
CISA warns Australian iron ore miners over prices

Monday, 24 Sep, 2007

It is reported that China has warned BHP Billiton and Rio Tinto not to abuse Australia's position as the preferred source of iron ore to force price increases on its steel mills, which are desperate for scarce supplies.

Mr Zhang Xiaogang chairman of China Iron and Steel Association is calling for a cooperative partnership with Australian iron ore exporters ahead of critical price negotiations, which would start in October 2007. Mr Xiaogang said that a long term strategic approach was needed rather than a deal based on the tight supply environment.

He said that "It is due to the growth of the Chinese steel industry that the Australian mining industry is booming. We need a cooperative partnership when the market is good we all take profit together, when the market is bad we share risks together. Australian iron ore suppliers and Chinese mills are linked into a chain if one part is broken all of us will fall into the sea."

Australian miners, which have enjoyed a 189% rise in the iron ore price since 2002 are arguing they should reap some of the benefits flowing to Chinese mills because of lower shipping costs from Australia compared with rival countries. An industry analyst said the exporters will be pushing for at least a 40% price rise but it will be like getting blood out of a Chinese stone.

For more news visit at www.steelguru.com