Media Release

International Iron and Steel Institute (IISI)

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Steel industry renews call for review

Brussels, 12 February 2008 **– The International Iron and Steel Institute (IISI) has today renewed its formal request that all relevant competition authorities review the proposed alliance between BHP Billiton and Rio Tinto.**

Speaking on behalf of steel producers worldwide, IISI Secretary General Ian Christmas said: “Following the recent tabling of a revised formal offer from BHP Billiton for Rio Tinto we are again calling on competition authorities to seriously examine the obvious implications for future pricing regimes and the competitive environment for iron ore. We note comments published in the media that price will be a key element in the outcome of this bid. In our view it is wrong to focus on a theoretical price of purchase, a far more critical issue is the inevitable rise in prices this merger would bring following such an elimination of competitive choice. This merger is not in the public interest and should not be allowed to proceed.”

Concluding, Ian Christmas said: “As we said in our first statement, IISI supports free and fair trade in steel. Competition between steel companies promotes innovation and efficiency. It promotes the growth in steel use and serves steel’s customers and society as a whole. IISI has also supported the consolidation of steel businesses but not to the extent of endangering competition. Even the largest steel company in the world today accounts for less than 15% of total world steel production. We stand ready to provide access to our data to help competition authorities review the impact of such a merger.”

Ends

Notes to Editors:

- The International Iron and Steel Institute (IISI) is one of the largest and most dynamic industry associations in the world. IISI represents approximately 180 steel producers (including 19 of the world's 20 largest steel companies), national and regional steel industry associations, and steel research institutes. IISI members produce around 75% of the world's steel (excluding China) and the growing membership in China now accounts for over 20% of Chinese production.
- CVRD owns virtually the whole of the Brazilian iron ore export industry. BHP Billiton together with Rio Tinto would similarly control Australian iron ore exports. Almost all Australian exports go to Japan, China and other Asian countries. Australia is the main source of ore for these countries.
- BHP Billiton has for years been trying to equalise landed prices for its ore exports to Asia with the landed cost of Brazilian ore, which includes a far higher freight component. If it controlled all Australian exports it would be in a monopoly position to force this through, increasing iron ore costs to the detriment of steel consumers worldwide.
- Allowing BHP Billiton and Rio Tinto to merge would create a virtual monopoly on Australian ore exports to match that of CVRD in Brazil. Almost 80% of world seaborne iron ore exports would then be controlled by these two suppliers.

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	Shares of Seaborne Iron Ore Market, %			
	2004	2005	2006	2007
CVRD	34.0	38.5	39.6	
Rio Tinto	19.8	22.0	24.4	
BHP Billiton	16.0	16.2	14.2	
Total	69.8%	76.7%	78.2%	
Ore price increase	17%	71.5%	19%	9.50%
Ore price index 2003 =100	117	200.7	238.8	261.5

- Source for market shares: Raw Materials Group quoted in UNCTAD Trust Fund on Iron Ore Information "Iron Ore Market 2006-2008", Geneva, May 2007