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Cabinet

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The Union Cabinet Chaired by Prime Minister Shri Narendra Modi has approved the renewal of Long Term Agreements (LTAs) for supply of iron ore (lumps and fines) of grade +64% Fe content to Japanese Steel Mills (JSMs) and POSCO, South Korea for another five years (i.e. 1.4.2018 upto 31.3.2023) through MMTC Limited.

Details:

- i. The present LTAs are valid until 31.3.2018. The renewed LTAs with steel mills of Japan and POSCO, South Korea shall be for a period of five years from 1.4.2018 to 31.3.2023.
- i. The range of quantity of iron ore to be exported under LTA per annum shall be 3.80 million tons (min.) per annum to 5.50 million tons per annum (max.) of both NMDC and non-NMDC origin iron ore with quantitative ceilings for export of Bailadila Lumps at 1.81 million MTs per annum and Bailadila Fines at 2.71 million MTs per annum.
- i. The quantities of iron ore proposed for supply to JSMs and POSCO, South Korea through MMTC Limited under these LTAs will be of grade +64% Fe content. The break up is as follows:-

Japanese Steel Mills	3.00 ~ 4.30 million tons per annum
POSCO, South Korea	0.80 ~1 .20 million tons per annum

- i. The existing policy of single agency operation and exports through MMTC, with trading margin of 2.8% of FOB price, shall be continued.

Benefits:

Export of iron ore under the LTAs would help to strengthen India's bilateral ties with long-standing partner countries, Japan and South Korea secure an export market and result in inflow of foreign exchange.

The agreement will enable India to secure international market for its ores and ensure stable economic ecosystem which provides direct and indirect employment in mining, logistics and related sectors.

Background:

The history of India's iron ore exports to Japan is almost six decades old and is a consistent component of India's bilateral relations with Japan. MMTC has been supplying iron ore to JSMs since 1963 and to South Korea since 1973. The current LTAs with Japanese Steel Mills (JSMs) and POSCO, South Korea, for supply of iron ore for a period of three years will expire on 31st March, 2018. The Cabinet, in its meeting held on 24.06.2015 had authorized MMTC Limited to engage in Long Term Agreements(LTAs) with Japanese Steel Mills (JSMs) and POSCO, South Korea, for supply of iron ore for a period of three years (i.e. 2015 to 2018).

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