
Iron ore price negotiations - Pingxiang buys iron ore at 46% discount

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It is reported that Pingxiang Iron & Steel, a privately owned Chinese steel maker were buying iron ore at discounts of as much as 46% because of an oversupply due to slumping demand.

Ms Tu Juan Vice-President of Pingxiang Iron & Steel said in an interview in Shanghai without specifying which producers gave the discounts that the Jiangxi province-based mill secured long-term contracts for 6.5 million tonnes of ore this year. Iron ore producers were offering prices cheaper by 20% to 46% cheaper than 2008 levels until benchmark prices were settled.

Ms Tu said "We are taking some losses in the short term for the ore bought at a 20% discount because spot prices are lower. She said that but we will benefit in the longer term because we are securing long-term contracts from major producers which we didn't have previously."

Ms Tu said the company buys iron ore from producers including Vale, London-based Rio Tinto Group, Brazil's Cia Siderurgica Nacional SA and South Africa's Kumba Iron Ore.

(Sourced from Bloomberg)

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