
Iron ore price negotiations - CISA stance hurts small steel mills

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China Daily reported that China top negotiators in the bitter and protracted row over the price of iron ore seem destined never to agree risking a loss of face that will raise questions about whether they are up to the job and who it is they are actually representing.

Analysts said their apparent refusal to compromise is damaging the competitiveness of smaller domestic steel mills forcing them to buy from their larger counterparts. The bigger firms have been content to pay whatever the spot price is for ore and pass on the premiums.

Mr Xu Xiangchun director of Mysteel said "The CISA should have the right to represent all Chinese steel mills in theory because its members not only consist of large state owned steel mills but also small and medium sized steel firms. Its standpoint was on behalf of large steel companies, not from the whole industry making it less representative."

He added that those conducting the talks have overplayed a weak hand and left the domestic steel industry seriously disrupted as a result.

Mr Xu asked "Can it really represent China's 1,200 steel companies?"

Mr Xu said CISA should accept the 33% cut it rejected in May, adding the association often acted like a bureaucratic organization.

The CISA emerged from the former Ministry of Metallurgical Industry. It is made up of 216 members. Most of the 72 key members are State owned steel mills.

(Sourced from China Daily)

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