
Iron ore price negotiations - BlueScope says BHPB iron ore index working well

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BlueScope Steel Limited said that its iron ore price index, developed by Anglo Australian miner BHP Billiton Limited, was working well since its introduction about a year ago.

Speaking on the sidelines of the World Steel Association's annual conference, Mr Paul O'Malley MD & CEO of BlueScope said that the system's prices, which change quarterly, were a hybrid of spot and index prices as well as benchmark rates. It is available only to BlueScope and not otherwise provided for general consumption.

BHP has been pushing Chinese steelmakers to accept a similar index, and some mills are said to have agreed to its use, though the system has yet to win the official blessing of the China Iron & Steel Association.

The association leads Chinese mills in annual iron ore benchmark price negotiations that set one rate for a contract year. The talks collapsed last year amid spying charges and arrests. The controversy moved the focus to BHP's hybrid index as a possible option.

(Sourced from www.dowjones.com)

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