
Iron ore price negotiations - Not finished yet - Mr Xu Lejiang

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According to Mr Xu Lejiang chairman of Baosteel on September 11th to CBN in the 2009 Summer Davos Forum held at Dalian in China “This year iron ore talk, not finished yet is keeping on.”

Mr Sam Walsh CEO of the iron ore business of Rio Tinto once noted that the miner didn't talk with China recently on the iron ore benchmark price. And he had no idea about when the talk would restart.

Industrial players once thought that this year talk had been over, and the highlight would come to next year talk. But, Mr Xu renewed that this year talk hadn't been off yet so the next one was out of the agenda.

Mr Xu said steel price would depend on the situation between supply and demand, so would Baosteel ex works price. Domestic steel price showed downward moves since August ending the about four month rise and Baosteel lowered its October ex works price on September 7th.

Mr Zhang Xiaogang GM of Anshan Steel Group told to the paper that the price fall was the common change in the market, considering the overcapacity in steel industry. However, most of mills still enjoyed profits, since their price of products remained higher than their cost, which was also the reason why steel output hit the record high in August when steel price continued falling down.

He added that it's impossible that mills would experience deficit in Q3, making its previous expectation that the whole industry would suffer losses this year over.

(Sourced from MySteel.net)

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