



Development status and trend of China's Nonferrous
Metals Industry

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Development status and trend of China's Nonferrous Metals Industry

- 一. Government adopts multiple measures to support nonferrous metals industry to cope with financial crisis
- 二. Nonferrous metals industry has stabilized and picked up
- 三. Outlook for development trend of nonferrous metals industry

— Government adopts multiple measures to support nonferrous metals industry to cope with financial crisis

(一) Financial crisis has shocked nonferrous metals industry

- Products price declined sharply ----- copper and aluminum price dropped by 49% and 32% respectively in domestic market. International copper and aluminum price declined by 48% and 37% respectively. Domestic lead, zinc and nickel price fell by 42%, 47% and 54% in the same period.
- Enterprises' profit fell down dramatically, primary aluminum industry and zinc smelting industry has been in fully loss. Major enterprises such as Chalco, Jinchuan Group, etc has been in the red.

一. Government adopts multiple measures to support nonferrous metals industry to cope with financial crisis

- Market demand is poor, some enterprises reduce or cut down production**

Up to the end of October, primary aluminum production has been cut 2.3mlnt, alumina production has been cut 8mlnt. Lead and zinc enterprises reduce or cut production in various degree. Operating rate of copper and aluminum fabricating enterprises is around 60%.

一. Government adopts multiple measures to support nonferrous metals industry to cope with financial crisis

(二) Government adopts multiple measures to support nonferrous metals industry to cope with financial crisis.

Measures are as follows:

- ‡ Launching stockpile to support enterprises to recover production**
- ‡ Lifting export drawback and reduce export tax on partial products, supporting export of nonferrous metals products**
- ‡ Recovering processing trade on partial products**
- ‡ Promoting power direct-purchase pilot project**
- ‡ Establishing and implementing Adjustment and Revitalization Plan for Nonferrous Metals Industry**

一. Government adopts multiple measures to support nonferrous metals industry to cope with financial crisis

(三) Guidelines and Objects of Adjustment and Revitalization Plan for Nonferrous Metals Industry

Guidelines mean:

- ; Adopting comprehensive measures to stabilize and expand domestic market.
- ; Promoting industrial structure adjustment and upgrading.
- ; Enhancing resources guarantee ability and promoting sustainable development in nonferrous metals industry.

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Objects:

- Production recovers to normal level. Operating condition improves, main financial index improves obviously.
- Eliminating backward capacity on time. Of which, copper—300kt, lead—600kt, zinc—400kt, small-sized pre-baked primary aluminum—80kt.
- Energy saving and emission reduction wins remarkable success.

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- ⌚ Enterprises' regroup makes headway.
Up to 2011, output proportion of Chinese top 10 enterprises increase to 90%, 70%, 60% and 60% in China.
- ⌚ Innovation ability strengthens obviously.
By adopting advanced oxygen bottom blowing tech etc, lead smelting capacity will reach 70%. Fabrication products of high quality satisfy domestic demand basically.
- ⌚ Resources guarantee ability further enhances. Self-sufficient rate of raw materials for copper, aluminum and nickel rise to 40%, 56% and 38%. Output proportions of secondary copper and secondary aluminum increased to 35% and 25% respectively.

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(四) Policies have been put into effect:

1. Stabilizing and revitalizing current production:

23 items for lifting export rebate rate

Ministry of Finance adjusted export rebate rate on Oct.2008, Nov.2008, Mar.2009 and Jun.2009. Of which, export rebate rate of aluminum profile was lifted from 0% to 13%. copper clad laminated backed plate used in printed circuit ($\leq 0.15\text{mm}$) was lifted from 5% to 17%. Other copper and aluminum semis increased to 11% and 13% respectively.

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9 items for reducing or canceling export tax

Customs tariff Commission of the State Council has adjusted export tariff for 3 times since Nov.2008. Export tariff on aluminum alloy bar has been reduced from 20% to 15%.

Provisional export tariff on sulphuric acid has been canceled since July 1 of 2009.

Provisional export tariff on partial products including tungsten, molybdenum, indium, etc has been reduced since July 1 of 2009.

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i Recovering partial processing trade

According to No.121 bulletin in 2008 issued by Ministry of Finance People's Republic of China and General Administration of Customs of the People's Republic of China, government adjusted Prohibited Commodities Catalogue for Processing Trade. Of which, certain enterprises are allowed to carry out processing trade on copper concentrate and nickel concentrate. Processing trades for aluminum bar and aluminum profile, etc are decontrolled.

— **Government adopts multiple measures to support nonferrous metals industry to cope with financial crisis**

! **Launching stockpile of nonferrous metals**

The State Reserve Bureau has purchased 235kt of copper, 590kt of aluminum, 159kt of zinc, 300kt of indium and 5,000t of titanium.

! **15 primary aluminum enterprises carry out power direct purchase pilot project.**

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2. Long-term measures

! Strengthening technical innovation:

According to related policies issued by National Development and Reform Commission and Ministry of Industry and Information Technology of the People's Republic of China, technical innovation projects, which are in accordance with requirements, will be obtained financial support from government.

