JP Morgan sees cooling in nickel

- 05 Nov 2006

According to analyst Jon Bergtheil at the JP Morgan Securities offices in London, the nickel market has been tight in the second half of 2006 because of vigorous stainless steel capacity additions in China and significant nickel production losses. Inventories have dropped from 35,742 metric tons in January to 6,834 metric tons in late October.

Mr Bergtheil suggests that investors have a passion for the metal at the moment which has kept prices high but sees seasonal slippage ahead.

Mr Bergtheil while looking at 2007 sees the average annual price dropping to $6.80. Nickel production growth is expected to increase 5.9% in 2007 versus demand growth of 5%, creating a small price depressing surplus. Also, sustained high prices for nickel through 2007 will exert downward pressure on the direct demand for the metal in 2008 and beyond with use of nickel per metric ton of stainless steel anticipated to decline.

MEPS sees further rise in SS prices

- 04 Nov 2006

MEPS sees that stainless steel prices, which have reached record levels, are set to advance still further in the next few months and said that MEPS transaction prices, including raw material surcharges, for cold rolled 304 in Europe and North America now exceed $4,500 per tonne. In Asia, the MEPS cold rolled 304 price is rather lower at $3,706 per tonne and has some catching up to do.

CR SS 304 prices have virtually doubled since the start of this year, and have more than tripled since they touched their most recent historical low point in the period December 2001 to February 2002. At that time transaction prices were as low as $1,300 per tonne in North America, $1,173 per tonne in Asia and $1,234 per tonne in Europe. The price of nickel in those days was around $5,000 per tonne and today it is over $30,000 per tonne.

MEPS said that base prices have certainly increased this year, and may rise further during the fourth quarter, but most of the recent advance is attributable to raw material costs. The alloy surcharges that North American and European mills add to their basis figures have jumped by over 160% since the start of this year and today accounts for the majority of the transaction price.

Demand for scrap steel is outpacing supply

- 15 Nov 2006

According to the World Scrap Congress 2006, the demand of scrap steel is outpacing the supply in India and China along with other developing countries. This demand is expected to fuel the scrap metal market and alternative sources of supply. The demand will also accelerate the development of new technologies to exploit unproductive scrap.

Mr NK Gupta, additional director general of foreign trade (DGFT) for the Indian government, told delegates at the Bureau of International Recycling conference in Brussels that India would not accept second-rate material and it was trying to avoid explosives and ammunitions entering in scrap consignments as a number of workers had been killed in incidents handling this material. Imports of shredded metallic waste are permitted from all sources through all ports in India but this will change under the new law, which will only allow the scrap in through 26 designated ports spread all over the country.

China steel exports for October up by 216%YOY

- 14 Nov 2006

Preliminary statistics released by China Customs last week indicate that China exported 4.3 million tonnes of finished steel in October. This constitutes increase of 216% YOY. China also exported 930 thousand tonnes of steel billets, which is an increase of 484% YoY but 13.1% drop MoM.

Imports of finished steel dropped to 1.4 million tonnes, a fall of 28% YoY in October.

Met coal prices push up Jim Walter's Q3 revenues

- 14 Nov 2006

Walter Industries labama based division Jim Walter Resources recently announce dits Q3 of 2006 results. During Q3 2006, the company sold 1.6 million short tons of metallurgical coal at an average price of $105.48 per short ton FOB as compared to 700,000 short ton at an average price of $108.28 per short ton in Q3 of 2005. Shipments for Q3 2005 also included 300,000 short tons of steam coal at an average price of $35.17 per short ton.

Jim Walter attributed the increase to significantly higher metallurgical coal volumes and increased overall average pricing.

Mr Gregory Hyland, chairman and CEO of Walter Industries in a statement said that "Although we experienced continued geological issues at Mine No 4 during the quarter, higher metallurgical coal shipments resulting from our shift away from the lower margin steam coal market enabled Jim Walter Resources to generate a strong increase in profitability. The improvement was partially offset by higher production costs, primarily as a result of a continuation of thin coal seams and slower longwall advance rates at Mine No. 4 during the quarter.”

