
Iron ore price negotiations - Shagang calls for higher cut

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Bloomberg cited Mr Shen Wenrong the chairman of Jiangsu Shagang Group Co as saying that, Chinese steelmakers should demand a bigger cut in iron ore prices than agreed by Japanese rivals because there is an oversupply of the raw material.

Mr Wenrong said “There are huge stockpiles at Chinese ports. We shouldn’t accept the Japanese steelmakers’ accord with Rio Tinto Group for a 33% cut.”

Mr Shen said China’s steel association is discussing counter measures to respond to the agreement between Rio Tinto and Nippon Steel Corp. that set iron ore prices at the second highest annual price on record. Chinese mills, the world’s biggest producers have previously called for prices to be as much as halved and are yet to agree an accord.

Mr Luo Bingsheng vice chairman of the China Iron and Steel Association said Chinese producers can choose to buy more iron ore on the spot market should contract agreements with producers not be reached. He said that “We are already buying some from the spot market. The 33% cut is too far from our demand of 40% to 45%.”

(Sourced from Bloomberg)

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