

## Stimulus fineprint for metals out

China will push forward consolidation in the non-ferrous metal industry to form three to five big firms in three years, a detailed stimulus plan released yesterday by the State Council showed.

The plan, whose draft was published in February, said: "The government seeks to make great progress in industrial consolidation. By 2011, the top 10 firms should control 90 percent of copper production, 70 percent of aluminum, 60 percent of lead and 60 percent of zinc."

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The stimulus plan is one among a slew of packages to boost industries such as steel, shipbuilding, textile and automobile.

Some leading enterprises in the non-ferrous sectors, such as China Minmetals, Chinalco, and China Nonferrous Metal Mining Group, as well as some listed companies such as Zijin Mining, are expected to benefit from the plan, said Deng Xnrong, analyst with Founder Securities.

Under the plan, the industry should continue closing inefficient or polluting plants: 300,000 tons of capacity in copper smelting, 600,000 tons in lead, 400,000 tons in zinc, and 800,000 tons of capacity in aluminum smelting should be shut down this year. Kang Yi, the chairman of China Nonferrous Metals Industry Association, described the target as a "hard job".

The non-ferrous industry has been one of the worst hit by the financial turmoil as prices of metals have plunged by 30-40 percent.

The stimulus plan is intended to help enterprises not only survive the financial crisis but also enhance industry competitiveness, Kang said in an earlier interview.

In a move to help metal enterprises, the government will adjust tax rebate rates on non-ferrous metal exports, the plan indicated without elaborating. Kang's association had suggested Beijing raise rebates on exports of all aluminum products to 17 percent.

The plan also said the government will consider the need to expand reserves of metals and speed up the establishment of a national reserve system but it did not give any detailed figures of the stockpiling tonnages.

The State Reserves Bureau has bought 590,000 tons of aluminum and 159,000 tons of zinc since December. But it may not buy more aluminum and zinc in the first half as the prices have surpassed production cost of many smelters, experts said.

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