Chinese steel prices in Domestic market stabilizes

- 13 Nov 2006

The prices of austenitic flat rolled stainless steel is stable in Chinese domestic market prices. There has been an increase or more than RMB 950 per tonne since mid October. Traders in southern China inform that buyers are carefully purchasing material to limit inventory as buyers want to limit stocks on hand rather than risk losses if high market prices do not sustain.

Nickel gains most in one week after demand outpaces supplies

- 11 Nov 2006

Nickel prices gained most in one week as a result of increased demand, thereby creating a shortfall. The demand is expected to increase further this year.

Prices of nickel in three months on the LME gained $495, to $30,800 a ton yesterday. That's the largest one-day gain since Nov. 2.

It is reported that the Nickel supply shortfall will be more than 35000 tonnes this year. Global production of high nickel content stainless steel increased by 13% till now this year.

MEPS pegs global steel production at 1.237 billion tones

- 10 Nov 2006

MEPS has estimated that the global steel production during 2006 would be about 1.237 billion tonne s as compared with 1.129 billion tonnes in 2005, resulting in YoY growth of 9.56%. MEPS also estimates that the BF route production in 2006 is expected to reach 873 million tonnes recording a double digit growth YoY.

The region wise forecast estimates highest YoY growth of 19.5% in China followed by 11.2% in Other Europe.

Region	2005	2006	Change
EU 25	186.6	198.9	6.6%
Other Europe	32.2	35.8	11.2%
Former USSR	112.7	120.7	7.1%
NAFTA	126.9	133.5	5.2%
South America	45.3	45.7	0.9%
Africa	17.9	17.0	-5.0%
Middle East	15.3	15.4	0.7%
China	349.3	417.5	19.5%
Japan	112.5	114.5	1.8%
Other Asia	122.0	129.2	5.9%
Oceania	8.6	8.8	2.3%
Total	1129.3	1237.0	9.5%

In million tonnes
Source – MEPS forecast

MEPS reports said that “We predict further solid increases over the next few years. Demand has been strong across the globe. Mill order books are full in most regions. However, this situation could change in some parts of the world in 2007 as an inventory drawdown commences in many industrialized nations.”

China to loosen control on yuan slowly

- 10 Nov 2006

People's Bank of China recently said that China will loosen controls on its currency gradually and should step up development of financial tools such as derivatives to help banks and companies cope with a more flexible exchange rate system.

Mr Su Ning deputy governor of the People's Bank of China at an economic conference in the eastern city of Suzhou in Jiangsu Province recently said that “China will improve the yuan's flexibility gradually. China needs to develop new financial tools and enhance financial reform to help remove the burden on its financial system.” Mr Su said that the Chinese government should step up reform of the nation's banks including Agricultural Bank of China.

According to the China Foreign Exchange Trade System China has limited gains in the yuan to 2.6 percent since dropping a decade old peg to the US dollar in July last year. The currency strengthened 0.1% to 7.9025 to the dollar recently.

Chinese officials have said repeatedly that the yuan's exchange rate will be loosened only gradually because the nation's banks and companies aren't prepared to cope with a free floating currency. China has been introducing derivatives such as interest rate forwards and swaps to provide tools to hedge risks and plans to add interest-rate and stock index futures.

A record trade surplus has flooded Chinese economy with cash, spurring investment in factories and real estate that the government is concerned may lead to overcapacity and bad loans.

US SS consumption up by 13% YoY during January to August

- 08 Nov 2006

According to the latest figures from the Specialty Steel Industry of North America, consumption of stainless steel in US grew by 13% YoY to 1.734 million tons in January to August 2006.

Consumption of stainless sheet and strip rose by 14% to 1.251 million tons while that of plate increased by 34% YoY to 227,638 tons and that of wire rose by 10% to 57,690 tons. Consumption of stainless steel bar fell by 8% to 152,940 tons and that of rod by 10% to 44,275 tons.

Imports of stainless steel rose by 18%YoY to 541,361 tons resulting in the level of import penetration rising by one percentage point to 31% in the period.

