

# China Plans to Own +100Mt of Overseas Iron Ore Next Year

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Chinese news agency *Xinhua* has said that China is expected to own rights in more than 100 million metric tons (Mt) of overseas iron ore assets next year, based on estimates by the country's leading steel information provider released on the April 25-26 weekend.

The estimation includes assets owned by Chinese firms following the purchase of China's Hunan Valin Iron and Steel Group in Australian mining company Fortescue Metals Group, according to the Beijing-based *Lange Steel Information Service*.

Hunan Valin's purchase in Australia's third-largest iron ore producer has been approved by the Government's National Development and Reform Commission, but the deal still needs further approvals from the Ministry of Commerce and the State Administration of Foreign Exchange.

The deal, if secured, would ensure a yearly iron ore supply of 10 million tonnes for Hunan Valin from FMG. *Lange* said six Chinese steel producers, including Baosteel, Sinosteel and Hunan Valin, have each secured rights in an annual supply of more than 10 Mt of overseas iron ore assets.

Another four producers have obtained a combined supply of 12 Mt of iron ore from overseas suppliers, according to *Lange*. Wang Guoqing, an analyst with *Lange*, said about 80% of China's overseas iron ore supplies are in Australia, and have been obtained through stake purchases, assets purchases, joint ventures and joint development.

China imported 443.56 Mt of iron ore in 2008, bringing the country's reliance on imported iron ore to around 50%.

About 20% of China's imported iron ore is actually owned by domestic firms, while the percentage for Japan and European countries is about 60%, according to *Lange*.