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## Chinese coal imports may double on infrastructure - JPMorgan

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Bloomberg quoted JPMorgan Chase & Co said China coal imports may double as utilities and miners such as Datang International Power Generation Co, China Shenhua Energy Co and China Coal Energy Co increase overseas purchases. Chinese coal imports may exceed 100 million tonnes in 2009 and rise to 200 million tonnes annually over the next several years. China imported about 41 million tonnes last year.

Analyst Mr Jing Ulrich said in the report that “Until domestic infrastructure bottlenecks in coal transportation can be removed, China will depend more heavily on thermal coal imports to meet the country’s growing electricity demand.”

JPMorgan said Datang, currently 15% self sufficient in coal, plans to boost its production capacity to achieve as much as 40% self sufficiency by 2015. Of the 75 million tonnes of coal that Datang needs annually, it imported a record 3 million tonnes year to date.

According to the report “Another driver of coal imports is the inferior quality of domestic thermal coal. Lower grade “brown coal” must be processed before it can be used in power plants, adding further to costs.”

Jakarta based Bumi plans to increase sales to China and India by 2012 when Asia biggest thermal coal exporter boosts production to 100 million tons from 53 million last year. It may supply 20% of its output to each of the two countries.

JPMorgan said competition for regional coal assets is heating up with Chinese and Indian power producers actively attempting to secure more production capacity.

(Source from Bloomberg)

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