AK Steel announces December surcharges

- 08 Nov 2006

AK Steel has advised its customers that a $135 per ton surcharge will be added to invoices for electrical steel products shipped in December 2006.

Steel consumption by Chinese construction sector add to 50% plus

- 07 Nov 2006

China's construction industry totally consumed 173 million tons, accounting for 50.55% of the nation's total steel product consumption. A report namely "Proportion of Construction Steel Consumption against Total Steel Consumption (by Country) in 2000" provided by a research group under IISI showed that the proportion was much higher in developing countries than in developed countries.

There were about 131.17 million tons of steel products applied to building construction in 2005, up 61.08 million tons from the level in 2001, including 60.91 million tons of steel products applied to house building, up 35.39 million tons from the level in 2001.

Volume of steel products consumed in construction industry increased by 98.17 million tons in 2005 when compared with that in 2000, representing average rise of 19.63 million tons per year during 10th Five-Year Period.

By 2010, the consumption, formerly estimated to rocket up by 53 million tons to 226 million tons (10.6 million tons per year on average), is expected to soar up by 85.5 million tons to 258 million tons, corresponding to average rise of 17 million tons per year. Steel consumption in construction industry will continue to climb up with lower growth rate during 11th Five-Year Period. And the continuously increasing demands for housing will keep on encouraging investments in real estate industry.

During 2001-2005, China's fixed asset investment for municipal construction was close to 2000 billion Yuan, accounting for 6.7% of the nation's total fixed asset investments. Chinese government will continue to invest over 200 billion Yuan to develop inter-city rail transit.

China's hot rolled H beam outputs surged to hit some 3.173 million tons in 2005 from 725 thousand tons in 2001, up 338%. In the mean time, the nation's imports began shrinking while exports boomed up. By now, demands for H beam remain steady growth. By 2010, about 9 million tons of H beam will be required for construction while the nation's H beam capacity will reach some 9.55 million tons.

(Sourced from Mysteel.net)

Meeting future nickel demand increasingly expensive

- 20 Nov 2006

The sustained period of higher nickel prices may be the sign that the global nickel industry is entering a new phase, commented Norilsk Nickel chief economist Mr David Humphreys at the CRU Ninth World Stainless Steel Conference in Dusseldorf, Germany.

He said that the Asian region would increasingly play a dominant role by displacing nickel use elsewhere in the world. He suggested that China may become a competitor for nickel producers. Meeting demand could be more expensive than in the past, due to higher energy prices and the fact that in the future, more production will have to come from nickel laterite deposits, which are more capital-intensive to exploit than sulfide deposits.

Nornickel forecasts to produce 250,000 tonnes of nickel in 2006.

Steel prices still sliding

- 18 Nov 2006

Wheeling-Pittsburgh Steel had to temporarily exit the flat-rolled steel market because of falling steel prices. The company attributes falling prices to high imports, weak automotive demand, reduced housing starts and high service center inventories.

Wheeling-Pittsburgh informed that it expects its shipments in the fourth quarter to decline by 25% versus 610,000 tonnes in the Q3. Executives at the West Virginia firm see domestic production cuts and expects reduced import activity, which will result in improved market conditions as the market enters 2007.

The Yen, Yuan and the Big Three Meeting with President Bush

The President is meeting with leaders of the Big Three domestic automobile companies. Auto leaders say they want don't want special treatment but rather solutions that generally help U.S. businesses.

High on the list is the undervalued Japanese yen, and it provides a perfect example of an issue where the auto industry speaks out of two sides of its mouth and behaves unrealistically.

The dollar is extremely overvalued against the Chinese yuan, Japanese yen and several other Asian currencies, and this problem affects all domestic manufacturers competing with trans-Pacific imports.

Consistently, GM, Ford and Chrysler lobby for relief on the yen but are noticeably reticent on the Chinese yuan, because they are locating factories in China and enjoy the benefits of Chinese protectionism.

The Big Three can’t have it two ways, a stronger yen and a weaker yuan. Japan cannot appreciably revalue its currency, nor can other Asian governments revalue their currencies, until China stops intervening in currency markets.

