



© 2021

Report Title: The Chinese Steel Industry Annual Report 2021

Publisher: Metallurgical Industry Press (MIP)

Presents an overview of China's steel industry in 2020.

Offers a detailed analysis of the Chinese steel market, specifically in import and export of steel products, market's demand and supply, economic efficiency, and steel price trends, etc.

The Chinese Steel Industry Annual Report 2021

 Metallurgical Industry Press

US \$1,000.00

-
- » The most authentic and comprehensive report of the steel industry of China.
 - » The collective wisdom of more than 20 senior steel analysts.
 - » A great offer of World Metallurgical Knowledge Exchange and Service Center, MIP.
-

About this report

Introduction

In 2020, China made meticulous plans and strategies to deal with complex situation, which helped the steel industry to achieve steady growth. This report provides an insight into the development of China's steel industry in 2020, the changes of steel products price, trends and related influencing factors. Readers will gain a deepened understanding of the Chinese steel industry, the steel market, and the drivers behind the more-than-expected growth.



Table of contents

• Chapter 1	Overall Performance of the Chinese Steel Industry in 2020	/ Pages 1-10
• Chapter 2	Supply and Demand Situation of the Steel Market in China in 2020	/ Pages 11-54
• Chapter 3	World Steel Production and Market in 2020	/ Pages 55-64
• Chapter 4	Import and Export of Iron and Steel Products in 2020	/ Pages 65-77
• Chapter 5	Analysis of China's Steel Production and Consumption in 2020	/ Pages 78-100
• Chapter 6	Analysis of China's Iron Ore Imports in 2020	/ Pages 101-109
• Chapter 7	Mining, Steel Scrap, Coking Industry Performance in 2020	/ Pages 110-126
• Chapter 8	Economic Efficiency and Financial Status Analysis of CISA Member Enterprises in 2020	/ Pages 127-131
• Chapter 9	Analysis of Domestic and Foreign Price Trends in 2020	/ Pages 132-137
• Chapter 10	Analysis of Steel Products Circulation by CISA Member Enterprises in 2020	/ Pages 138-148
• Chapter 11	Analysis of Fixed Assets Investments of Iron and Steel Industry in 2020	/ Pages 149-162
• Chapter 12	Regional Distribution of China's Iron and Steel Industry in 2020	/ Pages 163-179
• Chapter 13	Analysis of China's Crude Steel Concentration Index in 2020	/ Pages 180-188
• Chapter 14	Technological Innovations of Iron and Steel Industry in 2020	/ Pages 189-194
• Chapter 15	Green Development of Iron and Steel Industry in 2020	/ Pages 195-199
• Chapter 16	Analysis of Human Resources of Iron and Steel Industry in 2019	/ Pages 200-210
• Chapter 17	Overview of the Development of Informatization and Intelligent Manufacturing of Iron and Steel Industry in 2020	/ Pages 211-220

Chapter 1

Overall Performance of the Chinese Steel Industry in 2020

In 2020, China made meticulous plans and strategies to deal with the severe and complex international situation and the arduous and onerous tasks of domestic reform, development and stability, and especially the serious impact of COVID-19 pandemic. With the concerted efforts of the whole country, the domestic economy continued to recover steadily, making China the only major economy in the world to achieve positive growth with the total economic aggregate reaching a record high of RMB 1 trillion, which provided a rare opportunity for the development of the steel industry. Driven by demand and with efforts from all sides, the steel companies overcame difficulties and made achievements in various fields. The whole industry operated steadily. Steel production and sales were in a boom and steel price and profits continued to rise, showing a relatively promising outlook. The quality of development further improved.

1.1 The Steel Industry Went All Out to Fight the Pandemic

Facing the COVID-19 pandemic, the steel industry acted swiftly and went all out, playing an important role in emergency supply assurance, medical assistance, resumption of work and production and stabilization of the industrial supply chain.

