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## Iron ore price negotiations - Smaller Chinese mills ink deals

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It is reported that China Iron & Steel Association, the leading negotiator with three key ore suppliers this year, has suffered a string of setbacks in its efforts to secure bigger price cuts.

In spite of its repeated calls to hold out, steel mills in North China's Shanxi province have reportedly signed iron ore supply deals with foreign miners. The deals come after 35 mills earlier signed supply contracts involving 50 million tonnes of imports with Vale.

Mr Xu Tao vice general manager of Tangshan Jianlong Industry Co Ltd said "Most small and private mills do not care about the benchmark ore talks, since they have no access to contract ore at all. If they wait until the ore talks conclude, the spot price would usually soar higher."

Early in 2009, CISA attempted to introduce an import agent system" to regulate the burgeoning iron ore spot market. Spot markets, which allow both steelmakers and ore producers to trade beyond the framework of CISA-negotiated long term supply contracts, threaten the viability of the benchmark system and undermine CISA ability to negotiate effectively.

(Sourced from MySteel.net)

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