Each month, China buys with yuan nearly $20 billion in U.S. dollars and hard currencies. The yuan it prints for this purpose flow into the hands of consumers in the United States and Europe, and create a 25 percent subsidy on Chinese exports. Unless and until China stops this egregious violation of free trade principles, Japan and other Asian economies undervalue their currencies too.

A resolution to the Big Three’s problems with the Japanese yen is not possible until the Big Three embrace realism and recognize the damage imposed by Chinese currency manipulation.

Peter Morici is a professor at the University of Maryland School of Business and former Chief Economist at the U.S. International Trade Commission.

MEPS forecast short term spurt in SS prices in North America

- 17 Nov 2006

MEPS has forecast that in the short term stainless steel prices will move even higher due mainly to an unprecedented hike in the price of nickel on the LME during October. It said that this gain will impact on alloy surcharges in December and January and basis values are also likely to rise until the end of the year pushing selling prices to their highest ever recorded figures.

MEPS believe that the year end will be the peak of the current cycle, as we stated last month and in the longer term expect stainless selling values to decline. The LME 15 month buy price for nickel in the last few days of October was hovering around $24,000 per tonne. This compares with a daily cash price of over $34,000 on several occasions during October and a figure of around $32,000 in recent days. In fact, the October average nickel price will be almost $2,000 higher than the August record high.

MEOS anticipates that the monthly average nickel cash price declining to near $24,000 in mid 2007 and predict stainless basis agreements being at a reduced level. This would bring MEPS's forecast for grade 304 cold rolled coils in October 2007 to approximately $560 below the current levels and $790 below the anticipated high point in December this year.

2007 steel market outlook by POSRI

- 26 Nov 2006

Economic growth of the world will slip to 3.3% next year for reasons of US sluggish economy and China's adjustment on heat invested industries etc. In South Korea, the economic growth will also decline to 4.3% on account of North Korean nuclear crisis, presidential election and exchange rate uncertainties.

World steel demand will grow 5.2% next year. Steel demand of the world will clime to 1.179bln tons in 2007, POSCO Research Institute says in the forecast report, up 5.2% from this year. Developed countries will see 0.1% negative growth from this year's 6.6% growth, while in developing countries the pace will drop from 10.4% to 8.4%. Steel production in developed countries will keep balanced with demand, while in developing countries growth in supply will outstrip that of demand, due primarily to more setup of new facilities in China and India etc.

Steel demand in Japan will grow 2.8%, generally posed by automobile industry; output of this state will remain 110 million tonnes to 120 million tonnes. Steel demand in India will grow 9.1%, thanks to sound development of automotive and construction sectors. Brazil can also expect 9.2% growth of steel demand with recovering economy and rising fund in infrastructure construction.

China will see greater steel glut and the surging export may sharpen trade disputes. Oversupply in China will go more grievous for release of new capacities next year, coupled with tighter policy and slower growth in demand. Steel output including billet & slabs will expand to 32 million tonnes from this year's 25 million tonnes implying more trade conflicts.

Acquisition between the steel makers will speed up and arouse severer contests. As Japan and China launch new equipments lot, competition on high value added product market will intensify.

(Sourced from Mysteel.net)

China's biggest steelmaker and price trend setter, Baosteel announced its price details for first quarter of 2007 where prices of most of its steel products are kept in line with those for last quarter of 2006.

All price changes listed below are exclusive of 17% VAT except specified otherwise and will come into force as of the date of issuance.

Sl	Item	Remark
1	HRC	Stays in line with Q4 2006 prices
2	HRPO	Up by RMB 100 ton from Q4 2006 levels
3	CRC	Stays in line with Q4 2006 prices
4	CRFH	Prices for Jan'07 productions stay in line with Dec'06 level
5	HDG	Stays in line with Q4 2006 prices
6	Galvalume	Stays in line with Q4 2006 prices
7	EG	Up by RMB 200 ton from Q4 2006 level
8	PPGI	Prices for Jan'07 productions up by RMB 100-200 over Dec'06 level
9	Wide and thick plate	Prices for Jan'07 productions stay in line with Dec'06 level
10	Silicon steel	Up by RMB 150 ton from Q4 2006 level
11	ETP	Stays in line with Q4 2006 prices
12	Common tubes	Stays in line with Q4 2006 prices
13	ERW tubes (structural)	Up by RMB 150 ton from Q4 2006 level
14	ERW tubes (pipeline)	Up by RMB 200 ton from Q4 2006 level

