

Iron ore at cost plus 3%: Davies

The government wants to ensure that 21.4% of iron ore from the Sishen deposit is made available to local manufacturers at cost plus 3%, Trade and Industry Minister Rob Davies said.

He told lawmakers in Cape Town on Friday: "We continue to work to try and achieve that. There are delicate processes and negotiations that are going to happen in the near future."

Sishen supplies about 65% of South Africa's iron ore. In March 2010, the Kumba Iron Ore unit cancelled a 2001 agreement to supply 6.25 million metric tons of ore a year to ArcelorMittal South Africa at cost plus 3%. Kumba said the accord lapsed because ArcelorMittal failed to renew its mining license for a portion of the deposit, an argument rejected by the steelmaker.

In December, the high court ruled that Kumba was awarded a 100% right to the Sishen mine based on a law that came into force in 2004 and that ArcelorMittal was therefore not legally able to renew its minority right over the property.

South Africa needs "to make sure that we get the benefits of the resource that's at Sishen", Davies said. — Bloomberg