

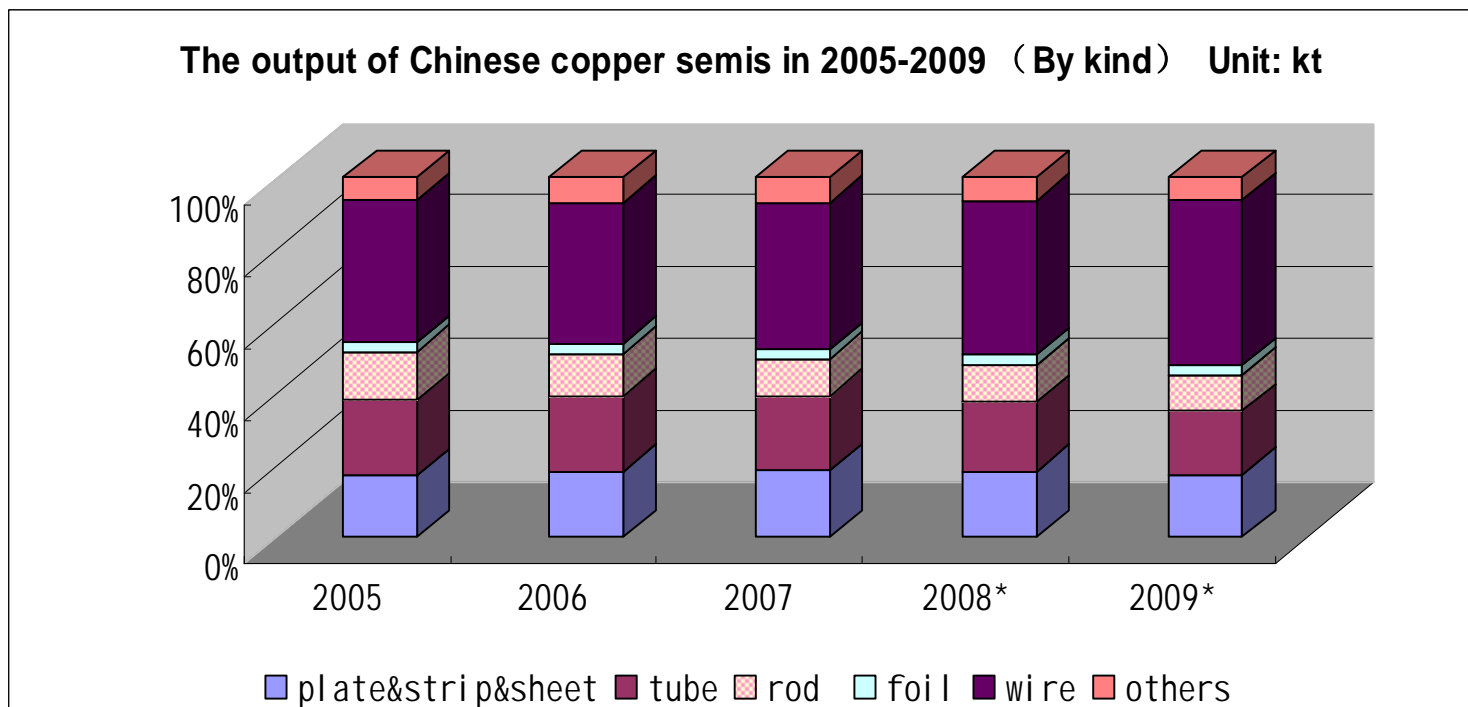
# Current status and outlook of Chinese copper semi s i ndustry

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# Hot topics-five one?

- 1 How much is the market consumption ?
- 2 Which factors are included when expanding capacity?
- 3 Where will the industry structure transform to ?
- 4 Are the contradictions highlighted ?
- 5 How about the development future?

