

Kumba, Mittal yet to agree on ore price

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KUMBA Iron Ore and Arcelor-Mittal SA have not finalised a new interim pricing agreement on ore supplies to the country's largest steel maker despite upbeat comments from both sides in recent weeks.

Kumba and ArcelorMittal are awaiting the outcome of a court process before resuming arbitration over a disputed iron-ore supply agreement. The dispute stems from the lapsing of Arcelor-Mittal's old-order mining right to a portion of Kumba's Sishen mine and the subsequent awarding of a prospecting right to the stake to Imperial Crown Trading.

Kumba and ArcelorMittal disagree whether the steel maker's stake in the mine was linked to a cost plus 3% supply agreement for 6.25-million tons of ore a year from Sishen. Kumba cancelled the agreement and the parties subsequently implemented an interim pricing agreement, which gave ArcelorMittal prices below market prices.

That agreement lapsed at the end of last month, despite comments from both companies that the negotiations for an extension of the deal were faring well.

Kumba's chief financial officer, Frikkie Kotzee, had said he was confident an agreement would be in place by the end of last month. Both companies said yesterday agreement had not been reached and that Kumba continued to supply ArcelorMittal iron ore for \$70 a ton for its inland steel mills and \$50 a ton for its Saldanha steel plant on the Atlantic coast.

"ArcelorMittal SA does not anticipate any disruption to operations while talks continue," it said. ArcelorMittal's interim results show it has enough stock-piled ore to ensure that it is under no pressure to conclude an agreement. Iron-ore prices have come under pressure, with prices hovering at about \$130 a ton, well off the highs it reached last year.

ArcelorMittal had gone into the talks wanting a lower price than that in the last agreement.

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