一、Government adopts multiple measures to support nonferrous metals industry to cope with financial crisis

； In terms of supporting enterprises “Going out”

Ministry of Commerce of China has issued “The Administration of The Foreign Exchange Involved in Investment Abroad” (2009 No.5)

； In terms of strengthening standard system construction and promoting product quality level

Standardization Administration of China, National and Reform Commission and Ministry of Industry and Information Technology of China jointly issued “Revitalization Plan for Nonferrous Metals Industry & Opinion for Standardize Work”

一、 Government adopts multiple measures to support nonferrous metals industry to cope with financial crisis

- Other on-going main measures and policies are as follows:
 - Quicken the guiding opinion about annexation and reorganization of enterprises;
 - The management method about taking over listed company;
 - Relative management method about eliminating backward production facilities;
 - Industrial Structure Adjustment Guiding Content(2009);
 - Notice about adjusting processing trade content;
 - Certification of mineral resources cooperated enterprises overseas

二、 Nonferrous metals industry has stabilized and picked up

i The growth of products output

During January to August, the output of ten nonferrous metals was 16.1301mlnt, down by 3.86% y-o-y, the declining rate was 1.81% points lower over that during January to July. Especially since July, the monthly output began to increase y-o-y. The output of ten nonferrous metals was 2215.9kt in July, up by 0.11% y-o-y. The forecast was that the output in 2009 would reach the same level or show an improvement of 2008. During January to August, the output of refined copper was 2629.6kt, up by 3.95% y-o-y; the output of copper semis was 5531.8kt, up by 14.45% y-o-y; the output of copper concentrate was 585.1kt, down by 0.72% y-o-y. The forecast was that the output of refined copper and copper semis in 2009 would reach 3950-4000kt and 8400kt respectively.

二、 Nonferrous Metals Industry increased steadily

i The key enterprises turn from deficits to profit

70 key CNIA's contact enterprises realized 6.599bln yuan during January to August 2009, down by 81.46%, the declining rate was 3% points lower over that during January to July 2009. The profits was 2.283bln yuan in August 2009, a growth of 1.21bln yuan over July 2009. The forecast was that the efficiency of industry in 2009 would be less than that in 2008. During January to August, 20 key copper and nickel enterprises realized 4.878bln yuan of net profits, down by 66.09% y-o-y.

二、 Nonferrous metals industry has stabilized and picked up

- The total sum of import and export decreased y-o-y, but it increased m-o-m. According to Custom statistics, Chinese nonferrous metals import and export total trade was US\$41.225bln, down by 30.56% y-o-y. But it changed from US\$3.55bln in January to US\$8.422bln in July. It was hard to reverse the descending trend of import and export sum in 2009. Affected by storage measure, the import of refined copper increased dramatically. According to statistics during January to August 2009, the import of refined copper was 23258kt, up by 158.65% y-o-y. But the import of refined copper decreased by 24.27% m-o-m. The import of copper concentrate physical weight was 4125.7kt, up by 119.5% y-o-y; the import of copper semis was 505.1kt, down by 24.24% y-o-y; the import of copper waste and scrap physical weight was 2578.5kt, down by 3428%.

三、 Outlook for development trend of nonferrous metals industry

- ⌚ To enhance national mineral resources integration, to increase mineral products output; the mineral exploration overseas will make obvious achievement.
- ⌚ Eliminating backward production facilities will make remarkable improvement. But the time will be late, some facilities will realize displacement through technology reconstruction

三、 Outlook for development trend of nonferrous metals industry

- ； Copper smelting technology level will increase steadily. The traditional copper smelting enterprises try to transform copper billet smelting system through advanced technology e.g. Daye nonferrous metals Co., Ltd and Bayin Nonferrous Metals Co., Ltd etc. And bottom oxygen blowing copper smelting technology is widely spread in this industry and some backward copper billet smelting production technology will be eliminated.

三、 Outlook for development trend of nonferrous metals industry

- Secondary metals industry plays an important role. “Revitalization Plan for Nonferrous Metals Industry” pay more attention to secondary metals industry, and the content of secondary metals industry is existed in guide thought, basic principle, planning target and main task. So we must pay close attention to develop secondary metals industry and it is significant for raw material channel and energy saving & emission.

三、 Outlook for development trend of nonferrous metals industry

- i The speed of enterprises reorganization is based on the guidance of government. In view of the development condition and important status of key nonferrous metals enterprises, it is difficult for enterprises to finish industry reorganization that it only depends on market operation. So it also needs government to expand guidance strength.**

三、 Outlook for development trend of nonferrous metals industry

- Enterprises pay more attention to energy saving and emission reduction and environmental protection.

When confronted with more and more serious environmental problem and the requirement about energy saving & emission reduction target of “Eleventh Five-Year Plan”, the relevant departments will take powerful measures to strengthen enterprises’ energy saving and emission reduction, including intensify environment protection enforcement and regulate strict emission standard.

Thanks!