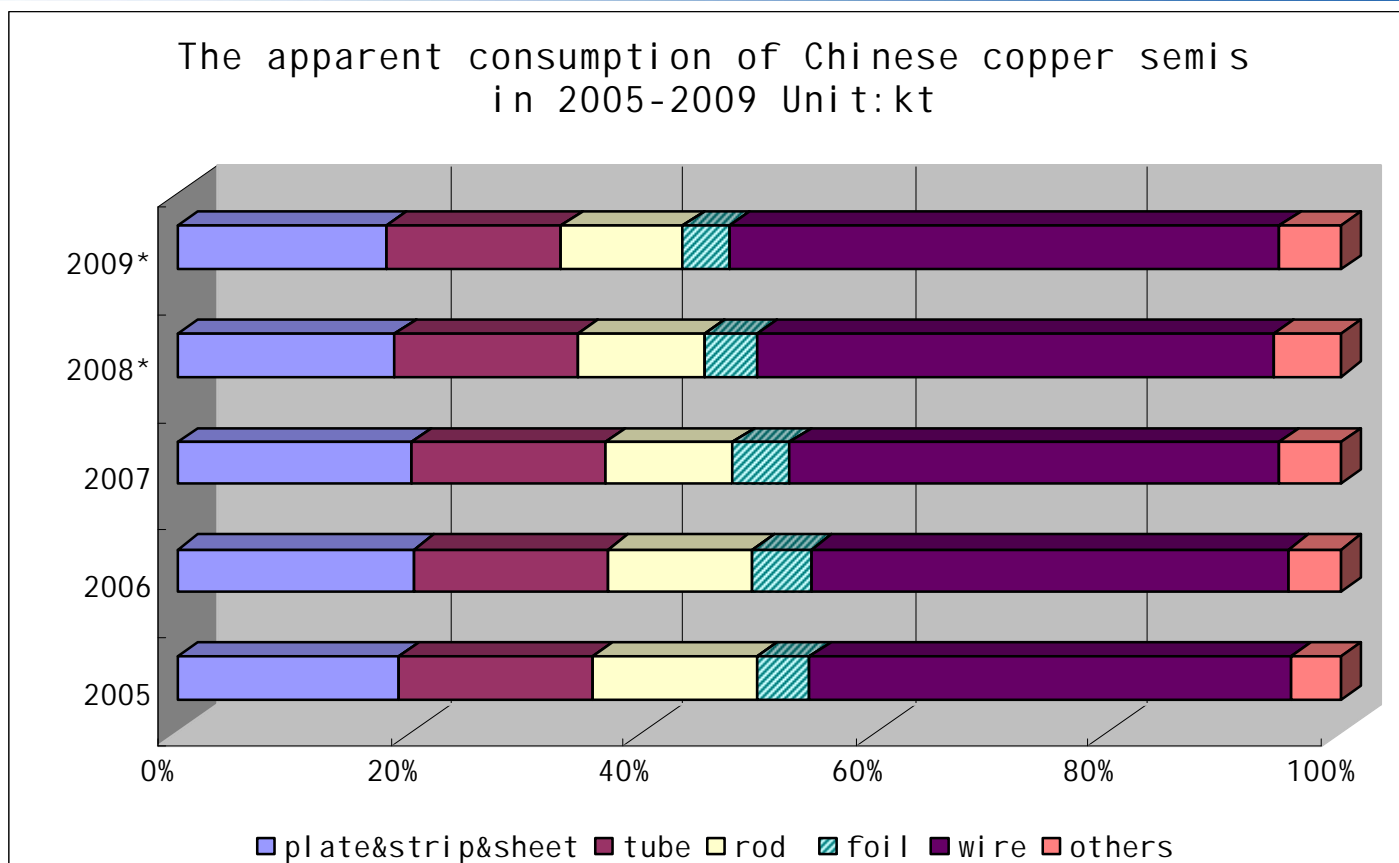
# How much is the market consumption -- “China”



Source: CNIA, Antaiko; signified by \* indicates it is the assumption of Antaiko

The simple but visual statistics of physical weight: from 2001 to 2009, the output of Chinese copper semis grew by the average rate of 20.3% each year.

