

Government Will Push for a Developmental Iron Ore Price

Trade and Industry Minister Dr Rob Davies says the South African government continues to view a developmental steel price as an "obligation" of the 2001 unbundling of Iscor into separate mining and steel companies and that it would continue to "insist" on a competitive pricing solution. Commenting following the recent High Court judgement on the ownership of the iron-ore mineral rights at Kumba's Sishen mine in the Northern Cape, Dr Davies said that the task team comprising officials from the Departments of Trade and Industry, Mineral Resources and Economic Development were studying Judge Raymond Zondo's December ruling, which was supportive of ArcelorMittal South Africa's (Mittal's) assertion that Sishen owned 100% of the rights. He added that the team had some "proposals and ideas" on how to achieve competitive pricing, but that he was not yet in a position to make any announcements. Judge Zondo, of the North Gauteng High Court, ruled that the Department of Mineral Resources (DMR) should not have awarded prospecting rights over 21.4% of the lucrative Sishen mine to Imperial Crown Trading 289 (ICT). The award to the politically connected ICT was brought before the court by iron-ore miner Kumba, which was later joined by Mittal. Although ICT had indicated that it would appeal the ruling, the focus of the market had turned to the status of a supply agreement arising from the 2001 unbundling, which entitled Mittal to supply 6.25-million tons a year of iron-ore on cost-plus 3% basis. Kumba and Mittal had agreed to delay arbitration proceedings with regard to the status of the Sishen supply agreement until a mining rights dispute was finalised. Kumba cancelled the original supply agreement on February 05, 2010, on the basis that Mittal had failed to convert its right. Under an interim arrangement, Mittal was paying a fixed price of \$50/t free of rail for lump iron-ore for Saldanha Steel and \$70/t free of rail for lump and fine iron-ore for Mittal's inland plants. *Engineering News*