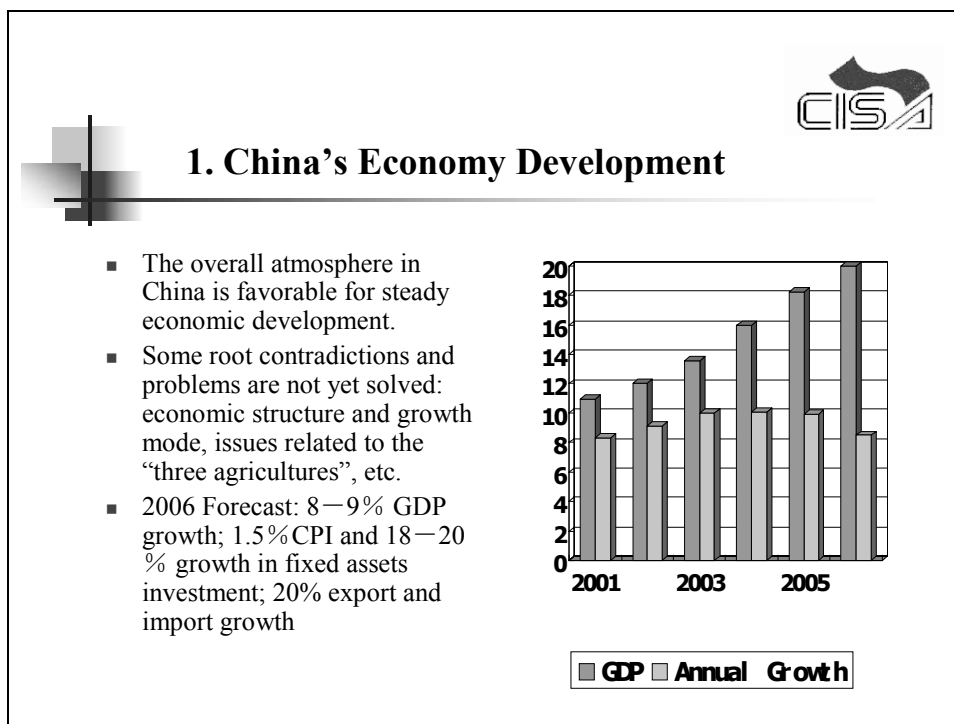


1.China's Economic Development

2.Demand of Domestic Downstream Industries

3. China's Steel Production

4.Export and Import





1. China's Economy Development

- **Both the global and domestic external environment are favorable for the development of China's steel industry**
 1. The growth trend in the global economy continues to be stable: based on forecasts made by the International Monetary Fund (IMF) of 4.3% global economic growth, and growth rates of 3.3% for the USA, 2% for Japan, 1.8% for the Europe Union, 5.3% for Russia and 7.2% for Asian developing countries ;
 2. The consumption level of China's residents is upgrading, progress is being made in industrialization and urbanization, overall economic development is on a rising trend, and demand of steel maintains stable growth.



2. Demand of Domestic Downstream Industries

- Compared with 2005, 8 industries demands' on steel in 2006 increased 42,38 million tons, a rise of 12.97%.

1. Machinery:

Growth of 15% is predicted for 2006. steel consumption by the machine industry in 2005 was 52 million tons, a rise of 9.6% is forecast for 2006. Steel consumption may rise to 57 million tons. In the automotive sector, 2005 consumption was 15.79 million tons, a rise of 17.2% is forecast for 2006. Steel consumption will rise up to 18.5 million tons.



2. Demand of Domestic Downstream Industries

2. Coal:

Raw coal output in 2005 was 2.11 billion tons. Steel consumption was 16.2 million tons; raw coal output in 2006 is estimated to be 2.2 billion tons, of which the amount consumed by the steel industry is forecast to be 17.4 million tons, with a rise of 7.4% compared to 2005.

3. Ship-Building:

The tonnage of vessel and ships built in 2005 was 12.22 million tons, consuming 4.4 million tons of steel; while for 2006, 15 million tons of vessel and ships are forecast to be built, which will consume an estimate of 6 million tons, with a rise of 36% compared to 2005.

