

---

## Iron ore price negotiations - Analyst questions FMG deal

*Thursday, 20 Aug, 2009*

Analysts said that deal between Chinese steel mills and miner Fortescue Metals Group is not in the best interests of the Australian iron ore industry.

FMG has broken the long running impasse between Australia and China with a pricing deal that is about 3% below the benchmark prices settled on by Rio Tinto and Japanese steel mills.

Mr Gavin Wendt Mining analyst said that Fortescue has accepted a discounted iron ore price in order to secure Chinese funding for its expansion plans. But he warns the deal will give China more power to push prices down.

He said that "I think it's a deal that certainly has benefits for China and short term benefits for Fortescue shareholders but isn't a fantastic one for the future of the Australian iron ore industry."

(Sourced from abc.net)

For more news visit at [www.steelguru.com](http://www.steelguru.com)