Chinese Miners Dig into M&A Deals

Contributed by Tom McGregor
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BEIJING: The mining sector had enjoyed ten glorious years of soaring commodity prices and even higher demand. Yet, this was never guaranteed to last forever, as the sector would inevitably succumb to the ups and downs of the global economy.

As miners experience a sudden downturn, they should adapt to a new era of cutting costs, take less risks and debts, while mergers and acquisitions, or M&As, would become more of a necessity for some companies.

Mega mining giants have already anticipated a shift in their fortunes. According to the Sydney Morning Herald, miners have scaled back "on expansion plans and cut costs, with top global miner BHP Billiton shedding jobs in its most profitable iron ore business and rival Rio Tinto also deepening a cost-cutting program across its back office."

"Everyone's back to square one. We can deliver outcomes, but you've got to reduce your costs and manage your business," Australian Resources and Energy Minister Martin Ferguson said to Reuters.

Tom Albanese, chief executive of Rio Tinto, told the Financial Times, "we have seen contractor rates in particular starting to go down, rolling back some of the unsustainable cost increases of recent years."

A new phase for miners could offer opportunities for Chinese companies to emerge as stronger competitors.

To read the entire article from the China Daily, link here:

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