

# China Iron and Steel Industry Association: Actively adjust production intensity to maintain smooth operation of the industry

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## Actively adjust production intensity to maintain smooth operation of the industry

### China Iron and Steel Association

The Party Central Committee and the State Council attach great importance to the development of the steel industry. In 2021, under the guidance of relevant state ministries and commissions, the iron and steel industry will conscientiously implement a series of decision-making arrangements for "dual control" of production capacity and output, and actively take effective measures to adjust production intensity in a timely manner. The national crude steel output will decrease by nearly 30 million tons year-on-year, maintaining the basic stability of market supply and demand and the basic stability of steel prices have maintained the smooth operation of the upstream and downstream industrial chains, and the efficiency of the entire steel industry has also hit the best level in history. Practice has shown that the crude steel output reduction policy has achieved very obvious results, and has also been generally recognized and supported by the majority of iron and steel enterprises.

Today, the National Development and Reform Commission proposed at a press conference that in order to maintain the continuity and stability of policies and consolidate the results of reducing crude steel production, in 2022, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Ecology and Environment, and the National Bureau of Statistics will continue to carry out the work of reducing crude steel output across the country, guide iron and steel enterprises to abandon the extensive development method of winning by quantity, and promote the high-quality development of the iron and steel industry. In the process of reducing crude steel production, we will adhere to "one general principle and highlight two key points": one general principle is to firmly grasp the general tone of "stability" and "seeking progress while maintaining stability", while maintaining the supply-side structural reform policy of the steel industry. While maintaining continuity and stability, adhere to the principles of marketization and the rule of law, give full play to the role of the

market mechanism, stimulate the enthusiasm of enterprises, and strictly implement relevant laws and regulations on environmental protection, energy consumption, safety, and land use; the two key points are to insist on distinguishing between situations and have Maintain pressure, avoid "one size fits all", focus on reducing crude steel production in key areas such as the Beijing-Tianjin-Hebei region and its surrounding areas, the Yangtze River Delta region, and the Fenwei Plain, and focus on reducing the poor performance of environmental protection in key areas , high energy consumption, and relatively backward crude steel production, the goal is to ensure that the national crude steel production in 2022 will decrease year-on-year. The majority of iron and steel enterprises must fully understand the extreme importance of this work, and actively implement the relevant national policy requirements.

Under the current market environment, the main task facing the steel industry is how to maintain the balance between supply and demand under the limited market demand. To reduce crude steel production is to give full play to the role of the government and the market, adjust the intensity of steel production in a timely manner, and establish a new balance between market supply and demand. From an international point of view, the production quota management of iron and steel enterprises is also a frequently used output adjustment method. The iron and steel industry is fully capable of achieving the goal of ensuring supply and stabilizing prices. The core issue is to complete the mission of ensuring supply at the lowest cost under the constraints of limited resources, energy and the ecological environment.

Under the current market environment, it is no longer a problem for the iron and steel industry to guarantee the total supply. The majority of enterprises should work hard on how to improve the quality of supply and how to improve the quality and variety. Practice in the second half of last year has proved that when there are major changes in steel demand, as long as the market demand can be closely monitored and production capacity rationally used, the steel industry can also achieve a new balance between supply and demand. Such a result is beneficial to downstream industries and upstream suppliers. What is beneficial is a long-term strategy to maintain the stable operation of the steel industry chain supply chain.

In the current market environment, enterprises should work hard to improve high-end production capacity and work hard on high-tech and high value-added products. This is an inevitable choice for high-quality development. Especially under the dual constraints of resources and the environment, it is unwise to export low-end steel products on a large scale. There should be restrictions and restrictions on this, and relevant regulatory departments and institutions It is an essential basic

work to study together to do a good job in the traceability of exporters and manufacturers. The goal and overall requirements of the iron and steel industry to promote carbon peaking and carbon neutrality are unshakable, and building Chinese brands and improving international competitiveness are also unshakable. While restricting the export of low-end products, we must continue to encourage the export of high-tech and high value-added products, accept high-level inspections in the international market, improve the international competitiveness of China's steel industry, expand and deepen cooperation with the most advanced downstream enterprises in the world, Establish a reputation for the high quality of Chinese steel products. At the same time, we should also expand trade relations with developing countries, increase imports of primary products in an orderly manner, and achieve mutual benefit and common development. After decades of rapid development, Chinese steel has assumed different responsibilities and roles in the global steel industry chain. Chinese enterprises should take the initiative to adapt to this change, and different enterprises should also find their own positions in this process. .

Under the current market environment, iron and steel enterprises should work hard on energy conservation and environmental protection, improving the level of clean production, and accelerating the transformation of ultra-low emissions. It is inevitable that the production of enterprises with excessive environmental protection emissions and low environmental governance levels will be restricted. Winning prizes, punishing the poor, and survival of the fittest in the regulation of production capacity and output are also the correct direction that fair and strict supervision should adhere to.

In the current market environment, it is even more important to emphasize the seriousness of statistical data. If the crackdown on "ground strip steel" in the process of reducing production capacity in the past few years is to demonstrate the quality management ability of the industry, emphasizing the awareness of quality legislation, the government's action, and strict law enforcement, then output regulation is to improve the industry's data governance ability, which is to emphasize Awareness of data legislation, strict investigation and punishment of statistical data falsification, to ensure the authenticity of all aspects of data in the steel industry, such as production, quality, energy consumption, and the environment.

In the current market environment, self-discipline should be further strengthened. Gradually form a new mechanism for output regulation that combines energy consumption and carbon emission policy constraints, industry self-discipline and government supervision, and meets the requirements of market laws. At the

same time, it is necessary to crack down on speculation in the commodity market and maintain fairness and justice in the market.

At present, the development of my country's iron and steel industry has entered a new stage of development, and the industry's development concept and development mode are facing profound changes. The iron and steel industry must continue to focus on the fundamental task of comprehensively improving the industrial foundation and the level of the industrial chain, and adhere to the two major development themes of green development and intelligent manufacturing. , focus on solving the pain points of the three major industries of controlling capacity expansion, promoting industrial concentration, and ensuring resource security, continue to promote the internationalization process, and fully complete the three key tasks of fulfilling the mission of ensuring supply, realizing the self-development of the steel industry, and actively driving related industries to achieve common prosperity. , Accelerate the promotion of high-quality development of the steel industry and make new progress.





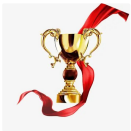
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