
CCIA calls for tariff reduction on plunging coke exports

Tuesday, 09 Dec, 2008

According to General Administration of Customs, coke export plunged 63% YoY or 61.7% MoM to 526,000 tonnes and plumbed its monthly lowest in 2008. GAC issued that the average export price stayed at USD 609 per tonnes in October falling USD 11 per tonnes from that in September. As coke price continuously remained high in 1H, the government increased export duty to 40% from August 20th 2008.

Statistics shows that shipped out coke went negatively in September and October and in October it has slid 30% or 9.3 million tonnes to 220 million tonnes from the peak June.

An official of China Coking Industry Association said that "While export duty growing, bituminous coal export tax was also raised lifting export cost of coal at the same time. As a result, export motivation was terribly hit cutting tonnages sharply."

The CCIA official said that "In such a difficult situation, government should adjust relevant policies to relax pressure on coking industries and give them some incentives to keep producing."

At an internal meeting held by National Energy Administration in November, CCIA has suggested to remove 10% export tax from 40% to 30% and ease money policy further. It is noteworthy that, domestic large sized steel mills are rushing to cut output amid depressed global market, driving steel market to softness at home.

The official said that "As coke production expansion in past two years triggered oversupply in the market now coking ovens almost stand on the cliffs with an added push of macro economy mess."

According to CCIA's incomplete figures, there are 86 coke ovens built, building and to build in 2008-09 and they will bring 50.96 million fresh coke after commission, extending the gap between shrinking demand and rising output with inevitable oversupply by then.

For more news visit at www.steelguru.com