China Baowu Group, Ansteel Group, China Minmetals Corporation, Jianlong Group, Xinxing Cathay International Group, Rockcheck Group, Fangda Steel, Hebei Puyang Iron and Steel Group, Rizhao Steel, Liuzhou Steel, Jingye Steel, Jinxi Steel, etc. donated large sums of money to Hubei immediately. Taiyuan Iron & Steel (Group) Co., Ltd., Ansteel Group, Baotou Steel, Benxi Steel, Jiuquan

Steel, Shandong Steel Group, HBIS Group, Anyang Steel, Shougang Group, Chongqing Steel, XinSteel, etc. dispatched medical personnel to support the forefront of the fight against the pandemic. Wuhan Iron & Steel Co., Echeng Steel and Daye Special Steel, which were in the “main battlefield” of the pandemic, did their best to guarantee production and to fight against the pandemic, shouldering their social responsibilities. They rushed to support the construction of Huoshenshan Hospital and Leishenshan Hospital, ensured the oxygen supply to the local hospitals and electricity supply to residents. According to incomplete statistics, the steel industry donated to Hubei more than RMB 1.63 billion, over 2.05 million masks, 220,000 pieces of protective clothing and 11,000 tons of steel and dispatched 7 medical teams with 111 medical staff.

When the pandemic spread around the world, Chinese steel companies were the first to support their overseas partners. HBIS assisted Serbia; Dexin Steel provided help to Indonesia; Eastern Steel Malaysia of Jianlong offered help to the local government; Jingye Group offered assistance to British Steel; Rockcheck Group provided assistance to Italy, Japan, etc. Nanjing Iron & Steel United Co. offered help to South Korea, Spain and other partners; Maanshan Steel provided assistance to SAS VALDUNES in France. Jianbang Group offered assistance to Danieli Group and the Eleventh Metallurgical Construction Group brought its experience in fighting the epidemic to Pakistan. China's steel companies had gone through thick and thin together with their counterparts in the world, carrying out international cooperation against the pandemic with selfless sacrifice and great love.

1.2 The Economic Aggregate Exceeded RMB 1 Trillion and Demand in Steel Reached a Record High

In 2020, faced with the complex situation, China coordinated the epidemic prevention and control and economic and social development, the national economy continued to recover steadily. Though the GDP in the first quarter fell by 6.8% year-on-year, that in the second, third and fourth quarters increased by 3.2%, 4.9%, 6.5% respectively, coming in at RMB 101.6 trillion for the whole year, surpassing the RMB 100 trillion threshold, which was an increase of 2.3% over the previous year. In the meantime, the economic structure underwent great changes and the economic indicators closely related to steel consumption tended to rise, boosting the growth in steel consumption.

The industrial growth rate picked up quarter by quarter. In December 2020, the added value of large industrial enterprises (annual revenue of more than RMB 20 million), increased by 7.3% year-on-year, and the growth rate was 0.3 percentage points higher than November and 0.4 percentage points higher than the same period of the previous year. The added value of large industrial enterprises in 2020 went up by 2.8% over the previous year, down 2.9 percentage points from the same period of the previous year.

By quarter, though the growth rate in the first quarter fell by 8.4%, that in the second, third and fourth quarter went up by 4.4%, 5.8%, and 7.1% respectively, showing a steady recovery quarter by quarter. By industry, the added value of the mining, the manufacturing, and the electricity, heating, gas and water production & supply increased by 0.5%, 3.4%, 2.0% respectively over the previous year. The three major industries all gained growth throughout the year. Among them, the added value of companies in equipment manufacturing expanded by 6.6% over the previous year, with the growth rate basically the same as in 2019, which was 3.8 percentage points higher than the average level of all industries, contributing 70.6% to the overall growth. In terms of production capacity release, the national industrial capacity utilization rate was 74.5%, with the fourth quarter achieving 78.0%, the highest since 2013.

Fixed asset investment was on the rise steadily. In 2020, the national fixed asset investment increased by 2.9% over the previous year. By stage, investment fell by 24.5% from January to February, but with its gradual rise since March, the growth rate changed from negative to positive for the first three quarters and continued to rise in the fourth quarter. Viewed from the three major investment areas, investment in infrastructure grew by 0.9%, that in manufacturing fell by 2.2% and that in real estate development grew by 7.0% over the previous year.

The accumulative amount of investment in real estate development in 2020 was RMB 14,144.295 billion, an increase of 7.00% year-on-year, but down by 2.90% over the same period of the previous year, which accounted for 27.26% of the completed fixed asset investment, 3.29% higher than the same period of the previous year. The accumulated actual investment in real estate development totaled RMB 9,699.107 billion, up 7.15% year-on-year, while the growth rate dropped by 0.77% over the same period of the previous year. The accumulated year-on-year growth rate of nominal investment in real estate development accelerated.

