

China Chongqing Iron eyes Australia ore assets-media



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SHANGHAI, Sept 25 - The state-owned parent of Chongqing Iron and Steel Co Ltd <1053.HK> <601005.SS>, a medium-sized Chinese steelmaker, is in talks to acquire an Australian iron ore project, domestic media reported on Friday. The project had prospect reserves of 3 billion tonnes, the government-run Chongqing Evening News reported, citing company executives, without giving further details.

Chinese steel mills have been encouraged by Beijing to acquire overseas ore mining assets to reduce their reliance on major suppliers such as Brazil's Vale <VALE5.SA>, Australia's Rio Tinto <RIO.AX><RIO.L> and BHP Billiton <BHP.AX><BLT.L>.

However, Australia on Thursday rejected two proposed Chinese investments in its mining industry, straining Sino-Australian relations at a time when resource-hungry China is keen to extend its footprint in Australia's mining sector.

Chongqing Iron and Steel has said it plans to expand its annual capacity to 6.5 million tonnes from 3.5 million tonnes.

The company needs 5 million tonnes of iron ore for its blast furnaces, of which 4 million tonnes were imported from Australia and Brazil, the newspaper said, citing senior officials at the steel maker.