
Downsizing deals - BHP to cut 450 jobs at Indonesian coal project

Thursday, 11 Jun, 2009

Reuters reported that BHP Billiton Limited will lay off all 450 workers at its Indonesian coal project after deciding not to go ahead with the project.

Mr Indra Diannanjaya president director of PT Lahai Coal said that "We will focus on completing our obligation to the government, employees and shareholders."

Mr Diannanjaya said that "All 450 workers will be laid off gradually. We are working to find the best commercial options to our coal contracts."

Haju was stage one of the Maruwai coal project, the 100% BHP Billiton owned metallurgical coal deposit, in Central Kalimantan which was expected to produce 1 million tonnes of metallurgical coal used for steel making per year. In June last year, the firm announced it would invest USD 100 million to develop the project which was expected to start producing in the middle of this year. Recently, BHP Billiton said that it would not go ahead with the Haju trial coal mine in Central Kalimantan on Borneo island because it did not fit with its long-term investment strategy.

The global financial crisis and sharp falls in metals as well as coal prices have forced some companies to abandon or put on hold their plans to bring new mines on stream. The world's largest miner announced in January this year it would cut 6,000 jobs and close the Ravensthorpe nickel mine in Australia while reviewing other projects due to falls in metal prices.

Mr Bambang Gatot Ariyono director of coal and mineral enterprise at Indonesia's energy and mines ministry said that "We haven't received any formal notice. But they have to report to us whether they are going to pull out of the project or ask other investors to take over the project."

The move is another blow to Indonesia's mining sector which has struggled to attract new investment from major global mining players in recent years, partly due to issues such as uncertainty over mining regulations and disputes with local governments.

(Sourced from Reuters)

For more news visit at www.steelguru.com