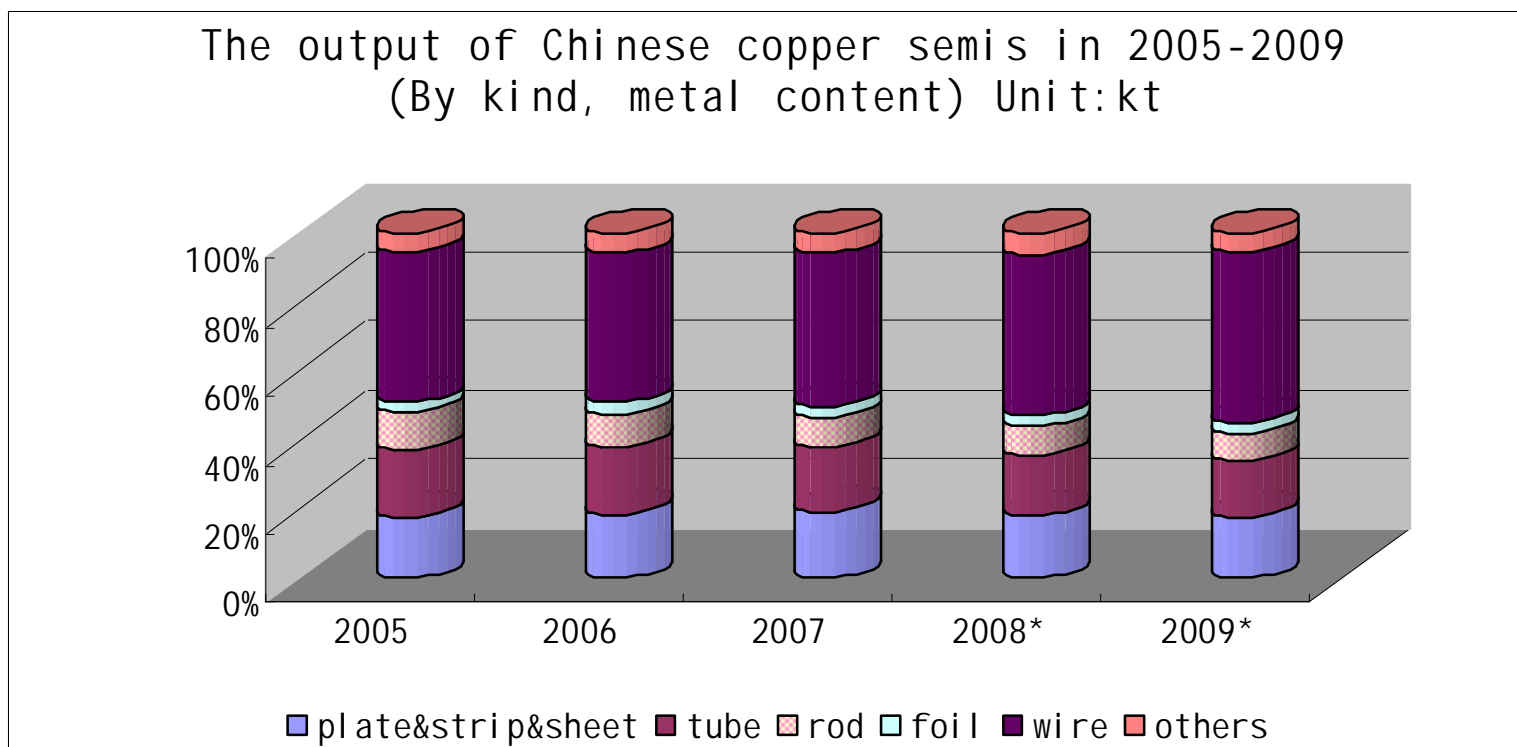
# How much is the market consumption -- “China”



Source: CNIA, Antaiko; signified by \* indicates it is the assumption of Antaiko

The simple but visual statistics of physical weight : from 2001 to 2009, The apparent consumption of Chinese copper semi s averagely increased by 16.7% year-on-year.