4. Container:

In 2005 the container industry totally consumed 4.5 million tons of steel, a consumption of 4.8 million tons is forecast for 2006, producing a rise of 6.7% over 2005.



2. Demand of Domestic Downstream Industries

5. Hardware

In 2005 the hardware industry totally consumed 15 million tons of steel, a consumption of 16.5 million tons is forecast for 2006, a rise of 10% over 2005.

6. Household Appliances

A steel consumption of 6 million tons is forecast for 2006, with a rise of 5–10% compared to 2005

7. Petrochemical

In 2005 the Petrochemical industry totally consumed 3.33 million tons of steel, a consumption of 3.8 million tons is forecast for 2006, a rise of 14.1% over 2005



2. Demand of Domestic Downstream Industries

Iron and Steel Consumption Forecast for 2006

Unit: 10K T

	Construction	Machinery	Light Industry	Automotive	Coal	Ship-Building	Container	Petrochemical
2004	17500	4500	2480	1276	1500	359	356	253
2005	20400	5200	2660	1579	1620	440	450	333
2006	23300	5700	2870	1850	1740	600	480	380
2006 Increment	2900	500	210	271	120	160	30	47
2006 Growth Rate	14.2	9.6	7.9	17.2	7.4	36.4	6.7	14.1



3. China's Steel Production

- From 2001 to 2005 China's iron and steel output experienced high-speed growth, the growth rate will slow down in 2006;

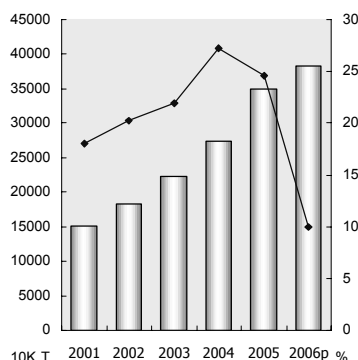
- 2006 Forecast:**

Crude steel Output: 384 million tons,
Iron Output: 360 million tons, Steel Products Output: 408 million tons;

Growth of Crude Steel: 35 million tons, with a rise of 10%;

Growth of Pig Iron: 30 million tons, with a rise of 10%;

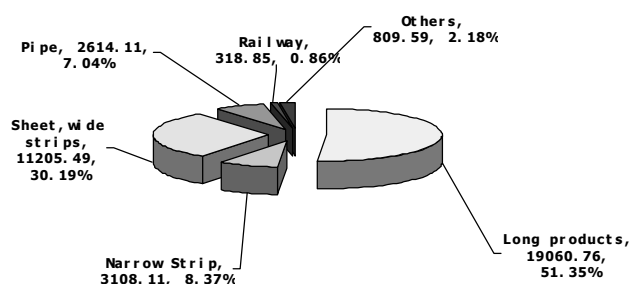
Growth of Steel Products: 37 million tons, with a rise of 10%;





