



CHINA STEEL INTELLIGENCE REPORT

China rebate
cuts stoke global
market rally

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China rebate cuts stoke global market rally

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CHINA REBATE CUTS STROKE GLOBAL MARKET RALLY

BY TOMAS GUTIERREZ

China has sent shockwave through global steel markets by making its long-rumoured abolition of export tax rebates official. The impact in the short term is to drive prices higher, but the deeper impact may only be felt once global steel markets cool down.

Kallanish meanwhile held its annual Asia Steel Markets conference last month, and in this issue we bring you some of the highlights.

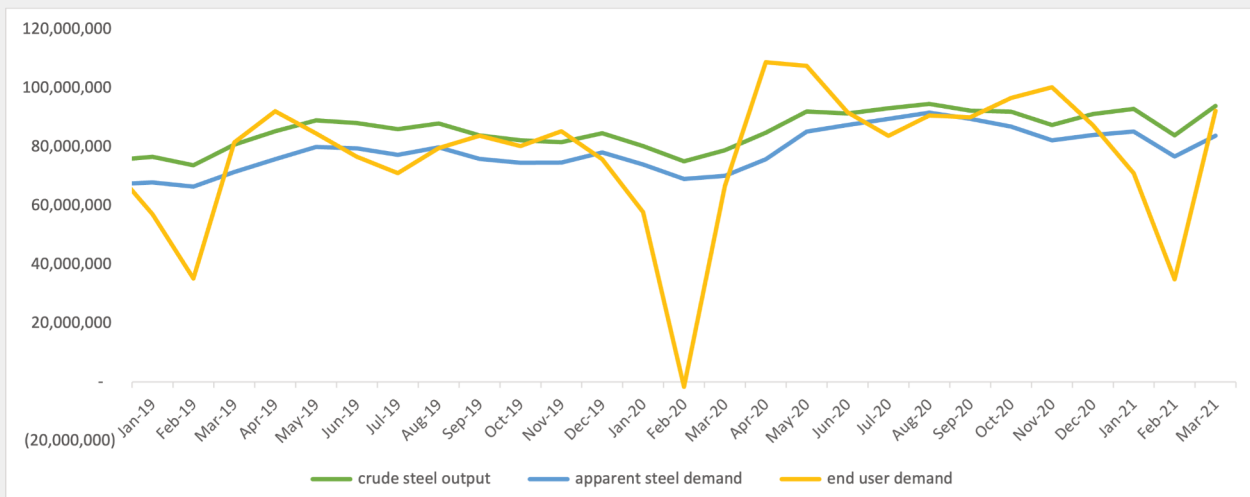
The announcement by the Ministry of Finance on 28 April that China would remove VAT rebates on almost all steel exports has sparked widespread market disruption despite being widely anticipated. The removal of rebates affects 146 HS codes which were previously mostly enjoying a refund of the full 13% VAT on export. These products mainly include carbon steel cold-rolled sheets, coated non-alloy steel sheets, non-alloy bars and wire rods, coated non-alloy wire rods, hot-rolled stainless steel coil, sheets and plates, cold-rolled stainless steel coil, sheets and plates, stainless steel bars and wire rods, alloy-added hot-rolled coil,

TABLE 1. SUPPLY AND DEMAND

	2019	2020	Y-o-y	Ytd 2021	Y-o-y	2021 Outlook	Y-o-y
Official Crude Steel Output	996	1,054	5.31%	271	15.60%	1080.0	2.60%
Apparent consumption	896	987	9.32%	246	15.20%	976	-0.90%
End user demand	897	981	8.50%	198	61.30%	978	-0.20%

Source: Kallanish. Million Tonnes

FIGURE 1. STEEL PRODUCTION AND DEMAND 2018-2021



Source: Kallanish. Million Tonnes



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