
CISA looks at ways to regulate Chinese iron ore imports

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Platts reported that China Iron and Steel Association is considering several measures to regulate a fast growing iron ore spot market and has begun by targeting the not yet functional Rizhao Iron Ore Trading Centre.

Rizhao Iron Ore Trading Center was officially formed May 25 with the aim to build a world-class iron ore electronic trading center. It was first designed to provide iron ore trade, financing and brokerage services. It was also hoped it would then provide its own iron ore price index, which could be used as a barometer for global iron ore trade. However, only two weeks after its formation, the centre received an advisory note from CISA asking it to cease operations until several requirements satisfied.

In its report after a follow up investigation, CISA advises the trade center not to engage in any physical iron ore trade activities. Neither can it release any price or price index. Furthermore, its name is to be changed in line with its core business description.

Meanwhile, several sources said CISA engaged with some large industry players last week to discuss regulation matters such as how to limit iron ore import volumes. China has 112 steel mills and traders which can import iron ores through a license system. Spot market participants are anticipating that some small traders' licenses will be canceled as part of CISA's drive and that the number of qualified importers will be reduced by 30%.

A source with a steel mill said that "Small traders are never the big players in importing. Eliminating them won't affect the import volume as the authority desires."

(Sourced from Platts.com))

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