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## Iron ore price negotiations – Chinese miners warn on long term effects

*Monday, 19 Nov, 2007*

Mr Wang Anjian senior analyst of Chinese Academy of Geological Sciences, at recent China Mining 2007 said that global ore miners would risk losing USD 130 billion market share in China over the next decade, if they continue to seek for USD 75 per tonnes for ore shipment to China. He suggested that USD 55 per tonnes is a price level that would benefit both sides.

Mr Wang said the average landed price of iron ore imports into China has jumped over 200% to USD 75 per tonnes in recent five years. "Such a high price would harm the long term interests of both buyers and suppliers."

Mr Wang noted that China's low grade iron ore reserve amounts to 18 billion tonnes but the expensive mining cost of USD 30 per tonnes to USD 45 per tonnes has held back investors in the past. He added that "Exploring low grade iron ore at home has become profitable again as the delivery price of imported iron ore breaks over USD 75 per tonnes. He foresees that China's iron ore import would drop by 3.5 billion tonnes in total till 2020 due to the steep import price, equivalent to market value of some USD 130 billion."

He cautioned "Each coin has two sides. The skyrocketing iron ore price has brought windfall for big three in recent years, however, the future benefits of buyers and suppliers are at risk in the long term."

(Sourced from MySteel.net)

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