(Sourced from Mysteel.net)

Nickel reaches highest levels in 19 years on LME

- 25 Nov 2006

Nickel rose to its highest in at least 19 years in London after a report showed stockpiles may decline reducing its supply. Nickel for delivery in three months on the LME gained $1,600 or 5.2 percent to $32,750 per tonne the highest since at least 1987 and $125 more than the previous 19 year high set on October 20th 2006.

LME in a daily report said that LME monitored nickel inventory dropped by 150 tons to 6,480 tons of which only 76 percent are available to the market, equal to one and a half day of global consumption. Inventory monitored by the LME booked and scheduled for future delivery to buyers, known as canceled warrants, rose by 330 metric tons or 29% to 1,560 tons.

Nickel stocks have slumped by 70% in the past year. Societe Generale forecast earlier this month that demand will beat supply by 40,000 tons in 2006. Consumption of nickel grew this year in line with global stainless steel production and as per International Stainless Steel Forum SS makers may increase output 14% this year to 27.8 million tonnes. Nickel has risen by almost 150% since the start of year, boosted by predictions of tight global supply and strong global demand.

Coal's Possibilities

November 22, 2006

The global economy could be en route to careening out of control. It's not intended to be an alarmist view. But, some participants at a conference on how to avert such disaster say that the rising demand for oil and natural gas means that power generators and industrial plants will be hard up for basic feedstock that helps feed the American economy.

New ideas must therefore come to the fore, which will invariably lead to more inventive uses of coal. Market-based economies are built on the free flow of capital and the formation of new innovations. With the right incentives and under the proper conditions, enterprises will introduce relevant products and services. Such thinking is needed in the energy sector -- where the ever-increasing demand for power and gas is tapping the availability of vital fuels and putting upward pressure on prices.

"I don't think many people realize that a train wreck is on the way," says Thomas Casten, CEO of Primary Energy, an Illinois-based firm specializing in recycled energy who spoke at a conference in Charleston, West Virginia, sponsored by Industries of the Future.

Ken Silverstein
EnergyBiz Insider
Editor-in-Chief

It's no surprise to anyone that natural gas is a finite resource in the United States, which at the current rate of production and consumption would last about 60 more years. It's also no revelation that developing nations will expand and demand more of the world's oil and natural gas to fuel their growth. To put the matter in perspective, this country comprises about five percent of the world population but uses about 30 percent of the energy.

Clearly, China and India will be bidding on the same resources as the United States. Prices will invariably rise. In fact, The U.S. Energy Information Administration projects oil consumption to increase by a third through 2030 while electricity demand will rise by 50 percent over the next decade. The result: oil will cost as much as $100 a barrel while natural gas might run as high as $8 per million BTUs, all in 2030.

According to Ron Groenke, author of a book called *Cash for Life*, oil is the primary commodity that moves world markets. If oil prices go up by 100 units, natural gas costs would rise by 60 units while coal prices would go up by 40 units. A rise in oil prices provides the opportunity for all other commodities to demand more money. Coal is then left in the driver's seat because it is the cheapest and most abundant alternative. And the Energy Information Administration projects its use to climb over the next two decades.

Solutions exist, and many involve coal. There is coal-to-liquids, which is a technology that takes coal and breaks it down to form a fuel oil. While a lot cheaper per barrel than oil, it is an expensive undertaking -- one that necessitates oil prices stay high to motivate investors to risk their capital. And some of the most highly publicized undertakings are coal gasification plants, which are power facilities that are expected to cleanse all the impurities from coal before it is burned and sent out the smokestack.

"In our industry, we're going to start building coal plants," says Charles Bayless, president of West Virginia University Institute of Technology and former CEO of Tucson Electric Power Company, at the Industries of the Future conference. The Energy Information Administration, meantime, does not expect nuclear or renewable energy to defray coal's market share in the coming decades.

