

Economy

Commerce ministry studies foreign anti-monopoly probes

By Zhang Qi and Lan Lan (China Daily)
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A worker walks through an iron ore processing facility at Rizhao port in Qingdao, Shandong province. China's iron ore market has improved its position this year, with imports dropping to 50-60 percent from 70 percent previously. [China Daily]

China's steel lobby joins chorus of voices against iron ore price controls

BEIJING - China's Ministry of Commerce said on Thursday that it is studying whether global miners Vale, BHP and Rio are monopolizing iron ore supplies after the three shifted to a quarterly pricing system.

"We also noticed the issue as steelmakers elsewhere, including the European Union and Japan, all have raised anti-monopoly concerns," said the ministry's spokesman Yao Jian at a press conference.

"The anti-monopoly bureau is currently in charge of it."

The move comes amid reports that global miners have come to a quarterly pricing system for their ore and have already signed price agreements with some Asian mills over \$110 a ton under April-June contracts, more than twice last year's fixed price.

"A long-term system should still be the foundation, because it has provided a stable and predictable cost environment for both buyers and suppliers," Yang said.

He also said China's iron ore market has improved its position this year, with imports dropping to 50-60 percent from 70 percent previously. The iron ore supplying nations increased from 10



The three giant

previously. The iron ore supplying nations increased from 10 countries to 20.

China's steel lobby, China Iron and Steel Association (CISA) also claimed that the big three are monopolizing prices.

"The three giant miners have been using their position to control prices at unreasonably high levels, putting global steel mills in a difficult situation," said Luo Bingsheng, vice-chairman of CISA, at an iron ore conference on Thursday.

"Now, it is not price negotiations, it's that they fixed a price and you have to accept, if not, they cut off the supply," said Luo, who regards the move as an "ultimatum".

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He also said the unregulated iron ore market has triggered excess imports and large stockpiles.

China, the world's largest iron ore consumer, should have imported 546 million tons of iron ore in 2009, while total imports reached 628 million tons, resulting in a stockpile of more than 80 million tons.

Imported iron ore rose by 18 percent to 155 million tons in the first quarter compared with a year earlier.

China's crude steel output stood at 50.3 million tons in February, up 22.5 percent year-on-year, while the country's steel output this year is expected to surge 10 percent from 2009.

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LUO BINGSHENG
VICE-CHAIRMAN, CHINA IRON AND
STEEL ASSOCIATION