

# the long view

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Jamie Freed and Matthew Stevens

New BHP Billiton chief executive Andrew Mackenzie, who formally takes over on Friday morning, has a message for those who believe the mining boom is over: have faith in China.

Customers in North Asia, including China, Japan and South Korea, are counting on Australia "big time" to supply them with iron ore, gas, coal, copper and nickel.

"The Chinese are looking a long time forward," he told *The Australian Financial Review* on the eve of taking control of the world's largest mining company.

"It is a big responsibility that we, as the largest company, and the country has on its shoulders."

Rio Tinto is expressing similar confidence that Asian demand for iron ore will remain strong and generate healthy returns for low-cost producers of the steel making material.

Rio Tinto chief executive Sam Walsh defended plans to spend up to \$US5 billion on further expansions of its mining operations in the Pilbara despite its largest independent shareholder, BlackRock, and other large institutional investors expressing doubts.

"We need to invest in the best projects," he said after the miner's annual meeting in Sydney on Thursday.

"These need to be robust projects and in the Pilbara we do come with the advantage that we are the lowest-cost producer proximate to the largest growth market."

This week Mr Walsh suggested the miner was likely to expand its Pilbara operations to 360 million tonnes of annual capacity from the current 290 million tonnes.

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