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WSD's steel experience, steel database and availability of steel statistics are the principles for performing steel forecasts, studies and analysis for international clients. WSD seeks to understand how the "pricing power" of steel companies the world over will be impacted by changes in the steel industry's structure. The views and opinions expressed in this article are solely those of World Steel Dynamics and not necessarily those of AIST.



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**Chinese Steel Production Varied, High-Price-Sustaining Output**

China's steel output by province is variegated. It's a function of: (a) the domestic price; (b) the export price; (c) steel demand, including varying

demand trends at times for long products such as rebar and flat products such as hot-rolled band; (d) available capacity; and (e) governmental

**Table 1**

*China Steel Production in December 2017 (change by region, million metric tons)*

Region	Dec. 2017	Dec. 2016	2017	2016	Dec. 2017	Dec. 2016	Y-o-y change	
Beijing	0	0	0	0	Million metric tons		%	
Tianjin	0.96	1.66	18.13	17.99	Northern region			
Hebei	13.09	14.77	191.21	192.60	19.90	21.11	(1.21)	(5.72)
Shanxi	3.95	3.06	44.30	39.36				
Inner Mongolia	1.90	1.62	19.84	18.13	Northeastern region			
Liaoning	5.55	5.13	64.23	60.29	6.91	6.17	0.74	12.03
Jilin	0.78	0.72	9.11	8.32				
Heilongjiang	0.58	0.32	5.03	3.72				
Shanghai	1.30	1.29	16.08	17.09	Eastern region			
Jiangsu	8.40	9.44	104.28	110.80	21.81	24.28	(2.47)	(10.19)
Zhejiang	0.99	1.11	10.91	13.00				
Anhui	2.07	2.36	27.93	27.31				
Fujian	1.75	1.27	18.83	15.17				
Jiangxi	2.19	2.17	24.13	22.42				
Shandong	5.11	6.65	71.48	71.67				
Henan	2.01	2.13	29.54	28.49				
Hubei	2.49	2.33	28.75	29.48	10.96	10.28	0.68	6.66
Hunan	1.84	1.62	20.41	18.28				
Guangdong	2.57	2.24	28.91	22.83				
Guangxi	2.06	1.94	22.65	21.10				
Hainan	0.00	0.03	0.01	0.28				
Chongqing	0.44	0.21	4.11	3.67	Southwestern region			
Sichuan	2.26	1.59	20.26	20.08	4.64	3.42	1.21	35.37
Guizhou	0.44	0.49	4.40	5.16				
Yunnan	1.50	1.13	15.18	14.17				
Tibet	0	0	0	0				
Shaanxi	1.10	0.82	11.84	9.25	Northwestern region			
Gansu	0.63	0.36	5.61	6.28	2.83	1.96	0.87	44.63
Qinghai	0.13	0.13	1.20	1.15				
Ningxia	0.15	0.07	2.29	1.59				
Xinjiang	0.81	0.57	11.10	8.68				
Total	67.05	67.22	—	—	—	—	—	—

Provinces with higher production in December 2017 than December 2016 = +3.51 million metric tons.  
 Provinces with lower production in December 2017 than December 2016 = -3.68 million metric tons.

actions that impact production, such as mandates this year that production in northern China be curbed in the winter months in order to lessen air pollution.

In December 2017, steel production in the country's northern provinces was down 5.7% year to year to 19.9 million metric tons. Output in the eastern provinces was down 10.2% year to year to 21.8 million metric tons. Steel production in China in December 2017 was 67.05 million metric tons versus 66.15 million metric tons in November 2017 (a 30-day month).

For the six individual provinces in which steel production was reduced year to year, aggregated output of 30.6 million metric tons (45% of the country's total) was down 5.4 million metric tons — or 65 million metric tons annualized.

Steel production in China in 2017 was 831 million metric tons. In the first 10 days of January, annualized output was 818 million metric tons — a figure about 40 mmtpy higher than WSD was expecting a few months ago. The high prices have prevented a greater decline.

Looking ahead to May–June 2018, Chinese steel production will recover in the provinces that are down currently; and steelmakers in most, if not all, provinces will respond to high prices. WSD expects Chinese steel production to peak at about 930 million metric tons annualized. This surge in output, along with rising steel demand outside of China, is forecast to drive global steel production to a new annualized peak of about 1.8 billion metric tons.

This report includes forward-looking statements that are based on current expectations about future events and are subject to uncertainties and factors relating to operations and the business environment, all of which are difficult to predict. Although WSD believes that the expectations reflected in its forward-looking statements are reasonable, they can be affected by inaccurate assumptions made or by known or unknown risks and uncertainties, including, among other things, changes in prices, shifts in demand, variations in supply, movements in international currency, developments in technology, actions by governments and/or other factors. ♦

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