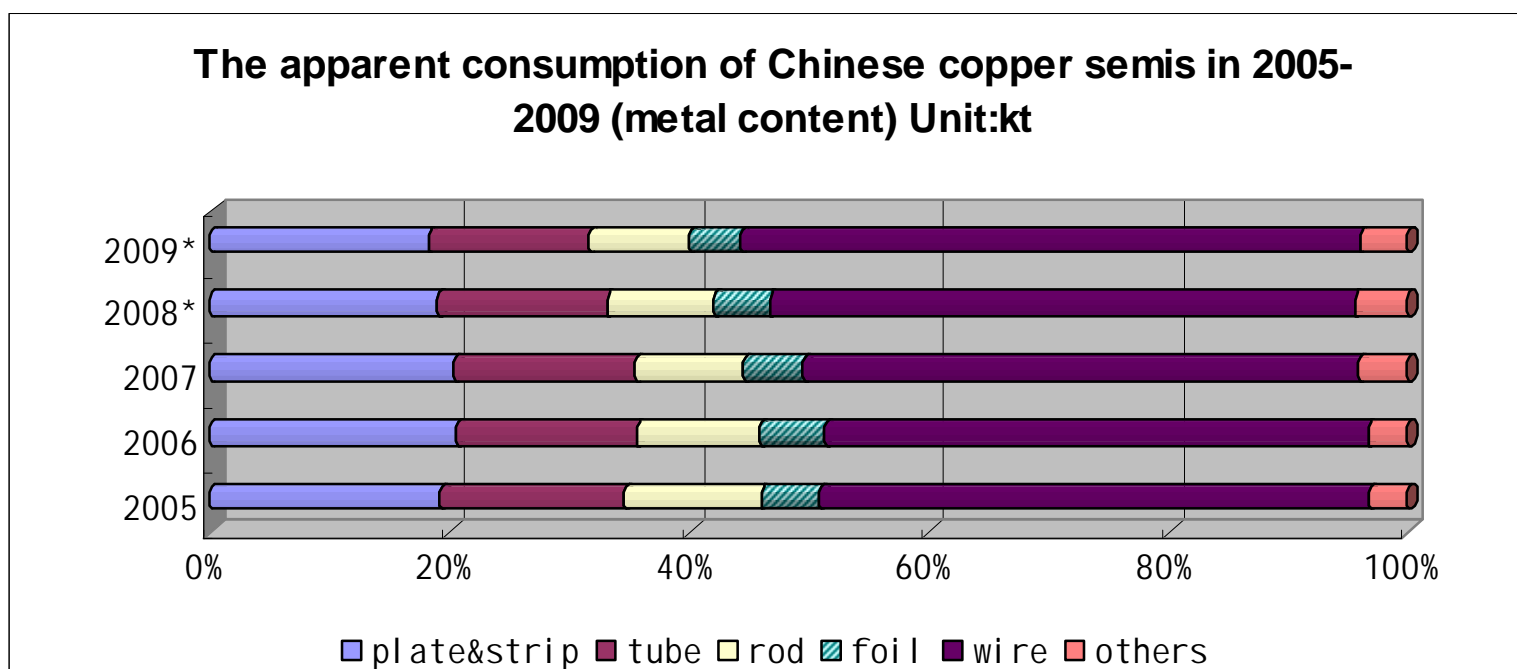
# How much is the market consumption -- “Goldbach Conjecture”



Source: CNIA, Antaiko; signified by \* indicates it is the assumption of Antaiko

Copper metal content account: from 2001 to 2009, the output of Chinese copper semis increased by 20.9% year-on-year.

