Industrial Policy Of China Has Driven Global Domination – Magnium Australia

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Industrial Policy of China

Industrial Policy of China has driven Global Domination

China has prioritised the development of its magnesium industry since 2001.

The National Development and Reform Commission and the Ministry of Science and Technology have recognised magnesium alloy as a key industry and have invested in research and development projects to promote its growth. The government has implemented policies aimed at transforming China's magnesium industry from primary production to the production of high-tech, high-value-added products.

China has leveraged low energy prices to turbocharge its manufacturing industry, particularly in the magnesium sector. Low energy costs has enabled China to establish itself as the major player in the production of magnesium, as the metal is energy-intensive to produce. With low energy prices, magnesium production is more economically viable, leading to a boom in the industry. This has allowed China to increase its magnesium output and become the world's largest producer of the metal. Additionally, low energy prices have also helped to reduce the cost of production, making it easier for Chinese magnesium producers to compete in the global market. As a result, the magnesium industry in China has grown from non-existent in the 1990’s to global domination with over 94% of the world's magnesium export production now coming from Chinese producers.

In 2009, China carried out industry integration to eliminate small-scale magnesium producers with an annual output lower than 10,000 tonnes per year. The Ministry of Industry and Information Technology set strict access requirements for magnesium enterprises, including the scale of the company, process equipment, product quality, resource and energy consumption, environmental protection, and safe production and occupational hazards.

These requirements state that the annual production capacity of magnesium enterprises should be at least 15,000 tonnes, and new enterprises should have a capacity of at least 50,000 tonnes.

China is currently home to a number of thriving magnesium industry production groups and industrialization bases. These are spread across various regions including the east (Jiaodong and Yangtze River Delta), west (Qinghai, Ningxia, and Chongqing), south (Pearl River Delta), and north (Liaoning, Jilin, Heilongjiang), as well as central areas like Henan and Beijing. The growth of these bases has led to the formation of a high-tech industrial chain that runs through China, covering the production of raw materials, production equipment, and magnesium alloy products.

As a result of the lack of large-scale magnesium projects abroad, China remains the primary supplier of magnesium. Additionally, factors like new materials, low-carbon economy, and policy guidance have led to increased investment and enthusiasm in the magnesium industry. This has paved the way for China to transition from being a country with abundant magnesium resources to a leader in magnesium and magnesium alloy applications. In 2019, the top magnesium producing provinces in China were Shaanxi (355,000 tonnes), Shanxi (79,000 tonnes), and Ningxia (60,000 tonnes).

However, the industry faces challenges in the environmentally friendly renovation of the smelting process and the acceleration of deep-processed product applications.

Since 2019, the magnesium industry has seen opportunities for growth as the development of lightweight transportation both domestically and internationally created more demand for magnesium applications. However, there was also a push for higher environmental standards and green development throughout the industry. The government was committed to promoting advancements in magnesium smelting technology through research and development, as well as encouraging the implementation of green production techniques. The aim was to further advance the application of magnesium in key products such as magnesium wheels and to drive large-scale growth in the magnesium industry.

In conclusion, China has made significant investments in the development of its magnesium industry since 2001, leveraging low energy prices to become the world's largest producer of the metal. The government has implemented policies to promote the growth of the magnesium sector and has created a high-tech industrial chain covering the production of raw materials, production equipment, and magnesium alloy products. With over 94% of the world's magnesium exports coming from China, the country has established itself as the primary supplier of the metal. The magnesium industry in China continues to face challenges such as the need for environmentally friendly smelting processes and the acceleration of deep-processed product applications. However, the government remains committed to promoting advancements in magnesium technology and encouraging green production techniques to drive the growth of the industry.

Indigenous Engagement Strategy

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