Qinghai Provincial People’s Government Notice on Issuing *Opinions for the Implementation of the Iron and Steel Industry Adjustment and Revitalization*

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People’s government of Xining City and Various Autonomous Prefectures, Haidong Administrative Office, and Various Committees, Offices, Departments and Bureaus of the Provincial Government:

*Opinions for the Implementation of the Iron and Steel Industry Adjustment and Revitalization* is hereby issued to you; please earnestly carry out the *Opinions*.

Qinghai Provincial People’s Government
June 25, 2009

*Opinions for the Implementation of the Iron and Steel Industry Adjustment and Revitalization*

These implementation opinions are hereby formulated in order to intensively carry out the national adjustment and revitalization plan for the iron and steel industry, take advantage of the current technical upgrading and structural adjustment of the iron and steel industry; fully utilize its inherent advantages; accelerate the development of the iron and steel industry to an appropriate size, rational structure and distinct features; and promote the sustainable healthy development of the iron alloy industry. The implementation period of the Opinions is 2009 to 2011.

I. Development Objectives and Requirements

By 2011, the iron and steel industry is basically to form a development pattern with duly expanded scale, basically rational layout, outstanding product features, and clearly improved competitiveness and enterprise risk resistance. Promote technical progress and innovation; increase the output of high-purity iron alloy products and composite iron alloys in order to meet the needs of industries such as iron and steel, non-ferrous metals, chemicals and electronics.

Based on the current resource conditions and industrial foundation, optimize the varieties and mixture of products, improve the quality of products, strengthen the capacity for innovation, optimize industrial layout, and realize industrial transformation and upgrades. Develop and specialize in specialty steel products, duly develop ordinary steel and actively develop reduced-iron and stainless steel products; rationally control the total quantity of iron alloys, eliminate backward production capacity, and strive to
promote integrated and intensive development, recycling and reuse of iron and steel resources, and iron alloy industry.

II. Major Tasks

Duly expand the industrial scale of iron and steel; specialize in and develop a fine specialty steel industry; increase iron alloy industrial concentration, and vigorously improve comprehensive resource utilization, energy conservation and consumption reduction, based on the rich iron ore resources in the west of Qinghai and the existing iron, steel and iron alloy industrial foundation of the province according to the standards of modernized, intensive, and large-scale development.

(I) Strengthen mine construction and increase the output of refined iron powder. Primarily support 5-million ton iron ore mining and dressing projects at Kendekke of Ge’ermu, Yemaquan and Galinge, and those in north Qinghai etc.; support production of refined iron powder with non-ferrous tailings and comprehensive sulfuric acid utilization projects. Realize a production capacity of over 3 million tons of refined iron powder across the whole province in order to guarantee raw materials for the development of the province’s iron and steel industry.

(II) Develop a dedicated, premium and powerful specialty steel industry. Constantly strengthen input into technical upgrades based on the current 1 million ton specialty steel production capacity, improve the level of equipment and management, strengthen market investigations, speed up structural adjustment of products, and primarily develop and research specialty steel products with a high domestic demand and added value such as bearings, gears, industrial molds, and heat-resistant, cold-resistant and erosion-resistant products.

(III) Duly develop ordinary steel materials: process 1 million tons of reduced iron or 2 million tons of integrated iron and steel in Ge’ermu, mainly producing building steel materials that are in short supply in Qinghai and Tibet; develop cold-rolled plates, seamless pipes and cold-bent section steel, etc. at the appropriate time.

(IV) Speed up construction of stainless steel projects. Make full use of domestic and foreign nickel ore resources as well as those in the province, and use the hydroelectric advantages of the province to encourage qualified and powerful enterprises to construct nickel projects and million-ton stainless steel projects in phases; actively develop in-depth processing of stainless steel, cultivate and introduce enterprises of downstream products in order to promote the local processing and value appreciation of primary products.