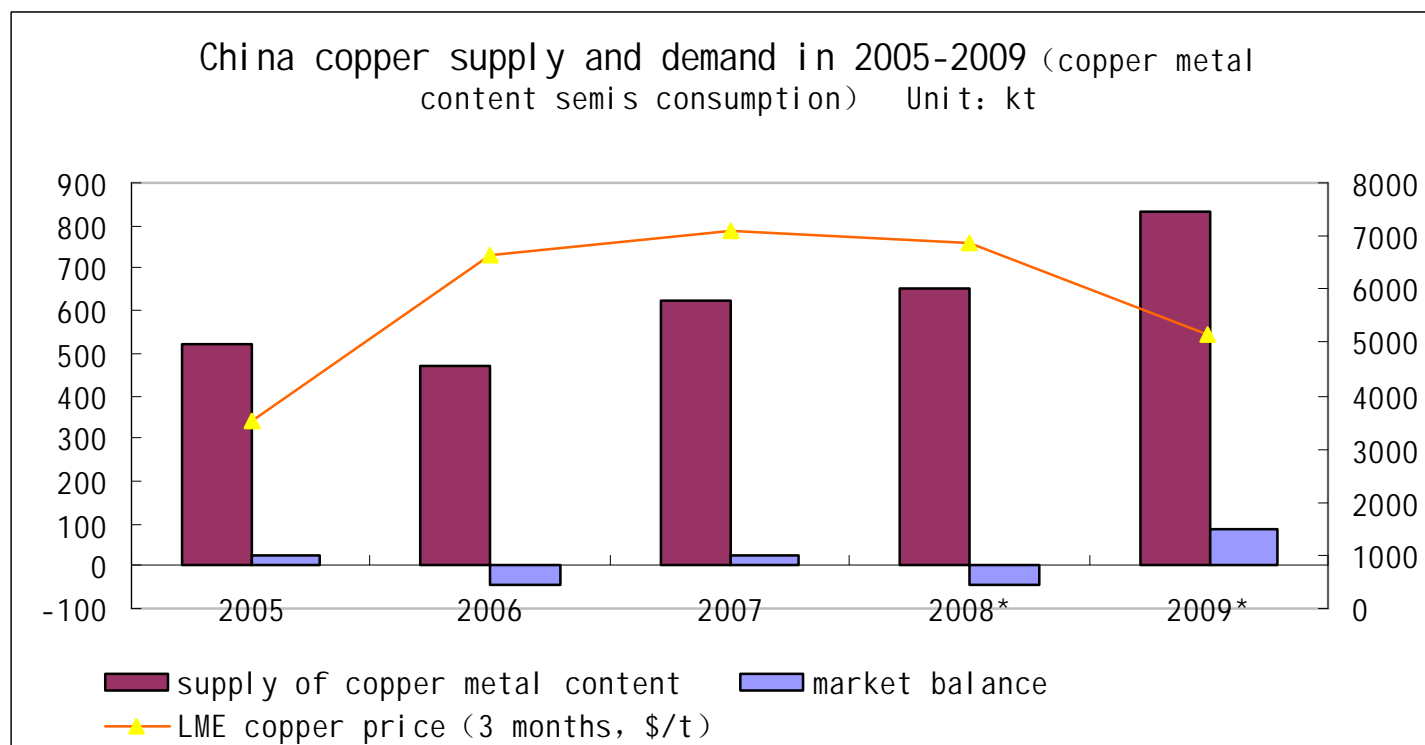
# How much is the market consumption -- “Goldbach Conjecture”



**Source: CNIA, Antaiko; signified by \* indicates it is the assumption of Antaiko**

Copper metal content analysis: in 2001-2009, the apparent consumption of Chinese copper semis grew by 17.4% year-on-year.

# How much is the market consumption -- “supply and demand”



Source: Antaiko

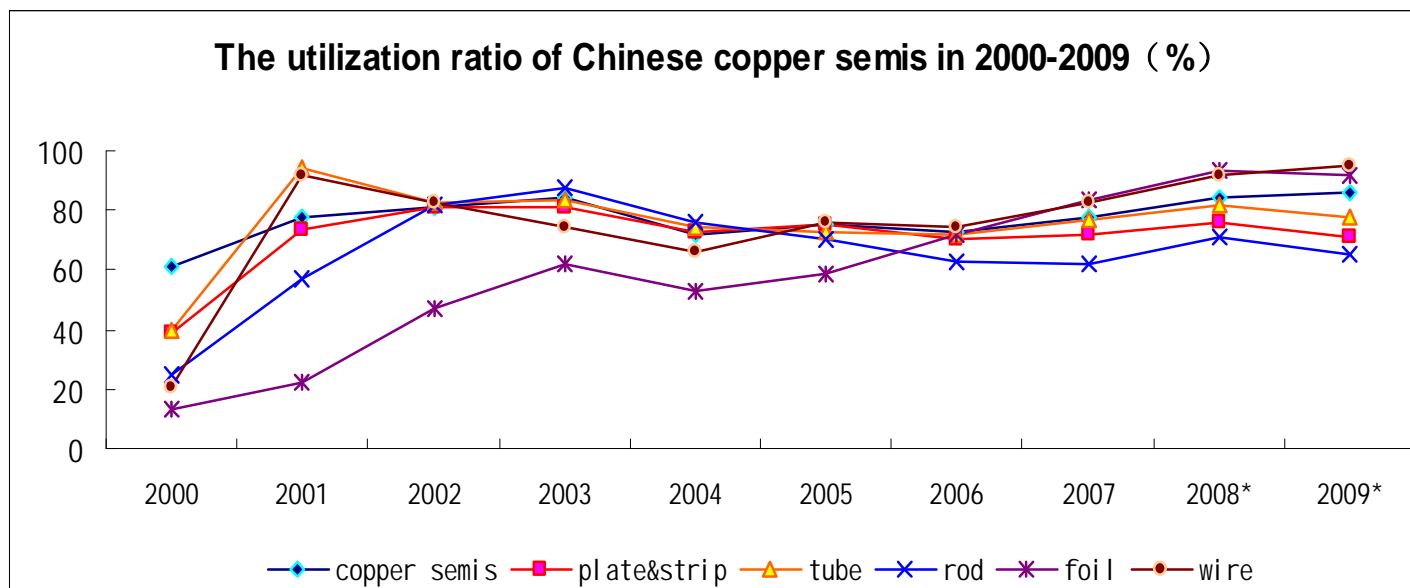
The Chinese oversupply of copper metal in 2009 will exceed 850kt-Could china be taken as the demand factor of interested

