

The Development of China's Stainless Steel Industry

**China Metal Material Circulation Association
Stainless Steel Branch**

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I. China's Stainless Steel Industry Developed at Top Speed

1. Crude steel output analysis in China's stainless steel industry in 2010
2. Compare with the outputs in major China's crude steel for stainless steel mills in 2010 and that in 2009
3. Compare with the different variety of outputs China's crude steel for stainless steel mills in 2010 and that in 2009
4. Compare with domestic crude steel for stainless steel output and consumption from 2001 to 2010
5. The export of china's stainless steel from 2001 to 2010
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I. China's Stainless Steel Industry Developed at Top Speed

1. Crude Steel Output Analysis in China's Stainless Steel Industry in 2010

On January 2011, China Metal Material Circulation Association Stainless Steel Branch counted hundred domestic middle & large size corporations.

In 2010, the data display that the China's stainless steel output continue increasing . 49 corporations which capacity is more than 10 thousand mt among these corporations. The output is 14 million mt, 16.7% YoY in 2010.

Chart1: Crude Steel Output & Apparent Consumption from 2001 to 2009

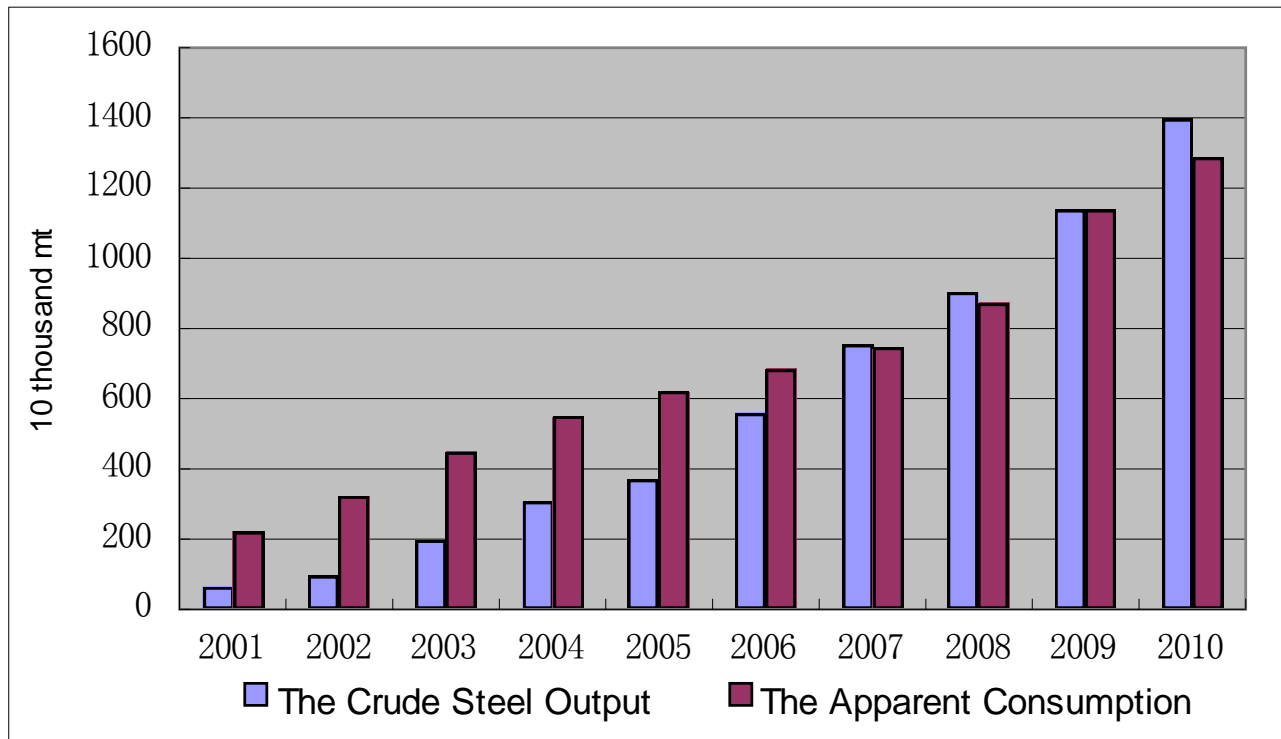
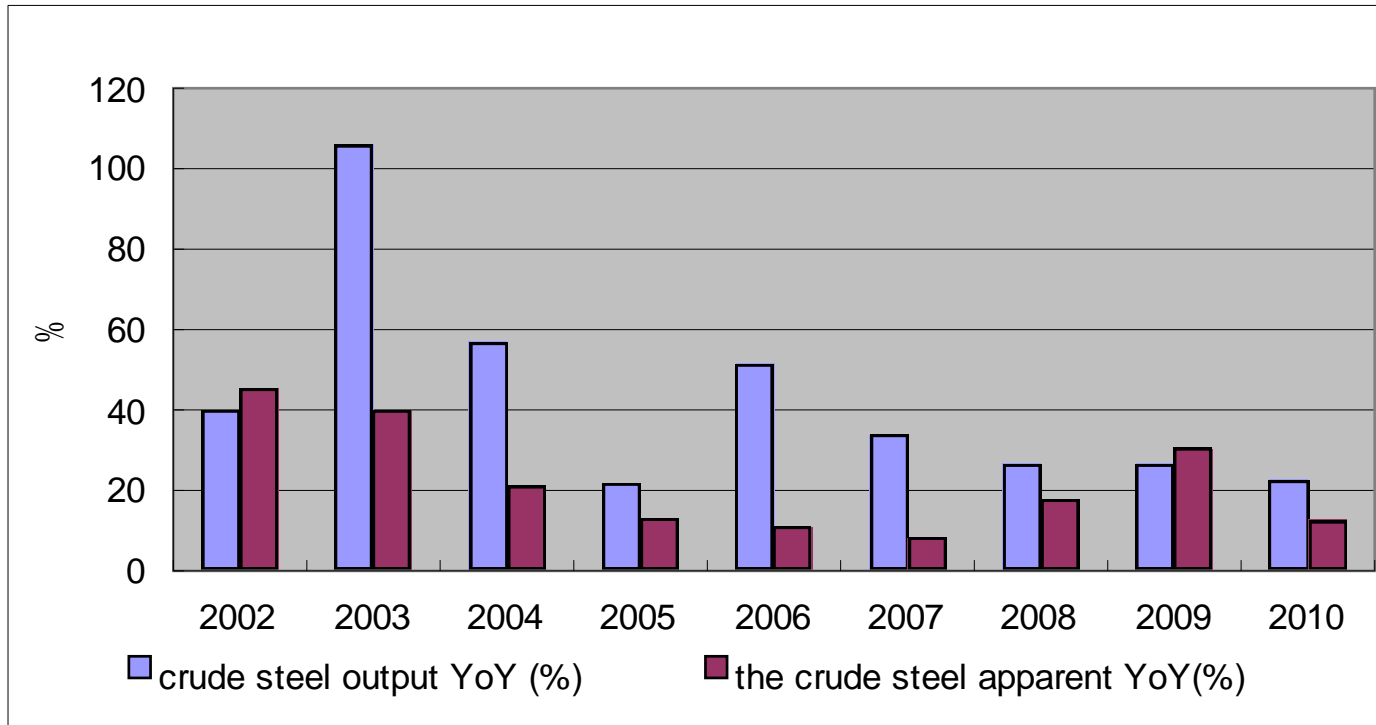


Chart 2: Crude Steel Output & Apparent Consumption YoY from 2002 to 2010



Data Analysis

- 1. Since 21st Century, the domestic crude steel for the stainless steel output increasing at top speed.
The crude steel output over average 43% YoY during 2001 to 2010.
The crude steel output over average 32% YoY during 2006 to 2010.
- 2. Since 21st Century, the domestic stainless steel apparent consumption increasing at top speed.
The crude steel output over average 22% YoY during 2001 to 2010.
The crude steel output over average 15% YoY during 2006 to 2010.
- 3. The speed increase in crude steel output is approximately double than that in the crude steel apparent consumption.
- 4. The end of 2009, the crude steel output was the same as the apparent consumption.
- 5. The end of 2010, the crude steel output began to be more than the apparent consumption.