(V) Promote the healthy and orderly development of the iron alloy industry. Strictly enforce entry conditions and relevant provincial industrial policies for the iron alloy industry, control the production scale of iron alloys, accelerate the elimination of backward production capacity such as submerged arc furnaces with capacity below 12,500 KVA, increase industrial concentration, actively popularize new iron alloy production techniques such as input of refined materials into furnaces, waste heat power generation, and comprehensive slag utilization.

III. Industrial Layout

Give full consideration to the supply capacities of various production elements such as water, electricity, gas and roads etc., and the bearing capacity of our environment and resources; concentrate industrial layout in Xining and Haixi. The other regions to duly develop ferrous metal mining and dressing industries based on their resource advantages.

IV. Major Measures

(I) Strengthen overall regulation and control and improve project management. Strictly carry out national industrial development policies for iron, steel and iron alloys, and strictly carry out project management.
Speed up the elimination of backward productivity capacity for iron, steel and iron alloys, and effectively prevent low-level repeated construction.

(II) Speed up prospecting for resources and promote infrastructure construction. Accelerate the progress of prospecting for iron mine resources and improve prospecting mainly in the western region of east Mt. Kunlun in Haixi Prefecture, Dulan, Dangqu and Nianting mining zones in Tibet along the Qinghai-Tibet railway line, and the juncture of Qinghai and Xinjiang in order to provide reliable resource guarantees and maintain a reserve for industrial development. Construction of mining zones in Kendekeke, Yemaquan, Galinge, and the junction of Qinghai and Xinjiang shall be brought in line with relevant railway and highway networks to be constructed. Strengthen infrastructure construction for various resource development bases and encourage powerful enterprises to actively cooperate and develop iron ore resources outside the province and China.

(III) Strengthen energy conservation and consumption reduction, and improve the level of comprehensive resource utilization. Actively promote energy conservation and resource reduction in iron and steel smelting enterprises, and encourage adoption of intensive beneficial technological processes that save energy, resources and transportation capacity. Vigorously popularize power generation devices that use recycled coal gas and residual pressure from blast furnaces, converter and coke ovens. Establish and improve a system for treating, recycling, and reusing sewage, popularize water-saving technical upgrades, realize circular utilization of water resources; and strengthen the comprehensive utilization of wastes such as smoke, dust, and slag. The comprehensive energy consumption of iron and steel enterprises shall be lower than 0.7 tons of standard coal per ton of steel, and the water consumption per ton of steel shall be lower than 6 tons. The circular utilization rate for water shall exceed 95%, the comprehensive utilization rate of coal gas, furnace dregs and steel dregs etc. shall exceed 95%, and emissions of all the major pollutants shall reach relevant standards.

(IV) Control the total quantity of iron alloys and speed up the elimination of backward production capacity. Strictly control newly-added production capacity. All the projects shall be constructed under the premise of eliminating backward production capacity. Increase elimination standards and resolutely eliminate restricted production capacity with high energy consumption when implementing the current industrial policies. Focus on energy conservation, consumption reduction, pollution reduction, and comprehensive utilization, popularize iron alloy production techniques such as new secondary steel-making techniques, refined material input techniques, low-pressure submerged arc furnace compensation technique, silicon dust recycling and comprehensive utilization techniques, coal gas recycling, smelting furnace dregs recycling techniques, comprehensive waste dregs utilization in hydrometallurgical smelting etc.. Encourage current iron alloy enterprises to develop, popularize and apply waste heat recycling techniques.

(V) Strengthen technical innovation and promote popularization of new techniques. Strengthen R&D for those iron mines which are difficult for dressing and mining and with low-grade production, and improve the comprehensive utilization capacity and standard of low-grade ore in our province; support enterprises to actively introduce smelted reduced iron technology; encourage iron alloy enterprises to adopt waste heat recycling technology and comprehensively improve the technological equipment level of the province’s iron alloy industry. Encourage current iron alloy enterprises to develop cored-wire products such as silicon-aluminum-calcium and silicon-calcium-barium-aluminum, as well as and chemical and solar industrial silicon products and other special iron alloy products.

