IV. Long-and Medium-Term Operation Planning

Business Environment

	In 2012, the world economy is expected to experience many uncertainties and the prospect of economic recovery remains grim as the developed economies are not out of the shadow of the crisis and the emerg- ing economies are slowing down in economic growth.				
Macro-economy & Policies	2012 is the second year of the "Twelfth Five-year" plan. The Chinese government is determined to ensure the stable increase of domestic economy through these measures: further improving the effectiveness of the macro-control, speeding up the economic structural adjustment, realizing the transition of economic increase mode, and vigorously developing the new industries. In view of the complicated macro-economy at home and abroad, in order to secure the steady development of domestic economy, the government will adhere to the active macro economic policy of pursuing progress while maintaining stability, and continuously implement active financial policy and moderate monetary policy.				
	Under the guidance of <i>Policy for Iron and Steel Industry and Iron and Steel Industry Adjustment and Revival Plan</i> , more and stronger measures will be taken by the government to re-structure the industry, the active effects of which will be reflected more.				
	In terms of the development tendency, Chinese steel industry has entered the crucial stage of restruc- turing, and China is endeavoring to realize the transition from a large steel producer to a competitive steel producer.				
Domestic Steel Industry	In terms of the operation tendency, the difficulties and challenges such as over-capacity, imbalance between demand and supply, aggravating homogeneous competition, tightening resources supply and requirements for environmental protection, and operation with meager profit still exist in the industry. Chinese government will step up the merging and restructuring of the steel industry, with a view to optimize the structure and raise the industry concentration, promote environmental management through energy saving and emission reduction to realize the sustainable development.				
Global Steel In 2012, the world steel industry will continue to grow slowly. Increase of global market dem will slow down slightly, and major needs for iron and steel will continue to shift to Asia and eme countries.					

Corporate Vision

Core Value	With the value of honesty, cooperation and innovation, Baosteel aims at maximum enterprise value and harmonious development of shareholders, customers, suppliers, employees, communities and other stakeholders.
Mission	To become a top steel manufacturer in the world and commit itself to offering premium products and services.
Strategic Target	To become the most competitive steel manufacturer in the world.

Medium-and Long-Term Strategy

To Become the Most Competitive Steel Manufacturer in the World

Outstanding operation			Competitive products + Core competence		Differentiated
		Risk c	Risk control		
ing leading		e premium product strategy featur- echnology, develop strategic prod- ich as automotive steel sheets, and	Ι.	Steady operation, stable development, to pur- sue differentiated development through taking the lead in quality, technology and service.	
	silicon steel, and build up the most competitive premium flat carbon steel base.		2.	To focus on and promote core competitiveness, and practice a difference-oriented strategy in	
2.	To pursue world-class low-cost manufacturing through using low-cost manufacturing technol- ogy and low-cost materials		3.	innovation, service and product To Strengthen technical innovations featuring independent integration	
3.		he integrated operational system of supply in an all-round way	4.	To strengthen cost control and enhance cost competitiveness	
4.	To perfect control mec	the customer-centered operation hanism	5.	To adhere to environmental management, en- force energy saving and emission reduction, and	
5.		efficient and green production sys- ly enhance the productivity		improve the cycle econom	,
6.	To become	the core company in Baosteel el business and the Most Valuable	6.	To improve the construction control management syste	