



## Iron Ore Imports by China Rise 12% as Mills Expand (Update1)

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By Bloomberg News

Dec. 11 (Bloomberg) -- **Iron ore imports** by China, the world's largest buyer, rose 12 percent last month as steelmakers increased production to meet demand from makers of cars and appliances.

Imports of the steelmaking ingredient were 51.1 million metric tons, the customs office **said** on its Web site today. That compares with 45.5 million tons in October and a record 64.6 million tons in September, according to **Bloomberg data**.

Steelmakers and traders are increasing shipments on expectations that prices will gain next year because of the global economic recovery. Baosteel Group Corp., China's largest steelmaker, yesterday announced the first price gains for its products in four months as demand rebounds.

"We anticipate a sustained steel price recovery in 2010 as we see positive factors on both the demand and supply side," Deutsche Bank AG analysts **Julian Zhu** and **Steven Tao** wrote in a report before the data was released.

China may import 70 percent of its iron ore needs this year, up from 50 percent last year, Baosteel's Chairman **Xu Lejiang** said Dec. 3. Contract prices for iron ore may rise 15 percent to 20 percent next year to the second-highest on record, China International Capital Corp. said Nov. 17.

### Rising Prices

**Cash prices** for Australian iron ore delivered to China have surged 41 percent this year amid rising demand and higher freight costs. The price of 62 percent content ore delivered to Tianjin port was \$100.90 a ton yesterday.

Rio Tinto Group, the world's No. 2 iron ore exporter, rose 0.5 percent to close at A\$70.18 in Sydney trading. BHP Billiton Ltd., the third-biggest supplier, gained 1.4 percent to A\$40.50.

Chinese steel products output rose to a record last month, while crude steel production dropped from October, indicating mills are depleting crude steel inventories to make products for exports, said Mysteel Research Institute analyst **Xu Xiangchun**.

Exports of steel products rose to 2.85 million tons last month from 2.7 million tons in October, customs data showed. Exports in the first eleven months are down 62 percent from a year earlier.

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