Data Analysis

- 6. In 2010, China began to be a net exporter from a net importer on the stainless steel.
- 7. The domestic crude steel for stainless steel is oversupply.

Chapter 1: Summary

- 1. Before 2010, the supply is not adequate to the demand in China stainless steel marketing.
- 2. Before 2010, China's stainless steel market was a profiteering market.
- 3. Before 2010, it was advisable to develop the crude steel output to meet the needs of the domestic markets.
- China's crude steel for stainless steel market entered into a new period
- 4. In 2010, China's crude steel for stainless steel market started enter into a new period:
 - (1) supply exceeds demand
 - (2) exorbitant margin → narrow margin
 - (3) base on quantity → base on technique, quality, brand, manage etc.
- 5. The margin capacity need to consume in the overseas market.
- 6. The problem on opening more markets abroad confronted international trade talents, export policy, barriers to international trade etc.

II. Top 10 of Different Cultivars Outputs in China's Stainless Steel Industry

- **(1)Top 10 -- crude steel outputs for stainless steel in China's stainless steel industry in 2010**
- **(2)Top 10 -- hot-rolled wide plate and strip outputs in China's stainless steel industry in 2010.**
- **(3)Top 10 -- hot-rolled narrow plate and strip outputs in China's stainless steel industry in 2010.**
- **(4)Top 10 -- cold-rolled wide plate and strip outputs in China's stainless steel industry in 2010.**
- **(5)Top 10 -- cold-rolled narrow plate and strip outputs in China's stainless steel industry in 2010.**
- **(6)Top 10 -- stainless bar outputs in China's stainless steel industry in 2010.**
- **(7)Top 10 -- stainless wire outputs in China's stainless steel industry in 2010.**
- **(8)Top 10 -- seamless pipe outputs in China's stainless steel industry in 2010.**
- **(9)Top 10 -- welded pipe outputs in China's stainless steel industry in 2010.**
- **(10)Top 10 sales -- circulation in China's stainless steel industry in 2010.**

III. To Choose Advanced Corporations & Excellence Enterprisers Through China's Stainless Steel Industry

- 1). Introduction in choosing advanced corporations & excellence enterprisers through China's stainless steel industry
- 2). List of advanced corporations in China's stainless steel industry in 2009
- 3). List of Excellence Enterprisers in China's stainless steel industry in 2009

1). Introduction in choosing advanced corporations & excellence enterprisers through China's stainless steel industry

- To commend achieved significant recognition of the quality, economy, social enterprises and entrepreneurs who have a greater influence, and to elevate influence and visibility in all dimensions on these enterprises and entrepreneurs Stainless Steel Materials Circulation Association China Branch of the metal started judging of "Chinese stainless steel industry advanced enterprises, outstanding entrepreneurs, " in 2009.
- Selected 10 "advanced corporations in China's stainless steel industry" and 10 "excellence enterprisers in China's stainless steel industry" once a year.

2). Annual Advanced Corporations in China's Stainless Steel Industry in 2009

- Fujian Wu Hang Stainless Steel Products Co., Ltd
- Yongxing Special Stainless Steel Co., Ltd.
- Jiangsu Xinhua Special Steel Co., Ltd.
- Shanghai Qichang Stainless Steel(Group) Co., Ltd.
- Inner Mongolia Huaye Special Steel Co., Ltd.
- Zhejiang Friendship special steel Co., Ltd
- Tsingshan Holding Group Co., Ltd
- Shanghai Yatai Steel Group Co., Ltd
- Sichuan Southwest Stainless Steel Co., Ltd
- Stellar Tube & Pipe Group Co. , Ltd.

