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Fording finishes expansion to prolong Greenhills mine

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Fording Coal Ltd. has completed the expansion of its Greenhills mine in southeast British Columbia to 4½ million tonnes a year from three million tonnes at a cost of about $100 million.

"It was necessary to prolong the life of the mine," Fording president and chief executive officer Jim Gardiner said. "The $100 million was spent on new equipment and plant improvements."

Capacity will eventually increase to five million tonnes.

The development of the Cougar Main and South pits will extend the life of the mine by about 15 years to 2020 and secure 430 jobs in the East Kootenay.

Greenhills, 80-per-cent-owned by Fording and 20-per-cent by Pohang Iron & Steel of South Korea, was acquired from Westar Mining Ltd. after Westar filed for protection under the Companies Creditors Arrangement Act in the early 1990s.

In recent years, Fording, which also owns and operates the Fording River and Coal Mountain mines in the southeast of the province, has dramatically diversified its markets to reduce its dependency on the Japanese steel industry.

"We're shipping all over the place these days," Gardiner said.

Japan is still the company's single most important market, accounting for 27 per cent of total shipments in 1997, followed by South Korea with 22 per cent.

European countries take 37 per cent of Fording's coal, North America three per cent and South America four per cent.

The remaining seven per cent of shipments is classified as "other markets."

Fording, a wholly owned subsidiary of Canadian Pacific Ltd., earned a record $117.7 million in 1997, up from $93.6 million in the previous year.

Its $197 million operating income was up $34 million, or 21 per cent, over 1996.

Fording will produce about 15 million tonnes of coal from its export mines in B.C. this year.

"Higher production and improved productivity lowered the cost of coal sold," CP said when it released its $1¼ billion consolidated profit statement late last month.

"A better product mix and reduced rail and port-handling charges combined to improve the net realized price by three per cent, despite weaker market prices for lower quality grades of coal."

However, the Canadian and Australian coal producers have just been handed a five-per-cent price reduction to about $50 US a tonne by the Japanese steel industry for the coal year beginning April 1.

Separately, Westshore Terminals Ltd. in Delta shipped a record 23½ million tonnes of coal in 1997, topping the 23-million-tonne mark for the first time.

Westshore's Roberts Bank terminal handled a record one-month total of 2.57 million tonnes in November and a record quarterly volume of 6.8 million tonnes in the third quarter of 1997.

"We have shown once again that we're capable of running at the 26-million-tonne-a-year level with our current equipment," said Westshore Terminals vice-president and general manager John Hogg.

Westshore, which opened in 1970, has shipped more than 350 million tonnes of coal to more than 20 countries.

The 400-million tonne milestone is expected in 1999.

Westshore Terminals is owned by the Westshore Income Fund and managed by Jim Pattison's Westar Group.

British Columbia Resources Investment Corp. was the forerunner of the Westar Group.