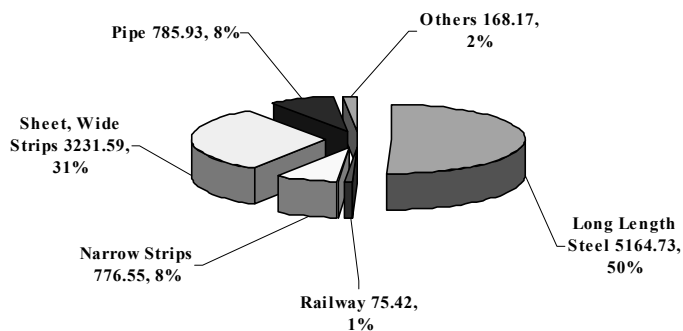
3. China's Steel Production

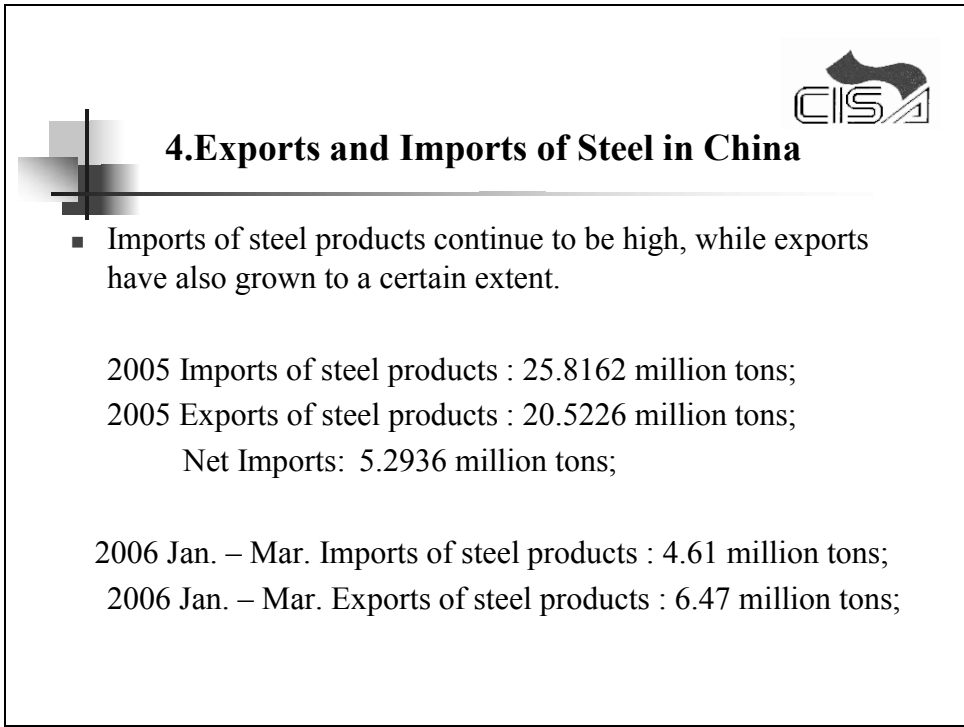
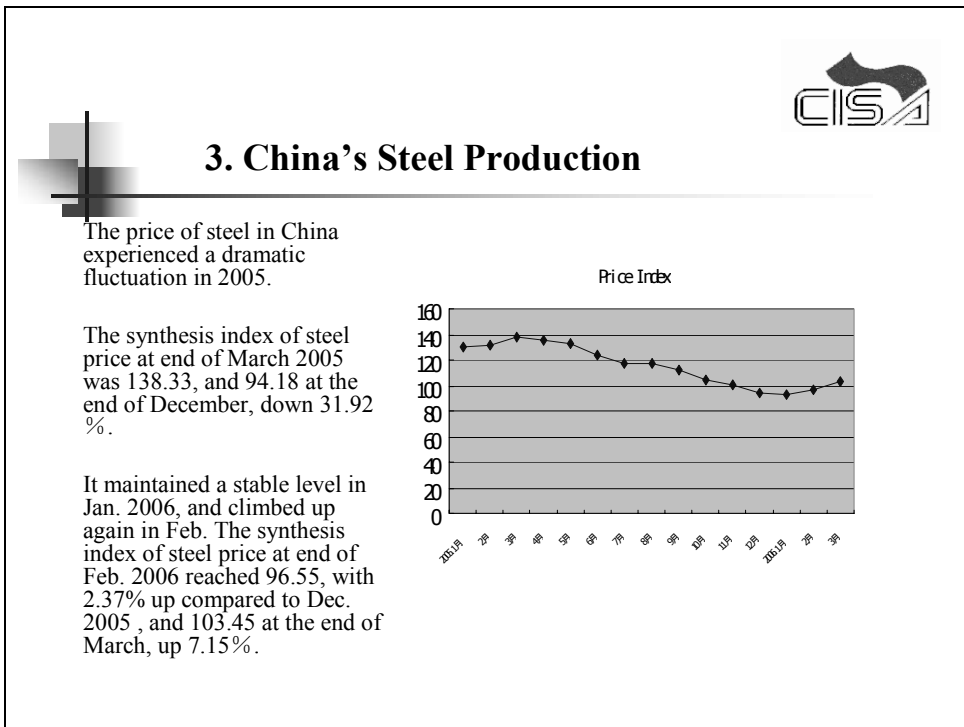
- The structure of long products was further optimized in 2005;
- Long products and railway steel accounts for 52.21%, down 2.31% compared to 2004; sheet and strip steel accounts for 38.56%, up 2.22% compared to 2004.



