
Iron ore price negotiations - China unaware of new pricing mechanism

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Xinhua cited Mr Chen Xianwen director of the marketing department of the China Iron and Steel Association as saying that China has yet to receive the official message from Rio Tinto that China can use a different pricing mechanism in the 2010 iron ore negotiations.

Mr Chen said "Setting a different pricing mechanism for China will be a beneficial solution both to China and Rio Tinto."

Mr Shan Shanghua secretary general of the CISA said "China will not accept the price that the three biggest mining companies offered to other countries' mills. Since China imports nearly half of the world's iron ore output, it's fair for us to ask for a bigger price cut."

Mr Luo Bing vice chairman of the CISA said China's steel output was expected to reach 550 million tonnes in 2009 up by 10% YoY from a year earlier driven by the government CNY 4 trillion stimulus package.

Mr Sam Walsh CEO of Rio Tinto iron ore unit said recently in Sydney that China could purchase iron ore under a new mechanism next year on the condition that China did not put up any unreasonable terms.

Rio new act was considered a sign of improving relations between China and the world's second largest iron ore exporter. The relationship strained after four Shanghai-based Rio Tinto executives were arrested on charges of commercial espionage in August.

(Sourced from Xinhua)

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