

HD RPT-UPDATE 1-Vale to shut money-losing Integra coal mine in Australia

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By Stephen Eisenhammer

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RIO DE JANEIRO, May 16 (Reuters) - Brazilian mining giant Vale said on Friday it plans to close its Integra coal mine in Australia because it is losing money, the latest in company efforts to row back from non-core overseas assets.

The decision comes as Vale and rivals BHP Billiton and Rio Tinto come under pressure from investors to cut costs and streamline businesses to better weather a period of lower commodity prices.

Vale Chief Executive Officer Murilo Ferreira had previously said it was looking to sell a 15 to 25 percent stake in its coal operations. He added, though, that he did not expect that any mines would be closed.

Vale's plans will end output from the Integra mine but keep the project under "care and maintenance," a status that allows the mine to be reopened quickly if economic conditions make operations viable again.

The closure underlines the difficult environment for coal miners. The price of thermal coal fell 40 percent in the last three years as coal supply remained robust and demand fell in Europe and China.

Vale lost \$480 million on its coal business in 2013.

Local Australian media reported 500 people had been laid off at Integra as a result of the closure.

The Integra complex, located in the state of New South Wales in eastern Australia, produces about 4.5 million tonnes of coal per year from both its underground and open cut mine. The mine produces both metallurgical coal used in steelmaking and thermal, or "steam" coal, used to generate electricity.

Vale owns 61.5 percent of Integra with the rest of the mine being owned by a group of Asian manufacturers, steelmakers and power companies, including Japan's Toyota Industries Corp, South Korean steelmaker Posco and Japanese steelmakers JFE Holdings Inc and Nippon Steel. (Additional reporting by Henning Gloystein in London; Editing by Jeb Blount and Marguerita Choy)

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