3. China's Steel Production

Long products and railway steel from Jan. to Mar. OF 2006 accounts for 50.62% , further down from 2005; sheet and strip steel products accounts for 39.29% , further up from 2005.

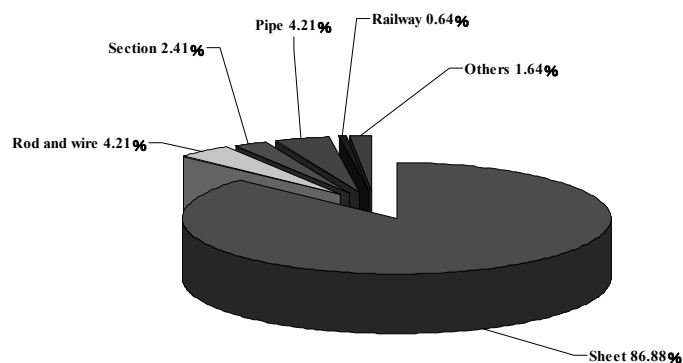




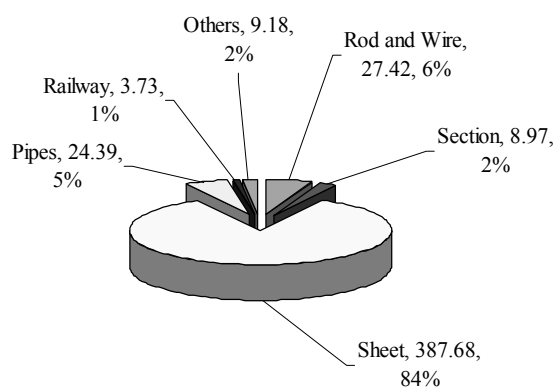


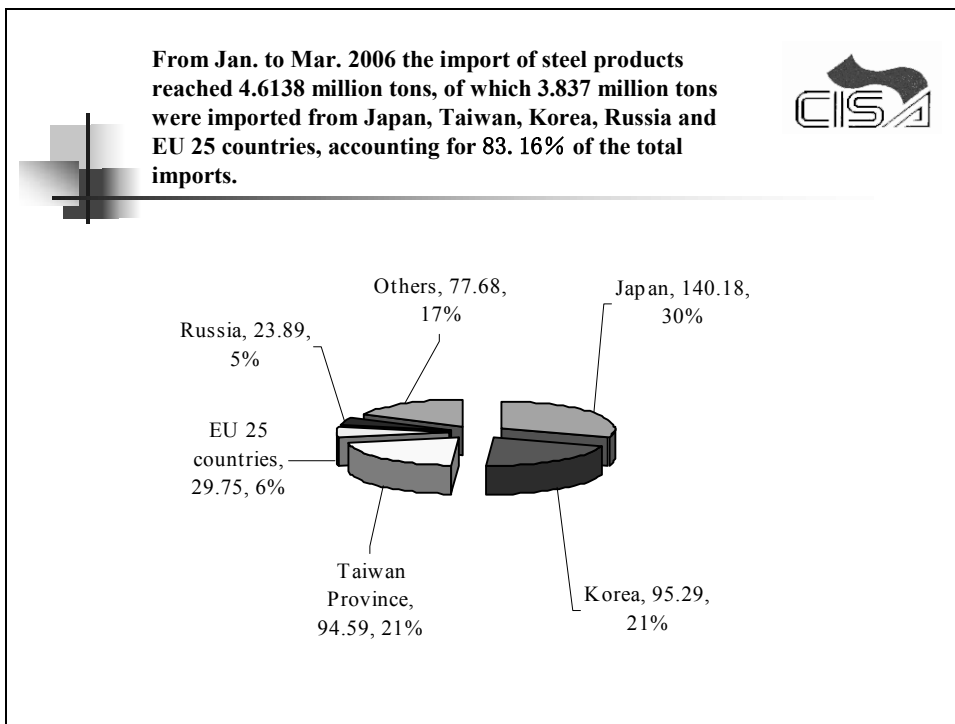
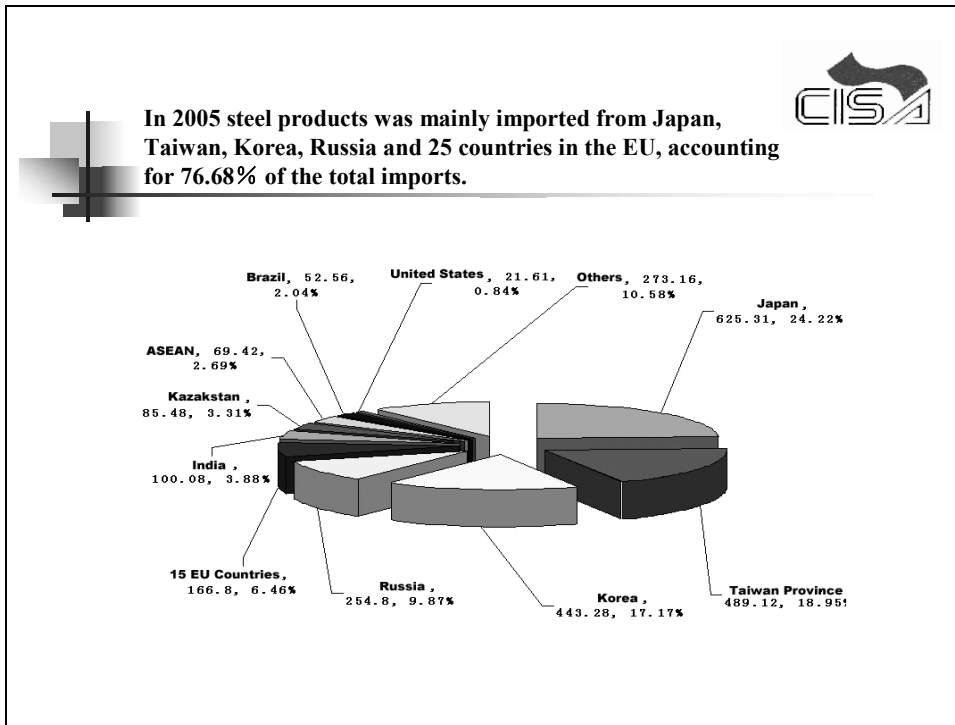
4.Exports and Imports of Steel in China

