Joint Proposal from Chinese Major Copper Smelters

[Antaike] Chinese major copper smelters (see list in the appendix) jointly held meetings from Nov. 28th to 30th, 2015, in order to make a positive response to the current serious situation in copper industry and also as a response to the government’s calling for “SUPPLY SIDE REFORM”. In meetings, all attendees reached consensus on this topic.

1. To address both the surface problems and root causes. On one hand, to carry out the measure of production reduction, in order to deal with the current market difficulties; on the other hand, to actively eliminate backward production capacity and promote the upgrading of copper industry.

2. To focus on short-and long-term benefit. For the short-term development, it is the best way for Chinese copper smelters to shut down some capacities in loss. In the long run, for avoiding further oversupply disaster in the whole nonferrous metal industry, it is urgent for copper smelters to speed up the elimination of outdated production capacities and all copper smelters should make sure the current smelting capacity will not be expanded. Suggestions should be submitted to relevant government agencies about suspending the examination and approval of new copper smelting projects. In order to make domestic copper smelting capacity volume to be stabilized, government should enhance the support to major copper smelters.

3. To cut down copper capacity. According to the meeting, 350kt of refined copper output will be eliminated in 2016 and other necessary measures good for the healthy industry development will be taken in future.

4. To call for government purchase. Copper is a scarce resource in China, whose current price has deviated from the fundamentals. Government purchase is suggested to be carried out.

5. To build a self-discipline and supervision mechanism. To make sure a stable and healthy development of Chinese copper industry, it is necessary for Chinese copper companies to create a better market environment for the implementation of “SUPPLY SIDE REFORM”.

6. To enhance information communication. All attendees concluded to have meeting semimonthly, in order to take timely and efficient measure for changes in the market.

7. To suggest relevant government agencies to regulate high-frequency trading and protect investors’ benefits.
China’s Major Copper Smelters (in random order)

Jiangxi Copper Co., Ltd.
Tongling Nonferrous Metals Group Co., Ltd.
Yunnan Copper Co., Ltd.
Jinchuan Group Limited
Daye Nonferrous Metals Co., Ltd.
Zhongtiaoshan Nonferrous Metals Co., Ltd.
Baiyin Nonferrous Metals Co., Ltd.
Yantai Guorun Copper Co., Ltd.
China National Gold Corporation
Yanggu Xiangguan Copper Co., Ltd.