
Update on foreign investment in Russian coal sector

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Reuters reported that Russia's coal mines, particularly in the Arctic and Far East, are attracting interest from foreign investors as commodity prices rebound.

Below is a list of some of the major investments and purchase agreements involving foreign companies in Russia, which was the world's third largest steam coal exporter last year:

1. ArcelorMittal paid USD 720 million in 2008 to acquire three coal mines from Russian rival Severstal and affiliated parties in western Siberia's Kuzbass basin
2. Italy's Coeclerici acquired the Korchakol mine in the Kuzbass in 2008. The company has been active in the Russian market since the 1960s and exports 3 million tonnes of steam coal from the Arctic port of Murmansk annually
3. BHP Billiton and Norilsk Nickel in 2006 announced an alliance on minerals and exploration and development, focusing initially on western Siberia and northwest Russia. In October 2009, an executive at the Russian miner says the two companies will start mining an Arctic coking coal deposit in 2015. Initial annual output will total 8 million tonnes, and plans call for later production to reach 12 million to 15 million tonnes per year
4. Russian steam coal producer SUEK in July 2007, began rail shipments to China Datang Corporation as part of an agreement to supply at least 0.5 million tonnes of coal annually to the utility
5. South Korea's Hyundai Steel in February 2009, signed an agreement to purchase 100,000 to 300,000 tonnes of coking coal per year from Russia's Mechel for five years starting on April 1st 2010
6. Japan's Mitsui in August 2009, signed a cooperation agreement with Mechel covering a range of projects including the marketing and sale of coal and metals
7. Russia's Energy Ministry in September 2009, said that unnamed Chinese investors are in talks with Russian coal miners, including Mechel and United Industrial Corp to develop resources and infrastructure in the Far East
8. Hyundai Steel in September 2009, said that it will buy up to 300,000 tonnes of coal per year from Russia's Siberian Anthracite for five years starting in 2010
9. South Korea's POSCO in September 2009 has signed a five year deal to purchase 1 million tonnes of coking coal and coal products from Sibuglemet, also starting in 2010

(Sourced from www.reuters.com)

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