## Which factors are included when expanding capacity -- “base construction”

- ✓ Guided by the idea of promoting “regional economy, the measure of developing copper and copper processing industry further enhance the “demand prediction” of “Chinese situation
- ✓ 《The stimulus packages of Anhui Province’s nonferrous metal industry, Tongling will be constructed into one of the largest copper smelting, dismantling and deep-processing bases and copper products transaction center and important gold industry base in China. Up to 2011, the output of refined copper and copper semis will be strived for reaching 900kt and 950kt respectively.
- ✓ “world’s copper city” -Yingtian City, Jiangxi Province, will endeavor to realize the goal by building three bases and one center. “Chinese renewable resources utilization base”, “Chinese copper industry base”. Primarily designed, the copper smelting capacity will reach 1,400ktpy and the copper processing capacity will be 2,200ktpy in 2010.
- ✓ Other regions: plans including : “10billion yuan plan” , “100billion yuan plan” for copper industry.



# Which factors are included when expanding capacity—“focus products”



Source: CNIA, Antaiko; signified by \* indicates it is the assumption of Antaiko

Preliminarily estimated, China domestic capacity of copper wire rods will exceed 3,300ktpy in 2009, and will be close to 4,000kt in 2010. while the copper plate and strip's capacity in 2009 will be more than 1,800kt and close to 2,000kt in 2010.

# Where will the industry structure transform to --“Regional economy”

## The top five regions of copper semis output in China 2004-2008

Unit: kt

2004		2005		2006		2007		2008	
Total	4,716	Total	5,025	Total	5324	Total	6,302	Total	7,486
<b>Zhejiang</b>	1,283	<b>Zhejiang</b>	1,359	<b>Zhejiang</b>	1,365	<b>Zhejiang</b>	1,427	<b>Zhejiang</b>	1,512
<b>Jiangsu</b>	1,131	<b>Jiangsu</b>	1,224	<b>Jiangsu</b>	1,266	<b>Jiangsu</b>	1,412	<b>Jiangsu</b>	1,392
<b>Guangdong</b>	634	<b>Guangdong</b>	730	<b>Guangdong</b>	790	<b>Guangdong</b>	869	<b>Guangdong</b>	1,133
<b>Henan</b>	278	<b>Anhui</b>	315	<b>Henan</b>	431	<b>Jiangxi</b>	580	<b>Jiangxi</b>	1,087
<b>Anhui</b>	255	<b>Henan</b>	314	<b>Anhui</b>	380	<b>Henan</b>	509	<b>Anhui</b>	568

