
BHPB bid for Rio - Chinese steel industry welcomes withdrawal

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Platts reported that China's steel industry has broadly welcomed BHP Billiton's decision to drop its merger bid for Rio Tinto.

Baosteel source noted to Platts that BHP Billiton's decision to drop its takeover bid has come at a time of continued weakness on the global steel markets and of course the gloomy financial crisis.

He said that "The abortion of the takeover bid will surely alleviate concerns over the concentration in the global iron ore supply market. China's steel industry, which has been heavily dependent on iron ore imports, will be glad of the news."

Mr Shan Shanghua vice chairperson of the China Iron and Steel Association was quoted by local media as saying that the abortion of BHP Billiton's takeover bid will be conducive to the diversification in global iron ore supplies, especially for Chinese steel mills. He said it is time for Chinese steel mills to invest in overseas iron ore miners, as share prices of overseas iron ore miners have dropped significantly.

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