Siberian Coal plans to raise exports 10% on higher Asian demand

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Bloomberg reported that Siberian Coal Energy Company plans to raise exports by 10% this year on higher demand from Asia.

The report quoted Ms Anna Belova deputy CEO for Strategy as saying that the company exported 12.2 million tonnes of coal in the first 5 months of 2009, 11% more than a year earlier. She said that “Asian demand is growing and will continue to grow. SUEK is seeking to boost the Asian share of its total exports to at least 40% this year, from 25% in 2007.”

Ms Beloya said that SUEK, which is owned by Russian billionaires Mr Andrei Melnichenko and Mr Sergei Popov has long term contracts to supply Asian customers including Korea Electric Power Corporation, South Korea’s biggest utility and Electric Power Development Company, Japan’s largest electricity wholesaler. That’s helping SUEK to buck the trend of falling Russian exports. The country will post a double digit percentage decline this year.

Ms Beloya said that the share of natural gas among the fuels used by Russian electricity generators may rise as much as 3% this year.

She said that SUEK’s exports benefited from its long term contracts with Asian utilities and the start earlier this year of exports through its coal terminal in Vanino in the Khabarovsk region. Japan has the potential to receive more imports from Russia. It imports 123 million tons of coal a year, of which just 3 million to 4 million tonnes comes from Russia. It’s a very important market for us.”

She added that according to its annual report SUEK, which says it’s the world’s fifth largest coal exporter, had sales of RUB 92 billion last year. That excludes USD 1.2 billion of revenue from its utility units. SUEK controls 2 utilities in Siberia, OAO Kuzbassenergo and OAO Yenisei Territorial Generating Company which help it to secure domestic coal sales. The utilities together consume about 20% of SUEK’s coal production. It is considering whether to acquire other utilities in Russia.

(Sourced from Bloomberg)

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