(VI) Promote enterprise mergers to increase the industrial concentration level. Actively participate in mergers and reorganization of the domestic iron and steel industry and increase industrial concentration by means of “venturing outside and bringing in others” with capital, resources and industrial chains serving as the bonds to form enterprise groups with certain competitiveness; Promote integration of iron alloy enterprises in Xining and Haidong etc. Based on the current enterprises under market principles,
form enterprise groups with a certain scale and comparative advantages, and promote upstream and downstream integration of iron and steel enterprises.

V. Major Policies

(I) Carefully carry out various national policies. Actively implement policies for expanding domestic demand, adjustment and revitalization planning for the iron and steel industry, as well as policies from relevant national ministries and committees that support economic and social development of Tibetan zones in Qinghai etc. Build strong project reserves, and actively strive for national project interest discounts, subsidies, investment and technical upgrading funds. Relevant departments of the province shall further strengthen their communication and coordination and seriously implement national policies.

(II) Revise and improve industrial policy. Lose no time in revising quality standards; the industrial entry threshold for the iron, steel and iron alloy industry; and industrial policies supporting development of new technology. Establish effective incentive and restraint mechanisms, focusing on improving entry conditions such as technical equipment, energy consumption, water consumption pollutant emissions, and comprehensive resources utilization. Promote the healthy development of the iron, steel and iron alloy industry.

(III) Strengthen fiscal and taxation policy support. Strengthen fiscal input into technical progress and upgrading, and apply funds primarily toward preliminary project work, interest discounts for independent innovation and technical progress, and energy conservation and emissions reductions etc. while guiding enterprises to increase their input and speed up industrial upgrades and transformation. Promote development of high-quality new special steel products, promote utilization of low-grade iron ore, and promote development of direct reduced iron. Actively carry out the implementation of relevant supplementary policies such as the reform of the national taxation system on enterprise income taxes and value-added taxes, etc., and guarantee the implementation of various preferential policies; research and formulate relevant supplementary fiscal and taxation policies and support the development of key industries according to the taxation policies supporting industrial development that have been formulated by the state and the practical conditions of the province.

(IV) Strengthen financial service and support. The financial department shall take the initiative to strengthen communication and coordination with enterprises, and do well in its financial service. Strengthen credit support for key technical upgrades, energy-saving technical upgrades, energy conservation and emission reduction, and construction of key projects to guarantee project construction.

(V) Improve the withdrawal mechanism for backward production capacity. Support iron and steel enterprises to properly relocate employees, shift their enterprise production and deal with debt resolution etc. during the elimination of backward production capacity, and promote social harmony and stability. Meanwhile, grant interest discounts or investment subsidies to projects that adopt new technology for energy-saving technological upgrades. Strictly carry out a responsibility system for energy conservation, emissions reductions, and elimination of backward production capacity; strengthen supervision and inspection of the elimination of backward production capacity. Relevant departments shall not process any paperwork for projects that are inconsistent with the rules, nor those that belong to projects with high energy consumption and high emissions.

VI. Organization and Implementation

The provincial economic committee has overall responsibility for the implementation of the opinion, and is to establish a joint meeting system to be responsible for coordination during implementation thereof. Relevant departments shall subdivide tasks, formulate specific measures, strengthen their coordination and cooperation, improve working efficiency, change their service concepts, strengthen supervision and
actively create a favorable environment for successful implementation of the opinions according to the Opinions herein.

Various regions shall formulate specific implementation programs according to the objectives, tasks and policy measures determined by the implementation opinions to achieve substantial results. The specific work programs and the new situations and problems that arise during implementation shall be submitted to relevant departments such as the provincial economic committee etc. in a timely fashion.

Attachment: Work division and progress schedule of relevant departments (omitted)