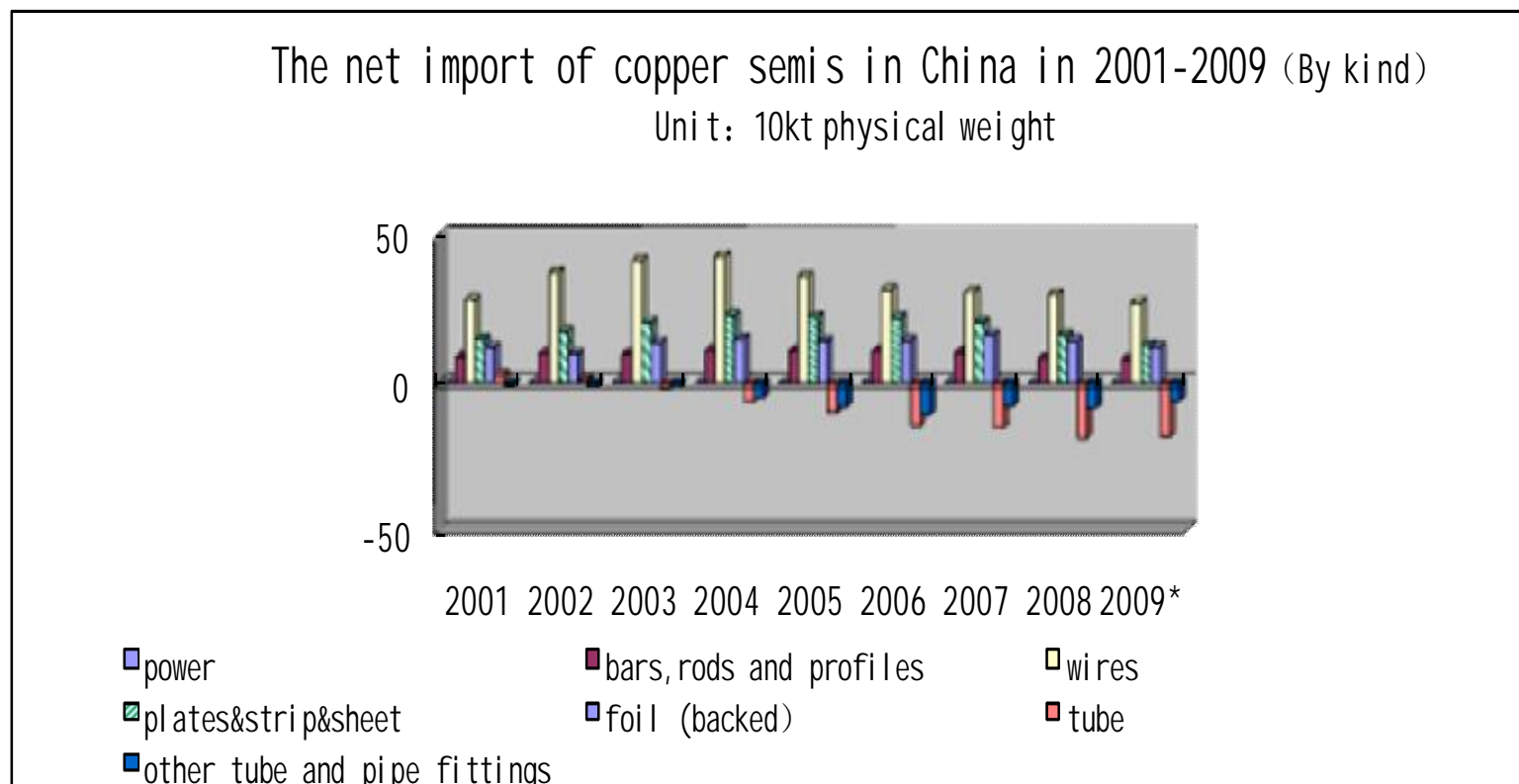
Source: CNIA, Antaiko

The five top provinces' output always account for more than 75% of Chinese total volume; Jiangxi and Anhui Provinces develop quickly.

Where will the industry structure transform to -- "the proportion of state owned shares increased again"

- ✓ In accordance with the plan of SASAC, the state-owned enterprises will be reduced to 80-100 in 2010, and 30-50 ones out of them will become the competitive large groups. When the SASAC was founded in 2003, there are 196 ones of the state-owned enterprises. At present, the enterprises held by SASAC are 132 ones.
- ✓ 《The stimulus package for nonferrous metals industry》 (2009-2011) In the target, enterprises regroup got improvement: 3-5 integrated enterprise group owning competition were formed. Up to 2011, the top ten enterprises in each metal industry such as copper, aluminum, lead and zinc produce most products among all the enterprises, whose output respectively accounts for
- ✓ In the nonferrous metals industry, especially in the field of copper smelting and processing, large size state owned enterprises are gradually being involved as they owned abundant capital.

