**Global Forum on Steel Excess Capacity**

**2nd Ministerial Meeting held in Paris**

On September 20, 2018, the Second Ministerial Meeting of the Global Forum on Steel Excess Capacity (GFSEC) was held in Paris, France. Ren Hongbin, China’s Assistant Minister of Commerce led a Chinese delegation to the meeting.

As China stated clearly at the meeting, excess capacity is a universal, cyclical and structural issue in economic development. Western developed countries also had serious steel excess capacity in history. The fundamental reason for this round of steel excess capacity is the global economic recession and dropping steel demands caused by the 2008 international financial crisis. With the global economic recovery and the responses to various degrees by China and other key steel-making economies, the global steel excess capacity has been substantially alleviated.

China stressed that it is the only member that had taken concrete measures in capacity reduction. In 2016 and 2017, China cut about 120 million tons of steel capacity with a market- and law-based approach. In this process, the number of resettled steel workers alone was 272,000, more than any of the total steel employment in the US, Japan or the EU. In 2018, China will further cut 30 million tons of crude steel capacity. China has paid a dear price and achieved clear progress in steel capacity reduction, and greatly contributed to the recovery of global steel industry. Since 2017, the supply-demand relationship in the Chinese steel market has remarkably improved, with the steel price returning to a reasonable range and steelmakers gaining steadily-increasing profit. At the end of 2017 and June 2018, the China Steel Price Index (CSPI) rose by 22.4% and 14.6% year-on-year respectively. The crude steel capacity utilization ratio is 80% in China now. Thanks to China’s efforts to reduce capacity, global economic recovery and other factors, global steel market has improved greatly and steel price has been recovering. In 2017 and the first half of 2018, the average CRU steel price indices increased by 24.5% and 17% year-on-year.

China pointed out that, at the Boao Forum for Asia in April, 2018, President Xi Jinping stressed that China’s door of opening up will not be closed and will only open even wider. In this connection, China implements a series of major initiatives this year in the following aspects: First, China has slashed tariffs on imports and will hold the first China International Import Expo to import more goods and services. Second, China has significantly broadened market access for foreign investment and released a new negative list introducing a series of major opening up measures in 22 sectors such as banking and automobiles. Third, China has further streamlined administrative procedures for foreign investment by downsizing items subject to review and approval, and further enhancing trade facilitation.

China stated that, as an important member of the Forum, China has been actively involved in its processes: It has participated in the past meetings of different scope, provided all steel capacity data and policy information available, participated in various rounds of consultations for this year’s draft ministerial report, and offered many constructive comments. Upholding the principle of “equal-footed and voluntary consultation and consensus”, China stands ready to strengthen communication and cooperation with all parties to put G20 Summits’ consensus into practice, jointly take concrete measures to cut excess capacity under the principle of “global challenge, collective solutions” and promote the stable recovery and healthy growth of the global steel sector.