
BHPB rails against USD 8 billion access cost

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The Australian reported that BHP faces USD 8.5 billion loss in the value of its iron ore business if Mr Andrew Forrest gains access to BHP's private railway and also this would wipe out a significant part of the benefit expected from BHP's planned USD 116 billion iron ore JV with Rio Tinto.

Mr Marcus Randolph CEO of BHP iron ore and coal said that to avoid the projected loss in value, BHP could consider alternatives such as building a new railway for moving smaller miners' iron ore to port if third party access was granted, or undercut a potential operator on its lines by offering lower cost haulage.

Mr Randolph said that BHP's goal was to prevent, for as long as possible, other operators such as FMG being allowed on its railways in the Pilbara.

Under questioning from tribunal president, Justice Ray Finkelstein, Mr Randolph said declaring access to third parties could cause an estimated USD 7.9 billion gross loss to the iron ore business's value.

Mr Randolph confirmed that WA Premier Mr Colin Barnett was making progress in his attempts to include state third party haulage obligations in an agreement on the BHP Rio iron ore merger.

BHP and Rio put their iron ore big guns before the tribunal, which is deciding whether the two miners' vast Pilbara rail networks should be declared open to Mr Forrest's Fortescue Metals Group and other potential haulers under Part IIIa of the Trade Practices Act.

It may be noted that BHP and Rio are protesting against Mr Wayne Swan's decision last year to declare BHP's Goldsworthy rail line open to third party access, while Fortescue is opposing former treasurer Mr Peter Costello's 2006 decision not to declare BHP's Mt Newman line open.

(Sourced from www.theaustralian.com.au)

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