

PTBA up for grabs

The Indonesian government has announced that it expects revenue from the part-privatisation of three state-owned mining companies to yield Rupiah500 bill (US\$58 mill) in 2004.

The part-privatisation of Indonesia's only state-owned coal mine, PT Tambang Batubara (PTBA), as well as tin mining company Tambang Timah and nickel and gold miner Aneka Tambang, has been the expressed policy of the Indonesian government for some years. The current sale covers 20 per cent of PTBA's equity and 14 per cent of Tambang Timah and Aneka Tambang and will be completed by the end of June. The offering will be by a private placement in the stock market. Currently the government has no plans to relinquish its status as majority shareholder in the three companies.

The announcement follows the news that PTBA is considering issuing bonds valued at US\$150 mill to finance a new coal-fired power project, PLTU Banjarsari. PTBA has already lined up three partners in a joint venture, PT Bukit Utama Power, to run the power project. Bukit Utama Power has yet to agree a power supply contract with the state-owned electricity company.

Indian steel makers seek coal

India's government-owned steel companies are looking to acquire overseas coal blocks in response to the ever-tighter supply of coking coal in the region.

As reported on page 9 of this issue, the Steel Authority of India is currently looking for suitable investments and a delegation has already visited Australia, although it returned without any commitments.

Meanwhile India's LNM, the world's second-largest steel-maker, is stepping up its search for direct ownership in coal mines as a way to safeguard access to key commodities at a time of growing shortages. In coal, LNM already mines about 13 mtpa in Kazakhstan, but the company's current annual requirement is in the region of 35 mt. The company is also known to be actively seeking alliances in Poland, where it recently acquired a domestic steelmaker.

These moves reflect steel-



Worldwide shortages of coal - and no respite ahead - are forcing leading steel manufacturers to look to invest in their own mines

makers' concerns that China's high consumption of raw materials for steelmaking will impose severe pressure on the rest of the industry.

Ironically, India's steel industry is following Chinese steel producers, which are also known to be interested in direct investment in coal blocks overseas.

PN scores with BHPB

Pacific National (PN) has won the coal haulage contract for BHP Billiton's Dendrobium and Elouera mines, with the first service operating on March 8.

Under the five year contract, around 6 mtpa will be hauled by

rail from the mines to the Dendrobium Washery at Port Kembla, where the coal forms part of a 30-year contract between BHP Billiton and Bluescope Steel for use in its steelworks.

Two trains of between 16 and

21 wagons will work up to nine services a day, seven days per week, with each train carrying about 1,200 t of coal. In addition to haulage, PN will manage 88 wagons previously used by BHP Billiton, as well as train scheduling and the 20 km of BHP Billiton-owned track over which the coal is hauled.

Germany to give OK for new coal-fired plants

Germany's ban on investment in and construction of new coal-fired power stations is likely to be ended following the conclusion of the country's CO₂ credit allocation process.

The framework of the new allocations system was announced in March and was immediately welcomed by Germany's coal-fired generators and steel interests. The framework of the National Allocation Plan (NAP) still requires ratification by the economy and environment ministries and by the Chancellor; the power generators themselves

will only then discover the details of their own allocations.

Dr Wolfgang Ritschel, managing director of Verein der Kohlenimporteure, the German Coal Importer's Association, described the proposals to date as fair. "But we do not yet have the allocations for companies and individual plants, so we will only be in a position to make a final judgement then - perhaps by the end of May" he said.

To some extent the news is neutral for German coal-fired generators as there are no plans for new investment in the sector at present. However the

framework does signal that there is no immediate further pressure on the sector. In contrast, Germany's nuclear power sector has been disappointed with the level of credit allocations it is to receive, which, it had hoped, might have paved the way for more rapid decommissioning.

According to the framework, German's coal-fired plants will be granted free certificate allocation until 2012 and new coal stations will be protected from trading risks for 14-18 years. Existing coal-fired stations will receive certificates based on their average CO₂ emissions in the 2000-2002 period.

Zimbabwe coke boost

Zimbabwe's Wankie Colliery is to invest up to US\$25 mill in a new coking coal mine. This will double its coking coal production to about 4 mt per annum following construction of the mine scheduled for the second half of 2004. Commercial production is expected to follow by the year-end.

Wankie also has plans to double its coke production to 0.4 mtpa, with about 70 per cent of this going to the export market. The mine currently exports about 0.1 mtpa of coke, mostly to South Africa. However, international markets can be accessed through the Port of Maputo in Mozambique.