

Japan's Mitsui to buy stake in Mozambique coal, rail projects

TOKYO: Japanese trading firm Mitsui & Co is to buy a stake in Mozambique coal and transport infrastructure projects, making an initial investment of \$763m, the company said on Tuesday, 9 December.



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Mitsui said it would buy 14% of the Moatize coal mine and 35% of the Nacala rail and port project from Brazil's Vale SA.

Mitsui said it has signed contracts with Vale, which will take effect upon approval from the Mozambique government.

It said in a statement the Moatize/Nacala integrated project "covers the development of the transportation and port infrastructure, which is essential for the whole coal business operations, from mining development to the shipments of the coal".

The acquisition comes as both coking and thermal coal prices have been slumping to five-year lows due to slowing growth in demand from China and a weak global economy.

The low prices have forced many companies that invested in coal projects to put their stakes up for sale.

"Some 80% of coal producers are considered to be running in the red. This won't continue long," said Kotaro Yamaguchi, Mitsui's coal department director.

After high-cost producers exit, "prices will go back to healthy levels," Yamaguchi told reporters at a Tuesday news conference.

Source: AFP

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