
Corus may ally with CSN for iron ore mining - Mr Gerretse

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According to Mr Kees Gerretse director (supplies and transport) of Corus, TATA Steel Ltd's European subsidiary Corus is looking for partners in different mineral rich countries to develop iron ore and coking coal mines, aiming to get half of its inputs from captive sources by 2014-15.

Mr Gerretse said that the company currently gets its entire raw material supply through long term contracts. Mr Gerretse said that "We are looking for Greenfield mines and also partners to develop them. For instance, we could join hands with CSN in Brazil for iron ore mines there."

Mr Gerretse said the company will look at Brazil, Canada, Senegal and Ivory Coast for iron ore, and Australia and Mozambique for coking coal. TATA Steel's India operations get 100% iron ore and nearly 70% coking coal supply from captive mines, which gives it an envious position among its peers and makes it one of the most efficient steel makers in the world.

Mr Gerretse said that "Things are looking up a bit. We are no longer planning to sell the plant. We are actively looking for new offtake partners. With recovery in sight, steel companies are now slowly ramping up production, but this could lead to inventory pile-up and put pressure on prices."

He added that "The problem is that everybody is lighting up blast furnaces at the same. Auto demand is at an all time low and construction is dead in Europe."

The volatility in prices of these products weighs on the profit margin of the company and shrinks consolidated operating margin of the group. Corus had planned to achieve 50% raw material security by 2012, but had to push back the plan due to the global meltdown.

The company has bought 5% stake in Australia's Carborough mines and is engaged in a joint venture with Riversdale in Mozambique for coking coal. For iron ore, the company has tied up with the state owned miner in Ivory Coast.

(Sourced from www.dnaindia.com)

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