

Vale to Shutter Mozambique Coal Operations for 3 Months

By

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• Company switching focus to metallurgical variety from thermal

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Vale SA, the Brazilian mining giant, plans to place its Mozambican coal operations on maintenance for three months, essentially closing the tap on about one-third of the southeast African country's export earnings.

The move could have severe implications for the country's balance of payments and currency, as coal is by far its biggest source of export earnings. Mozambique exported \$1.7 billion worth of the fuel used in power stations and steel plants last year, with Vale operations in the center of the country accounting for almost all of that.

The company completed a review of its Mozambican coal mines and decided to shift the focus to producing more metallurgical coal -- used to produce steel -- and less of the lower-value product that power stations burn. Under the new plan, the assets will produce at a rate of 15 million tons per year by the end of 2020, up from less than 12 million tons last year, but still well short of Vale's target to export 22 million tons from the mines in central Mozambique.