



HD Rio Tinto hits back at WA Premier's **iron ore** price manipulation claims

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"I find it strange that the companies are acting, seemingly, in a concert way, and I think that's unusual," Mr Barnett said.

"This is the third iteration of some sort of arrangement it seems between BHP and Rio."

Speaking in Sydney on Wednesday, Mr Walsh said he did not know where Mr Barnett was coming from as the Government had approved its plans.

"It's a cyclical industry. We shouldn't panic when there is a blip in **iron ore** pricing, the fundamentals are very strong for the industry," The Australian newspaper quoted him as saying.

"Beyond **China** there is India, South East Asia, the Middle East, South America and Africa.

"As each of these countries go through some industrialisation our commodities will be needed.

"Colin shouldn't worry, there will be demand for our product."

He also said the industry would recover because demand would continue to be very strong through the urbanisation of developing countries.

The Premier today appeared to back away from his earlier comments, saying he did not intend to suggest the miners were in collusion.

"I'm not suggesting the companies are dealing with each other, so if I created that impression, I regret that," he said.

"But certainly they are adopting similar policies of almost flooding the market with **iron ore**, when the market is depressed."

Mr Barnett said he had received calls from the miners, but said he thought they were overreacting.

The West Australian Opposition earlier today seized on the Premier's comments, saying they were outlandish and lacked evidence.

Shadow treasurer Ben Wyatt said Mr Barnett had used parliamentary privilege to allege the companies engaged in illegal cartel conduct, where competing firms work together to control prices or stop a new competitor from gaining traction within a market.

"Colin Barnett has now accused both BHP and Rio Tinto of some sort of cartel behaviour to drive down the **iron ore** price, yet in Parliament, despite saying they are flooding the market, could not tell us exactly what the **iron ore** exports from WA are," Mr Wyatt said.

"Now it's time for Mr Barnett to produce evidence of the sort of behaviour he's accusing Rio Tinto and BHP Billiton of, or shut up and ultimately accept what the market is doing."

'WA doesn't have monopoly over **iron ore** exports'

Figures from Rio Tinto this morning

Production was up 5 per cent from the previous quarter.

Mr Wyatt said the Premier's claims were illogical, given the two miners worked within a market ripe with competition.

"Until Mr Barnett understands that Western Australia doesn't have a monopoly over **iron ore** exports, we're going to continue to have this sort of irrational commentary from the Premier," he said.

Earlier yesterday, Mr Barnett also claimed the two miners should be "nervous" about what international regulators would think of their movements within the sector.

The Premier referenced a move by the miners to **merge** their **iron ore operations** in the Pilbara in 2009 and said it had led to regulatory action.

The State Government is grappling with a shortfall in revenue, linked to a drop in the price of **iron ore**.

This year the price dropped about \$40 below the figure state Treasury used to calculate expected revenue for the financial year, leaving a budget hole in excess of \$1.5 **billion**.

Iron ore miners 'price takers, not price makers'

The WA Chamber of Minerals and **Energy** rushed to the miners' defence, saying they were merely meeting current demand in the world market.

In a statement, the chamber's chief executive, Reg Howard-Smith, said **iron ore** producers in WA were price takers, not price makers.

"Western Australia is not the only supplier of **iron ore**," he said.

"Other companies and jurisdictions around the world are pushing to get their product to market.

"If West Australian producers don't meet the demand in the world market, then other significant players such as Brazil, Russia, **China**, India and emerging producers in Africa will take advantage."

CO bkhlp : BHP Billiton Ltd | craus : Rio Tinto Ltd | rtz : Rio Tinto PLC | rtzcra : Rio Tinto Group | bltplc : BHP Billiton PLC

IN i211 : Metal Ore Mining | i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying

NS gpol : Domestic Politics | gcat : Political/General News | gpri : Politics/International Relations

RE austr : Australia | wastr : Western Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

IPD Iron

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