

# China Minmetals urges industry leaders to diversify iron ore sources

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China Minmetals, the country's largest state-owned metals trader, has urged industry leaders to diversify iron ore supply and improve negotiation tactics to reverse China's unfavorable position in global iron ore deals, China Daily reported Thursday.

Chinese steel mills seeking lower prices of iron ore should think more about reducing dependence on the three global miners, the newspaper said, citing Zhang Ye, vice-general manager of China National Minerals Co Ltd (MINCO), a wholly owned subsidiary of China Minmetals.

His remarks come at a time when China's steel industry is facing a de facto breakdown in iron ore negotiations for the year, while the outlook for next year's talks seems gloomy at best.

The three global miners, Brazil's Vale SA, Australia's Rio Tinto and BHP Billiton, contributed to about 50 percent of Minmetals' iron ore trading volume. But the company is looking to diversify its iron ore suppliers, he said.

Minmetals will expand its list of buyers from the current five, which include Ukraine, Chile and Russia, to eight next year. The targeted iron ore suppliers will be from North and South America, according to Zhang.

He also revealed that Minmetals is close to finalizing some overseas investment and acquisition deals, but declined to reveal specifics.

MINCO's iron ore imports will touch 12 million tonnes this year, 2 million tonnes higher than anticipated, due to higher steel output, he said.

The relationship between Chinese steel mills and iron ore miners should be mutually beneficial since China is the largest iron ore consumer and the three giant miners account for 70 percent of the iron ore trading market, Zhang said.

He suggested all Chinese steel mills should join hands to exert their influence during iron ore price negotiations.

Source: Xinhua