

Fortescue chairman says inquiry is essential to understand collapse in iron ore price

Perth, 19 May 2015:

The chairman of Fortescue Metals Group Andrew Forrest today said that the proposed government inquiry into the iron ore export market is essential to ensure that all Australians are fully aware of why the price of iron ore collapsed.

Mr Forrest said that any inquiry would help determine whether the iron ore market was operating as a truly free market, or whether it was being distorted by the actions of certain industry members and to whose benefit and why.

“I believe it is in the national interest to fully investigate why certain industry players repeatedly made forward looking statements about oversupplying the market and how those statements contributed to the collapse in the price of iron ore,” Mr Forrest said.

“The collapse in the price has affected all Australians. Iron ore is the largest contributor to the recent write down in government revenue, with the forward estimates in the Federal Budget forecasting a \$20 billion revenue gap over the next four years.

“Contrary to misleading statements in recent days, I have not called for government intervention. I have not called for new regulations. Nor have I called for any other structures which have been falsely attributed to me. I have supported the idea of an independent investigation into the causes of the price crash and how the price crash impacts Australia’s national interests.

“In recent days there has been an attempt to paint my position as one of being an interventionist. There have also been scare comments about an inquiry damaging Australia’s reputation as a great place to invest and a trading partner.

“I am in touch every day with the global capital markets particularly in Asia, North America and Europe, and accordingly, I believe that these scare tactics are entirely without merit.

“Just as we have the Foreign Investment Review Board to protect our national interest from issues pertaining to foreign capital, a parliamentary review into the iron ore price will provide an independent assessment of the causes of the recent price crash and how our national interests have and will be impacted by the recent price crash.

“It is entirely a matter for government as to what decisions, if any, flow from an inquiry. Hopefully an inquiry will allow for a mature and transparent debate.”

Mr Forrest said that Fortescue would participate in any inquiry and he expected that all other market participants would also welcome the opportunity of explaining their important role in maximising Australia's export incomes.

"It would also provide a forum for law makers and companies to discuss the impact of offshore marketing hubs on government tax revenue and royalties," Mr Forrest said.

"At the very least an inquiry will raise greater awareness of the actions of all participants in the iron market and the effect of their actions on the Australian economy.

"I find it extraordinary that the opponents of an inquiry do not want to shine a light on a matter that is so important to the country's economic wellbeing.

"In the past six months the price of iron ore has crashed, which has led to thousands of job losses, companies have been forced to shut down, families have been dislocated and State and Federal budgets have lost billions of dollars in revenue.

"Understanding why this has happened is undoubtedly in Australia's national interest."

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