Synergistic Opportunities

When coal is burned, it produces sulfur dioxide and nitrogen oxide -- the stuff that produces acid rain and smog -- as well as particulate matter and mercury. Under the Clean Air Act, those pollutants must be removed from exhaust gases that come out of the smoke stack. The combustion of coal also produces substantial quantities of carbon dioxide, which is not currently regulated but the pressure to do so is increasing.

By contrast, coal gasification removes the sulfur dioxide, mercury and carbon dioxide from the "syngas" before it is combusted, say experts. And because the "syngas" is cleaner than raw coal, lower quantities of nitrogen oxide and particulate matter are produced during the combustion process, they say. The carbon dioxide is more concentrated, which makes it easier to capture.

Four such plants are now operating: two in the United States and two in Europe. American Electric Power expects to have engineering studies completed next month on two possible coal gasification plants in Ohio and West Virginia. It would like to have one or both facilities operational by decade's end. The multi-million dollar project would be a public-private endeavor.

Coal gasification is "important for the future of coal and is the next best technology to use," says Gary Spitznogle, manager of generation development for AEP, who spoke at the Industries of the Future event. "AEP feels it should take the lead."

At the same time, coal might also become more relevant to the industrial sector that overwhelmingly relies on natural gas to fuel its processes. Consider a fertilizer plant in Alaska: High natural gas prices were making it nearly impossible to maintain its operations. With the help of the government, the plant invested $1.6 billion to convert its processes to coal -- something that generated an 11 percent return.

Such successes may lead to other projects, says Mike Eastman, technical analyst for the National Energy Technology Laboratory in Pittsburgh. He says that coal and biomass -- fuels produced from organic matter -- could be combined to create a low-cost alternative to burning natural gas.

"Once we get past the choosing of one fuel form over another, there are a lot of synergistic opportunities," says Eastman. "We can require more coal. We can still improve the environment and we can still have a powerful economy."

Without a doubt, many viable options exist to help wean the global dependence on oil and natural gas. Employing more energy efficient technologies is a good start as well as turning waste energy into power and heat.

If the global economy is to stay on course, then creative solutions involving all different fuel forms are necessary. It is abundantly clear that coal will continue to play an integral role. But, its image is one of being "cheap and dirty." To shed that label, coal-dependent utilities must commit to controlling their emissions and their carbon footprints. Regulatory and market pressures are giving coal a chance to reinvent itself.

BHPB sees high run for commodities prices

- 29 Nov 2006

BHP Billiton has reiterated that while it expects global rates of growth to slow its global economic outlook is positive and commodity prices would remain high.

Mr Don Argus chairman told shareholders of BHP at the company's annual general meeting in Brisbane that growth in North East Asia would be a big driver of the global economy. He said "While rates of growth around the world are likely to slow from the very strong levels we've seen, we still view the global economic outlook as positive."

Mr Argus repeated that the risks to the mining giant's outlook were unchanged escalating geopolitical tensions, supply disruptions and high energy prices, and the likely outcome ns an extended period of high cyclical prices for commodities.

Mr Argus also commented on the slowdown in the US economy. "Clearly, the US economy is slowing from the rapid growth experienced earlier in the year, but we expect any slowdown to be offset, to an extent, by increased demand in Japan and Europe. These factors, together with low inventory levels, means that the demand outlook for commodities is encouraging."

ThyssenKrupp forecast strong SS outlook

- 04 Dec 2006

While delivering the financial results German steel giant ThyssenKrupp gave an upbeat assessment of the outlook for the stainless steel sector in its full year.

As per the report ThyssenKrupp expect demand for stainless steel and the high performance materials nickel alloys and titanium to continue to rise in 2007, both in Europe and North America and also in Asia, in particular China.

It said “While in China most producers have been operating below capacity due to strong capacity growth in recent years, producers in Europe and the USA are barely able to keep up with demand.” forecasting “moderate” sales growth in the new financial year to September 2007 based on volume and structural improvements in stainless steel flat products and higher base prices.”

