

will vary with international market conditions. For example, both copper metal and scrap imports (mainly from the U.S. and Europe) plunged in the second quarter of 1993 as government economic reform policies forced importers to purchase foreign exchange at a substantial premium on currency swap markets rather than at the more favourable official rate.

Given its continued reliance on imported concentrates, China is actively pursuing investments in copper mines abroad (and in Canada), both in existing mines or in greenfield projects. South Korea signed a memorandum of understanding in September 1993 for joint prospecting for copper and nickel on a 22.5 square-kilometre block in Xinjiang.

Nickel

China was basically self-sufficient in nickel until the 1990s. Rising domestic demand, especially for stainless steel, swelled imports to an estimated 7,000 tons in 1992, mainly from Russia and Vietnam. (Industry sources suggest unreported shipments through Hong Kong make the true figure close 14,000 tons.)

FERROUS METALS

China has 1,200 iron and steel enterprises, fourteen of which have the capacity to produce over one million tons of steel annually each. China's iron and steel industry produced 60 million tons of raw steel in 1988. In 1989, production reached 61 million tons, ranking China fourth in the world, after Russia, Japan, and the U.S.A. In 1990, total production of steel reached 66 million tons, an increase of over eleven percent in two years. During the Seventh Five-Year Plan period, China produced 295 million tons of steel with output increasing by an average of 3.8 million tons per year.

Equipped with outdated facilities installed during the 1950s and 1960s and lacking funds from the central government, China's iron and steel industry will have to rely on technical updating of its existing plants to meet the