
Codelco asks to raise China fee 18pct - Report

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Bloomberg quoted 3 executives as saying that Codelco asked to raise the copper surcharge on sales to Chinese customers to USD 85 per tonne for contracts in 2010. The increase would be as much as 18% from 2009.

The Santiago, Chile based company offered the price during negotiations said that 2 of the executives, who declined to be identified as the talks were confidential. No deal has yet been settled and talks are continuing this week.

The executive said that the fee is likely to be settled at that level. The charges were USD 72 to USD 75 in 2009. Copper, used in pipes and power cables, has more than doubled in London this year as China's CNY 4 trillion stimulus spending, increased state stockpiling and a lack of scrap material boosted imports to a record. High inventories have led some industry executives and analysts to forecast a decline in inbound shipments in 2009.

Mr Yang Changhua an analyst at state owned researcher Beijing Antaika Information Development Company said that the fees indicate Codelco sees healthy import demand from China.

Mr Jason Kim a Codelco sales manager based in Shanghai said that the fee is added to immediate delivery prices in London to reflect supply and demand and cover shipping and insurance costs.

According to a copy of the notice received by Bloomberg News, in September that the premium charged to buyers in Japan will be USD 75 per tonne in 2010 from USD 65 per tonne in 2009 and USD 74 for South Korea versus USD 64. A person with knowledge of the situation said that fees in Europe will remain unchanged in 2010 at USD 80 per tonne.

The company, owned by the Chilean government, last year cut the 2009 surcharge for sales to Asia by more than 30% to the lowest level since 2003 as the global credit crunch following the collapse of Lehman Brothers Holdings Inc pushed the world into recession.

According to customs data, China's refined copper imports more than doubled in the first 9 months to 2.6 million tonnes.

Mr Jiang Guofeng an analyst at Antaika said at a conference organized by the Raw Materials Group in Stockholm last week that the country will import a net 1.43 million tonnes in 2010 down 52% from an estimated 2.99 million in 2009 because of high stockpiles.

Mr Zhu Yanzhong an analyst at Jinrui Futures Company said that "The China fees sound bit too high to me as it's not sure the country's demand will be as good in 2010 as 2009. What we'll need to see is how much Chinese traders will agree to buy from them."

(Sourced from Bloomberg)

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