2). Annual Excellence Enterprisers in China's Stainless Steel Industry in 2009

- Zhejiang Friendship special steel Co., Ltd.
General Manager Zhang weifeng
- Zhejiang Baiji Steel Group Co.,Ltd.
Board Chairman Sun guangsheng
- Fujian Wu Hang Stainless Steel Products Co., Ltd
General Manager Chen yu
- Shanghai Yatai Steel Group Co., Ltd
Board Chairman Yanglianming
- Sichuan Jinguang Industrial (Group) Co., Ltd.
President Yin huaibo
- Wenzhou Longbang Steel Industry Co., Ltd.
Board Chairman Zhuang menglong
- Tsingshan Holding Group Co., Ltd
Board Chairman Zhang jimin
- Jiangsu East Steel City Co., Ltd
General Manager Wu jiang
- Zhejiang Ganyeah Stainless Steel Tube Co., Ltd
General Manager Chen jie
- Guangdong Hongweida Stainless Steel Co., Ltd
Board Chairman Wu chaobiao

V、 The Problems on Development Process of China's Stainless Steel Industry

- 1、 Grand scale but not powerful. Enterprises are many but not excellent.
- 2、 There is not the whole process of stainless steel manufacture private mill.
- 3、 Wide hot-rolled manufacturing equipments are few. And the capacity is less than crude steel capacity.
- 4、 the domestic wide cold-rolled manufacturing equipments are few result in the low capacity .
- 5、 Stress short-term benefits but neglect R & D.
- 6、 scientific outlook on development

1、 Grand Scale But not Powerful. Enterprises Are Many but not Excellent and Dispersed

- **Enterprise structuring in order to increase China's stainless steel industry concentration**
- stainless steel industry is capital-intensive and technological-intensive. ROI cycle is long. Economies of scale and technology are both demanding. International stainless steel enterprises tend to going-to-scale and intensifier. Especially stainless plate mills become more intensifier. Previously, 9 Europe stainless steel mills merged. And now there are 4 mills. As a large-scale and intensifier enterprise, it is expedient to decline purchased cost to the raw material, raise the production efficiency and improve production quality. According to incomplete statistics, there are 200 domestic stainless steel mills. Comparing with the overseas, the domestic scale is more dispersed .
- Taiyuan Iron & Steel Group and Baosteel Group are core of China's stainless steel mills. In private enterprises, production is small and facilities are not out of data. Some semiworks still smelt and diecast the small ingot. Technology of repeatedly forming with open-train mill, product quality and environmental protection can be improved.

6、 Scientific Outlook on Development

- (1) Close down backward production facilities in the stainless steel industry. Foster the internationally competitive the whole process of stainless mills.
- At the beginning of the 2010,the government draw up a series of suggestions to speed up saving energy and structural adjustment in steel industry. The government make public a be eliminated enterprises' list on August 2010 and reduced 8.746 million mt domestic steel capacity. With the further implementation of national industrial policies, the stainless steel capacity growth was brought down. The backward capacity will close down completely. It is inevitable to foster the internationally competitive the whole process of stainless mills.

6、 Scientific Outlook on Development

- (2) To encourage the development of the wide hot-rolled and cold-rolled strip. Prohibit to set up new capacity of narrow steel strip and close down backward capacity of narrow steel strip progressively.
- (3) Restrict new capacity of decorative welded tube. Proactively popularize industrial welded tube and raise its proportion of industrial tube.
- (4) Restrict new capacity of seamless tube and pipe.
- (5) Proactively popularize high strength stainless wire.

6、 Scientific Outlook on Development

- (6) To deliver the stainless steel export, we should not only improve the export but also investigate and coordinate the export to avoid the anti-dumping accuse.
- (7) Improving development of quality for better qualitative supervision.
- (8) There is an urgent need to strengthen the market monitoring , intensify legislation and its implementation, combat infringements and counterfeiting.