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Vale structures logistics to support its operations in Africa

Vale informs it exercised an option to purchase a 51% stake in Sociedade de Desenvolvimento do Corredor do Norte SA (SDCN), owned by the Mozambican company Insitec SGPS SA (Insitec). This acquisition will enable the necessary logistics infrastructure for transporting the output coming from the second phase of Moatize coal project (Moatize II) development.

Moatize is a coal deposit with proven and probable reserves of 1.087 billion metric tons of coal and the project includes an open pit mine operation. Moatize I has a nominal production capacity estimated at 11 million metric tons of coal, 80% metallurgical coal and 20% thermal coal, with start up expected for the first half of 2011.

In the first stage of development is being built a CHPP (coal handling preparation plant) with annual capacity of 26 million metric tons. In this first phase, the production of coal will be transported by the Linha do Sena railway to the Beira port.

SDCN controls, with 51% participation, the Corredor de Desenvolvimento do Norte (CDN) and the Central East African Railways (CEAR). The CDN is responsible for the concession of an 872 km railroad in Mozambique, which connects Entrelagos in the Niassa province to the port of Nacala in the Nampula province, northern Mozambique, and of the port of Nacala. CEAR holds the concession of the railway system in Malawi, which currently comprises 797 km of railway connecting the country, north-south and east-west. CDN and CEAR rail systems are connected near the mineral region of Moatize, in the province of Tete, Mozambique, providing an additional logistics corridor for the coal to be produced in the region.

While that makes it feasible to expand the capacity of Moatize, the logistics infrastructure constitutes an excellent alternative for transporting to the east coast of Africa the production from the copper belt of Zambia, where we are starting to develop Konkola North, from our Evate phosphate rock project in Mozambique, and other cargo from Zambia-Malawi-Mozambique.

With the goal to create a world-class infrastructure of logistics to support our operations in Central and Eastern Africa, we will invest in the capacity expansion of the Nacala logistics corridor, through the construction of railway links needed to ensure the production of Moatize and a new deep water maritime terminal in Nacala.

This transaction is an integrated part of Vale's strategy to build efficient logistics infrastructure to support the growth of its activities with high potential for value creation. In this context, as recently disclosed, we obtained the concession for a Ferrosur railway stretch in Argentina very important for the success of the Rio Colorado potash project, and entered into contracts with the government of Liberia for the construction of an integrated railway-port system for transporting the production of iron ore from Simandou, in Guinea.

More information 



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