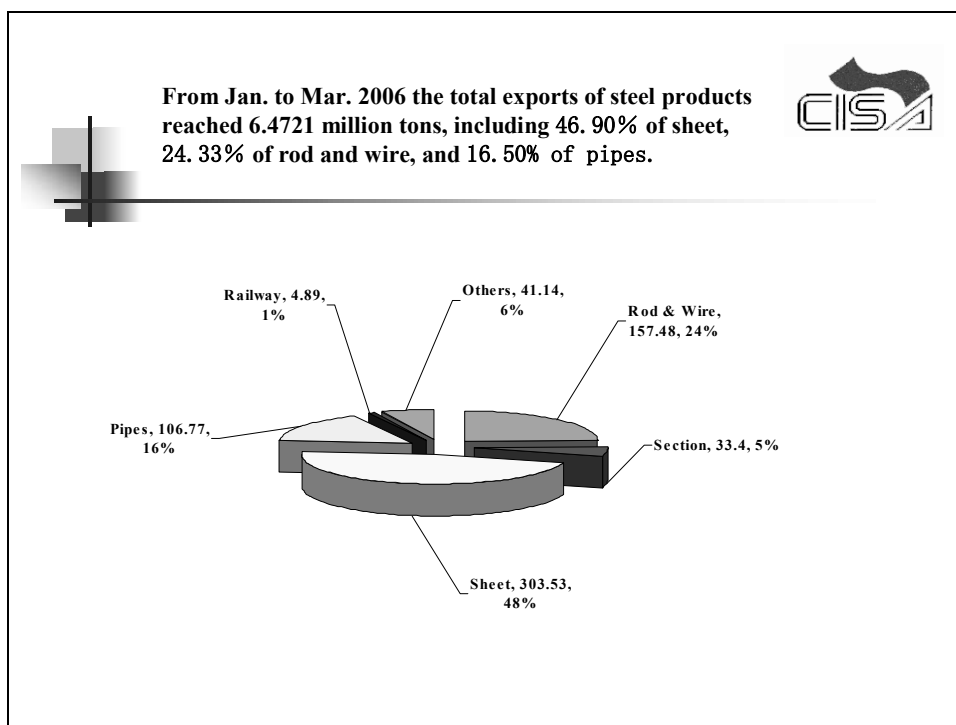
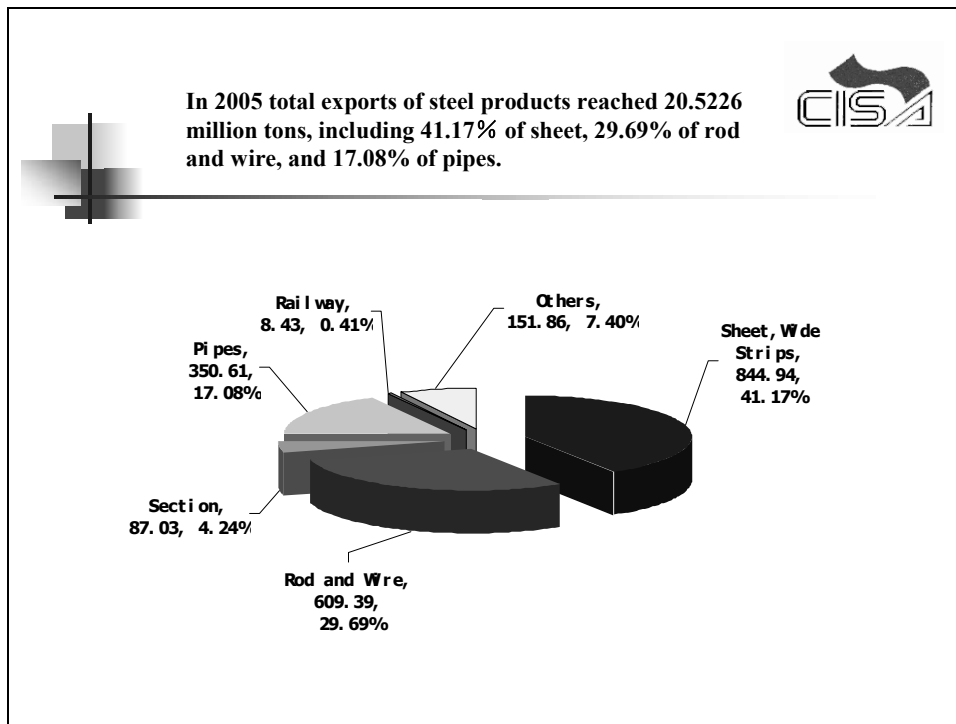
In 2005 the total imports of steel products reached 25.8162 million tons, including 22.4284 million tons of sheet, equivalent to 86.88%.