CISA maintains opposition to forward trading of steel

- 02 Dec 2006

Bohai Bay Online Steel Forward Trading Platform, the first of its kind in North China, has recently opened with low profile in Beijing, going against hard stance repeatedly stated by China Iron & Steel Association. The platform has yet to kick off real transaction, with the on going work focused on promoting and attracting customers, told by the company source who is painting a bright picture for forward trading of steel products on account of numerous steel producers, traders and buyers in the region.

When asked about comments on CISA's attitude towards steel futures, the source suggests that CISA officials are seemingly softening their opposing stance in recent days.

However, this view has been denied by Mr Qi Xiangdong, secretary general of CISA, who insists that current market conditions are immature for launching steel futures yet for lack of clear legislative regulations to guarantee quality and standardize transaction procedure.

Mr Qi is also concerned that the intentional speculation in steel futures trading could inflict loss on steel producers, which in turn could undermine the benefits of the national economy as whole. Those steel mills who have involved in steel forward trading should take that with a pinch of salt, he added.

(Sourced from Mysteel.net)

NDRC orders shutting of 26 outdated steel mills in Hebei

- 01 Dec 2006

Xinhua has reported that new moves to modernize the Chinese steel industry went into effect with the government's announcement that the outdated steel smelting ovens of 26 steel firms will be demolished next year and that under the National Development and Reform Commission's restructuring plan for the steel industry, China will scale back iron and steel production by about 100 million tons in the next 5 years to eliminate redundant production.

Mr Guo Dajian director of the Hebei provincial development and reform commission said "The government is determined to make the restructuring run to schedule. If firms on the blacklist fail to follow orders, they will be punished by having their production license suspended and water and power supplies cut.”

According to NDRC figures, Hebei with crude steel output of 90 million tons in 2006 accounting for 21% of China’s production has 88 steel makers whose production capacity is only 839,000 tons on average. The province has been ordered to cut iron production by 45% and steel production by 27% in this round of industrial restructuring.

The first group of 26 firms in north China's Hebei Province will cut iron production by 3.98 million tons and steel production by 3.73 million tons. Obsolete capacity prescribed to be phased out covers small BFs under 300 cubic meter and small converters as well as small EAFs of less than 20 tons capacity.

Location	Enterprises
Tangshan	Kaiping District Yinhe Iron & Steel Mill
	Hongda Steel Rolling Co Ltd under Ruifeng Iron & Steel Group
	Fufeng Company under Tangshan Beishiti Iron & Steel Group
	Dingxin Iron & Steel Co Ltd under Xingye Industrial Trading Group
	Jiaxin Iron & Steel Co Ltd
	Aozhong Industry Co Ltd
	Xinfeng Iron & Steel Co Ltd
	Hengcheng Iron & Steel Co Ltd under Baotai Iron & Steel Group
	Chaoyue Iron & Steel Co Ltd under Tianzhu Iron & Steel Group
	Guohong Iron & Steel Co Ltd under Tianzhu Iron & Steel Group
	Benfeng Iron & Steel Co Ltd under Baotai Iron & Steel Group
	Junwei Iron & Steel Co Ltd
	Qian'an Liangang Baocheng Iron Making Co Ltd
	Qian'an Liangang Jinfeng Iron Making Co Ltd
	Qian'an Liangang Mopanshan Iron & Steel Co Ltd
	Yutian Jinyangguang Industrial Co Ltd
Handan	Yiwei Smelting Co Ltd
	Hebei Baoxu Iron & Steel Co Ltd
	Cixian Metallurgical Industry Co Ltd
Shijiazhuang	Zanhuangxian Yongshuo Iron Co Ltd
Zhangjiakou	Xuanhua Zhengpiao Iron Co Ltd
Xingtai	Shahe Iron & Steel Co Ltd under Yunlong Group
Chengde	Kuangcheng Jianda Iron Mill
	Jiulong Metallurgical Co.
	Copper Mine Industry Co Ltd
	Xinglong Taiyanghua Steel Mill

The government is known to issue lists of the second batch and the third batch of obsolete capacity to be erased and to complete the elimination by the end of next year.

(Sourced for Mysteel.net)