

SE Business
HD **A black coal day as China changes rules**
BY JOHN DAGGE, RESOURCES
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MINING AUSTRALIAN coal miners have played down the impact of proposed Chinese measures to ban imports of low-quality coal, with Whitehaven saying the rules will ultimately benefit the local sector.

Australia's coal industry is studying the finer points of a Chinese government draft that is set to ban the import and local sale of coal with high impurities from next year.

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The crackdown comes as Chinese authorities move to tackle air pollution in the nation's mega-cities.

China accounts for a quarter of of Australia's thermal coal exports — used in energy production — buying about 50 million tonnes last year.

Of key concern to Australian miners are measures to ban the import of coal with ash content greater than 16 per cent and sulphur content greater than 1 per cent in China's three biggest economic regions.

These cover the coastal areas of Beijing, Shanghai and Guangzhou, which accounted for 42 per cent of China's thermal coal imports, according to investment bank Citi.

Energy research group Wood Mackenzie estimated no local thermal coal exports would currently meet the new conditions — a claim disputed by mining lobby group Minerals Council of Australia.

Morgan Stanley said about 40 per cent of Australian thermal coal exports could run afoul of the new regulations but noted only a proportion of these shipments went to China.

Rio Tinto yesterday said the new rules would have "little if any impact" on the company while BHP Billiton said it did not expect a material impact on its business.

The NSW government, which is trying to develop a brown coal export industry, said the ash and sulphur content of the state's coal was far below any of the proposed requirements.

Analysts also said miners could reduce coal's ash content by washing or blending it with higher grades, although this may be prohibitively expensive for a sector already struggling with low prices.

Just how far-ranging the ban will be is yet to be clarified, with the Minerals Council saying coal-fired power stations with pollution systems in place in coastal areas — key users of thermal coal — could be exempt.

Whitehaven Coal chief Paul Flynn said local coal producers would benefit from the new rules as Australia's coal was of higher quality than its rivals.

"Taking the proposal at face value, it will create winners over the long-term because of the higher overall quality of our **coal**," Mr Flynn said. Whitehaven shares closed 2.5 per cent lower at \$1.775. Rio Tinto and BHP Billiton shares respectively climbed 0.4 per cent to \$62.03 and 0.3 per cent to \$35.84.

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