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## Iron ore price negotiations - Vale selling on provisional prices

*Thursday, 27 Aug, 2009*

It is reported that Brazilian iron ore miner Vale is not in talks with Chinese steelmakers on 2009 benchmark prices and will likely keep offering provisional prices on ore shipments.

Mr Roger Agnelli CEO of Vale said "If you have a contract, which is being honored, you sell. Why do you need to negotiate?"

He added "Everything is fine. We are not negotiating anything."

Vale said it is also selling ore to Chinese clients at spot market prices.

He said steelmakers are restoring inventories after a strong decline in stocks that bottomed out at the end of the first quarter and beginning of the second. He said "Several companies are resuming production, several blast furnaces are being activated, and they need a minimum of stocks."

Vale in April agreed to grant Chinese steel mills a 20% discount on 2008 benchmark prices in provisional contracts until new term prices were settled. But annual price negotiations between the world's largest iron ore miners and China's steel industry broke down, after China refused to accept the 33% cut in term prices that was offered by Australia's Rio Tinto and accepted by rival Japanese and South Korean steel companies.

(Sourced from Reuters)

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