
Iron ore price negotiations - Shanxi based mills ink deal with vale - Report

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Reuters reported that Steel mills in the northern Chinese province of Shanxi have reportedly signed iron ore supply deals with foreign miners despite calls to hold firm until broader sector prices have been settled.

Officially, China is still refusing to budge in its attempt to secure a 40% cut in the price of iron ore from the big three suppliers BHP Billiton and Rio Tinto of Australia and Brazil's Vale but with less than two weeks to go before negotiations end, individual steel mills have been seeking their own agreements.

Mr Zhu Fengliang secretary general of the Shanxi Iron and Steel Association said, the Southern Metropolis Daily newspaper reported on Friday that a number of steel enterprises in the province had already jointly negotiated supply deals with overseas miners.

The report did not reveal the contract prices agreed by the steel firms. Previous reports suggested 35 mills had already signed supply contracts involving 50 million tonnes of imports with Vale.

Vale executives refused to confirm the deals, but the China Iron and Steel Association responded by saying their validity would not be recognized. It added that it could revoke the import licenses of any enterprise that undermined China's negotiating position by signing its own supply contracts.

However, traders have suggested the association was likely to turn a blind eye to individual steel mills signing independent long-term contracts with foreign miners should the negotiations end without reaching a final settlement.

(Sourced from Reuters)

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