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## Iron ore price negotiations - CISA strategy backfires

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Metal Biz quoted some research institutes said that the effort made by China to ask Australian ore makers to reduce more price did not benefit domestic steel mills, instead lift their purchasing cost. China hopes to get more beneficial price from Australian manufacturers but its efforts backfired.

The body pointed out that some steel mills in China may have to buy iron ore from spot market in Q3 with the price higher 80% than 2009. The large scaled steel mills directly negotiating with suppliers got more preferential terms, while some ones paid with the price higher 77% than the benchmark price of 2009.

When the iron ore negotiation dominated by China Iron & Steel Association was deadlocked, the domestic large steel mills privately signed purchasing agreements with Australian miners.

Led by CISA, China steel mills previously insisted on a price cut of 40% to 45% based on the benchmark price of 2007 to 2008 rather than the 33% reduction accepted by steel mills in Japan, South Korea, Taiwan and China.

(Source from MetalBiz)

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