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**Title:**World market could be hurt as severe coal shortage worsens in China

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BEIJING : China's breakneck economic growth is causing a dangerous shortage of its most important energy source coal, with potential consequences for the entire world, state media warned.

Scarcity is so severe officials even worry aloud that it could cause social instability among the 1.3 billion Chinese, the China Business Weekly reported.

"The imbalance between coal demand and supply will become more acute this year," the National Development and Reform Commission said, according to the paper.

"Easing the tightened coal supply will be the first priority for us," said the commission, the nation's top planning agency.

China is the world's largest consumer and producer of coal, which accounts for about two thirds of its energy needs.

The impact of the coal shortage could be global since soaring domestic demand could force the government to cut off export quotas and push up global prices, the paper said.

Last year, when China's economy expanded by 9.5 percent, its voracious demand was a key factor in causing international prices of coal to double.

One of the first sectors to be affected when coal supplies are under pressure is the power industry, which consumes about half of China's coal output.

The paper said the government was concerned a disruption in the power supply during the Lunar New Year earlier this month could have sparked social instability.

To prevent this from happening, it ordered state-owned coal mines to operate throughout the week-long festival, while railroads were told to use the extra holiday runs to transport more coal.

The nation's coal consumption this year is expected to rise by 120 million tonnes, or six percent, to 2.1 billion tonnes, according to estimates by the China Coal Industry Association.

The problem is that the opening of new mines is likely to result in no more than an additional 100 million tonnes of coal in the course of 2005, the paper said.

"New coal mines cannot meet the faster demand. There is little room for additional production," the National Development and Reform Commission said.

"All kinds of coal mines are almost operating at full capacity, or beyond capacity, and the pressure on safety is huge," it said.

The safety issue was highlighted most recently in the Sunjiawan coal mine in northeastern Liaoning province, which was among the operations that carried on extraction throughout the Lunar New Year festival.

The mine's workers only had one day off and towards the end of the festival it was struck by tragedy when a gas explosion erupted, killing up to 215 in China's worst recorded coal industry disaster for over 60 years.

Even if overtaxed mines can produce the amount of coal needed to keep fueling the economy, there is not guarantee that it will reach the power plants and factories that need it.

Rail is the preferred method of transporting it from the mines in the north to the industrial centers in the east and south.

But the railway system is also overburdened by the hyperactive economy and last year more than 65 percent of all transportation requests had to be turned down, the paper said.

- AFP

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