Steel consumption hit a new high. Economic growth, especially the rapid recovery of key steel-consuming industries, promoted the rise of steel demand. According to estimates, the real steel use of the main steel-consuming industries was 972 million tons in 2020, an increase of 7% over the previous year, with 10% in construction industry and 4% in manufacturing. National steel consumption was equivalent to 1,036 million tons of apparent crude steel consumption, an increase of 9.1% over the previous year.

Chapter 8

Economic Efficiency and Financial Status Analysis of CISA Member Enterprises in 2020

In 2020, despite the severe impact of the COVID-19 pandemic, the national economy continued to stabilize and recover thanks to the various prevention and control measures. Government support measures to ensure the “six priorities”, stability in six areas for steady economic momentum, proactive resumption of work and production, tax and fee reductions, provided a good external environment for the steel industry's development. Meanwhile the steel industry made great efforts to overcome the impact and challenges of the pandemic, the rising prices of iron ore, and increasing environmental pressures. This has led to stable and impressive performance in the industry with continuous improvement in its economic indicators.

8.1 Economic Performance and Financial Status Analysis

8.1.1 Year-on-year Growth of Key Performance Indicators

According to statistics provided by China Iron and Steel Association (CISA), CISA member enterprises achieved sales revenue of RMB 4,940.7 billion in 2020, up 11.40% year-on-year. The cost of sales was RMB 4,448.7 billion, up 12.16% year-on-year. The cost growth was 0.76% higher than the revenue growth. Profit and taxes reached RMB 321.9 billion, increasing by 6.64% over the previous year. Total profit was RMB 216.4 billion, up 6.26% year-on-year. CISA member enterprises' sales profit rate was 4.38% for the whole year, down by 0.21% compared with the previous year. At the end of December 2020, CISA member enterprises' debt-to-asset ratio was 62.35%, down 0.13% year-on-year.

The main economic indicators are as follows in Table 8-1.

8.1.2 Overall Profit to Sales Ratio was Lower than in the Previous Year

In 2020, the profit to sales ratio of CISA member enterprises was 4.38%, down by 0.21% year-on-year. Looking at the trends in the monthly sales profit ratio for 2019 and 2020, it can be seen that the monthly ratio in 2019 was maintained at 3% or above, with the highest reaching 6.75% in May. For the period from February to April 2020, which was impacted by the pandemic, the monthly profit ratio on average was less than 3%. Beginning in May, the monthly profit ratio gradually recovered. In the second half of the year, it fluctuated at a relatively high level. The highest was in June, at about 5.79%.

Table 8-1 Main economic indicators for CISA member enterprises in 2020

RMB 100 million

Indicator	2020	2019	Growth	Growth rate, %
Sales revenue	49,407	44,351	5,055	11.40
Sales cost	44,487	39,664	4,823	12.16
Period expense	3,122	3,030	93	3.06
Profit and tax achieved	3,219	3,019	200	6.64
Total profit	2,164	2,037	128	6.26
Sales profit ratio, %	4.38	4.59	Down 0.21%	
Debt to asset ratio, %	62.35	62.48	Down 0.13%	

8.1.3 The Debt to Asset Ratio Went Down Year-on-year

The steel mills considered debt optimization, enhancement of capital turnover, and improvement of capital utilization efficiency in 2020 significant. As a result, total liability growth was less than asset growth. Meanwhile, they also put emphasis on improving their loan structures by increasing long term loan ratios, with large increases in long term borrowing and reductions in short term borrowing year-on-year.

In 2020, the CISA member enterprises' debt to asset ratio was 62.35%, down 0.13% year-on-year. Their liquidity ratio was 96.81%, up 7.39% compared to the previous year. Their quick ratio was 70.34%, up 5.06% year-on-year. The debt to asset ratio was further reduced while the liquidity ratio and quick ratio were improved.

The details are shown in Table 8-2.

Table 8-2 Changes in steel mill member ratios

%

Item	Dec 31, 2020	Dec 31, 2019	Growth rate
Debt to asset ratio	62.35	62.48	-0.13
Liquidity ratio	96.81	89.42	7.39
Quick ratio	70.34	65.28	5.06

About the publisher

Metallurgical Industry Press (MIP), founded in 1953, is one of the most renowned professional science and technology publishing firms in China. MIP produces about 700 books and 500 technical standards every year mainly serving the steel, the nonferrous metals and the advanced materials industries.

