
EUROFER opposes BHPB Rio iron ore JV

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European steel industry has asked Commission to block JV of BHP Billiton and Rio Tinto

Mr Gordon Moffat director general of EUROFER in response to the ongoing attempts of BHP Billiton to accomplish a JV with Rio Tinto said that “In a global market already dominated by an oligopoly with just three suppliers Vale, Rio Tinto and BHP Billiton and in which the price of the iron ore has already reached a historical high in 2008, a joint venture of Australian iron ore assets is fundamentally against the interests of the steel industry, European consumers and the European economy.”

He added that “If allowed to proceed, the JV will restrict competition in relation to the fundamental competitive parameters in the seaborne iron ore markets: price, volume and quality.”

Mr Moffat said that “Therefore, EUROFER has requested the European Commission to exercise jurisdiction over this new transaction and carefully investigate its impact on free competition.”

The release said that “Through the JV, BHP Billiton and Rio Tinto will develop a joint view about the perceived demand and supply balance and will not constrain each other during benchmark negotiations where prices and volumes are fixed. They will have identical output available and full knowledge of each other's volume. Incentives for further iron ore capacity and infrastructure investment will be seriously constrained by the creation of the JV. The proposal to create this JV will have the same impact on the iron ore market as would have had the original full merger proposal comprehensively objected to by the Commission last year. There is no reason for the Commission to take a more positive view of this current JV proposal.”

Represented by EUROFER, the European steel industry is the world leader in its sector with a turnover of EUR 190 billion and direct employment of 420 thousand people, producing 200 million tonnes of steel per year.

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