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## Vietnamese state run coal supplier defends price hike proposal

*Monday, 18 Jan, 2010*

It is reported that state owned Vietnam National Coal-Mineral Industries Group has sent a letter to the government reaffirming its proposal to raise coal prices after facing criticism from experts.

According to the coal monopoly, also known as Vinacomin a price hike is necessary as production costs would surge this year due to deeper mining. Salaries and environment taxes would also increase. Without a price hike, Vinacomin would have to suffer a loss of VND3.1 trillion for the 11.2 million tons of coal it plans to supply to the local power sector this year, the company said.

It said coal prices supplied to the power sector must ensure profitability so that the company can continue to invest in mining development.

Vinacomin proposal to raise coal prices supplied to Electricity of Vietnam by as much as 149% this year has been criticized by experts. They said the new prices would bring massive profits for the coal monopoly, with profit margins likely to surge to at least 70% of total production cost.

Experts also worried the coal hike would lead to higher power prices, hurting economic growth and hindering investment. Immediately following Vinacomin proposal, EVN began seeking government approval to raise power prices by up to 13.8%.

Mr Vu Huy Hoang Minister of Industry and Trade said the coal hike proposal would be considered by his ministry and the Ministry of Finance. He said that although a final decision had not been made yet, the government planned to stand by its decision to adopt market mechanisms for coal trading in the country this year.

(Source: Thanh Nien, Tuoi Tre)

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