
Current Intelligence Report Circular

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Carbon emissions affecting crude steel production

China's State Council plans to target a 65% drop in carbon emissions, listing industrial sectors such as steel that will reach their carbon peak by 2030. According to data from the National Bureau of Statistics in 2021, China's crude steel production dropped 3% from its output in 2020. According to the World Steel Association, crude steel is "steel in the first solid state after melting, suitable for further processing or for sale." China produced 1.03 billion tons of crude steel compared to 1.065 billion tons produced in 2020. In the 3rd and 4th quarters of 2021, China produced 470.86 million tons of crude steel, down 16% from JUL-DEC of 2020. Output in DEC 2021 was 6.8% lower than DEC 2020. END

CMCD Note

China's effort to decrease air pollution has led to a decrease in crude steel production. China is the world's largest exporter of steel with Japan and South Korea being the top importers of Chinese steel. A decrease in available product will likely result in an increase in cost. An increased cost in material used to improve residential and nonresidential construction may lead to a negative short-term impact on neighboring countries' infrastructure development. China's action to regulate the steel industry, which has been identified as an air polluter, may indicate a new trend in regulating industry to pursue other economic opportunities that are more environment friendly. END

Sources

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