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## Iron ore price negotiations - CISA striving for unified price

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Xinhua quoted China steel industry association said it plans this year to unify the spot and long contract prices for the country iron ore imports.

Mr Luo Bingsheng deputy chairman of the China Iron and Steel Association said it will also set a ceiling for charges levied by import trading firms as part of an effort to regulate the market. The proposal was the top item of discussion at the steel industry body two day semiannual meeting.

He said that the term prices negotiated with global miners should become a benchmark unified price and the import agencies could charge 3% to 5% in commission on top of the term prices. The move aims to regulate excess iron ore import by steel makers and trading firms, which distorted the supply and demand balance and disrupted the annual contract talks.

The price talks, which are continuing, appeared to be snagged on China's insistence upon bigger reductions than the 33% cut agreed to earlier with Japanese and Korean steel mills. News reports and industry analysts say China wants a 40% price cut. Mr Luo said foreign iron ore suppliers promoted massive sales on the spot market leading to huge stockpiles.

The CISA said spot iron ore accounted for 82.7% of imports this year leading to excessive imports that far exceed actual needs. Mr Luo made the remark as the spot price of iron ore in China surged above the contract prices offered by three large miners Rio, BHP and Vale.

According to industry consultant Mysteel, Benchmark spot prices of iron ore in China rose above USD 100 per tonne as compare with USD 58 per tonne in April. Iron ore imports rose 29.3% YoY to 297 million tonnes in the H1 of this year while traders imported 131 million tonnes up by 90.4% from last year.

The association said there are 152 iron ore importers in China this year, exceeding the 112 licenses that CISA issued. Mr Luo said the annual talks were ongoing and CISA would keep working to push them forward. He said that "We are working for a reasonable result and hope to reach a win to win situation."

(Sourced from Xinhua)

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