
Iron ore price negotiations - Vale willing for spot market if necessary

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Dow Jones cited Mr Roger Agnelli CEO of Brazilian mining company as saying that Vale SA is willing to switch to a spot market price system for its iron ore exports to China, if necessary but remains committed to the system of long term contracts. He said that "If spot is the market, that's where we are going to go."

Mr Agnelli said that it would be difficult for China to migrate to a full spot market for iron ore. He said that "I don't think it would be good for Chinese steelmakers. In the very short term it might make sense but in the long term, it wouldn't."

The CEO said that the Chinese price talks have taken longer than usual because of the global economic scenario. The economic slowdown, especially in China, caused a change in behavior during iron ore price talks.

But the executive emphasized that the benchmark price between global iron ore producers and steelmakers has been established and that would be a clear guideline moving forward.

Vale recently closed iron ore price contracts with major South Korea and Japanese steelmakers and some Chinese firms. But talks are continuing with the major Chinese steel companies represented by the China Iron and Steel Association.

(Sourced from DowJones.com)

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