
China to extend mining consolidation into 2009

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Reuters cited a vice minister in charge of mining as saying that China will extend a period of consolidation in the mining sector well into 2009, after high profits enabled miners to avoid merging for longer than expected.

A nearly two year effort to resolve overlapping claims and consolidate deposits being mined by several firms was to end by 2008, but Beijing had not counted on strong prices, particularly for coal, which made miners unwilling to relinquish their stakes.

Mr Wang Min vice minister of land and resources said that "The main mines have complied but we still have certain challenges with the small ones. The main difficulty is the competing interests of the players, when we wish to use economic means to persuade them to merge. We will have to continue to push and with greater force."

The ministry had envisaged creating a handful of large mining firms that could exploit domestic deposits efficiently be more responsive to environmental and safety standards, and ultimately compete internationally.

That process has partially worked, with mining in some provinces increasingly concentrated under local champions such as Western Mining in Qinghai province in the west, Hunan Nonferrous Metals Corporation Limited in the south or Jiangxi Copper in the east.

During the reorganization, some foreign mining investors reported greater difficulty in some provinces in obtaining licenses. That partly reflected Chinese planners' frustration with junior miners buying and selling stakes without fulfilling exploration commitments.

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