
Iron ore price negotiations - Talks get off to a bad start - CISA

Monday, 19 Oct, 2009

China Daily reported that the debate over the next year's iron ore benchmark prices has got off to an acrimonious start with China seeking to separate its negotiations from other countries while global giant miners refuse to budge downwards on prices.

Mr Shan Shanghua secretary general of China's top iron ore negotiator China Iron & Steel Association said that iron ore contracts should run for a calendar year instead of beginning on April 1. He added that "We will not insist on other countries taking China's iron ore price as a reference."

A mining executive familiar with the negotiations told China Daily that "There may be another failure in agreeing a benchmark price next year, as happened this year, if CISA sticks to its position. BHP prefers to use spot prices, which are market-oriented and index linked. If both sides are not happy with the benchmark price negotiation, the next year ore trading might again be based on spot rates."

Mr Shan said that Chinese steel mills would not be able to make money at the current price that iron ore producers are demanding because an oversupply is causing steel prices to fall sharply. He added that "If the demand side is always losing money while the supply side is always making huge profits, can that relationship survive long?"

(Sourced from China Daily)

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