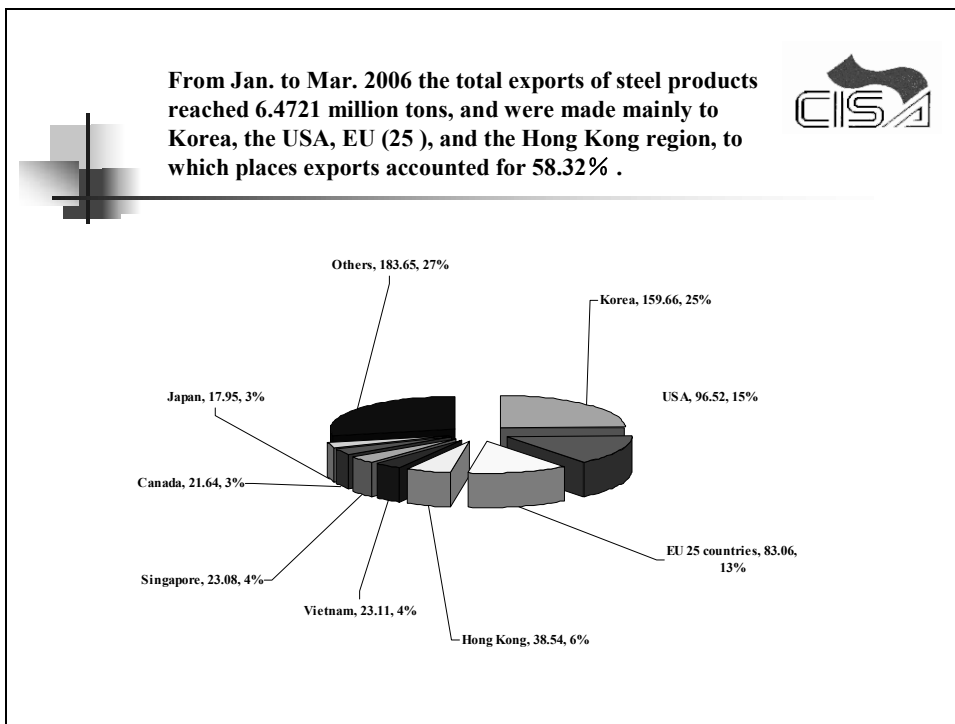
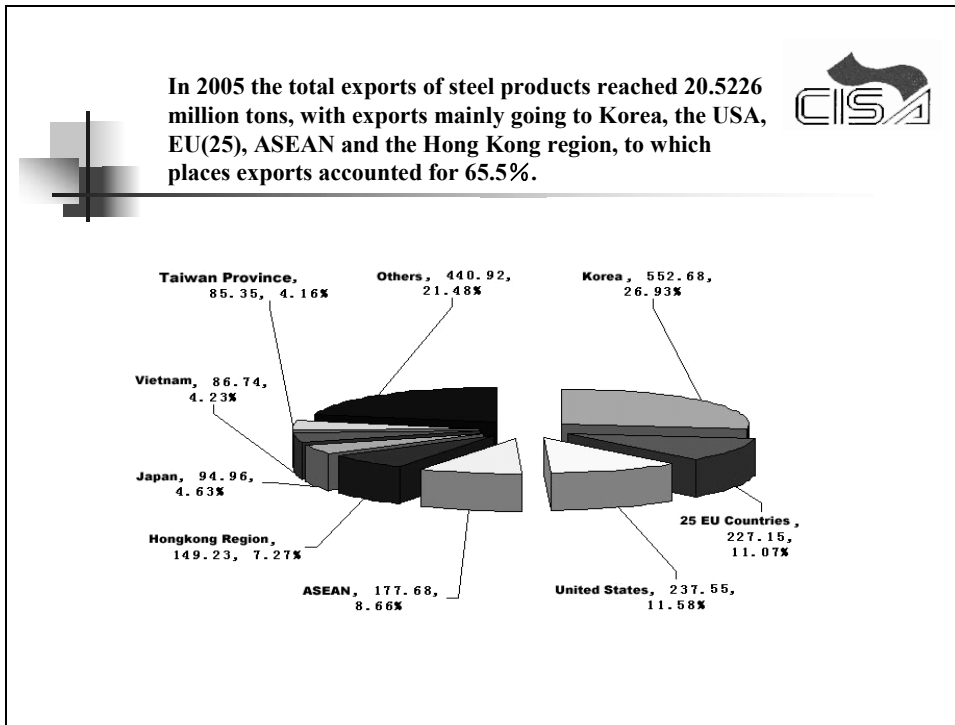


From Jan. to Mar. 2006 the total imports of steel products reached 4. 6138 million tons, including 3. 8768 million tons of sheet, equivalent to 84% .











4. Exports and Imports of Steel in China

- The forecast for 2006 imports of steel products is 23 million tons, 2.82 million tons less than 2005, down 10.92%;
- The forecast for 2006 imports of slab is 1.35 million tons, almost the same as 2005;
- The forecast for 2006 exports of steel products is 20.5 million tons, almost the same as 2005;
- The forecast for 2006 exports of slab is 4.2 million tons, 2.86 million tons lower than 2005, down 40.51%;

The forecast indicated above suggests that China's imports and exports of steel may balance in 2006.



Conclusion

- Both global and domestic environment are favorable for the development of China steel industry;
- In 2006 China's iron and steel production will still maintain growth while the growth rate may drop to approximately 10%;
- In 2006 China's domestic steel consumption will become higher than that of 2005 by 13%, still mainly meet the domestic demand.
- The steel imports and exports of china will maintain a general balance with decreased imports and increased exports.



Thanks!

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