# Are the contradictions highlighted -- “Trade protection



Source: CNIA, Antaiko; signified by \* indicates it is the assumption of Antaiko

The trade of Chinese copper semi always sees net import. It is predicted that the net import will exceed 350kt in 2009.

# Are the contradictions highlighted -- “Trade protection”

## ✓ America carried out survey Chinese copper tube-has other intentions

Chinese copper tube export in 2009 (By kind) Unit: kt physical weight

Name	2009				
	Q1	Q2	Q3	Jan.-Sept.	Y-o-Y%
Copper tubes and pipes with inner thread, diameter<=25mm Other copper tube and pipe, diameter<=25mm	15	16	13	44	-22.1
Copper tubes and pipes with inner thread, diameter<=25mm Other copper tube and pipe, diameter<=25mm	18	21	16	55	-19.6
Copper tubes and pipes, diameter> 70mm	0	0	0	1	-61.5
Other copper tube and pipe 25mm -70mm	3	2	3	8	-31.9
Copper-zinc alloys tube and pipe, in coils Other copper-zinc alloys tube and pipe	0	0	0	0	-51.3
Copper-zinc alloys tube and pipe, in coils Other copper-zinc alloys tube and pipe	7	8	9	24	-25.5
Copper-Nickel alloys Cu-Ni-Zn alloys tube and pipe Other copper alloys tube and pipe	2	2	1	5	45.8
Copper-Nickel alloys Cu-Ni-Zn alloys tube and pipe Other copper alloys tube and pipe	1	1	1	3	-0.6
Total	46	50	43	139	-21.2

Source: China Custom, Antaiko

# How about the development future— “expand domestic demand”

- “trade protection”、shortage of the demand from overseas, the copper semi s consumption markt in China will mainly be supported by domestic demand in the coming three years

The sales statistics of Chinese Household Appliances go to countries in Sept. 2009 Unit: 10 thousand sets, 0.1 billion yuan

No.	Products	Jan. -Jun.		Jul .		Aug.		Sept.	
		sales volume	Sales value	sales volume	Sales value	Sales volume	Sales value	sales volume	Sales value
1	Frig	542.18	111.17	225.69	47.36	176.62	36.97	120.96	25.27
2	Color TV	184.97	22.26	48.76	7.19	62.46	10.32	70.73	12.84
3	Mobiles	42.55	2.28	12.04	0.68	12.06	0.74	11.54	0.76
4	Wahsers	152.87	16.43	29.81	3.31	39.90	4.39	43.99	4.88
5	Computers	11.02	3.67	13.86	4.63	16.49	5.53	16.49	5.52
6	Air-conditioners	24.31	6.18	92.78	24.36	60.41	16.08	34.80	9.41
7	DSC-H	3.13	0.31	4.12	0.63	9.40	1.87	14.28	2.97
8	Microwave oven	0.00	0.00	0.06	0.00	0.34	0.02	1.18	0.07
9	Stockpot	0.00	0.00	0.19	0.01	1.09	0.04	2.02	0.08
<b>Total</b>		961.02	162.29	427.31	88.17	378.78	75.96	315.99	61.78

Source: Chinese household appliances online

## How about the development future—“expand domestic demand”

- ✓ In Jan. -Jun. 2009, the sales volume of household appliances climbed up month by month, and the sales value was 16.23billion yuan in the first six months and 5.48billion yuan in Jun. .
- ✓ In Sept. 2009, the most popular products in those household appliances going to countries is refrigerator, accounting for 38.28% among the whole sales volume.
- ✓ Up to H2, 2009, the domestic air-conditioners market will own 11million sets' scale, including 1.36million sets convertible frequency air-conditioners and 9.64million sets of fix speed air-conditioners.
- ✓ The yearly growth rate for light industry in the future three years will be around 10%.

# Current status and outlook of Chinese copper semis industry

✓ *Thank you!*

✓ 《Copper Semis Market Study 》

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