

SE News Stories; Asia
 HD **Angang, COSCO in talks on Australian iron ore shipments**
 BY Hongmei Li
 WC 394 words
 PD 14 August 2014
 SN Platts SBB Steel Markets Daily
 SC STEELDLY
 VOL ISSN: 1935-7354, Volume 8, Issue 159
 LA English
 CY © 2014 McGraw-Hill, Inc.
 LP

China's Anshan **Iron & Steel (Angang)** is in talks with the country's largest shipping **company, China Ocean Shipping (COSCO)**, on the possibility of cooperating on **iron ore** shipments from Angang's 8.8 **million** mt/year Karara project in Western Australia, **company** officials said Thursday.

Angang, based in northeast **China's** Liaoning province, is the majority shareholder of the Karara project, with a 52.16% **stake**, with the balance held by Australia's Gindalbie Metals. "We have not reached an agreement on the best cooperation model yet," an official from COSCO Bulk Shipping said Thursday. "Possibilities such as a logistics service joint venture or a simple COA [affreightment] contract have been touched upon."

TD

Beijing-based COSCO Bulk Shipping is COSCO's dry bulk commodities shipping unit. The official said a joint venture may not be favorable to Angang, given vessel overcapacity in the global dry bulk market.

An Angang official agreed, suggesting Angang -- like other **Chinese** mills -- is very conscious of operational and production costs due to razor-thin profits. Setting up its own fleet exclusively for **iron ore** from Karara may not be in its best interest unless the investment package is particularly attractive, he said.

The two companies aim to reach an agreement by the end of 2014.

Since Karara was commissioned in January 2013, Angang has been issuing tenders for its **iron ore** shipments, and due to the limitations at the port of Geraldton only Panamax vessels have been used, which are not as economical as the larger Capesize vessels, the Angang official said.

Located 225 km (139 miles) east of Geraldton in Western Australia's Mid West region, Karara has yet to ramp up to its full 10 **million** mt/year capacity due to ongoing commissioning problems and technical issues.

Angang and COSCO have a long-term business relationship, sealing a strategic cooperative partnership in 2000, and COSCO has been shipping Angang's steel, **iron ore** and **coal** for exports and imports. Angang is the largest mill in northeast **China**, with 25 **million** mt/year of steel capacity in Liaoning.

COSCO Bulk Shipping owns and operates over 300 bulk vessels of various types such as Capesize, Panamax, Handymax and Handysize, with a total carrying capacity of more than 30 **million** dwts.

Hongmei Li

CO cos : China Ocean Shipping (Group) Company | gingol : Gindalbie Metals Ltd
 IN i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | ibasicm : Basic Materials/Resources | i211 : Metal Ore Mining | i2111 : Iron Ore Mining | imet : Mining/Quarrying | iship : Water Transport/Shipping | itsp : Transportation/Shipping

RE china : China | austr : Australia | waustr : Western Australia | liaon : Liaoning | apacz : Asia Pacific |
asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz :
Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

IPD Shipping

PUB The McGraw-Hill Companies, Inc.

AN Document STEELDLY20140828ea8e00013