

CHINESE STEEL, STATE SUPPORT AND GLOBAL MARKETS

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"It is not good for us to name ourselves as the most superior in the world, but it is not bad to become the number one steel producer."

Chairman Mao, 1958

And then...

1958 steel output:

5.9 million tonnes

1965:

12.2 million tonnes

1977 (after the Great Leap forward disaster years):

23.7 million tonnes

2015:

803.8 million tonnes

China now dominates the market

China 2023 output:

1.09 billion tonnes

Significant government
support

EU 2023 output:

152 million tonnes

Limited government
support

Brazil 2023 output:

32 million tonnes

No government support

Here's the problem:

The Chinese government unfairly supports Chinese companies

- **Through preferential loans**
- **Through steering of the industry**
- **By offering investments and incentives to other countries.**

World's largest steel manufacturers

- China Baowu Group China
- ArcelorMittal Luxembourg
- Ansteel Group China
- Nippon Steel Corporation Japan
- HBIS Group China
- Shagang Group China
- POSCO Holdings South Korea
- Jianlong Group China
- Shougang Group China
- Tata Steel Group India
- Delong Steel China

China's steel is distorting global markets

300 million tonnes
surplus capacity

In response to tariffs by the EU and others, Chinese steel companies produce steel in countries like Indonesia for which there are no tariffs.

Now even Indonesia, which had set itself up as a major partner of Chinese steel companies, is trying to reduce Chinese involvement.

Governments are realizing that steel is not an even playing field

Steel producers can't compete against Chinese firms that rely on considerable government support.

That's especially the case now that Chinese firms are trying to offload overcapacity onto other markets.

As a result of the worsening geopolitical climate, countries also need to ensure they have domestic production of crucial goods.



Globalization, yes. But steel production is not an even playing field.



European and North American governments need to support their steel industries more – and so does the government of Brazil.